

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
UNSTARRED QUESTION NO. 322
TO BE ANSWERED ON 23rd JULY, 2025

Resource crunch of PACSs

322 Shri M. Mohamed Abdulla:

Will the Minister of Cooperation be pleased to state:

- (a) whether Government is aware that the resources of the Primary Agriculture Credit Societies (PACSs) are insufficient to meet the short and medium-term credit needs of the rural economy, if so, steps that have been taken to address this issue;
- (b) steps taken by Government in the last three years to improve the professional management structures in the cooperatives for efficient operations and decision-making; and
- (c) steps taken by Government to establish PACSs in Panchayats that have no cooperative institution?

ANSWER

THE MINISTER OF COOPERATION
(SHRI AMIT SHAH)

- (a) In order to meet the short and medium-term credit needs of the rural economy through expansion of the resource base of Primary Agricultural Credit Societies (PACSs) the government has taken various initiatives including the following:
 - i. **Model bye laws for PACS-** In order to improve the income/ resources of PACS and diversify their business activities to transform them into vibrant economic entities at panchayat/ village level, Model Byelaws have been framed by the Government. Model Bye-laws enable PACS to diversify their business activities by undertaking more than 25 business activities, including dairy, fishery, floriculture, setting up godowns, procurement of foodgrains, fertilizers, seeds, LPG/CNG/Petrol/Diesel distributorship, short-term & long-term credit, custom hiring centers, Fair Price Shops (FPS), community irrigation, Business Correspondent activities, Common Service Centre, etc. The multipurpose activities increase the income of PACS, improve their viability and facilitate in augmenting their resources to meet the credit requirements of their member farmers.

- ii. **World's Largest Decentralized Grain Storage Plan in Cooperative sector:** Government has approved a plan to create warehouses, custom hiring centers, primary processing units and other agri-infrastructure for grain storage at PACS level, through convergence of various GOI schemes, including AIF, AMI, SMAM, PMFME, etc. This aims at reducing wastage of food grains and transportation costs, and enable farmers to realize better prices for their produce and meet various agricultural needs at the PACS level itself. Under the pilot project, construction of godowns in 11 PACS of 11 States has been completed.
- iii. **PACS as Common Service Centers (CSCs) for better access to e-services:** An MoU has been signed between Ministry of Cooperation, MeitY, NABARD and CSC e-Governance Services India Limited for providing more than 300 e-services such as banking, insurance, Aadhar enrolment/ updation, health services, PAN card and IRCTC/ Bus/ Air ticket, etc. through PACS. So far, 47,918 PACS have started providing CSC services to rural citizens.
- iv. **Formation of new Farmer Producer Organizations (FPOs) by PACS:** Under the Central Sector Scheme - Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs), NCDC is one of the Implementing Agencies designated by Department of Agriculture and Farmers Welfare, towards formation and promotion of FPOs. Target for formation and promotion of 746 FPOs was assigned by DA&FW to NCDC and NCDC registered 746 FPOs in the cooperative sector.

Thereafter, with the initiative of Ministry of Cooperation, additional target of Farmer Producer Organizations (FPOs) was allocated to NCDC by Department of Agriculture and Farmers Welfare, GoI, for formation and promotion of FPOs in cooperative sector through strengthening of PACS under the scheme and NCDC got target of 1117 FPOs and registered/onboarded 1117 FPOs through the members of PACS. This is helpful in providing farmers with necessary market linkages and get fair and remunerative process for their produce. NCDC has disbursed ₹179 crore to FPOs/CBBOs under the scheme.

- v. **PACS given priority for Retail Petrol/ Diesel outlets:** Government has allowed PACS to be included in the Combined Category 2 (CC2) for allotment of retail petrol/ diesel outlets. As per information received from Oil Marketing Companies (OMCs), 393 PACS from 27 States/UTs have applied online for retail petrol/ diesel outlets.
- vi. **PACS given permission to convert bulk consumer petrol pumps into retail outlets:** The existing bulk consumer licensee PACS have been given a one-time option by Oil Marketing Companies to convert into retail outlets. As per information shared by OMCs, 117 wholesale consumer pump licensee PACS from 5 States have given consent for conversion into Retail Outlets, out of which 59 PACS have been commissioned by the OMCs.

PACS eligible for LPG Distributorship for diversifying its activities: Government has now allowed PACS to apply for LPG Distributorships. This gives PACS an option to increase their economic activities and diversify their income stream. As of

now, 2 PACS from the state of Jharkhand have applied for LPG distributorship under CC Category.

