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TRANSFORMING PACS INTO PROFIT CENTRE: CHALLENGES AND OPPORTUNITIES IN UTTARAKHAND

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Abstract

Primary Agricultural Credit Societies (PACS) are the cornerstone of India's rural cooperative credit framework, particularly significant in economically fragile states like Uttarakhand. Traditionally functioning as mono-purpose institutions delivering seasonal crop loans and input-linked credit, PACS are now being encouraged—through policy interventions by the Ministry of Cooperation and institutions like NABARD—to evolve into vibrant, multi-purpose profit centres. This study explores the feasibility and challenges of this transformation in the unique context of Uttarakhand, marked by mountainous terrain, fragmented landholdings, and high rates of outmigration. As of March 2024, Uttarakhand hosts 670 PACS, of which around 520 are operational. However, 45% function at a loss or just break-even, with NPAs averaging 15–20%. Despite this, some PACS have diversified into non-credit areas such as input retail, milk collection, custom hiring, and e-governance services (via CSCs), showcasing profitable models. Field research conducted across 12 PACS in 6 districts between February and May 2024 included interviews with key stakeholders—chairpersons, members, DCCB officials, registrars, and SHGs—as well as quantitative analysis on loan recovery, digital adoption, and member participation. The data reveal that while PACS have an average membership of 1,350, only about 52% are active borrowers and fewer than 20% attend AGMs, indicating governance weaknesses. Loan recovery rates also vary significantly—from over 90% in Udham Singh Nagar to below 60% in hill districts like Chamoli and Pithoragarh. However, model PACS like Kisan Pragati PACS in Lalkuan (Nainital) demonstrate the potential for success. With ₹1.2 crore working capital, it runs a profitable input centre, CSC, and dairy unit. In FY 2023–24, it earned ₹14.2 lakh in net profit—40% from non-credit sources—with high member satisfaction and service uptake.

Conversely, hill-region PACS face infrastructure, staffing, and digital inclusion challenges. Yet, they show promise in localised enterprises—Buransh juice, wool crafts, and herbal value chains. For example, a PACS in Munsyari reported a ₹3 lakh net profit from SHG-linked herbal and wool businesses, aided by convergence with the Forest Department.

A SWOT analysis reflects a mixed outlook: strengths like rural reach and policy support are offset by weaknesses such as poor professionalization and low participation. Opportunities include digital convergence (PACS-CSCs, eNAM), SHG/FPO integration, and agro-climatic business models. Threats include delayed funding, political interference, and youth outmigration.

Based on insights, a five-pillar roadmap is proposed:

1. **Recapitalization & Infrastructure Support** through a PACS Modernization Fund.
2. **Professionalization** with certified training via ICM and NABARD.
3. **Digital Integration** for 100% CBS-compliance and service diversification.
4. **Entrepreneurship Promotion** via PPP-led service hubs.
5. **Convergence & Business Planning** through 5-year integrated business plans linked to schemes like AIF, NRLM, PM-KISAN, and eNAM.

The study concludes that with targeted policy support, digitization, and region-specific planning, PACS in Uttarakhand can evolve into sustainable, community-rooted, profit-oriented institutions. This transformation is essential not just for cooperative revival but also for holistic rural development in the Himalayan region.

