



International Journal of Financial Management and Economics

P-ISSN: 2617-9210
E-ISSN: 2617-9229
Impact Factor (RJIF): 5.97
IJFME 2025; 8(2): 1068-1076
www.theeconomicsjournal.com
Received: 28-08-2025
Accepted: 30-09-2025

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An analytical review of growth, profitability and credit operations of PACS in Haryana

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DOI: <https://www.doi.org/10.33545/26179210.2025.v8.i2.645>

Abstract

Primary Agricultural Credit Societies (PACS) in Haryana stand as crucial pillars of rural finance, shaping agricultural credit delivery at the grassroots. Over the past decade, they have expanded loan disbursements significantly, reflecting their strong outreach to small and marginal farmers. Yet, beneath this growth lies a fragile financial foundation. Rising loan overdues, dipping recovery rates and shrinking profitability reveal systemic weaknesses in governance, credit discipline and capital formation. Despite modernization and government support, only a fraction of societies remain viable. The performance of PACS in Haryana thus emerges as a blend of promise and peril, demanding urgent reforms for sustainable rural prosperity.

Keywords: Primary agricultural credit societies, rural finance, loan recovery, financial sustainability, cooperative reforms

Introduction

Primary Agricultural Credit Societies (PACS) form the base of India's rural cooperative credit structure and have historically played a crucial role in providing farm credit. In Haryana, a state with a strong agricultural sector, PACS serve as the first contact point for institutional credit in villages. Over the decades, PACS have expanded their reach and services but they have also faced challenges adapting to changing economic conditions and competition from commercial banks. By the 1990s, cooperatives supplied the majority of farm credit in India; however, their share declined sharply with the rise of commercial banking, falling from about 62% in 1990 to around 10% by 2010 (Shah *et al.*, 2007) ^[7]. This trend raised concerns about the viability and performance of PACS. In response, the Government of India launched major reforms, including the Task Force on Revival of Rural Cooperative Credit Institutions (Vaidyanathan Committee) in 2004, which recommended financial restructuring and governance changes (Government of India, 2005). These reforms aimed to revitalize PACS so they could better serve farmers and remain competitive.

In recent years, PACS have regained attention as vital grassroots institutions for financial inclusion. The creation of a dedicated Union Ministry of Cooperation in 2021 signaled renewed policy focus on strengthening cooperatives and modernizing their operations (Press Information Bureau, 2022) ^[30]. Haryana, with a robust cooperative network, has been at the forefront of some of these initiatives - for instance, it is among the leading states in computerizing PACS and leveraging them as multi-service centers for rural communities (Babushahi Bureau, 2024) ^[45]. Despite these efforts, questions remain about the performance of PACS in Haryana: Are they financially sustainable? Are they effectively meeting rural credit needs? How have membership and loan recovery trends changed over time?

Objectives of the Study

The objectives are as follows:

1. To examine the growth and outreach of PACS in Haryana
2. To analyze the financial profile of PACS in Haryana
3. To evaluate the lending performance and recovery of PACS
4. To identify the problems and challenges faced by PACS in Haryana

Review of Literature

A range of studies has evaluated cooperative credit institutions in India and Haryana. Giri and Dasgupta (1988)^[4] analyzed inter-state variations in agricultural credit, showing that states with stronger cooperatives achieved higher rural credit delivery, while effectiveness varied due to socio-economic and management factors (Giri & Dasgupta, 1988)^[4]. Viswanath (2001)^[22] examined agricultural credit cooperatives nationwide, highlighting loan overdues as a main issue, worsened by periodic debt relief schemes that encouraged willful default (Viswanath, 2001)^[22]. This is especially relevant in Haryana, where overdue loans remain a concern. At the state level, Sunita (2017)^[21] studied PACS reforms in Haryana, documenting consolidation in the mid-2000s. PACS reduced sharply from 2,441 in 2005-06 to 571 in 2006-07, as non-viable units were removed (Sunita, 2017)^[21]. Membership did not decline proportionally since many were absorbed into merged societies. Consolidation improved efficiency but repayment issues persisted. Kumar and Mehta (2018)^[11] examined PACS from 2000-01 to 2014-15, noting strong growth in deposits though these still formed a small share of working capital, keeping PACS dependent on central cooperative banks (Kumar & Mehta, 2018)^[11]. By 2014-15, 400 of 663 PACS earned profits, around 60%, supported by revival packages in 2006-08. Yet, risks like high transaction costs and defaults remained. Dr. Ashwani Kumar (2015)^[10] focused on DCCBs but provided insights into PACS, noting that the 2013-14 subvention scheme allowed crop loans at 4% interest, increasing their appeal (Dr. Ashwani Kumar, 2015)^[10]. However, he warned that subsidies and waivers could foster repayment indiscipline. Policy sources also add context. NCUI (2018)^[16] reported about 700 functional PACS in Haryana in the late 2010s. The Ministry of Cooperation (2024a)^[44] emphasized computerization and diversification into service centers. A Times of India report (Neel Kamal, 2025)^[47] noted that 13.5 lakh Haryana farmers held cooperative loans worth ₹14,354 crore, while 22.3 lakh farmers borrowed ₹71,886 crore from commercial banks. Thus, cooperatives covered over 37% of borrowing farmers but just 17% of total loan volume, reflecting smaller loan sizes and focus on marginal farmers (Times of India, 2025)^[48].

