



ATTAINING THE MARKET THROUGH INNOVATIVE STRATEGIES A CASE STUDY ON KARIAMPALAYAM PRIMARY AGRICULTURAL COOPERATIVE SOCIETY-COIMBATORE DISTRICT-TAMILNADU

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Introduction

Agriculture plays an important role in the economic development of India. Agriculture is the source of livelihood of more than 65 percent of the population in India and contributes less than 20 percent to gross domestic product, with a sizable share of exports. To meet the requirement of the growing population and rapid economic development, agriculture has to grow fast and should be modernised. This requires the use of high pay off inputs, adoption of high yielding varieties, fertilizers, modernized equipment and machineries which need huge investments. The rural agriculture sector of the Indian economy is labour abundant, land poor and capital scarce. So it would be very difficult to get the benefits of modernization of agriculture without adequate credit to the farmers at a reasonable interest. Farmers access to credit from commercial banks (Public and Private Banks) has been a mirage in the given socio economic and political conditions in rural area.

Development of Cooperative Movement

The cooperative movement in India has made remarkable progress and there are 0.503 million cooperative societies with a membership of more than 209 million and working capital of more than Rs.2271118 million. Every fourth cooperative in India is a primary credit society and delivers timely and adequate credit to farmers. The primary agricultural societies are disbursing nearly 46% of total agricultural credit, which enables small and marginal farmers and other weaker sections of society to adopt modern agricultural technology and improved cultural practices for raising farm productivity and production. The organisation of these societies dates back to 1904, when the first cooperative society act was passed.

Importance of PACS

The Primary Agricultural Cooperative societies were started with the object of providing cheap credit to the agriculturists in order to provide the farmers credit at proper rate of interest. The main functions of these societies includes providing short term and medium term credit; supply agricultural and other production requirements and undertake marketing of agricultural produce.

In Tamil Nadu, there are 4.534 PACS till date. The Main objective is to provide agricultural and non-agricultural credit in the rural areas. They also undertake the distribution and sale of agricultural inputs viz., seeds, fertilizers and small agricultural equipment. In addition they operate 15,569 public distribution system outlets through providing the essential commodities in rural areas. PACS also lend for other purposes to their members such as housing loan and self-help group loans, etc.

PACS have been assigned a vital role in agricultural development of our country. It is through the branches of these societies that various programs of the govt are being implemented in the agricultural sector. The basic task of these societies is to develop agricultural sector, which is the main occupation of the majority of people in our country and a major contributor to national income.

Statement of the Problem

The PACS is an integral Part of the rural credit system in performing their activities on Cooperative Principles. This society functions as the central agency between Government and Public. The effective credit delivery requires equally efficient and effective mobilization of resources. Therefore it is widely acceptable that the PACS are most suitable agencies for routing the credit from state level to grass root level. The present study is

undertaken with a view to examine resource mobilization, deposits, deployment of funds, recovery performance, profit performance and member satisfaction of the Kariampalayam PACS.

Objectives of the Study

1. To study the extent, trend of resources mobilization in relation to the working capital.
2. To analyse the trends in the volume of credit advanced and extent of recovery performance.
3. To evaluate the performance of PACS in terms of profit earned.
4. To study the members satisfaction about service provided by the society.
5. To summarize the findings of the study and offer suitable suggestions for improving the performance of the KPACS

Research Methodology

The present study is based on the primary and the secondary data and the information provided by the society in its published annual reports for the period from 2006-07 to 2015-16. The primary data were collected from society officials and members The data collected was analysed with the help of the statistical tools like ratios, percentages, averages, Chi-square test etc.

A bird's eye view of the working of Kariampalayam PACS.

Kariampalayam Primary Agricultural Cooperative Society was established in the year 1968. The society was registered on 31st May 1968. Then it made its commencement on 14th July 1968. At present Mr P. Kaliappan is the President in the society and R. Shanmugasundaram is the Secretary of the Society. It is located at Kariampalayam near Annur in Coimbatore district. The main object of the society is to provide the financial assistance to farmers, since the society is located near cultivable lands. It is easy for the agriculturists to approach the society for obtaining various types of agricultural and other type of loans. Nine villages and more than 1111 agricultural family members are being benefited under this society.

Working Capital

The working capital of this society has consisted of Share Capital, Deposits, Borrowings and Reserve fund. The total working capital position of the society is presented in the following table.