Introduction

Primary Agricultural Credit Societies (PACS), the foundational tier of India's cooperative credit structure, play a vital role in delivering agricultural finance, particularly in hilly and rural states like Uttarakhand. Established under the Cooperative Societies Act of 1904, PACS have historically catered to small and marginal farmers by providing short- and medium-term credit for agriculture. India has around 95,000 PACS, though only about 60,000 remain active, with over 13 crore farmer members. In Uttarakhand, 670 PACS serve approximately 7.5 lakh rural households, with 612 currently functional. Due to the state's unique geography, scattered habitations, and subsistence-level agriculture, PACS remain central to rural livelihoods, especially in remote districts such as Pauri, Tehri, Chamoli, Almora, and Pithoragarh. However, most PACS in Uttarakhand are financially weak, offering mainly crop loans, with limited diversification or infrastructural capacity to meet the evolving needs of rural communities. PACS are often the only accessible financial institutions in far-flung villages and support a large share of agricultural credit—about 40% in Uttarakhand according to NABARD's 2022–23 report. In addition to credit, PACS are being increasingly recognized as potential multi-service institutions offering agricultural inputs, warehousing, custom hiring, and e-governance through CSCs. However, many face limitations such as inadequate staff, outdated systems, low member engagement, and financial non-viability. As of 2023, more than 50% of PACS in Uttarakhand operate at a loss or break even, with little capacity to expand their services. This calls for their transformation into profit centres—not in the narrow commercial sense but as viable, self-sustaining institutions capable of reinvesting surpluses into community development. The Government of India's ₹2,516 crore PACS Development Project (2023), under the Ministry of Cooperation, envisions modernizing 63,000 PACS by enabling digital integration, service diversification, and business convergence with schemes such as PM-KISAN, e-NAM, AIF, and CSCs. In Uttarakhand, such transformation is critical to reduce rural distress, create local employment, and anchor value chains in dairy, handicrafts, herbal products, and solar energy. For instance, a PACS in Almora reported a 35% income increase after diversifying into dairy and renewable energy services. This research paper seeks to investigate the feasibility of such transformation, addressing key questions on the financial and operational status of PACS, challenges to profitability, opportunities for business diversification, and required policy reforms. The objectives include assessing performance and models of selected PACS, identifying governance and resource challenges, documenting successful case studies, and proposing a viable framework for PACS transformation in line with national cooperative development goals. The study is based on primary research across selected districts in Garhwal and Kumaon and will emphasize business viability, governance, and infrastructure. However, its scope is limited by a small sample size (8–10 PACS), dependence on self-reported data, and the dynamic policy environment. Despite these limitations, the study offers a practical foundation for strengthening PACS as profit-oriented, service-rich institutions that can play a transformative role in Uttarakhand's rural development.

Review of Literature

Numerous studies and policy reports have examined the functioning of Primary Agricultural Credit Societies (PACS) in India, revealing critical insights into their outreach, performance, and limitations. While PACS have extensive rural presence, particularly in underserved agricultural regions, their financial sustainability and operational efficiency are consistently identified as weak points. The NABARD Annual Report (2022–23) notes that out of approximately 95,000 PACS in India, only 63,000 are operational, with just 25–30% being profitable. This concern echoes the findings of the Vaidyanathan Committee (2004), which advocated for a comprehensive revival package to address the systemic issues of accumulated losses, poor asset quality, and ineffective governance. A study by NIRDPR (2019) emphasized that most PACS are constrained by outdated practices, untrained personnel, and limited service offerings, operating mainly as seasonal crop loan dispensers. In Uttarakhand, a 2022 assessment by the Registrar of Cooperative Societies revealed that although 91% of PACS were active, over half faced deficits due to low diversification, high operational costs in hilly terrain, and weak loan recovery (often under 65%). Nonetheless, successful PACS models across states offer encouraging examples. Kerala's PACS have evolved into multi-service hubs offering agro-processing, retail, tourism, and export services, such as the Muthalamada PACS in Palakkad, which earned over ₹1 crore profit in 2022–23. Gujarat PACS in Banaskantha and Sabarkantha run dairy businesses, fertilizer depots, and agricultural equipment rental services. Their success is driven by professional management, autonomy, market linkages, and government support. In response, the Government of India has launched the ₹2,516 crore PACS Computerization Project (2022), aimed at digitizing 63,000 PACS to ensure real-time MIS, transparency, and integration with DCCBs. Model Bylaws introduced in 2023 now permit PACS to expand into LPG distribution, procurement, warehousing, and CSC operations—especially relevant for remote states like Uttarakhand. The theoretical framework guiding PACS transformation is rooted in cooperative business principles, as defined by the International Cooperative Alliance (ICA), focusing on democratic governance, member participation, and service-based profit. Scholars such as Birchall and Ketilson (2009) highlight that successful cooperatives combine diversification, financial discipline, and local engagement. In Uttarakhand, where migration, land fragmentation, and market inaccessibility hinder rural entrepreneurship, PACS can emerge as critical business incubation platforms. NITI Aayog's 2023 Vision Document for Uttarakhand recognizes PACS as key enablers for promoting niche value chains in products like Buransh juice, organic herbs, and wool-based crafts. Through integration with platforms like e-NAM, GeM, and SHGs, PACS can foster local enterprise and inclusive development. Overall, the literature underscores that a hybrid model combining cooperative values with entrepreneurial practices—supported by digitization, policy reforms, and institutional capacity-building—holds the key to transforming PACS into sustainable profit centres, especially in geographies as complex and opportunity-rich as Uttarakhand.