Research Methodology

This study is an analytical review based on secondary data. The research employs a descriptive quantitative methodology to evaluate the performance of Primary Agricultural Credit Societies in Haryana from 2015 to 2024. Data on main indicators were collected from official sources, primarily the records of the Registrar of Cooperative Societies, Haryana and published reports by cooperative institutions.

Conceptual Framework & main Terms

Cooperative Credit Structure: India's rural cooperative credit system has a three-tier structure: at the base are Primary Agricultural Credit Societies (PACS), formed by farmers at the village level to provide credit and services; these are linked to District Central Cooperative Banks (DCCBs) at the district level and further federated into a State Cooperative Bank at the state level. Haryana follows this model with 19 DCCB branches and an apex body, HARCO Bank, which oversees credit flow (HARCO Bank,

2023). PACS, the grassroots units, are not regulated by the RBI but governed by state cooperative laws, supervised by the Registrar of Cooperative Societies (Ministry of Cooperation, 2023b). Their functioning is guided by the Haryana Cooperative Societies Act, 1984, covering membership, audits and elections.

Principles of PACS: Primary Agricultural Credit Societies (PACS) function on cooperative principles like voluntary membership, democratic control (one member, one vote) and a service-oriented rather than profit-driven approach. Members, mainly small and marginal farmers, join by purchasing shares that form the society's initial capital, after which PACS mobilize deposits and provide short- and medium-term agricultural loans. Traditionally, they operate on a "no-profit, no-loss" basis, keeping interest rates low, dividends modest and aiming only to cover costs and build small reserves (Puja Yadav, 2018)^[23]. This welfare orientation, unlike commercial banks, is further reinforced by government subsidies on loan interest rates (Kumar, 2015)^[10].

Financial Terms

1. **Share Capital:** Equity contributed by members when buying shares, reflecting ownership and growth in membership.
2. **Deposits:** Savings mobilized from members (sometimes non-members), limited in Haryana compared to banks (Planning Commission, 2012).
3. **Borrowings:** Funds taken mainly from DCCBs or NABARD to meet credit demand; the major part of Haryana PACS working capital (Kumar & Mehta, 2018).
4. **Working Capital:** Total funds available (share capital + reserves + profits + deposits + borrowings), showing operational scale.
5. **Loans Advanced:** Credit disbursed in a year; Loans Outstanding - unpaid balance at year-end reflecting portfolio size.
6. **Loans Recovered:** Amount repaid by borrowers; Overdues - unpaid dues carried forward, often high (up to 40% in Haryana PACS) (Viswanath, 2001)^[22].
7. **Profit/Loss & Own Capital:** Profit when income exceeds expenses, loss otherwise; own capital is net worth, once negative in India (Government of India, 2005) but improved in Haryana after recapitalization.

What are Primary Agricultural Credit Societies (PACS)?

Primary Agricultural Credit Societies (PACS) are the village-level units of India's cooperative credit system, formed by farmers to provide affordable loans for agriculture and allied activities. They operate on cooperative principles - voluntary membership, democratic control and mutual help (Jagranjosh, 2017)^[27].

