
**ROLE OF PRIMARY AGRICULTURAL COOPERATIVE CREDIT
SOCIETIES IN MEETING THE RURAL NEEDS IN TAMIL NADU**

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Gandhigram – 624302 Dindigul District, Tamil Nadu.DOI: <https://doi-doi.org/101555/ijarp.2158>**ABSTRACT**

Primary Agricultural Cooperative Credit Societies (PACCS) play an important role in meeting the financial and livelihood needs of rural people in Tamil Nadu. The study examines the contribution of PACCS through services such as KCC loans, crop loans, SHG financing, fertiliser distribution, and Fair Price Shop operations. The study is based on secondary data collected from reports, journals, and official records. The findings show that PACCS help farmers reduce their dependence on private moneylenders, improve agricultural activities, support women's empowerment, and ensure food security for rural households. The study concludes that PACCS contribute significantly towards rural livelihood and economic development in Tamil Nadu.

KEYWORDS: PACCS, Rural Livelihoods, Self-Help Group, Fair Price Shop and Rural Development.**1 INTRODUCTION**

Primary Agricultural Cooperative Credit Societies play an important role in Tamil Nadu's rural economy. These societies were established to provide timely, affordable credit to farmers and rural people. In rural areas, many small and marginal farmers depend on PACCS for agricultural loans, jewel loans, fertiliser supply, seeds and other essential services. PACCS helps rural people avoid private moneylenders who charge high interest rates. Apart from credit services, PACCS also supports rural communities through Self Help Group (SHG)

financing and a distribution System. Through these activities, PACCS contribute to rural development, food security, and improvement in livelihood conditions. In Tamil Nadu, PACCS act as an important rural support institution by meeting both financial and social needs of rural households. They help farmers continue agricultural activities and support economically weaker sections in villages. Therefore, the present study examines the role of Primary Agricultural Cooperative Credit Societies in meeting rural needs in Tamil Nadu.

2 Objective of the study

1. To study the role of Primary Agricultural Cooperative Credit Societies in meeting the financial needs of rural people in Tamil Nadu.
2. To examine the services provided by PACCS, such as KCC loans, SHG support for agricultural inputs, and fair Price operations for rural development.
3. To analyse the contribution of PACCS towards improving the livelihood and economic conditions of rural households in Tamil Nadu.

3 Statement of the Problem

In Tamil Nadu, rural people and farmers depend on institutional support for Agriculture and livelihood activities. Primary Agricultural Cooperative Credit Societies (PACCS) provide services such as KCC loans, SHG support, Agricultural inputs, and Fair Price Shop operations. However, many rural people still face financial and livelihood problems due to limited access to timely credit and other support services. Therefore, this study aims to examine the role of PACCS in meeting the rural needs and improving the livelihood conditions of rural people in Tamil Nadu.

4 METHODOLOGY

The present study employs a descriptive research methodology. The study mainly examines the role of Primary Agricultural Cooperative Credit Societies (PACCS) in meeting the rural needs in Tamil Nadu. The study is based entirely on secondary data from journals, government reports, annual reports, and official websites. The collected data are analysed using percentage analysis and other simple statistical tools for interpretation.

5 Review of Literature

T. Haque (2015) noted that rural areas were using member-led lending pools to get crops growing rather than turning to informal moneylenders. Homes now lean more on structured

banks. Loans backed by fellow growers mean support arrives right when it's needed most. Year after year, community-driven finance tightens resilience where daily life unfolds.

B. Sudha (2017), the strong role PACCS plays in advancing rural areas of Tamil Nadu. Since they handle loans for crops and also provide seeds and fertilisers, farming remains supported through cooperative networks. Not limited to lending, their influence grows by encouraging savings habits across villages and by making cash handling simpler at home. Because people start thinking about money early, getting through each day ties more tightly to staying steady later on. Without making noise, what they do reaches deep into harvests and household budgets.

R. Ramesh (2018) discussed PACCS slipping into villages not only with cash but also with steady advice. Not limited to lending, they offer methods such as collective savings groups and support for tiny ventures run by women tucked away in remote regions. Thanks to these mutual aid clusters backed by PACCS, country women are increasingly showing up, shaping choices inside and beyond their homes. Out here, neighbours start showing up more when things get tough - pitching in not just cash but thoughts. Slowly, those small moments pile higher: change that digs in deep where ground has been bare.