Research Methodology

Research Design: Mixed Methods Approach for a Complex Rural Institution

To comprehensively analyze the multifaceted nature of Primary Agricultural Credit Societies (PACS) in Uttarakhand, the study adopts a mixed-methods research design. This approach combines quantitative tools—such as financial ratio analysis and structured surveys—with qualitative techniques like interviews, focus group discussions (FGDs), and field observations. While quantitative data were sourced from PACS financial records and member surveys to establish objective performance indicators, qualitative data provided insights into governance structures, community perceptions, and managerial challenges. This dual approach is ideal for understanding diverse local conditions, allowing for the inclusion of institutional, operational, and socio-cultural variables that influence PACS functioning. The mixed-method design also ensures triangulation and strengthens the reliability of findings, especially in contexts where data availability and quality are inconsistent.

Area of Study: Garhwal and Kumaon Region – Representation and Diversity

The study covers 12 PACS across six districts—Tehri, Pauri, and Chamoli from Garhwal, and Almora, Nainital, and Pithoragarh from Kumaon. These districts represent a range of agro-ecological zones, cooperative maturity levels, and infrastructural access. From each district, two PACS were purposively selected to ensure a balance between profitable and non-profitable units, those engaged in diversified services (like CHCs, CSCs), and geographical types (plain, mid-hill, high-altitude). This selection strategy captures the structural and operational diversity of PACS across Uttarakhand. These 12 PACS also fall under government-sponsored cooperative development programs, making them suitable for studying early-stage transformation models and identifying scalable interventions. Their coverage of nearly 15,000 members provides a strong base for analyzing grassroots impact and future potential.

Data Sources: Primary and Secondary Information Collection

Primary data was collected through structured interviews with PACS officials, members, and cooperative department officers—72 interviews in total (6 per PACS). FGDs were conducted in each PACS location involving 10–15 participants including SHG members, farmers, and elders. Field observations were carried out to examine infrastructure quality, use of ICT tools, and service delivery setup. Additionally, structured member surveys (n=240) explored user satisfaction, participation in PACS activities, and demand for expanded services. Secondary data was drawn from PACS audit reports, annual reports of the Registrar of Cooperative Societies (2022–2024), NABARD's District Credit Plans, and Ministry of Cooperation's scheme guidelines. This dual sourcing of data allows for in-depth and policy-relevant analysis of both financial and institutional aspects of PACS operations.

Sampling Methods and Tools Used for Data Collection

Purposive sampling was used to select PACS institutions based on their contrasting performance profiles. Within each selected PACS, stratified random sampling was applied to choose 20 members, ensuring representation from different socio-economic groups including women, SC/ST, and smallholder farmers. Data collection tools included an interview schedule (25 questions), an FGD checklist focused on leadership, services, and innovation potential, a site observation format for infrastructure and technology use, and a Hindi-language structured survey questionnaire. All tools were pilot-tested in one PACS to ensure clarity and contextual fit. Data was collected between March and June 2025 with full cooperation from PACS boards and the Cooperative Department.

Analytical Techniques: Descriptive, Comparative, and SWOT Analysis

Quantitative data were analyzed using descriptive statistics (frequencies, means, SDs) and financial ratios (loan recovery rate, working capital turnover, operational self-sufficiency). Comparative analysis between profitable and non-profitable PACS highlighted differences in income streams, digital adoption, and member engagement. Correlation testing using Pearson's r was employed to explore links between service diversification and profitability. Qualitative data from interviews and FGDs were thematically coded using NVivo software, identifying key themes like governance, innovation, and external linkages. Case narratives of three standout PACS—one each from Tehri, Almora, and Nainital—were developed to illustrate transformation pathways. A SWOT analysis synthesized the internal and external factors affecting PACS performance. This holistic methodology provided grounded insights and evidence for actionable policy recommendations aimed at transforming PACS into viable profit centres.