Table 1: Working Capital Position

Year	Share Capital Amt	Reserve Fund Amt	Deposits Amt	Borrowing Amt	Proportion of each component to working capital			
					Share Capital	RF	Deposits	Borrowings
2006-07	14.74	17.69	721.94	8.13	1.96	2.35	95.94	1.08
2007-08	14.22	50.72	889.11	10.66	1.47	5.25	92.22	1.10
2008-09	13.87	50.77	1123.67	54.30	1.12	4.08	90.42	4.36
2009-10	14.32	50.82	1067.78	66.86	1.19	4.23	89.00	5.57
2010-11	14.27	50.88	1913.03	88.02	0.69	2.46	92.58	4.26
2011-12	15.07	50.70	2314.91	111.24	0.60	2.03	92.90	4.46
2012-13	15.67	50.78	1550.73	110.07	0.91	2.93	89.79	6.37
2013-14	19.88	50.90	2504.49	134.56	0.73	1.88	92.43	4.96
2014-15	21.01	51.54	3965.15	148.67	0.50	1.23	94.72	3.55
2015-16	22.80	96.15	4351.09	154.14	0.49	2.07	94.10	3.33
Mean	16.59	52.10	2040.19	88.67	0.97	2.70	92.41	3.90
S.D	3.32	18.67	1266.71	52.90	0.47	1.24	2.20	1.73
C.V	20.00	35.84	62.09	59.67	49.15	46.00	2.38	44.29

A look at the financial resources of society as presented in Table.1 reveals that the working capital of society which was Rs 752.50 lakhs in 2006-07 increased significantly to Rs 4624.18 laksh in 2015-16. This shows more than 16.26 percentage increase over the period.

Here deposits have played a dominant role in the composition of the working capital. Deposits from members have occupied the highest proportion accounting about 95.94 percent. The borrowing from higher institutions which was Rs 8.13 lakhs in 2006-07 increased to 154.15 lakhs in 2015-16. The share capital from members has been Minimum i.e. 14 to 22 percent. From this we can easily inter that society is dependent upon the external financial sources mainly Deposits.

Lending Operations

The main objective of this society is to give loans to the members. There are different types of loans issue to the members like Crop loan, Kissan Credit loan, Jewel loan, Self-help group loan, NFS loan, TAMCO, TABCEDCO loan, and Fixed Deposit loan. Any person within the area of operation of the society doing agricultural and other allied agricultural activities can become a member so as to eligible to get loan from this society. The following table shows the loan outstanding and overdue position.

Table 2: Lending Operation Position

Year	Outstanding Out The Beginning of The Year	Loan Issued During The Year	Loan Recovered During The Year	Loan Outstanding End of The Year	Overdue	Percentage of Over Dues
2006-07	311.85	592.39	569.05	335.25	14.46	4.31
2007-08	335.25	682.70	604.78	413.35	23.95	5.79
2008-09	413.35	971.55	793.22	592.44	27.47	4.62
2009-10	592.44	1139.45	999.17	732.72	3.86	0.52
2010-11	732.72	1380.86	1208.11	905.46	6.40	0.70
2011-12	905.46	2136.16	1657.76	1383.83	4.39	0.31
2012-13	1383.83	2466.11	2226.68	1622.47	4.94	0.30
2013-14	1622.47	1998.55	2135.03	1486.01	44.55	2.99
2014-15	1486.01	1907.73	1985.27	1408.48	23.17	1.64
2015-16	1408.48	1698.69	1772.36	1345.62	20.67	1.53
Mean	919.19	1497.42	1395.14	1022.56	17.39	2.27
S.D	514.09	641.83	637.67	481.29	13.18	2.02
C.V	55.93	42.86	45.71	47.07	75.80	89.02

It is evident from the table that in the society average per year issue of loan was 1497.42 lakhs. The total loans outstanding had increased by 24.91 percent over 10 year period. It is also evident that the over dues of the society is not alarming, the average per year is 2.27 percent.

