SWOC Analysis on Short-Term Cooperative Credit Institutions: With Special Reference to PACS

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ABSTRACT
The enactment of the Cooperative credit societies Act, 1904 gave a definite structure for cooperatives in India. Although the era of cooperatives started long ago, till date they are considered inept with commercial banks in providing quality services to their customers. Lack of professionalism, Limited area of operations, Lack of technical knowledge, Poor customer services can be considered as hindrances of the cooperative credit institutions in India. Cooperative institutions are also criticized for their policy circles in the back-drop of a fast-changing financial system.

KEYWORDS: SWOT Analysis, Agricultural credit, Cooperatives.

INTRODUCTION
The Cooperative credit Societies bill, based on the recommendations of the Edward Law Committee with Mr. Nicholson as one of the members, was enacted on 25th March 1904 whose operations are restricted to credit disbursement only. By 1911, there were 5,300 societies in existence with a membership of over 3 lakhs¹. Cooperatives subsequently, expanded their operations into Marketing Cooperatives, Housing Cooperatives, Farming Cooperatives and Producers Cooperatives etc.

The growth of cooperatives was affected by the First World War, also resulted the banking crisis in India. A Committee was appointed by the government of India under the chairmanship of Edward Maclagen in October 1914, to evaluate the state of cooperatives and to recommend the necessary measures for the sustainability of the cooperatives. The committee recommended building a strong three-tier structure in every province with primaries at the base, the central cooperative banks at the middle and the provincial cooperative bank at the apex, basically to provide short-term and medium-term finance¹.

Cooperatives have occupied a transcendent position in catering agricultural credit for the underserved rural population, in the past centurial. The share of Credit cooperatives in Agricultural credit has sharply declined from 60% in the fifties to mere 14 % in 2019 due to increasing share of commercial banks
(74%) and Regional Rural Banks (12%). In spite of their smaller share of 11 percent of total agricultural credit, Cooperatives are covering 19% of farmers (2.60 accounts) who are small and marginal farmer.

The co-operative banks having extensive networks, with reach in remote areas, play a Significant role in the Indian economy, especially in creating banking habits among the lower and middle-income groups and in rural credit delivery. This sector with uneven Geographical spread and detailed stratification has substantial heterogeneity. In both financial position and performance within and across different strata”.

OBJECTIVES

1. To examine the structure of Cooperative Credit Institutions in India
2. To perform SWOC Analysis on the Cooperative Credit Institutions in India
3. To analyze the growth of Cooperative Credit Institutions from 2001-02 to 2020-21.

METHODOLOGY

The present study has been conducted on the basis of secondary data which is being collected from numerous published sources like news articles, books and from websites of RBI, NABARD etc. The present study attempts to examine the Strengths’, Weakness’, Opportunities’ and Challenges of Cooperative Credit institutions by applying SWOC analysis technique.

RESULTS AND DISCUSSIONS

1. Structure of Cooperative Credit Institutions

![Structure of Cooperatives in India](image)

**Figure 1:** Structure of Cooperatives in India

Note:

1. StCBs: State Co-operative Banks
2. DCCBs: District Central Co-operative Banks
3. PACS: Primary Agricultural Credit Societies
4. SCARDBs: State Co-operative Agriculture and Rural Development Banks
5. PCARDBs: Primary Co-operative Agriculture and Rural Development Banks.

Figure 1 depicts the structure of the cooperative credit institutions in India. Cooperative banks are classified into two categories namely Urban Cooperative Banks and Rural Cooperative Banks. UCBs are again categorized into Scheduled UCBs and Non Scheduled UCBs which operates in two – tier structure at state level and multi state level. The Rural Cooperatives are categorized into Short term and long term structure. The Short term Cooperatives operate with a three-tier structure, A State Co-operative Bank (StCB) at the apex level, The Central Co-operative Bank (DCCB) at the Intermediate Level and Primary Co-operative Credit Societies (PACS) at base level. Long term Cooperatives operate with two- tier structure, State Co-operative Agriculture and Rural Development Banks (SCARDBs) at the apex level and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs) at the district level.

2. SWOC Analysis on Cooperative Credit Institutions:

SWOC Analysis is a strategic planning technique; it is sometimes called situation assessment or situational analysis. SWOC analysis is considered as a great tool for understanding, evaluating a situation and decision making in an organization and for individuals. It is deliberated to identify the internal and external factors to achieve the objectives or for decision making.

**Figure 2: Internal and external factors**

**Strengths and Weakness:**
The first two sections of the SWOC Analysis are usually within the control of the organization. Strengths are defined as traits, skills and advantages possessed by the institutions that are considered as positive. They are internal factors which drive towards obtaining objectives or targets of the institutions
which include human competencies, financial resources, services, good will etc. They are the answers for the questions like “what do you do better than anyone else? What do your customers see as your strengths?”