- vii. **PACS as PM Bharatiya Jan Aushadhi Kendra for improving access to generic medicines at rural level:** PACS have been allowed to operate Pradhan Mantri Bhartiya Janaushadhi Kendras (PMBJKs), which will provide additional income source to them and ease the access to quality generic medicines for rural citizens. So far, 4,118 PACS/ cooperative societies have applied online for PMBJKs, out of which 4,108 PACS have been given initial approval by Pharmaceutical & Medical Devices Bureau of India (PMBI) and 826 PACS have received drug license from State Drug Controllers and 762 PACS have got store codes from PMBI which are ready to function as PM Bhartiya Jan Aushadhi Kendras.
- viii. **PACS as Pradhan Mantri Kisan Samriddhi Kendras (PMKSK):** PACS have been enabled to operate PMKSK for ensuring easy accessibility of fertilizer & related services to farmers in the country. As per the information shared by Department of Fertilizers (GOI) and States/ UTs, a total of 36,592 PACS are functioning as PMKSK.
- ix. **PACS to carry out O&M of rural piped water supply schemes (PWS):** PACS have been made eligible to carry out the Operations & Maintenance (O&M) of PWS in rural areas. As per information received from States/ UTs, 539 PACS have been identified/ selected by 8 States/ UTs to provide O&M services at Panchayat/ Village level.
- x. **Convergence of PM-KUSUM at PACS level:** Farmers associated with PACS can adopt solar agricultural water pumps and install photovoltaic modules in their farms.

Further, National Cooperative Development Corporation, a statutory organization under the administrative control of Ministry of Cooperation, has disbursed cumulatively ₹ 4,08,381 crore till 31.03.2025 and ₹ 95,183 crore during the Financial Year 2024-2025 which has significantly contributed towards the credit needs of rural economy.

Besides above, NABARD extends refinance to cooperative Banks for supplementing their resources. Refinance increases ground level production credit and boost capital formation in agriculture and rural development sector. Refinance Disbursed by the NABARD to Cooperatives during last 3 years are as under: -

(Rs. crore)					
Sr. No.	Category	2022-23	2023-24	2024-25	2025-26 (As on 15 July 2025)
1	Long Term	15,239.90	19,214.62	14,859.95	702.23
2	Short Term (including Debt Recovery Agent)	1,34,952.40	1,61,154.74	1,80,309.46	32,179.58
	Total	1,50,192.30	1,80,369.36	1,95,169.41	3,2881.81

(b) RBI has issued following guidelines for State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs) to improve professional management structures and better oversight of rural cooperative banks:

- i. For seeking prior Approval of RBI for appointment/reappointment/termination of MD/CEO of StCBs/DCCBs.
- ii. For seeking prior approval of RBI for appointment, re-appointment or removal of Statutory Auditor (SA), and other related matters for StCBs and DCCBs.

Ministry of Cooperation has notified Multi-State Cooperative Societies (MSCS) (Amendment) Act & Rules, 2023 which stipulates criteria for appointment of Chief Executive Officer (CEO) to improve professional management structure in Multi-State Cooperative Societies.

Ministry of Cooperation has also circulated Model byelaws to all States/UTs which includes provision of inducting maximum 2 Professional Directors having experience and expertise in the field of Agriculture and allied activities, Food Technology, Banking, Cooperation, Management, Legal, Information Technology, etc in the Board for proper guidance and advice.

(c) The Government on 15.02.2023, has approved the Plan for strengthening cooperative movement in the country and deepening its reach up to the grassroots through establishment of 2 lakh multipurpose PACS, Dairy and Fishery cooperative societies covering all the Panchayats/ villages in the country, through convergence of various existing GOI schemes, including National Programme for Dairy Development (NPDD), PM Matsya Sampada Yojana (PMMSY), etc. with the support of National Bank for Agricultural and Rural Development (NABARD), National Dairy Development Board (NDDB), National Fisheries Development Board (NFDB) and State/UT Governments.

In order to ensure effective and timely implementation of the plan, Ministry of Cooperation in coordination with NABARD, NDDB and NFDB has launched a Standard Operating Procedure (Margdarshika) on 19.9.2024, indicating the targets and timelines for stakeholders concerned. Further, Joint Working Committees (JWC) at the district level have also been formed by States/ UTs to ensure timely execution of the plan at the grassroot level
