

Brief on Model Byelaws for PACS

There are nearly 95,000 Primary Agricultural Credit Societies (PACS) in the country which are refinanced by NABARD through 352 District Central Cooperative Banks (DCCBs) and 34 State Cooperative Banks (StCBs), with 13.12 crore farmers as members. PACS serve as a crucial link in sustaining the rural economy of the country by providing short-term and medium-term credit to farmers. However, income generated from these businesses alone is not sufficient to sustain the operation of PACS. Presently, the economic activities undertaken by PACS are restricted by their respective byelaws, which in most cases, are decades old and need to be revised.

In order to address this issue and to transform PACS into vibrant economic entities at village level, a committee with representatives from NABARD, State Cooperative Banks, Vaikunth Mehta National Institute of Co-operative Management (VAMNICOM), National Council for Cooperative Training (NCCT), etc. was formed by Ministry of Cooperation to prepare draft model byelaws for PACS. These were circulated to all the States/UTs, Central Government Ministries, National Cooperative Societies, State Co-operative Banks and District Co-operative Banks on 01.07.2022, for their comments/feedback. The suggestions of general public were also sought on the same. More than 1500 suggestions were received from all stakeholders concerned, which were suitably incorporated in the draft Model Byelaws.

The model byelaws will enable PACS to diversify their business activities into than 25 sectors (agriculture & non-agriculture, credit and non-credit), thus converting them into Multi-Purpose Primary Agricultural Credit Societies (Bahu-Uddeshiye PACS). Some of the indicative business activities which can be taken up by PACS as per the model byelaws are: short-term, medium-term and long-term credit, fertilizer and pesticide distribution, seed distribution, fisheries/dairy/poultry activities, farm machineries/implements, custom hiring centers, , floriculture, beekeeping, fish/shrimp farming, chicken, sheep, goat, pig farming, silk production, milk production, procurement of food grains, collection, grading, cleaning activities, activities related to packaging, branding and marketing of agricultural products, agriculture product processing, storage facility (warehouse and cold storage), community centre, hospital, education, fair price shops, LPG/ petrol/ diesel dealership, Bank Mitra/ Business Correspondence, insurance

facility, common service centre/ data centre, locker facility, etc. This will contribute significantly in comprehensive development of agriculture in the country.

The Model Byelaws contain the best practices from across the States/UTs and necessary provisions related to legal and administrative structure, expansion of area of operation of PACS; diversification in the loan portfolio; provision of long-term loans; expansion in business related services; membership related provisions; Board of Directors (BoD), General Body & Management related provisions; audit, etc. have been incorporated. They would provide an enabling legal and administrative framework to PACS in order for them to have improved governance, viable business operations and efficient functioning, thus serving as multi-service centres and single window agencies catering to the needs of member farmers in rural areas.

The model byelaws will also be dovetailed with the Computerization of PACS project, under which a single ERP based software is being developed covering all the business activities mentioned in the model byelaws. In order to provide support to the PACS such as providing Gram Sabha/ Government land for infrastructure development, Fair Price Shops (FPS) licenses and designating PACS as agency for procurement of food grains at Minimum Support Price (MSP), a communication has already been sent by Hon'ble Minister of Cooperation to all the Chief Ministers of States and Union Territories.

These Model Byelaws are only indicative in nature and PACS concerned may adopt them after suitable modifications as per their respective State Cooperative Acts.