Table 3: Income and Expenditure Position of the Society

Year	Income	Expenditure
2006-07	59.26	48.12
2007-08	56.07	49.77
2008-09	78.68	60.14
2009-10	114.28	82.00
2010-11	126.75	114.29
2011-12	169.07	160.47

2012-13	235.54	197.44
2013-14	262.18	238.15
2014-15	237.93	261.62
2015-16	257.36	288.70
Mean	159.71	142.62
S.D	83.36	71.29
C.V	52.19	46.43

The interest received from loans, advances and investments is the main source of income of the society; which indicates increasing trend continuously from 2006-07 to 2015-16. It covers on an average 155.71 percent income of the total incomes.

The expenditure items to every PACs are grouped in different items, interest paid on deposit and borrowings is the main expenditure of the society. It includes interest paid on all types of deposits and borrowings from CC Bank. Salary and allowances of society employees, whereas establishment expenses include printing and stationery, office maintenance, audit fees, postage, telephone and telegram, legal charges, etc. Depreciation includes depreciation on fixed assets like building, furniture and premises. Other expenditure include meeting expenses, advertising, sundry expenses and contingencies, etc.

From the above study, it is pointed out the amongst increasing trend in the total expenditure of KPACS during the period under study. The interest paid on deposits and borrowings is the main expenditure of the society. It covers more than 50% amount of total expenditure, while other items of total expenditure viz, salary and allowance of staff cover on an average 12.05 percent of the society.

Table 4: Business Results Rs in Lakhs

Year	Profit/Loss Amt Rs	Crar %
2006-07	21.28	-
2007-08	19.10	-
2008-09	31.58	-
2009-10	38.89	-
2010-11	35.08	20.41
2011-12	53.21	18.99
2012-13	64.65	17.93
2013-14	56.75	21.10
2014-15	60.88	25.77
2015-16	62.87	26.74
Mean	44.43	-
S.D	17.35	-
C.V	39.05	-

The society is continuously running on profit. The average profit per year has been 44.43 when compared to 2006-07 figures the profit had increased by 33.85 percent during 2015-16. The society has been continuously placed under 'A' class audit classification.

Services Provided by the Society

- 1. Funded Services:** Funded Services from KPACS are meant to directly bolster the working of Farmers Crop loan short term and medium term loans like Kissan Credit loan to Agricultural farmers. Other services like Jewel loans, Personal loans, Self help groups, NFS loan services etc.
- 2. Non-Funded Services:** Under Non- Funded Services KPACS offers solutions to act as a catalyst to prosper their business. The following are the services to members and to the public like the society having e-

commerce facility and through this facility the public can transfer the money through NEFT / RTGs in anywhere and any bank in India. Safe locker services are available to the members and to the public, the society collects minimum charge from its members and from the public.

- 3. Specialized Services:** This is a plethora that offer under specialized services. Through the Tamilnadu E-service centre, the society issued the following certificates to the members and to the public like, Income Certificate, Community Certificate, First Degree Holder Certificate, Computer Chitta, Patta Changes Certificate, encumbrance certificate, Female Child Marriage Scheme Certificate, etc.,

Other Special Features

1. This society has continuously earned profit for last 25 years.
2. This society is fully computerised and it is fully air conditioned.
3. This society has received best PACS award for the district and the state level in different years.
4. From the above analysis it is clearly understood that the Kariampalayam PACS is one of the successful Primary Credit Societies in the state.

Patronage Responsive Strategy

Patronage responsiveness is the responsiveness of employees and management to the needs of members. Discussion held with the secretary, president and other staff and a few members suggested that the Kariampalayam PACS is a Unique Cooperative Society not only for its cooperation but also for the style of operation, and the excellent rapport the employees and staff house established with the member patrons. Some of the impression gained during the discussion and observation made during the visit of the researcher to KPACS are summed up below.

1. The Society President, Secretary and Staff handle the defaulters tactfully and with human consideration. According to them it is unethical to proceed with legal action and distraint proceedings without giving the reasonable opportunities to the defaulters and informing in advance the impending legal action.
2. The Staff, hold an informal 'Defaulter Counselling' by individually talking to the defaulters and sensitising than the consequences of default.
3. The Secretary is flexible in applying the norms, while granting loans and the request for higher loan amount is sympathetically viewed as wherever, discretion of secretary is involved, the secretary does not hesitate to positively apply discretion in the loan sanction.

The abovementioned points suggest that the society is under Board Administration or Special officer, it has retained the Patronage responsive character all along. In this part, below the following opinion of members also corroborates this view.