Weaknesses are the adverse or unfavorable factors, traits within the organization, considered as barriers in an organization or individual which retains the institutions in reaching their objectives. They are the answers for questions like “what could you improve? What should you avoid?”

**Opportunities and Challenges:**

The next two sections of the SWOC Analysis are external factors, beyond the control of the organization. Opportunities can be defined as the circumstances created within the environment of the business which benefits the organization in its development. They are answers for the questions like “what is happening in your community that can be advantageous?”

Challenges are motivational in nature, as they stimulate the institutions or individuals to thrive harder for attaining their objectives. They can be defined as the tasks to be accomplished by utilizing maximal potential and skills.

**Figure 3:** SWOC analysis on Short-term Cooperative Institutions  
Source: Compiled by the researcher
Table 1: Progress of Short-Term Cooperatives during 2002 - 2021

<table>
<thead>
<tr>
<th>Particulars</th>
<th>StCBs</th>
<th>DCCBs</th>
<th>PACS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001-02 2020-21</td>
<td>2001-02 2020-21</td>
<td>2001-02 2020-21</td>
</tr>
<tr>
<td>No. of Cooperatives</td>
<td>30 33</td>
<td>368 351</td>
<td>99000 102559</td>
</tr>
<tr>
<td>Membership (in no’s)</td>
<td>122464 1122077</td>
<td>1986370 5479395</td>
<td>99918 137969</td>
</tr>
<tr>
<td>Owned Funds</td>
<td>6323 27476</td>
<td>14148 57969</td>
<td>5594 42310</td>
</tr>
<tr>
<td>Deposits</td>
<td>35500 217585</td>
<td>68090 176711</td>
<td>13481 170922</td>
</tr>
<tr>
<td>Borrowings</td>
<td>11550 100482</td>
<td>18818 100755</td>
<td>22890 143044</td>
</tr>
<tr>
<td>Working Capital</td>
<td>51899 344294</td>
<td>100851 530126</td>
<td>51899 334718</td>
</tr>
<tr>
<td><strong>Loans and Advances</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Issued</td>
<td>34287 186451</td>
<td>55998 276311</td>
<td>25698 229443</td>
</tr>
<tr>
<td>ii. Outstanding</td>
<td>32111 166328</td>
<td>59269 282812</td>
<td>35557 216862</td>
</tr>
<tr>
<td>Percentage of Recovery of Loans to Demand</td>
<td>81 94.4</td>
<td>66 70.2</td>
<td>56 69.3</td>
</tr>
</tbody>
</table>

Note:
- StCBs: State Co-operative Banks
- DCCBs: District Central Co-operative Banks
- PACS: Primary Agricultural Credit Societies


Table 1 unveils the progress of short term cooperative credit institutions during the study period 2002-2021. The number of StCBs witnessed an increase from 30 in 2002 to 33 in 2021, whereas the number of DCCBs declined from 368 in 2002 to 351 in 2021. PACS have increased to102559 in 2021. The membership of StCBs registered a ten folds rise in 2021 when compared to 2002. DCCBs witnessed a four folds rise and the membership of PACS rose to 1025590 in 2021. Owned funds of StCBs, DCCBs and PACS rose to 27476, 57969 and 42310 in 2021 respectively. Deposits of StCBs expressed a growth by 512.9%, DCCBs increased by 159.52% and PACS witnessed an increase by 1167.87%. Borrowings of StCBs, DCCBs and PACS accounted to 100482, 100755 and 143044 crores in 2021 respectively. In 2021, Working capital of StCBs, DCCBs, PACS increased by 563.39%, 425.65% and 544.94% respectively. The Loans and Advances issued and outstanding of StCBs stood at 186451 and 166328
crore in 2021. The Loans and advances issued and outstanding of DCCBs accounted to 276311 and 282812 crore in 2021 respectively. PACS witnessed an increase in both Loans, Advances issued and outstanding which was estimated at 229443 and 216862 crore in 2021.

**Figure 4:** Owned funds, Deposits, Borrowings, Working capital, Loans & Advances Issued, Outstanding of StCBs in 2002 and 2021

**Figure 5:** Owned funds, Deposits, Borrowings, Working capital, Loans & Advances Issued, Outstanding of DCCBs in 2002 and 2021
**CONCLUSION:**

Although PACS battling with numerous stumbling blocks, 46,930 of them are profit-making as of March 31, 2019, with combined profit of Rs.5949 crore as per NAFSCOB data.² The Government of India, is taking necessary measures periodically to strengthen India’s cooperative architecture and to enhance the sustainability of PACS. The new National Policy on Cooperatives include digitalization of PACS, Reduction in surcharge for Cooperative societies from 12% to 7%, Diversification of business activities of PACS, Training and education in the cooperative sector etc. Hope the new national policy is the end of hard times for cooperatives.

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