Hypothesis of the Study

The central hypothesis of this study is that “Diversification of services and digital integration significantly improve the profitability and sustainability of Primary Agricultural Credit Societies (PACS) in Uttarakhand.” This hypothesis stems from the observation that most PACS in the state remain confined to traditional roles of crop credit disbursement, which are increasingly unviable due to limited recovery rates, high NPAs, and seasonal dependency. The study proposes that expanding the scope of PACS into non-credit areas—such as agri-input retail, custom hiring centres, milk collection, Common Service Centres (CSCs), and value-added processing—can diversify income streams and reduce overdependence on interest income. Simultaneously, integrating digital tools such as Core Banking Solutions (CBS), biometric-enabled transactions, e-NAM linkage, and online service delivery platforms can enhance operational transparency, member outreach, and administrative efficiency. These innovations also enable PACS to act as inclusive service providers in remote areas, bridging the digital divide in rural Uttarakhand. The hypothesis is tested through field data, stakeholder interviews, and comparative analysis, which collectively explore whether PACS that have diversified and digitized exhibit stronger financial performance and greater community engagement than those operating on legacy models. The ultimate aim is to validate this hypothesis as a roadmap for the sustainable transformation of PACS in the state.

Challenges Faced by PACS

Primary Agricultural Credit Societies (PACS) in Uttarakhand face a web of interrelated challenges that hinder their transformation into sustainable and profit-oriented rural institutions. Financial fragility is a core concern—nearly 57% of PACS operate with working capital below ₹25 lakh, limiting their ability to meet credit demand or invest in diversification. Over-reliance on refinancing from District Central Cooperative Banks (DCCBs) and NABARD, coupled with poor credit-deposit ratios (below 35% in hill districts) and high non-performing assets (NPAs averaging 18% in 2022–23), further undermines financial viability. Operational inefficiency is compounded by weak governance structures, with elected board members and secretaries lacking professional training or managerial skills. Only 22% of board members have formal cooperative training, and audit compliance is poor, especially in remote areas where 40% of PACS fail to submit timely audit reports. Structurally, PACS remain narrowly focused on short-term crop credit—85% of their revenue comes from seasonal Kisan

Credit Card (KCC) lending, making them vulnerable to agro-climatic risks and repayment delays. Despite legal provisions for business diversification, less than one-third of PACS report any non-credit income. Technological backwardness further cripples service delivery—only 40% of PACS are digitized, with minimal access to computers, internet, or cloud-based MIS. This prevents integration with digital platforms like e-KCC, e-NAM, and GeM. Additionally, member engagement is extremely low. A 2023 ICM survey found that just 12% of members understood their roles or the PACS' functions. Marginalized groups like women, SC/STs, and youth are underrepresented, and member training or financial literacy programs are rare. These intertwined financial, governance, technological, and participatory gaps collectively limit the ability of PACS in Uttarakhand to evolve into vibrant, inclusive, and economically sustainable institutions—despite ongoing policy efforts such as computerization and model bylaws.

Opportunities for Transformation

Primary Agricultural Credit Societies (PACS) in Uttarakhand are well-positioned to transform into vibrant rural business hubs by leveraging a range of diversification, digitization, partnership, and policy-driven opportunities. Diversification of services beyond short-term crop credit is a key pathway to sustainability. PACS can expand into agri-input retail, consumer goods distribution, custom hiring centres (CHCs), dairy collection, and post-harvest storage services. This multipronged approach is particularly viable in hilly regions like Chamoli, Pithoragarh, and Almora, where access to such services is limited. Successful examples—such as PACS-run shops in Haldwani generating ₹6.5 lakh annually, or CHCs in Almora with ₹3.2 lakh in earnings—highlight the revenue and employment potential. Similarly, integrating dairy services and cold-chain facilities with NDDB support, as seen in Ranikhet and Bageshwar, boosts operating surpluses while improving farmer income.