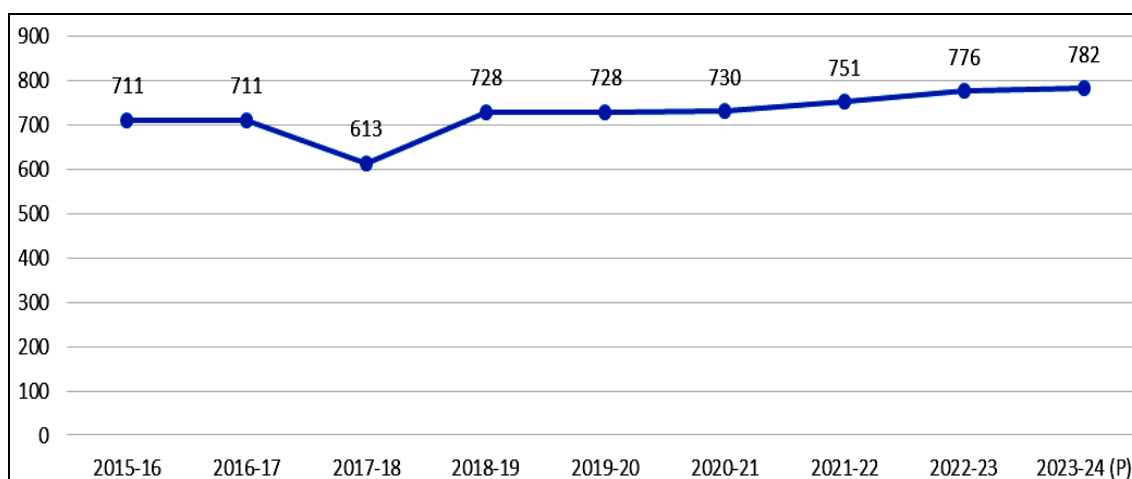
PACS provide short-term loans for seasonal needs and medium-term loans for farming investments, funded through share capital, deposits and borrowings from District Central Cooperative Banks (DCCBs) refinanced by NABARD. They play a vital role in schemes like the Kisan Credit Card (KCC), handling about 41% of KCC loans in India by 2022 (Ministry of Cooperation, 2024a)^[44]. Besides lending, many PACS offer services like input supply, fair-price shops and

CSC e-services (Babushahi Bureau, 2024) ^[45]. Their local structure ensures trust-based recovery but limits operations. In Haryana, 782 PACS serve around 3.68 million members, averaging 4,700 members per society (Ministry of Cooperation, 2024b) ^[44].

PACS in Haryana

Haryana has a long tradition of cooperative development, with Primary Agricultural Credit Societies (PACS) forming the backbone of its rural credit network since 1966, when the state was carved out of Punjab. It initially inherited

about 6,685 PACS (1966-67), mostly small and village-based. Major reforms came during 2005-08, following the Vaidyanathan Task Force, which reduced PACS from 2,435 in 2004-05 to 573 in 2006-07 through consolidation and closure of weak units (Government of Haryana, 2013a; Sunita, 2017; Government of India, 2005) ^[21]. Post-2010, the system gradually revived and by November 2024, Haryana recorded 787 functional PACS, reflecting steady recovery and modernization (Ministry of Cooperation, 2024b) ^[44].



Source: Registrar of Cooperative Societies, Haryana (2024). P = Provisional data for 2023-24.

Fig 1: Number of PACS in Haryana (2015-2024)

In Haryana, PACS exist in all districts, with higher numbers in agriculturally active areas like Ambala (76), Hisar (47) and Karnal (46), compared to urban regions such as Gurugram (12) and Faridabad (7) in 2023-24. The state's 782 PACS have about 3.684 million members-averaging 4,700 per society. Membership has grown from about 1,100 in 2004 to over 4,000 by 2007 (Kumar & Mehta, 2018) ^[11]. Although this expansion strengthens their resource base, it also creates management challenges; notably, Panipat Central Cooperative Society has over 800,000 members (Ministry of Cooperation, 2024b) ^[44].