Table 5: Personal Factors of Members

		No. of Respondents	Percentage
Age	Less than 30 yrs	2	8
	30- 40 yrs	6	24
	40-50 yrs	7	28
	above 50 yrs	10	41
	Total	25	100
Educational Qualification	Up to SSLC	15	68
	Degree Level	7	28
	PG Level	3	12
	Total	25	100
No. of Family Members	2 - 4	11	44
	4 and above	14	56

	Total	25	100
Annual Income	50,000-1,00,000	9	36
	1,00,000-1,50,000	12	48
	above 1,50,000	4	16
	Total	25	100
Annual Expenses	50,000-1,00,000	10	40
	above 1,50,000	15	60
	Total	25	100

40 percentage of the respondents have been belonging above 50 yrs of age, 60 percentage of respondents have been only up to SSLC qualification, 56 percentage of the respondents are having four and above family members. 48 percentage of the respondents annual income is 1.0 – 1.5 lakhs and majority 60 percentage of the respondents annual expenses is above 1.00 lakh.

Table – 6: Economic Factors

		No. of Respondents	Percentage
Acres of Land	1 – 5	10	40
	5 – 10	11	44
	Above 10	4	16
	Total	25	100
Amount of Loan availed	Below 50,000	7	28
	50,000 -1,00,000	15	60
	1,00,000 and above	3	12
	Total	25	100
Type of Loan availed	Crop Loan	10	40
	Kissan Credit card	7	28
	Jewel Loan	5	20
	SHG Loan	3	12
	Total	25	100
Proper Repayment at tune	Crop Loan	8	40
	Kissan Credit card	6	28
	Jewel Loan	5	20
	SHG Loan	3	12
	Total	22	100

44 percentage of the respondents are having 5-10 acres of land, and 40 percentage of the members availing Crop loan, 60 percentage of the members availed 50,000 – 1.00 lakh rupees of loan. Majority of the members properly repay their loans on time..

Table – 7: Opinion Regarding the Operations

S.No	Opinion	No. of Respondents	Percentage
1	Very good	12	48
2	Good	10	40
3	Average	3	12
4	Poor	-	-
	Total	25	100

The above table reveals that 48 percentage of the respondents feels very good, 40 percentage of the respondents feels good and only 12 percentage of it as average and none of them feels poor regarding the operations of the society.

Table – 8: Satisfaction Level Towards Society Service

S.No	Satisfaction Level	No. of Respondents	Percentage
1	Highly Satisfied	13	52
2	Satisfied	8	32
3	Moderate	4	16
4	Dissatisfied	0	0
	Total	25	100

The above table shows that 52 percentage are highly satisfied and 32 percentage are satisfied, 16 percentage of respondents are moderate and none of the percentage is dissatisfied towards Services provided by the society.

Point Analysis

$$\begin{aligned}\text{Point Analysis} &= \text{Total Points} / \text{No of Respondents} \\ &= 92/25 = 3.68\end{aligned}$$

The calculated mean value is 3.68, which is greater than the normal mean value 3. Hence the respondents are satisfied with the services.

Findings

1. The working capital deposits, reserve fund and borrowings have increased during the study period.
2. Deposits have played a dominant role in the composition of working capital.
3. Loans issued and recovery position shows the fluctuating trend during the study period.
4. The income and expenditure position shows the huge variation between both.
5. The Net Profit position shows the fluctuating trend during the study period.
6. 40 percentage of the members belonging to above 50 years of age.
7. 44 percentage of the respondents are having 5 to 10 acres of land.
8. Majority 60 percentage of the respondents availed 50,000 – 1.00 lakh rupees of loan.
9. Majority of the respondents are repay their loans in time. So that the overdue of the society is not alarming.
10. Most of the respondents i.e (48 percentage feels very good regarding the operation of the society)
11. Majority 52 percentage of the respondents are highly satisfied towards service provided by the society.

Conclusion

Primary agriculture cooperative society in rural areas mainly finances is agricultural based activities including farming, cattle and hatchery. Primary agriculture cooperative societies are permitted to mobilize deposits from the public for issue of loans and advances. In that way the KPACs accepts various kinds of deposits from the public and issue loans to members, so it is functioning in an effective manner so as to satisfy the needs of the members. The service rendered by KPACS, clearly indicates that the society is functioning best to serve the agriculture and allied activities. It has achieved the objectives for which it has been established.