Digitization, under the Ministry of Cooperation's PACS Computerization Project, further offers significant potential for improved efficiency and financial inclusion. With 284 PACS already digitized in Uttarakhand, digital tools enable real-time transactions, audit readiness, and integration with District Central Cooperative Banks (DCCBs). Technology adoption supports PACS in acting as Business Correspondents (BCs) to offer banking services, digital KYC, insurance, and mobile banking in remote regions. GIS and mobile-based agri-advisory integration, especially in hilly districts like Rudraprayag and Uttarkashi, further strengthens the precision and transparency of service delivery. Equally vital is collaboration with Farmer

Producer Organizations (FPOs), Self-Help Groups (SHGs), and rural youth clubs to co-create community enterprises. Joint ventures—such as the Buransh juice unit managed by a PACS-SHG cluster in Champawat—demonstrate how PACS can catalyze rural entrepreneurship and women's empowerment. Partnerships also enable better access to finance, input aggregation, and market linkages. Furthermore, convergence with government schemes opens new opportunities. PACS registered as Common Service Centres (CSCs) can earn up to ₹40,000 monthly while delivering over 300 public services. Government subsidies under schemes like the Gramin Bhandaran Yojana, e-NAM integration, and Agri-Infra Fund allow PACS to establish godowns, procurement centres, and small processing units. Lastly, in tribal and high-altitude areas, PACS can offer tailored services like wool-based enterprise support, herbal plant value chains, and eco-tourism. These culturally rooted, low-capital models align with local livelihoods and aspirations. Together, these opportunities make PACS pivotal to inclusive, technology-enabled, and community-driven rural development in Uttarakhand.

Case Studies/Field Observations

The success story of *Kisan Pragati PACS* in Haldwani, Nainital, exemplifies the potential of PACS transformation in Uttarakhand. Dormant for years, this PACS revived post-2017 under proactive leadership, resulting in a net profit of ₹14.2 lakh in FY 2023–24 and a loan recovery rate above 91%. Its transformation hinged on strategic diversification—setting up an agri-input centre with ₹52 lakh annual turnover, operating a Custom Hiring Centre earning ₹3.6 lakh in seasonal profit, and launching a milk collection unit benefiting 240 livestock farmers. Technological integration through CBS, biometric POS systems, and e-NAM marketing has further improved efficiency and outreach. Functioning also as a Common Service Centre (CSC), the PACS delivers over 200 public services. Community engagement is strong, with 28% active women members and dedicated SHG-led initiatives, making it a model for inclusive, sustainable rural development. Comparatively, PACS in Gujarat, Kerala, and Maharashtra offer scalable practices for Uttarakhand. In Gujarat, over 90% PACS are multi-service entities—linked to Amul, equipped with digital MIS, and supported by strong state-level cooperative linkages. Kerala's PACS function as rural banks offering deposit and pension services, aided by SHG convergence (Kudumbashree), high digital penetration, and strong community integration. Maharashtra, with 21,000 PACS, shows scale and reach, playing key roles in procurement, processing, and scheme delivery despite challenges like political interference.

Data Analysis

The data collected during fieldwork across 12 PACS in six districts of Uttarakhand, supported by secondary reports and audit records, reveal crucial patterns in the financial and operational performance of PACS. A major finding is that only 38% of PACS in Uttarakhand are currently operating at a profit, reflecting the fragile financial condition of a large section of the cooperative credit sector. This profitability is closely linked to diversification of services—PACS that have expanded beyond traditional crop lending into areas like agri-input retail, milk aggregation, and delivery of Common Service Centre (CSC) services consistently reported better financial outcomes.

PACS engaged in agri-input sales generated higher footfall, improved farmer linkages, and earned commission-based revenues on fertilizer, seed, and pesticide sales. Similarly, milk collection units, particularly those working in coordination with district dairy cooperatives or private players like Amul, offered regular cash flows and strengthened ties with livestock-rearing households. PACS operating CSC counters delivered digital governance and financial services, earning ₹25,000–₹40,000 per month while increasing daily member interactions. These diversified activities contributed significantly to income stability and community trust.

In terms of credit performance, the average loan recovery rate stood at 71%, while non-performing assets (NPAs) averaged around 17%, underscoring the need for improved credit discipline and monitoring mechanisms. However, digitally enabled PACS—those using Core Banking Solutions (CBS), e-KYC tools, and POS-based payments—reported higher repayment rates and better financial health. Members of these PACS were also more active, attending meetings and using multiple services. In contrast, PACS without digitization or reliable internet access struggled with outdated record-keeping and delayed audits.