Role of PACS in Rural Credit

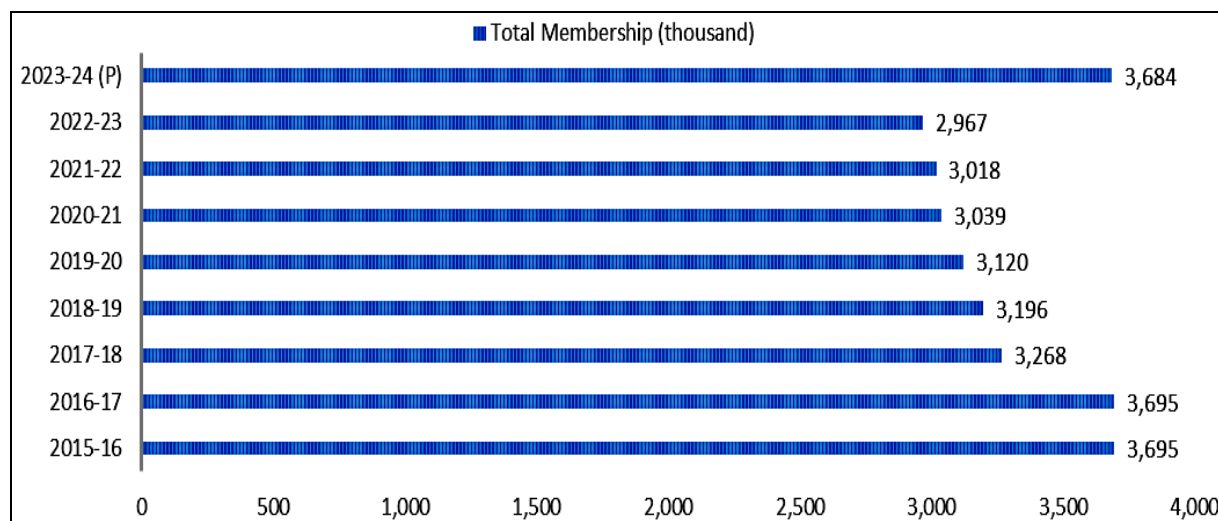
- Credit Provision to Farmers:** PACS give short-term (6-12 months) crop loans and medium-term (3-5 years) investment loans at lower rates than moneylenders; with interest subvention in 2014, farmers accessed loans at 4% per annum plus 2-3% rebate for timely repayment and PACS handle about 41% of KCC loans nationwide (Kumar, 2015; Dr. Ashwani Kumar, 2015; Ministry of Cooperation, 2024a) ^[11, 44].
- Savings Mobilization and Financial Inclusion:** Some PACS collect deposits (recurring/fixed), averaging around ₹30 lakh per PACS (Planning Commission, 2012) and in Haryana, computerized PACS even

provide ATM-cum-debit cards, broadening rural banking access (Babushahi Bureau, 2024) ^[45].

- Last-Mile Service Delivery and Credit-Plus Activities:** PACS distribute farm inputs, run Fair Price Shops, procure crops at MSP, deliver insurance like PM Fasal Bima Yojana and in Haryana about 433 PACS function as CSCs offering digital and government services (Puja Yadav, 2018; Babushahi Bureau, 2024) ^[23, 45].

Organizational Structure & Membership of PACS

In Haryana, PACS are managed by an elected committee of 9-15 members for five years, including a President, Vice-President and Secretary. Larger ones employ trained managers supported by the Cooperative Department (Babushahi Bureau, 2024) ^[45]. Decisions on interest rates, major loans and recoveries are made by the committee and accountability is ensured through AGMs. Each PACS is linked to its DCCB and HARCO Bank, which oversee refinancing, subsidies and inspections. In 2023, HARCO Bank connected all 19 DCCBs and PACS under a core banking system (HARCO Bank, 2023). Membership is open to local farmers and artisans buying at least one share (₹100-₹1,000); the government also holds limited, non-voting shares for capital support.

