



AN ANALYSIS OF THE PROBLEM BASED BY THE FARMERS IN AVAILING FINANCE FROM PACCS

Dr. C. Gunasekarn

Asst. Professor, PG and Research Department of Commerce, Arignar Anna Govt. Arts College, Musiri – 621211

Mr. G. Pugalendhi

Asst. Professor, PG and Research Department of Commerce, Arignar Anna Govt. Arts College, Musiri – 621211

ABSTRACT

The Agriculture is the backbone of the Indian economy and it is providing employment for more than 60% of the population directly and indirectly. But in the recent years, the farmers in the agriculture industries have heavily suffered due to inadequate income, unemployment, diversification of their occupations, etc. Due to this effect, the agriculture sector is become unprofitable and it would ultimately affect the Indian economy at a large scale. To regenerate the agriculture industries, the farmers are required productive resources which would be acquired through owned (or) borrowed fund. Agriculture is very important to developing countries like India. Hence, supply of adequate finance for the farmer to do agriculture and their well-being. Though the multi-agency approach has been instrumented by the Government in pouring of agriculture finance, still it is not solving the issues of the small and marginal farmers. The Government sponsored cooperative institutions is talking lead role in giving financial and non-financial supports to the farmers especially through the PACCS. In this context, the researcher is attempting to present the clear picture of the PACCS and its lending performance in the farmers perspective. This paper exhibits and investigates the hidden problem associated with obtaining loan from PACCS which would be worthwhile.

KEYWORDS : PACCS, Marginal and Small Farmers, Problems associated With availing support services

INTRODUCTION

It is well known fact that the agriculture is one of the most important pillars of Indian economy. In spite of the agriculture is great significance in Indian economy, the share of agriculture and its allied activities in India's GDP is continuously declining over the years. It is due to various reasons such as scarcity of water, infertile land and lack of infrastructure in agriculture sector, illiteracy, inequality and lack of finance and marketing hurdles, inadequate price so on. Among these problems, supply of adequate and timely credit to the farmers would solve other problems of farmers. In this context, the Institutional agriculture finance would try to replace the defects of the private credit, since it is basically un-exploitive in character. The farmers not only need credit but also guidance in adopting improved method of cultivation. It could be possible only the PACCS can provide all the guidance, since it is at gross route village level. The PACCS is closely touch with small and marginal farmers and it is acting as predominant role player in the agriculture sector. But PACCS has too many limitations while performing its function. They are, poor financial viably, high cost of transactions, in adequate credit provisions, political and big farmers dominations, problems in subsidy availably, crop loan distribution, complicated loan procedure, delay in sanction of loan etc. These problems are ultimately affect the farmer, particularly small and marginal farmers. Hence, it is very essential to identify the hidden problems based by the farmers would improve credit flow as well as agriculture viability of the farmers.

Statement of the Problem

This study analysis the problem associated with obtaining finance and other support service from PACCS. Since the PACCS is laying in the bottom level in cooperative credit structure and it is covered more than 90% of the villages, it is plays a predominant role in the agriculture credit system. But in the practical and present scenario, it would be seen that many problems arises, the most for mixed problem encounter by the farmers in the area of inadequate collateral security to obtain credit, high interest rate, low educational profile of farmers, credit facilities is not reaching to small & marginal farmers, etc. In this context, the researcher indents to analysis the hindering factors and its causes in order to offer correct solution.

Objectives of the Study

1. To analyse the problems of farmers in availing loan from PACCS.
2. To assess the extent of utilization of various loans by the farmers

Scope of the Study:

This study is undertaken to examines the problem based by the farmers in availing finance from PACCS. In order to increase the flow of funds for agriculture in India, Multi- Agency Approach has been adopted. Many credit institutions namely co-operative banks, commercial banks and Regional. Rural Banks are involved in financing the farm business. Since co-operative banks are the oldest and the most predominant and accepted credit institutions in India, they have chosen for the study. As the primary co-operative banks are the base level financing agency operating at the village level, and are involved in the provision of large scale, short and medium term loan to agriculturists, they are predominately considered in this study. The structure and flow of loan from PACCS to the farmers and their hurdles in getting loan from PACCS are examined with the help of the variables identified. The study also aims to identify the relationship between the various types of farmers in respect of utilization of loan facilities and the credit gap.