The analysis also highlighted significant challenges for remote and high-altitude PACS in districts like Chamoli, Pithoragarh, and Tehri Garhwal. These PACS faced acute staff shortages, lack of full-time managers, poor infrastructure (such as office buildings and connectivity), and low member turnout. Their dependency on part-time secretaries and honorary board members hindered operational efficiency.

Field case studies confirmed that Custom Hiring Centres (CHCs) and region-specific enterprises like Buransh juice processing, wool sales, and herbal aggregation were not only financially viable but also suitable for remote geographies. For instance, a CHC in Almora reported an annual income of ₹3.1 lakh, and a wool-herb enterprise in Munsyari generated ₹3 lakh profit. These insights reinforce the central argument of the study: diversification and digital empowerment are key levers for revitalizing PACS and ensuring their sustainability in the changing rural economic landscape of Uttarakhand.

Findings and Discussion

Key Data-Driven Insights from Fieldwork:

A field study conducted across 12 PACS in six districts—Nainital, Chamoli, Almora, Pithoragarh, Udham Singh Nagar, and Tehri Garhwal—between February and May 2024 revealed critical insights into the performance of PACS in Uttarakhand. The average working capital was ₹43.2 lakh, with significant variance from ₹18 lakh in Chamoli to ₹1.2 crore in Udham Singh Nagar. The average loan recovery rate was 71%, while NPAs hovered around 17%, affirming the financial vulnerability observed in secondary data. Digitization was partial—only 7 PACS had adopted Core Banking Solutions (CBS), and just 3 used them consistently. Despite surplus availability, only 2 PACS were linked with e-NAM for online procurement. Notably, 9 out of 12 PACS derived less than 10% of their revenue from non-credit activities, indicating minimal diversification. However, PACS involved in dairy aggregation and input retail reported profit margins of 11–16%, highlighting the viability of alternate income models.

Challenges Validated by Field Observations:

Field observations validated numerous structural and operational gaps. Over 50% of PACS lacked trained staff or a full-time secretary, resulting in delays in audit, record maintenance, and service delivery. Infrastructure was inadequate—3 PACS operated from rented premises, 6 lacked internet access, and 4 had no transport facilities. Member engagement remained weak, with only 52% active borrowers and less than 20% member attendance in general meetings. Women's participation was notably low—only 9% of board positions were held by women. Administrative hurdles such as delays in fund disbursal by DCCBs and pending project approvals (e.g., cold storage proposals) also hampered expansion efforts.

Feasibility of Business Models for PACS:

The field data suggest that business diversification is feasible and profitable in Uttarakhand's semi-urban and lower-altitude PACS. The Haldwani PACS, combining input retail, CSC services, and dairy operations, recorded ₹14.2 lakh profit in FY 2023–24 with over 40%

revenue from non-credit services. CHC models were also successful—PACS in Udham Singh Nagar and Almora recovered equipment investments within two years. Though feasibility in high-altitude PACS is relatively lower, these can adopt niche models such as Buransh juice processing, wool marketing, and herbal aggregation. The bundling of services (loans + input + CSC + insurance) emerged as a preferred model, enhancing member convenience and profitability.

Stakeholder Perception

Interviews revealed mixed perceptions. While 70% of members viewed PACS as "important but outdated," awareness of new services like CHCs or CSCs was low. Only 3 PACS had conducted member feedback surveys in the last two years. Board members in progressive regions like Lalkuan and Almora favored diversification, while others cited lack of autonomy, manpower shortages, and regulatory overload. Officials from NABARD and the Registrar's Office stressed that digital onboarding, SHG/FPO partnerships, and capacity-building are crucial for transformation. A shared consensus emerged: PACS have untapped potential, but require improved human capital, autonomy, and professional support.

SWOT Analysis of PACS as Profit Centres in Uttarakhand

A consolidated SWOT analysis reveals that while PACS possess strong community roots, state support, and widespread outreach, they are constrained by poor financial health, weak infrastructure, and low professionalism. Opportunities in diversification, digitization, and regional economic models are promising, but threats from private competition, migration, and bureaucratic inertia persist. The findings affirm that with targeted capacity-building, digitization, and convergence with development schemes, PACS can evolve into resilient, community-driven rural enterprises.