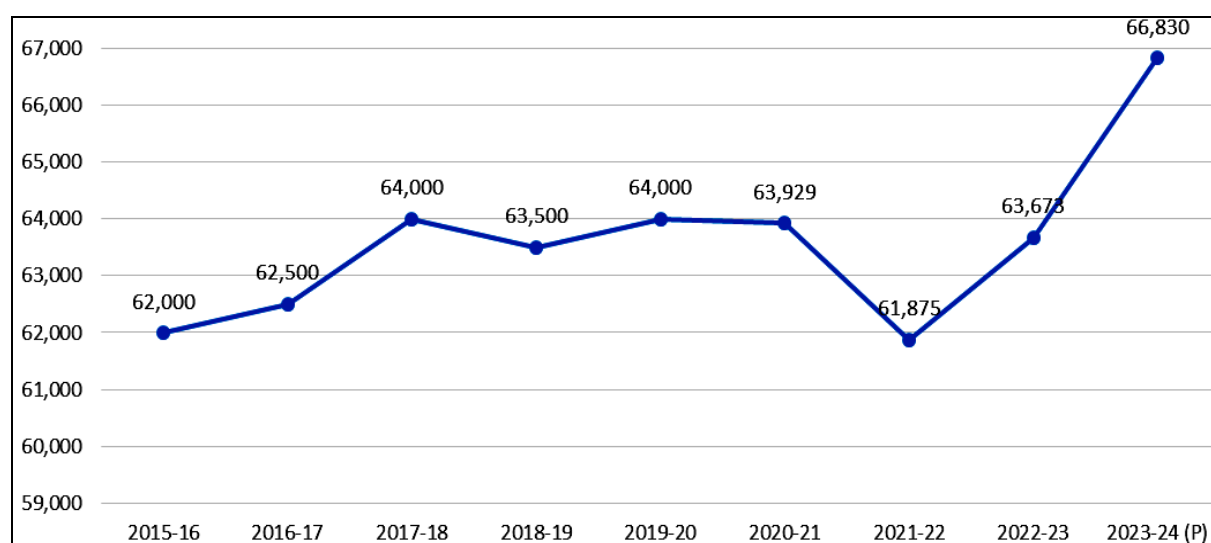


Source: Registrar of Cooperative Societies, Haryana (2024). Note: Figures are as of end of fiscal year; P = Provisional.

Fig 2: Membership of PACS in Haryana

Financial Profile of PACS

Share Capital: This represents members' equity in the PACS.



Source: Registrar of Cooperative Societies, Haryana (2024)., P = Provisional.

Fig 3: Share Capital of PACS in Haryana (₹ lakh)

Reserves and Own Capital: Alongside share capital, PACS build reserves from retained earnings and provisions like bad debt reserves. However, Haryana's PACS historically faced severe losses, with many societies showing negative net worth by 2010, as accumulated losses wiped out capital and reserves (Government of India, 2005). A revival package in the mid-2000s recapitalized several societies but weakness persisted. Official data shows that as late as 2020-21, aggregate own capital of Haryana PACS was ₹92,028 lakh; this improved to a positive ₹95,988 lakh in 2022-23, before adjusting slightly to ₹75,744 lakh in 2023-24, indicating recovery but with ongoing volatility.

Deposits: Member deposits reflect confidence in the PACS and provide a relatively low-cost source of funds for lending.

Table 1: Deposits of PACS in Haryana (₹ lakh)

Year	Deposits (₹ lakh)
2015-16	49,000
2016-17	51,000
2017-18	52,000
2018-19	53,000
2019-20	50,000
2020-21	50,250
2021-22	54,249
2022-23	46,162
2023-24 (P)	47,358

Source: Registrar of Cooperative Societies, Haryana (2024), P = Provisional.

Borrowings: Borrowed funds are the largest component of PACS finances in Haryana.

Table 2: Borrowings of PACS in Haryana (₹ lakh)

Year	Borrowings (₹ lakh)
2015-16	8,13,397
2016-17	8,50,000
2017-18	8,24,520
2018-19	9,53,033
2019-20	10,50,000
2020-21	11,46,410.43
2021-22	11,85,274.27
2022-23	12,50,690.21
2023-24 (P)	12,98,413.23

Source: Registrar of Cooperative Societies, Haryana (2024)., P = Provisional.

Borrowings: Haryana PACS borrowings rose sharply from ₹8,133.97 crore in 2015-16 to ₹12,984.13 crore in 2023-24, a jump of about 60%. After a small dip in 2017-18 (₹8,245.20 crore) due to fewer PACS being counted, borrowings climbed steadily, especially after 2018-19, reflecting rising credit demand. By 2023-24, borrowings formed the dominant share of PACS working capital, showing strong dependence on DCCBs/NABARD. Districts like Karnal, Hisar and Ambala reported the highest borrowings (₹89,000-1,18,000 lakh), while urban districts like Panchkula and Faridabad had much smaller amounts. PACS essentially act as intermediaries, borrowing from DCCBs and lending to farmers with a thin 2-3% margin (Kumar & Mehta, 2018) ^[11], making their profitability heavily reliant on large volumes and timely recoveries.