Methodology used in this study

(i) Profile of the area of study

Thottiyam is a panchayat town in Tiruchirappalli district in the Indian state of Tamil Nadu. It is situated 60 Km north west of Tiruchirappalli on Tiruchy-Namakkal state Highway. It is located near Kaveri River. As on 2001 India census, Thottiyam had a population of 135120. In which males constitute (67266) 50% and females constitute (67854) 50%. It has on average literacy rate of 73%, which is higher than the national average of 59.5%. The male literacy is 81% and female literacy is 66%. The main occupation is agriculture and the main crops are paddy, plantains, petals. Thottiyam is a block under panchayat system since 1960. It was attached with the Musiri Taluk upto 2008, afterwards it become a taluk. It has 29 villages in Thottiyam Taluk, there are 15 banks, in which major banks are Lakshmi Vilas bank, Indian overseas bank, Agricultural cooperative bank, State bank of India and Canara bank. They are caters agriculture and non-agriculture loans to the people among these banks the PACCS are major player in the Thottiyam Taluk.

For the proper provision of agricultural credit is necessary to know the environmental dimensions of the area of study. Factors like population, land holdings, land utilization, cropping pattern, and its intensity, inputs and implements, infrastructural facilities etc., are the deciding factors of loan intake of the farmers. Lending institutions are also to consider these factors with utmost care since

these factors influence the decision regarding farm loans. In this context profile of the area of study assumes importance.

(ii) Reasons for selection of particular area

The study was taken up in the Thottiyam Taluk of Tiruchirappalli district, in the state of Tamil Nadu. Tottiyam Taluk was purposively selected on account of the following factors.

The Thottiyam Taluk is more agriculture oriented area. Industrialization is yet to be taken up. More than 80% of the people are engaged in agriculture, hence, the researcher desired to examine the financial Assistance provided by the PACCS in the farmers perspective. Further, the familiarity with the conditions of the Taluk was another reason for the purposive selection.

(iii) Sources of Data

This study is based on both primary and secondary data. The primary data were collected from a sample of 500 farmers who have involved with PACCS to obtain financial assistance. The data were collected by using structured questionnaire through personal Interview method. The secondary data were collected from Directorate of Economics and statistics, Department of cooperative, PACCS, journals, books and websites.

(iv) Period of study

The study covers a period of five years (2012-2013, 2013-2014, 2014-2015, 2015-2016 and 2016-2017).

(v) Sampling Procedure

The study is confined to the Thottiyam Taluk, which is mainly agriculture based and selected purposively. By scouting the area and establishing a rapport with the Taluk officials, the general economic background of the Taluk was understood. It was found that in the Taluk, there is one branch of Trichy District Central co-operative bank, 13 primary agricultural credit co-operative societies, one branch of Canara Bank, 2 branch of Indian Overseas Bank, 2 State bank of India and other private banks. The cooperative and Government banks are the lead bank in the Taluk.

For the purpose of the study, 500 farmers consisting of small, marginal and big farmers were selected by using random sampling method. These 500 farmers are associated with the PACCS for availing various benefits. The sample selection is based on block wise in the taluk.

(vi) Tools for Analysis:

For purpose of Analysis the following tools were used in this study.

- Percentage Analysis
- Chi-square Analysis
- Jonckheere trend test

Limitation of the Study:

The subject of this study involves collection of data from farmers who normally do not have proper records for their reference. Further, due to lower literacy level, there is reluctance on the part of farmers in giving information freely. However, adequate care has been exercised in the collection of unbiased data. Moreover, the data were collected with the help of local leaders/officers such as presidents, chairman of Panchayat Unions, Village Administrative Officers and Special Officers, secretaries in the PACCS in order to ensure the authenticity of data.