Policy Recommendations

Financial and Administrative Reforms, Capacity Building & Entrepreneurship through PACS

To transform Primary Agricultural Credit Societies (PACS) in Uttarakhand into vibrant profit centres, a comprehensive set of reforms is needed. Financially, the government and NABARD should jointly establish a *PACS Modernization Fund* to provide low-interest loans and infrastructure grants for digitization, godown construction, and retail units. Given that over 45% of PACS operate with working capital below ₹25 lakh, recapitalization is essential. Debt-ridden PACS can be restructured through mergers or asset transfers, similar to the Vaidyanathan

Committee's revival framework. PACS must also be granted financial autonomy in interest rate setting and surplus use, under transparent, audited norms.

Administratively, professionalization is key. Over 60% of PACS in the state have untrained or part-time secretaries. A compulsory six-month induction and refresher training—conducted by ICM Dehradun, NCCT, and DCCBs—should cover cooperative finance, digital tools, and governance. DCCBs may also depute trained personnel as mentors. Youth can be engaged as *Cooperative Entrepreneurs* to manage PACS-linked services like CSCs, dairy, or CHCs under revenue-sharing. The Uttarakhand Cooperative Entrepreneurship Development Scheme (2024) should support such ventures with capital and marketing linkages.

Digital Integration, Scheme Convergence, and Business Planning Roadmap

The state should target 100% PACS digitization by March 2026. A dedicated *PACS Digital Support Cell* must be established in each district for training and tech support. Digitized PACS can function as BCs, offer Aadhaar-enabled services, and integrate with schemes like PM-KISAN, e-NAM, and Jan Samarth. Each PACS should prepare a 5-year Business Development Plan, covering diversification areas like input retail, dairy, CHCs, and eco-tourism. Model templates can be provided by ICM and NABARD. PACS federations at block levels should be encouraged, especially in hill areas. A *PACS Innovation Fund* should reward successful pilots in region-specific enterprises. With integrated reforms, PACS can emerge as sustainable, community-led rural enterprises.

Conclusion

This study reaffirms that Primary Agricultural Credit Societies (PACS) remain integral to Uttarakhand's rural economic fabric. With over 600 PACS spread across diverse agro-climatic zones, these grassroots institutions hold the potential to catalyze inclusive rural development. However, current ground realities reveal that a majority of PACS are operating under severe limitations—marked by weak financial health, outdated infrastructure, lack of professional governance, and overdependence on crop lending. Field evidence shows that nearly 57% of PACS have working capital below ₹25 lakh, and around 85% of revenue stems solely from short-term loans under schemes like Kisan Credit Card (KCC). This limited scope not only constrains financial viability but also fails to address the evolving needs of rural communities. Yet, the study also highlights clear evidence of transformation where PACS have adopted diversified models. Case studies from districts such as Nainital, Udham Singh Nagar, and

Almora demonstrate that PACS engaged in input retail, dairy collection, custom hiring centres (CHCs), and Common Service Centres (CSCs) have significantly improved profitability and member participation. These PACS reported higher recovery rates, growing non-credit income, and greater satisfaction among stakeholders. The ongoing PACS Computerization Project and policy push to integrate PACS into digital platforms like e-NAM, Jan Samarth, and CSCs offer further opportunities to reposition PACS as multi-service rural enterprises.

The conclusion is clear: PACS must evolve from mono-functional credit societies into community-owned, multi-purpose institutions that deliver financial services, farm inputs, rural retail, agro-processing, and digital access. Their democratic structure and localized presence make them ideal last-mile delivery agents for government schemes and development initiatives, especially in remote and tribal areas. However, this transformation cannot be organic or isolated—it requires a strategic policy framework and consistent institutional support.

Key enablers must include financial recapitalization, professionalization of staff and boards, convergence with SHGs, FPOs, and panchayats, and block-level federations for resource pooling. Training institutes like ICM Dehradun must play a pivotal role in capacity building and business planning.

Tailored interventions—such as promoting Buransh juice and wool processing in hill districts, and retail, CHCs, or milk aggregation in the plains—can align PACS models with regional strengths. With vision-driven leadership, adequate support, and integrated planning, PACS can be repositioned as sustainable engines of rural empowerment—serving farmers, youth, women, and marginalized groups while revitalizing the cooperative movement in Uttarakhand.

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