Working Capital: Working capital is the sum of share capital, reserves, deposits, borrowings and any other funds, representing the total resources at disposal. It effectively indicates the scale of operations.

Table 3: Working Capital of PACS in Haryana (₹ lakh)

Year	Working Capital (₹ lakh)
2015-16	12,14,037
2016-17	12,50,000
2017-18	11,31,093
2018-19	12,94,192
2019-20	13,30,000
2020-21	13,63,306
2021-22	12,96,058
2022-23	16,24,138
2023-24 (P)	13,32,408

Source: Registrar of Cooperative Societies, Haryana (2024)., P = Provisional.

The working capital trend has some fluctuations. It increased from about ₹12.14 lakh crore in 2015-16 to ₹13.63 lakh crore in 2020-21. There was a drop in 2017-18 in line with the temporary reduction in societies/members considered (similar to borrowings dip). A point is the sharp

spike in 2022-23 to ₹16.24 lakh crore, followed by a drop back to ₹13.32 lakh crore in 2023-24.

Performance Analysis of PACS in Haryana

Performance analysis of Primary Agricultural Credit Societies in Haryana involves evaluating how effectively these societies have delivered services (primarily credit) and managed their finances over the study period.

Loan Disbursement Trends: The ability of PACS to disburse credit to farmers is a direct indicator of their outreach and utility.

Table 4: Loans Disbursed by PACS in Haryana (₹ lakh)

Year	Loans Advanced during the Year (₹ lakh)
2015-16	7,00,000
2016-17	7,50,000
2017-18	8,00,000
2018-19	8,50,000
2019-20	9,00,000
2020-21	10,77,553.88
2021-22	11,39,463.15
2022-23	12,09,009.01
2023-24 (P)	11,28,458.46

Source: Registrar of Cooperative Societies, Haryana (2024)., P = Provisional.

The volume of loans advanced by PACS has grown substantially through the decade. It rose from an estimated ₹7,000 crore in 2015-16 to around ₹12,090 crore in 2022-23, before a slight dip to ₹11,285 crore in 2023-24. This doubling of annual lending indicates strong growth in PACS credit delivery.

Loan Recovery and Overdues: A critical measure of performance is how much of the loaned money is recovered. Table 5 shows the loans recovered by PACS each year and we also consider the overdue percentage (the proportion of loans not recovered on time).

Table 5: Loans Recovered by PACS in Haryana (₹ lakh)

Year	Loans Recovered (₹ lakh)
2015-16	6,50,000
2016-17	7,00,000
2017-18	7,40,000
2018-19	7,80,000
2019-20	8,50,000
2020-21	9,27,293.45
2021-22	10,26,034.86
2022-23	10,87,967.99
2023-24 (P)	10,22,714.73

Source: Registrar of Cooperative Societies, Haryana (2024), P = Provisional.

Recovery volumes have increased over time, from roughly ₹6,500 crore in 2015-16 to about ₹10,879 crore in 2022-23, dropping slightly to ₹10,227 crore in 2023-24. The recovery trend roughly follows the disbursement trend but lags in absolute terms (recoveries are always less than

disbursements, meaning not all loans given out are coming back as scheduled). The gap between loans advanced and loans recovered in a year contributes to overdues.

To gauge overdues, we look at the overdue percentage

Table 6: Overdues as Percentage of Outstanding Loans

Year	Overdues (% of outstanding)
2015-16	40%
2016-17	38%
2017-18	37%
2018-19	36%
2019-20	35.0%
2020-21	35.67%
2021-22	38.33%
2022-23	39.96%
2023-24 (P)	42.31%

Source: Registrar of Cooperative Societies, Haryana (2024)., P = Provisional.

Haryana PACS saw overdue percentages decline from about 40% in the mid-2010s to 35% in 2019-20, reflecting improved recoveries but the trend reversed, climbing to 42% in 2023-24. This means less than 60% of loans were recovered on time, with recovery rates dropping from 80-85% in 2018 (State Department Reports, cited in Babushahi Bureau, 2024)^[45] to about 64% in 2020-21 and only 58% by 2023-24. The deterioration coincides with the COVID-19 impact, loan moratoriums and farmer stress, highlighting growing repayment challenges.

Profitability: A main outcome of performance is whether PACS are making profit or incurring losses. A PACS that consistently recovers loans and controls costs will make a profit, whereas one with high defaults or high administrative costs will make losses.