Table 1 Respondents opinion towards getting the crop loan every year

Opinion	No. of Respondent	Percentage
Crop loan availed	153	72.9
Crop loan not availed	57	27.1
Total	210	100

Primary data Source:

The above Table 1 reveals that Respondents opinion towards

getting the crop loan every year. Out of 210 respondents, about 72.9% respondents have availed crop loan every year and remaining of 27.1% respondents are not availed crop loan every year. **Majority 72.9% of the respondents have availed crop loan every year.**

Table 2 Details of the crop for which crop loan received by the respondents

Types of Crop	No. of Respondent	Percentage
Banana	55	26.2
Paddy	70	33.3
Ground Nuts	76	36.2
Others	9	4.3
Total	210	100

Primary data Source:

The above Table 2 show that the respondents have availed for which crop the crop loan is availed. About 26.2% of the respondents have availed loan for Banana cultivation, 33.3% respondents have availed loan for paddy cultivation, 36.2% of the respondents have availed the loan for ground nuts, 4.3% of respondents have availed loan for other crops, such as millets, sunflower etc. **Majority 36.2% of the respondents have availed loan for the cultivation of Ground Nuts.**

Table 3 Respondents statements towards time taken by PACCS for the sanction of loan

Time required for sanction of the loan	No. of Respondent	Percentage
Immediately	60	12
Minimum 10 days	216	43.2
11 to 30 days	135	27
more than one month	89	17.8
Total	500	100

Primary data Source:

The above Table 3 reveals the respondents statements towards time taken by PACCS for the sanction of loan. About 43.2% respondents have stated that the time taken by the bank to sanction loan to the farmer is minimum 10 days. 12% respondents have stated the loan sanction by the bank immediately, 27% stated 11 to 30 days for sanction of loan, 17.8% respondents stated that time required by the bank to sanction loan is more than a month. **Majority 43.2% of the respondents have stated that the time taken by the bank for the sanction loan to the farmers is minimum 10 days.**

Table 4 Respondents opinion towards the loan adequacy for the cultivation

Opinion	No. of Respondent	Percentage
Adequate	152	30.4
Inadequate	348	69.6
Total	500	100.0

Primary data Source:

The above Table 4 reveals the respondents opinion towards the loan adequacy for the cultivation. 69.6% of the respondents have expressed that the loan offered by the PACCS is inadequate. 30.4% of the respondents have stated the loan is adequate for the cultivation. **Majority 69.6% of the respondents have stated that the loan offered by the PACCS is inadequate.**

Table 5 Respondents interest on Insure the crop under Crop Insurance Scheme (CIS)

Particulars	No. of Respondent	Percentage
Interested on insure the crop	295	59
Not Interested on insure the crop	205	41
Total	500	100.0

Primary data Source:

The above Table 5 reveals the respondents interest on insure the crop under Crop Insurance Scheme. About 59% of the respondents

are interested to insure their crops and the remaining 41% of the respondents are not interested to insure their crop under CIS. **Majority 59% of the respondents are interested to insure their crop under Crop Insurance Scheme (CIS).**

Table - 6 Details of the Expenses incurred for getting loan from PACCS by the farmers.