S. Mahendran (2020) noted that PACCS-managed Fair Price Shops make meals more affordable for poor rural households. Since essentials cost less when shared through PACCS networks, daily survival eases slightly for villagers with tight budgets. Small shifts like these build slowly - health and stability grow as supplies flow this way. After going through the details, one truth remained visible: far from urban centres, PACCS remain vital support anchors.

NABARD studies show that much. Credit flows better into distant corners because of them, giving farmers a firmer base to stand on. Life shifts slowly when they step in, stitching stability into places shaped by soil and seasons. Not only do they offer loans, but seed supplies arrive, too, equipment is shared, and advice travels through local co-ops. Even as years pass and needs shift, their mark on village growth stays visible everywhere you look.

ANALYSIS AND DISCUSSION

6 Kisan Credit Card (KCC) Loan and its Benefits to Farmers

Kisan Credit Card (KCC) loan is an important Agricultural Credit facility provided through Primary Agricultural Cooperative Credit Societies (PACCS) to support farmers in meeting cultivation and farming expenses. The main purpose of KCC loans is to provide timely, easy access to credit for purchasing seeds, fertilisers, pesticides, irrigation facilities, and other

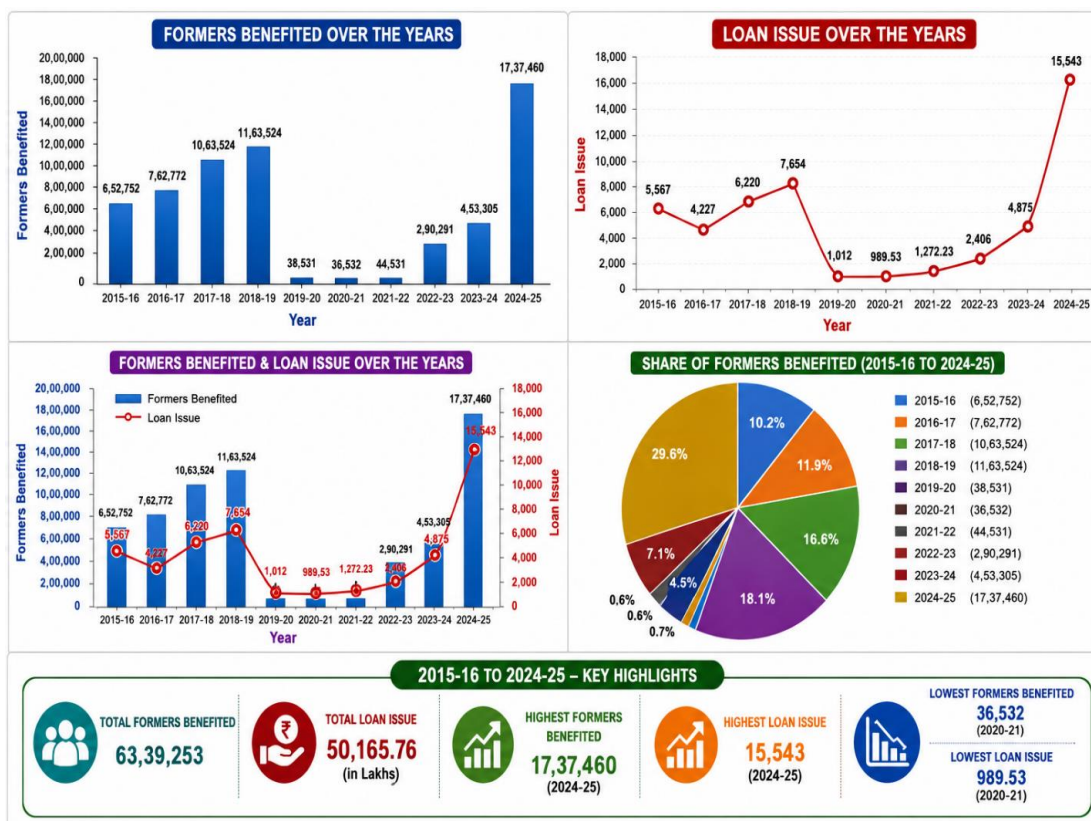
Agricultural inputs. Through PACCS, farmers can access credit at lower interest rates compared to private money lenders. In Tamil Nadu, the government provides interest-free crop loans of up to 1 year through cooperative institutions to eligible farmers who repay them within the specified period. This scheme greatly benefits small and marginal farmers by reducing their financial burden during cultivation seasons. The Study shows that KCC loans help farmers continue agricultural activities without financial difficulties, such as equipment and meeting seasonal farming requirements. The availability of timely credit through PACCS improves agricultural productivity and supports rural livelihoods. The analysis indicates that KCC loans provided through PACCS play a significant role in strengthening rural agriculture and reducing dependence on private money lenders in Tamil Nadu.