Table 7: Number of PACS in Profit in Haryana

Year	PACS in Profit (No.)
2015-16	380
2016-17	360
2017-18	300
2018-19	150
2019-20	100
2020-21	45
2021-22	30
2022-23	50
2023-24 (P)	34

Source: Registrar of Cooperative Societies, Haryana (2024)., P = Provisional

After mid-2000s reforms, many Haryana PACS showed profits for a time, with about 400 of 660 in profit by 2014-15 (Kumar & Mehta, 2018)^[11]. Overall performance can be summarized as follows: (1) Outreach - strong, with PACS disbursing loans to nearly 13 lakh farmers worth ₹14,354 crore (Times of India, 2025), showing wide rural reach; (2) Credit discipline - weakening, as overdue ratios have risen above 42%, pointing to repayment stress; (3) Viability - poor, since only a small fraction of PACS now earn profits, leaving them reliant on subsidies or recapitalization; and (4) Modernization - encouraging, with computerization, ATM card facilities and CSC services improving transparency, reducing costs and opening new income sources (Press Information Bureau, 2022; Babushahi Bureau, 2024)^[30, 45].

In short, PACS in Haryana excel in credit outreach but face serious challenges in recovery and financial sustainability.

Loan Disbursement & Recovery

Haryana's PACS have significantly scaled up lending: by 2022-23, loan disbursement crossed ₹12,000 crore, nearly double a decade earlier, mainly for short-term crop loans under KCC, with some lending to dairy and allied activities (Ministry of Cooperation, 2024a). Lending follows seasonal peaks before Rabi (Oct-Nov) and Kharif (Apr-May) sowing, while recoveries peak after harvests. Recovery trends however, are worrying. While disbursements in 2020-21 were ₹10,775 crore, recoveries in 2021-22 reached ₹10,260 crore (approx. 95% of that year's lending), overdue percentages tell a harsher story: they worsened from 35% in 2019-20 to 42% in 2023-24, meaning recovery rates fell from 65% to 58%. Causes include expectations of loan waivers (Viswanath, 2001)^[22], weakening social enforcement, lax credit discipline, political pressures (Sunita, 2017)^[23], weather shocks (e.g., 2019 drought, 2021 untimely rains) and crop-specific risks like cotton whitefly pest attacks. COVID-19 moratoriums in 2020 further added to overdue accumulation (Babushahi Bureau, 2024)^[45]. District disparities are sharp: Nuh (Mewat) showed 71.2% overdues, reflecting socio-economic distress, while Karnal performed better at 32%, highlighting the role of progressive farming practices. Such variation suggests tailored strategies, like recovery drives in weaker districts. High overdues choke working capital, push PACS into heavier borrowings and foster a "default culture." Conversely, better recovery-as seen in early 2010s-creates a virtuous cycle of funds, trust and benefits to honest members (Ministry of Cooperation, 2024a). Breaking the current weak recovery cycle is therefore central to PACS' sustainability.

Problems and Challenges of PACS in Haryana

- 1. High Loan Overdues and Default Culture:** Over 40% of loans were overdue in 2023-24, creating a cycle of fresh borrowings, high costs and financial stress; willful defaults and loan waiver expectations worsen discipline (Viswanath, 2001; Sunita, 2017)^[22, 21].
- 2. Low Profitability and Capital Erosion:** Only a few PACS make profits; most carry losses that have led to negative net worth in past years despite recapitalization

(Government of India, 2005). High admin costs and weak efficiency, especially post-computerization, add to losses (Kumar & Mehta, 2018)^[11].