Percentage of the expenses for avail loan	No. of Respondent	Percentage
Below 5 percent on the loan amount	117	23.4
6 percent to 9 percent on the loan amount	182	36.4
9 percent to 14 percent on the loan amount	145	29.0
above 15 percent on the loan amount	56	11.2
Total	500	100.0

Primary data Source:

The above Table 6 shows the details of the expenses incurred by the farmers for getting loan from PACCS. 23.4%, 36.4%, 29%, 11.2% of the respondents have stated the expenditure incurred by them for obtaining loan from PACCS respectively below 5%, 6 to 9%, 9% to 14% and above 15% on the loan amount. **Majority 36.4% of the respondents have stated that 6 to 9% on the loan amount incurred as an expenses to obtain loan from PACCS.**

Table 7 Respondents opinion towards the financial services of PACCS is better than other financial institutions

Opinion	No. of Respondent	Percentage
Better	232	46.4
Poor	268	53.6
Total	500	100.0

Primary data Source:

The above Table 7 reveals that weather the financial services offered by the PACCS is better than other financial institutions. 46.4% respondents have said that the financial service is better and remaining 53.6% respondents have said that poor financial service offered by the PACCS. **Majority 53.6% of respondents have stated that the financial service offered by the PACCS is poor when compared with other financial institutions.**

Table 8 Respondents opinion towards the availability of compensation for the crop failure

Compensation	No. of Respondent	Percentage
Available in time	89	17.8
Non available in time	411	82.2
Total	500	100.0

Primary data Source:

The above Table 8 shows that the respondents opinion whether the compensation for crop loss available in time or not. About 82.2% of respondents said that the compensation is not available in time and the remaining 17.8% said it is available in time. **Majority 82.2% of the respondents have expressed the compensation for crop loss is not available in time under the Crop Insurance Scheme.**

Table 9 Respondents opinion towards the adequacy of compensation for crop loss

Level of adequacy	No. of Respondent	Percentage
Adequate	136	27.2
Inadequate	364	72.8
Total	500	100.0

Primary data Source:

The above Table 9 shows that Respondents opinion towards the adequacy of compensation for crop loss. Out of 500 respondents, 27.2% respondents have stated that the compensation for crop loss is adequate and remaining 72.8% respondents expressed that the compensation for crop loss is inadequate. **Majority 72.8% of the**

respondents have stated that the compensation for crop loss is inadequate.

Table 10 Employees behavioral approach towards customers while approach them for loan in PACCS.

Responses	No. of Respondent	Percentage
Good	80	16.0
Very Good	30	6.0
Poor	204	40.8
Very Poor	186	37.2
Total	500	100.0

Primary Sources of Data:

The above Table 10 shows the employees behavioral approach towards customers while approach them for loan in PACCS 40.8% respondents have expressed that the behavior of PACCS employee is poor while approach them for loan, 37.2% respondents have stated their approach is very poor, 16% respondents have stated Good and remaining 6% stated as very Good. **Majority 40.8% of the respondents have expressed that the behavioral approach of PACCS employees is poor while approach them for loan.**

Table 11 Respondents opinion towards discrimination made by PACCS while granting loan

Opinion	No. of Respondent	Percentage
Better	232	46.4
Poor	268	53.6
Total	500	100.0

Primary Sources of Data:

The above Table 11 shows that Respondents opinion towards discrimination made by PACCS while granting loan. 44.6% respondents have expressed that the PACCS to made discrimination among the customers while granting loan and 55.4% respondents have stated that there is no discrimination made among the customers while sanctioning loan to them. **Majority 55.4% of the respondents have stated that there is no discrimination made among the customers while sanctioning loan by the PACCS.**

Table 12 Purpose of loan amount used by the Respondents

Purpose of loan	No. of Respondent	Percentage
Production purpose	180	36.0
Repayment of old loan	141	28.2
Consumption for family expenses	114	22.8
Others(purchase of things)	65	13.0
Total	500	100.0

Primary Sources of Data:

The above Table 12 shows the purpose of loan amount used by the respondent. 36% of the respondents have stated that the loan amount used for the production purpose. About 28.2% respondents have used the loan amount for the repayment of old loan, 22.8% respondents are used loan amount for their family consumption expenses, 13% respondents have used loan amount for purchase of two wheeler, furniture's etc. **Majority 36% of the respondents have stated that the loan amount used for the production purpose.**