Table-1 (In Crore).

S.no	Year	Formers benefited	Loan Issue
1	2015-16	6,52,752	5567
2	2016-17	7,62,772	4227
3	2017-18	10,63,524	6220
4	2018-19	11,63,524	7654
5	2019-20	38,531	1,012
6	2020-21	36,532	989.53
7	2021-22	44,531	1,272.23
8	2022-23	2,90,291	2,406
9	2023-24	4,53,305	4,875
10	2024-25	17,37,460	15,543

Source: Tamil Nadu Government Annual Report

Note: Figures in the above table are for the Financial Year 2015 to 2025.



	Farmers Benefit	Loan Distribution
Farmers Benefitted	Pearson Correlation	.951**
	Sig. (2-tailed)	.000
	N	10
Loan Distribution	Pearson Correlation	.951**
	Sig. (2-tailed)	.000
	N	10

Correlation is significant at the 0.01 level (2-tailed)

The correlation analysis shows a strong positive relationship in the distribution of loans to farmers through PACCS in Tamil Nadu. The Pearson correlation is 0.951, indicating a very high positive correlation between the two variables. This means that when loan distribution increases, the number of farmers benefited also increases. The significance value is 0.000, which is less than the 0.01 level. Therefore, the relationship between farmers' benefits and loan distribution is statistically significant at the 1 per cent level. This clearly indicates that PACCS loan distribution directly influences the number of rural farmers benefited in Tamil Nadu. The graph shows the year-wise distribution of farmers benefited and loans disbursed through PACCS in Tamil Nadu from 2015-16 to 2024-25. The study indicates that both loan distribution and the benefits to farmers increased during the study period. The highest number of farmers benefited (17,37,460), and the highest loan distribution (15,543 lakhs) was

recorded in 2024-25. The analysis shows that increased loan distribution through PACCS helped more rural farmers meet their agricultural and financial needs in Tamil Nadu.

7 SHG Financing and Rural Women Empowerment through PACCS

Self Help Group (SHG) play an important role in strengthening the social and economic conditions of rural people, particularly women in Tamil Nadu. Primary Agricultural Cooperative Credit Societies (PACCS) provide financial assistance, credit facilities, and support services to SHGs to promote self-employment and rural entrepreneurship, such as tailoring, dairy farming, petty shops, handicrafts, and other income-generating activities. PACCS also encourage savings habits and financial discipline among SHG members. The availability of easy, timely credit helps rural women reduce their dependence on private moneylenders and improve their economic stability. SHG financing through PACCS promotes women's empowerment, increases household income, and improves the standard of living in rural areas. Therefore, SHG supported by PACCS contribute significantly to rural livelihood development and social welfare in Tamil Nadu.

Table 2: SHGs in Tamil Nadu Cooperative Societies and their Loan Distributions. (In Crore)

S. No	Year	SHGs in the Tamil Nadu Cooperative Societies	Loan Distribution
1	2015-2016	29,701	550.08
2	2016-2017	18,844	525.99
3	2017-2018	23,501	810.95
4	2018-2019	30,128	1161.80
5	2019-2020	32,821	1561.80
6	2020-2021	54,434	1699.81
7	2021-2022	19,296	681.65
8	2022-2023	49,356	2,010
9	2023-2024	76,871	4275
10	2024-2025	53,757	4063

Source: Tamil Nadu Government Annual Report

Note: Figures in the above table are for the Financial Year 2015 to 2025

SHGs in Tamil Nadu Cooperative Societies and their Loan Distributions



The graph shows the number of Self Help Groups (SHGs) and the distribution of loans through Cooperative societies in Tamil Nadu from 2015-16 to 2024-25. The study indicates that both SHG and loan distribution increased during the study period. In 2015-16, there were 29,701 SHGs with a loan distribution of ₹550.08 crore. The number of SHGs and the loan amount gradually increased in the following years. A significant growth was observed from 2022-23 to 2024-25. The highest number of SHGs was recorded in 2023-24, with 76,871 SHGs, while the highest loan distribution was recorded in 2023-24, with ₹4,275 crore. The graph clearly shows that cooperative societies play an important role in providing financial support to SHGs and in improving rural women's empowerment and livelihood development in Tamil Nadu.

