Ever since the introduction of economic liberalization programmes in India in the early Nineties a debate has been going on both within and outside the academic world as to whether the cooperative sector - a 'third alternative' to the private and public sectors - would continue to be relevant. Even thinkers within the cooperative sector are expressing skepticism. Can cooperatives offer a real alternative to unrestrained market forces and act as a powerful tool of economic empowerment especially at primary level? It is opined that, compared to other forms of economic enterprises only cooperatives are committed to plough back profits into the hands of the producers of small means.

After unsuccessful experimentation with the rural credit system, it was realised that the cooperative system of dispensation of credit is still an appropriate agency for purveyance of agricultural credit to the vulnerable sections in the rural environs. It is, however, discernible that the cooperative credit structure is yet to adequately transform itself into a viable and self-sustainable system. Vulnerabilities that have debilitated the system for a long continue to be abound.

The cooperative sector has been marred by many problems ranging from organization to monitoring of societies at different levels. Of course, the primary agricultural cooperatives are no exception to this phenomenon. The Primary Agricultural Credit Societies (PACS) are
providing the much needed synergy for accelerated rural development in terms of credit, supply of farm input, marketing farm produce, processing and distribution of public goods (PDS) with varied degrees of success.

Success and failure of primaries show no uniform pattern of growth or decay but the basic tenet of all unsuccessful ones relates to inherited faulty design in their organisational setting. In the emerging scenario the PACS are subject to many constraints like cost ineffectiveness, commercial non-orientation, lack of professionalism in management, etc. The situation is in fact becoming gloomy as they are pressurised by competitive forces.

Despite PACS' inherent weaknesses and threats, a silver lining is surfacing in the gloomy horizon thanks to their potential to play a catalytic role in the socio-economic transformation of rural India. But performance wise PACS are not so encouraging unless a combination of development strategies are adopted and followed to streamline them.

Studies relating to comprehensive economic appraisal of PACS performance are very few and far between. Even those few studies confine themselves to address such minor issues as organization, management, success or failures of PACS, etc., The coverage of the studies is rather narrow. The size of samples studied is rather small and hence the studies have failed to give a better picture of the cross sections of societies. Moreover a comprehensive economic appraisal of the PACS
has rarely been attempted so far discussing both primary and secondary data concurrently. The present study, it is hoped, would fill this research gap.

The present study attempts an economic appraisal of PACS in the state of Karnataka. The study was conducted during the year 1986-2000. The study \textit{inter alia} attempts to analyze the growth and growth rates, performance evaluation of PACS, causes for economic non-viability, perceptions of members about the functioning of PACS besides developing a viability model to strengthen the primaries in the cooperative sector.

The study is the outcome of research undertaken in consultation with academicians, practicing cooperators, officials of cooperative department and experts in the field. I was greatly benefitted – directly and indirectly – by several individuals and institutions in the course of this research work. Space does not permit me to acknowledge my indebtedness to all of them. But my thanks are due to all those who have helped me at various stages in the course of this study.

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