Table 13 Respondents alternative option if the loan amount is inadequate from PACCS

Alternative option	No. of Respondent	Percentage
Drop the agricultures activities	149	29.8
Try to get loan from private institutions	169	33.8
Try to get loan from commercial banks	90	18.0
Shifting agriculture to other employment	92	18.4
Total	500	100.0

Primary Sources of Data:

The above Table 13 shows that Respondents alternative option if the loan amount is inadequate from PACCS. 29.8% respondents have stated that to drop the agriculture activities if the loan amount is inadequate for their agriculture operations, 33.8% respondents have stated that they try to get loan from private institutions as an additional loan. 18% respondents would avail loan from commercial banks and 18.4% respondents are shifting from agriculture to other employment. **Majority 33.8% of the respondents are stated that they try to get loan from private institutions as an additional loan to meet the deficit money.**

Table 14 Respondents opinion on loan subsidy availability

Opinion	No. of Respondent	Percentage
Subsidy available	268	53.6
Subsidy not available	232	46.4
Total	500	100.0

Primary Sources of Data:

The above Table 14 shows that Respondents opinion on loan subsidy availability. 53.6% respondents have expressed that the subsidy is available for loan amount and remaining 46.4% respondent have stated that subsidy is not available for the loan. **Majority 53.6% of the respondents have expressed that the subsidy is available for loan amount.**

Table 15 Regularity in the Repayment of loan

Loan Repayment	No. of Respondent	Percentage
Regular repayment	235	47
Irregular repayment	265	53
Total	500	100.0

Primary Sources of Data:

The above Table 15 reveals that regularity in the repayment of loan by the farmers. 47% respondents stated that they have repaid the loan amount regularly and the remaining 53% of respondents have not repaid the loan regularly. **Majority 53% of the respondents have not repaid the loan regularly due to crop failure, low income, inadequate price, loss of crop due to natural calamities.**

Table 16 Types of Farmers and their purpose of loan

Hypothesis:

Ho: There is no association between types of farmers and their purpose of loan

H1: There is association between types of farmers and their purpose of loan

Crosstab					
Type of Farmers	Purpose of loan				Total
	Production purpose	Repayment of old loan	Family expenses	Others (purchase of things)	
Marginal Farmers	64	38	52	4	158
	40.50%	24.10%	32.90%	2.50%	100.00%
Small Farmers	116	74	34	19	243
	47.70%	30.50%	14.00%	7.80%	100.00%
Big Farmers	0	29	28	42	99
	0.00%	29.30%	28.30%	42.40%	100.00%
Total	180	141	114	65	500
	36.00%	28.20%	22.80%	13.00%	100.00%

Chi-Square Tests									
	Value	df	Sig. (2-sided)	Monte Carlo Sig. (2-sided)		Monte Carlo Sig. (1-sided)			
				Sig.	99% Confidence Interval		Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	23.803	6	.001	.000	.001				
Linear-by-Linear Association	7.415	1	.006	.007	.005	.010	.004 .002 .005		
N of Valid Cases	500								

Pearson Chi-Square	148.202	6	.000	.000	.000	.000			
Linear-by-Linear Association	55.815	1	.000	.000	.000	.000	.000	.000	.000
N of Valid Cases	500								

Significant (p≤0.05), Not Significant (p≥0.05)

The above table 16 Chi-Square test reveals that the types of farmers and their purpose of loan is associated because the p - value is less than the level of significance.(.000<0.05).

There is an association between the types of farmers and their loan purpose are associated.

Table 17 Type of Farmers and the Farmers alternative option if the loan is inadequate from PACCS

Hypothesis:

Ho: There is no association between type of farmers and the Farmers alternative option if the loan is inadequate from PACCS.

H1: There is association between type of farmers and the farmers alternative option if the loan is inadequate from PACCS.