3. **Governance and Management Issues:** Political interference, factionalism, mismanagement and audit delays weaken accountability; at times committees are superseded by administrators (Giri & Dasgupta, 1988; Government of Haryana, 2013a)^[4].
4. **Lack of Professional Skills:** Many PACS rely on a single secretary handling large finances; skill gaps in modern accounting, IT use and project appraisal limit diversification and growth (Babushahi Bureau, 2024)^[45].
5. **Limited Diversification:** PACS remain credit-centric, heavily dependent on interest income; input supply or PDS roles are service-oriented with thin margins. New diversification as CSCs or insurance agents is still evolving (Ministry of Cooperation, 2024a).
6. **Regulatory and Structural Constraints:** Bound by cooperative laws, PACS cannot lend beyond members or freely expand services. Dependence on DCCBs means funding can choke if higher tiers face stress (Government of India, 2005).
7. **Member Apathy:** After consolidation, large memberships dilute ownership; AGMs see low participation, weakening cooperative accountability (Kumar & Mehta, 2018)^[11].
8. **External Competition:** Commercial banks, MFIs and SHGs increasingly compete for rural credit; younger farmers may prefer institutions offering larger or more diverse loan products.
9. **Infrastructure and Technology Gaps:** Despite computerization, connectivity, IT support and cybersecurity remain weak; many PACS still operate from small, basic offices, limiting service expansion (Press Information Bureau, 2022)^[30].

Suggestions / Policy Implications for Strengthening PACS in Haryana

1. **Strengthen Loan Recovery:** Form recovery teams, hold village-level recovery camps, link repayments with panchayat/social pressure, raise interest rebate beyond 2-3% for timely repayment (Dr. Ashwani Kumar, 2015) and bar chronic defaulters from fresh loans (Kumar & Mehta, 2018)^[11]. Amend laws to fast-track cooperative arbitration and make awards enforceable like court decrees (Government of India, 2005).
2. **Recapitalization and Financial Restructuring:** Provide one-time recapitalization for PACS with negative net worth, similar to the Vaidyanathan Task Force (2008) model but tied to reforms. Encourage members to buy extra shares, with possible matching grants (e.g., ₹25 for every ₹100 contributed) by the state (NCUI, 2018).
3. **Capacity Building and Professionalization:** Regular training in finance, IT and risk management through HCTI and NABARD (Babushahi Bureau, 2024). Introduce Cooperative Management Apprentice schemes for local graduates and allow hiring of professional managers for large PACS, separating governance from day-to-day management (United Nations, 2011).
4. **Governance Reforms:** Ensure timely audits (within 3-

6 months) and present results in AGMs (Ministry of Cooperation, 2024b). Use online/secret ballot elections to reduce political interference (Press Information Bureau, 2022). Involve members actively through education programs and reserve seats for women and youth on committees.

5. Diversification of Services

- **Deposit mobilization:** introduce attractive schemes with insurance cover.
- **Value-added agri-services:** machinery rentals, collective marketing (Ministry of Cooperation, 2024a).
- **Insurance & pensions:** act as agents to earn commission (Babushahi Bureau, 2024)^[45].
- **Digital services:** expand CSC functions beyond the current 433 PACS in Haryana.
- **Microfinance linkages:** partner with SHGs/JLGs for lending and NABARD refinance (Shah *et al.*, 2007)^[7].

6. Policy Support and Integration

- Continue interest subvention with timely reimbursements and link part of support to high recovery rates (Dr. Ashwani Kumar, 2015)^[10].
- Deepen technology integration - enable PACS to offer ATM, RuPay and UPI services (Press Information Bureau, 2022)^[30].
- Strengthen oversight via NABARD/RBI, possibly through a PACS Development Index (NAFSCOB, 2018).
- Facilitate mergers of small/unviable PACS and restructuring of oversized ones for efficiency (Sunita, 2017)^[21].

Conclusion

Primary Agricultural Credit Societies (PACS) are the backbone of Haryana's rural finance, reaching nearly every village and serving millions of farmers. Over the past decade, loan disbursements have almost doubled, showing their critical role in providing affordable credit, especially to small and marginal farmers under schemes like KCC (Ministry of Cooperation, 2024a; Kumar, 2015). Yet, their sustainability is under threat. Overdues now exceed 40%, recovery rates have fallen below 60% and by 2023-24, only 34 of 782 PACS were profitable. This reflects not just farmer distress but also governance lapses, weak professional skills and over-reliance on borrowings (Viswanath, 2001; Kumar & Mehta, 2018)^[22, 11]. The way forward lies in strengthening recovery systems, recapitalizing weak societies, improving professional management, diversifying income sources and tightening governance (Sunita, 2017; Babushahi Bureau, 2024)^[21, 45]. With ongoing reforms like computerization and CSC integration (Press Information Bureau, 2022), PACS have a real chance to revive. If these steps are pursued earnestly, PACS can transform into sustainable, multipurpose rural institutions and continue driving Haryana's agricultural growth through the principle of "prosperity through cooperation."

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