8 Role of Fair Price Shops in Rural Areas

Fair Price Shops operated through Primary Agricultural Cooperative Credit Societies (PACCS) play an important role in supplying essential commodities to rural people at subsidised prices under the Public Distribution System (PDS). These shops mainly support poor and middle-class families in rural areas by providing necessary food items and household products at affordable prices. Through Fair Price Shops, eligible families receive

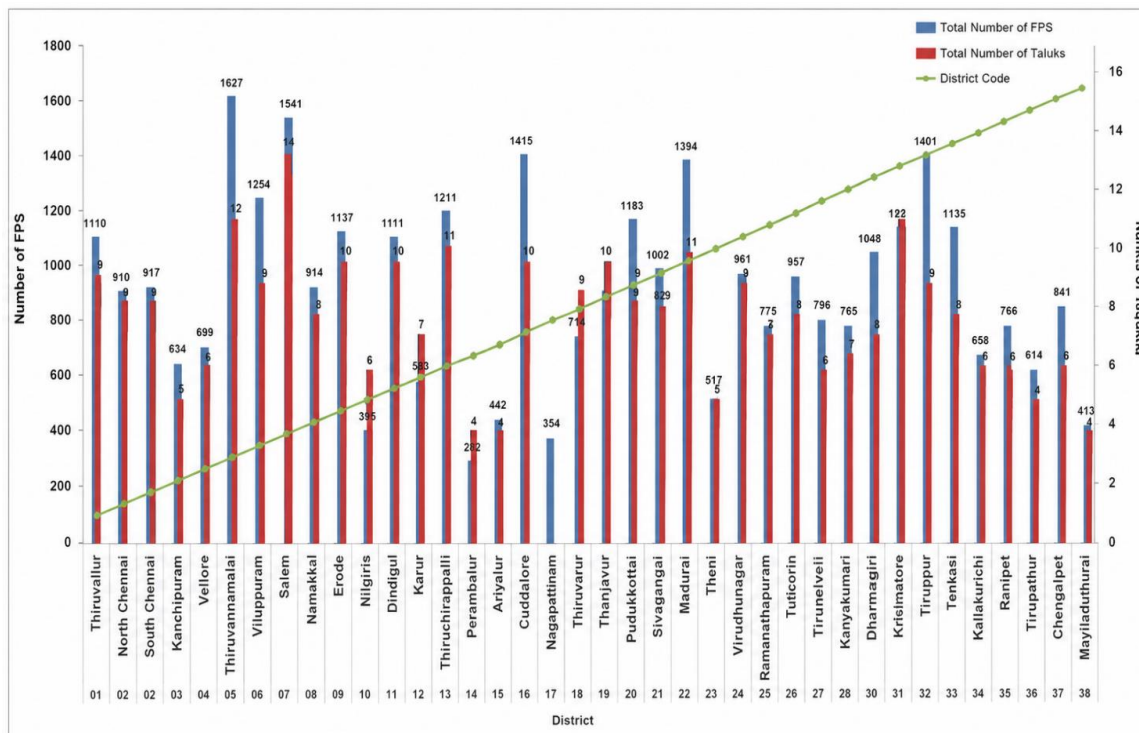
rice, wheat, sugar, palm oil, Kerosene, tea powder, matchboxes, and other essential commodities. Low-income families living below the poverty line receive 35 kg of rice, while other eligible families receive 25 kg per household, per government regulations. Commodities such as wheat and pulses are also distributed regularly for the benefit of rural households. The shops should be open between 9 A.M and 1 P.M and 6 P.M. Stock availability should be displayed daily on the notice board for transparency. The stock should be arranged properly, and cleanliness should be maintained in the shops. Besides PDS commodities, items such as salt, tea, and stationery products are also sold for the convenience of rural people. The books, forms, weighing balance, and measurement systems should be properly maintained in accordance with the Registrar's instructions and renewed regularly through the registration department. Therefore, Fair Shops managed by PACCS help rural people reduce living expenses, maintain food security, and improve their livelihood conditions in Tamil Nadu.