Crosstab					
Type of Farmers	Alternative options of the farmers If the loan is inadequate from PACCS				Total
	Drop the agricultural activities	Try to get loan from private institute	Try to get loan from commercial banks	Shifting agriculture to other employment	
Marginal Farmers	31	59	31	37	158
	19.60%	37.30%	19.60%	23.40%	100.00%
Small Farmers	75	89	45	34	243
	30.90%	36.60%	18.50%	14.00%	100.00%
Big Farmers	43	21	14	21	99
	43.40%	21.20%	14.10%	21.20%	100.00%
Total	149	169	90	92	500
	29.80%	33.80%	18.00%	18.40%	100.00%

Chi-Square Tests									
	Value	df	Sig. (2-sided)	Monte Carlo Sig. (2-sided)		Monte Carlo Sig. (1-sided)			
				Sig.	99% Confidence Interval		Sig.	99% Confidence Interval	
					Lower Bound	Upper Bound		Lower Bound	Upper Bound
Pearson Chi-Square	23.803	6	.001	.000	.001				
Linear-by-Linear Association	7.415	1	.006	.007	.005	.010	.004 .002 .005		
N of Valid Cases	500								

Significant (p≤0.05), Not Significant (p≥0.05)

The above table 17 Chi-Square test reveals that the types of farmer and the farmers alternative option of loan from PACCS is associated because the p - value is less than the level of significance. (0.004 < 0.05). **There is an association between the types of farmers and the farmers alternative option if the loan in inadequate from PACCS.**

Jonckheere trend test

The Jonckheere trend test is non-parametric test, which is similar to Kruskal-Wallis test but more statistical power in ordered alternative than the Kruskal-Wallis test.

Hypothesis:

H0: There is no significant difference between PACCS and difficulties in receiving crop loan

H1: There is significant difference between PACCS and difficulties in receiving crop loan

Npar Tests

	Formalities of the PACCS	Unreasonable delay	Delay in estimation / granting of loans	Lower Quantum of crop loan	lack of Credit worthiness	Illiteracy of farmers	Proximity between farmers residence and institutions	others
Number of Levels in Type of Farmer	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
N	160.00	275.00	257.00	274.00	310.00	181.00	156.00	117.00
Observed J-T Statistic	3970.00	14130.50	9746.00	12441.00	15001.00	4718.00	5176.50	979.50
Mean J-T Statistic	3378.50	12152.00	8640.00	10816.50	14348.50	4039.50	3856.50	1931.50
Std. Deviation of J-T Statistic	281.79	672.16	557.41	640.16	781.53	321.77	290.95	164.40
Std. J-T Statistic	2.10	2.94	1.98	2.54	0.84	2.11	4.54	-5.79
Asymp. Sig. (2-tailed)	0.04	0.00	0.05	0.01	0.40	0.04	0.00	0.00

a. Grouping Variable: Type of Farmers

Significant (p≤0.05), Not Significant (p≥0.05)

The above table 18 J-T statistics reveals that there are difficulties arises when getting loan from PACCS because the complicated formalities of the PACCS, Unreasonably delay, Delay in estimation/ granting of loans, Lower Quantum of crop loan, Illiteracy of farmers, Proximity between farmers residence and institutions and other problems are significant because the p-value is less than the level of significant. (0.04<0.05, 0.00<0.05, 0.5=0.05, 0.01<0.05, 0.04<0.05, 0.00<0.05, 0.00<0.05). The lack of credit worthiness of the farmers as a reason for rejection of loan is insignificance. Hence the p value is greater than significant level. (0.40>0.05). **The difficulties such as lengthy formalities of the PACCS, unreasonable delay in sanction of loan, delay in estimation/granting of loan, lower quantum of crop loan, Illiteracy of the farmers residence and Institution and other problems are faced by the farmers while getting loan from PACCS.**

Findings:

- **Majority 72.9% of the respondents have availed crop loan every year.**
- **Majority 36.2% of the respondents have availed loan for the cultivation of ground nuts.**
- **Majority 43.2% of the respondents have stated that the time taken by the bank for the sanction loan to the farmers is minimum 10 days.**
- **Majority 69.6% of the respondents have stated that the loan offered by the PACCS is inadequate.**
- **Majority 59% of the respondents are interested to insure their crop under Crop Insurance Scheme (CIS).**
- **Majority 36.4% of the respondents have stated that 6 to 9% on the loan amount incurred as an expenses to obtain loan from PACCS.**
- **Majority 53.6% of respondents have stated that the financial service offered by the PACCS is poor when compared with other financial institutions.**
- **Majority 82.2% of the respondents have expressed the compensation for crop loss is not available in time under the Crop Insurance Scheme.**
- **Majority 72.8% of the respondents have stated that the compensation for crop loss is inadequate.**
- **Majority 40.8% of the respondents have expressed that the behavioural approach of PACCS employees is poor while approach them for loan.**
- **Majority 55.4% of the respondents have stated that there is no discrimination made among the customers while sanctioning loan by the PACCS.**
- **There is no association between the Type of Farmers (small, marginal and big farmers) and the type of loan (crop loan,**

cattle loan, housing loan and other loans) availed from PACCS.

- **There is an associated between the ownership of the land and the type of loan (crop loan, cattle loan, housing loan and other loans) availed from the PACCS.**
- **The difficulties such as lengthy formalities of the PACCS, unreasonable delay in sanction of loan, delay in estimation/granting of loan, lower quantum of crop loan, Illiteracy of the farmers residence and Institution and other problems are faced by the farmers while getting loan from PACCS.**
- **Majority 36% of the respondents have stated that the loan amount used for the production purpose.**
- **Majority 33.8% of the respondents are stated that they try to get loan from private institutions as an additional loan to meet the deficit money.**
- **Majority 53% of the respondents have not repaid the loan regularly due to crop failure, low income, inadequate price, loss of crop due to natural calamities.**

Recommendations to the Government and PACCS

1. Crop Insurance scheme should be revamped subject to the prevailing agriculture condition. Compensation should be given in time and equal to the crop loss.
2. Relaxation loan norms in PACCS in terms of sanctioning the loan, credit subsidy, loan limit etc.
3. Loan sanctioned by the PACCS is inadequate for agriculture operation. Hence, the loan limit should be enhanced.
4. The PACCS operations, functions should be revamped because majority of the farmers are preferred to get loan from the commercial bank as well as private financial institutions.

Conclusion

The institutional credit for agriculture has been increased in the recent years, it still lags behind the productive needs of farmers. The main reasons such as inadequate security and surety, credit inadequacy, high transaction costs, stiff and ambiguous terms and conditions, complicated and time consuming procedure, more benefit to big farmers, repayment stress, high rate of interest so on. Due to these reasons, the farmers especially small and marginal farmers are faced several irritating bureaucratic and other hassles in obtaining agriculture credit in PACCS. In spite of significant income in increasing lending in PACCS, the mal practices prevailing in the system create more complicity and costly. In addition, due to the hurdles in obtaining loan from the PACCS, majority of the farmers moving to get loan from commercial and private financial institutions. Further, it is a pathetic situation arises, when the farmers approach the PACCS' employees for applying loan and they are giving delay response towards the farmers. Hence, it is high time to revamp the inadequacy of the PACCS and regenerate the system as per the needs of the farmers.

References

1. R.K. Sivanappan "Ensuring water for all", The Hindu survey of Indian Agriculture, 2005, P.156
2. Vijay Mahajan, regulating rural credit 2007, pp1-10.
3. Memoria C.B. & Saksena, Cooperation in India, Quoted by Umesh C. Patnaik. Introduction to Cooperative Movement, Kalyani Publishers, New Delhi, 1996. Pp. 102&103.