District-wise Fair Price Shop in Tamil Nadu

S.no	District Name	District Code	Total Number of Taluks	Total Number of FPS
1	Thiruvallur	01	9	1110
2	North Chennai	02	10	910
3	South Chennai	02	9	917
4	Kanchipuram	03	5	634
5	Vellore	04	6	699
6	Thiruvannamalai	05	12	1627
7	Viluppuram	06	9	1254
8	Salem	07	14	1541
9	Namakkal	08	8	914
10	Erode	09	10	1137
11	Nilgiris	10	6	395
12	Dindigul	11	10	1111
13	Karur	12	7	583
14	Thiruchirapalli	13	11	1211
15	Perambalur	14	4	282
16	Ariyalar	15	4	442
17	Cuddalore	16	10	1415
18	Nagapattinum	17	4	354
19	Thiruvarur	18	9	714
20	Thanjavur	19	10	1183
21	Pudukkottai	20	12	1002
22	Sivagangai	21	9	829
23	Madurai	22	11	1394
24	Theni	23	5	517
25	Virudhunager	24	10	961
26	Ramanathapuram	25	9	775

27	Tuticorin	26	10	957
28	Tirunelveli	27	8	796
29	Kanyakumari	28	6	765
30	Dharmapuri	29	7	1048
31	Krishnagiri	30	8	1094
32	Coimbatore	31	12	1401
33	Tiruppur	32	9	1135
34	Tenkasi	33	8	658
35	Kallakurichi	34	7	766
36	Ranipet	35	6	614
37	Tirupathur	36	4	509
38	Chengalpet	37	6	841
39	Mayiladuthurai	38	4	413

Sources: TN Ration Shop Code for Chennai and all other districts in Tamil Nadu.



These services help poor and middle-class families reduce household expenses and maintain food security. Therefore, PACCS-operated Fair Price Shops play an important role in supporting the welfare and livelihood of rural people in Tamil Nadu.

9 Contribution of PACCS towards Rural Livelihood and Economic Development in Tamil Nadu

The study shows that Primary Agricultural Cooperative Credit Societies (PACCS) play an important role in improving the livelihood and economic conditions of rural households in Tamil Nadu. PACCS provide various financial and agricultural support services to farmers

and rural people. Crop loans and KCC loans help farmers meet cultivation expenses, including seeds, fertilisers, irrigation, and agricultural equipment. These services reduce farmers' dependence on private moneylenders. PACCS also provides jewel loans and other credit facilities to meet emergency financial needs in rural areas. Self-Help Group (SHG) financing through PACCS supports women's empowerment and encourages self-employment in villages. Rural women use SHG loans for dairy farming, tailoring, petty shops, and other small business activities, thereby improving household income. Fair Price Shops operated by PACCS supplied essential commodities such as rice, wheat, sugar, palm oil, and kerosene at subsidised prices. These services help poor and middle-class families reduce household expenses and maintain food security. PACCS also distributes fertilisers, seeds, and other agricultural inputs to support farming activities. Therefore, PACCS contribute significantly towards rural livelihood development, economic stability, women empowerment, agricultural growth, and overall rural welfare in Tamil Nadu.

10 Key Findings

1. The Study found that PACCS play an important role in meeting the financial and agricultural needs of rural people in Tamil Nadu.
2. KCC loans provided through PACCS help farmers meet cultivation expenses and reduce dependence on private money lenders.
3. Interest-free crop loan facilities help small and marginal farmers continue agricultural activities.
4. SHG financing through PACCS promotes women's empowerment and self-employment opportunities in rural areas.
5. Fair Price Shops operated by PACCS provide essential commodities at subsidised prices, thereby improving food security among rural households.
6. PACCS improve the economic stability and living conditions of rural households in Tamil Nadu.

11 CONCLUSION

Primary Agricultural Cooperative Credit Societies (PACCS) play a significant role in supporting rural people in Tamil Nadu. The study concludes that PACCS provide important services, including crop loans, KCC loans, SHG financing, fertiliser distribution, and Fair Price Shop operations, for the benefit of rural communities. These services help farmers and rural households meet their agricultural, financial, and household needs at affordable costs.

PACCS also contribute to women's empowerment, food security, and rural economic development. Therefore, PACCS continue to function as an important rural support institution, improving the livelihoods and welfare conditions of rural people in Tamil Nadu.

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