



# Contribution of Primary Agricultural Cooperative Credit Societies (PACCS) to Women Entrepreneurship through Self-Help Groups in Tamil Nadu

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**Abstract-** Women entrepreneurship plays a crucial role in improving rural livelihoods and promoting inclusive economic growth. In Tamil Nadu, Primary Agricultural Cooperative Credit Societies (PACCS) and Self-Help Groups (SHGs) have emerged as critical institutional mechanisms for supporting women's economic activities. This study examines PACCS's contribution to women's entrepreneurship through SHGs in Tamil Nadu. The study is based on secondary data collected from Tamil Nadu Government Annual Reports and relevant cooperative and development literature. The analysis highlights PACCS's role in providing timely, affordable credit, strengthening SHG linkages, and supporting income-generating activities among women members. The study also compares different operational approaches adopted by PACCS, namely the Target Approach and the Umbrella Approach, and assesses their impact on women's entrepreneurial development. The findings indicate that while credit support has expanded significantly over the years, approaches that combine financial assistance with guidance, training, and institutional support are more effective in promoting sustainable women's enterprises. Overall, the PACCS-SHG linkage contributes positively to financial inclusion, women's economic empowerment, and rural development in Tamil Nadu.

**Keywords:** PACCS Self-Help Groups, Women Entrepreneurship, Rural Livelihood.

## 1 Introduction

In rural India, women play a vital role in supporting their families and communities; however, many face challenges in earning an independent income. Lack of capital, limited access to credit, and social restrictions often prevent women from starting their own businesses. To help overcome these problems, institutions such as Primary Agricultural Cooperative Credit Societies (PACCS) and Self-Help Groups (SHGs) have become important in empowering women. SHGs allow women to come together, save money collectively, and take loans to start small businesses. They not only provide

financial support but also help women gain confidence, leadership skills, and decision-making power. The success of these groups is significantly enhanced when they are linked to formal institutions, such as PACCS, which offer loans at lower interest rates and guidance on income-generating activities. PACCS operates as a local cooperative bank, supporting SHGs by providing credit, financial advice, and assistance in running small-scale businesses. With this support, women can engage in activities such as tailoring, dairy farming, petty shops, and other agriculture-based enterprises. These activities increase their income and strengthen their economic independence.

Tamil Nadu has a strong network of PACCS and SHGs, which has helped many rural women become entrepreneurs. Studying the role of PACCS through SHGs is essential to understanding how these institutions contribute to women's entrepreneurship, income generation, and the overall improvement of rural livelihoods. This study explores the contribution of PACCS through SHGs to promoting women's entrepreneurship and increasing income in Tamil Nadu, with a focus on financial support, skill development, and the empowerment of rural women.

## 2 Objectives

1. To study the role of PACCS in supporting women entrepreneurship through Self-Help Groups.
2. To analyse income generation among women SHG members, supported by PACCS
3. To examine the impact of PACCS SHG linkage on women's economic empowerment.

## 3 Statement of the problem

PACCS play an essential role in providing credit and financial assistance to SHGs at the grassroots level. However, the extent to which PACCS effectively supports women entrepreneurship through SHGs varies across regions. In many cases, women face issues such as inadequate credit, delayed loans, limited guidance, and a lack of follow-up income-generating activities.



There is limited empirical evidence on how far PACCS contribute to promoting women entrepreneurship and improving income generation through SHGs in Tamil Nadu. Hence, it becomes necessary to examine the role and effectiveness of PACCS SHG linkage in enhancing women's economic empowerment.

This study addresses this gap by analysing PACCS's contribution to supporting women's entrepreneurship through Self-Help Groups in Tamil Nadu.

#### **4 Review of literature**

**NABARD (2018).** In 2018, data revealed a notable shift: rural women gained better access to financial support through Self-Help Groups, as noted by NABARD. Due to such networks, banking services have become more accessible in remote regions. Instead of relying solely on unofficial credit sources, community members began pooling funds. This move quietly opened doors to launching modest businesses. Freed from high-interest traps, families found footing in community-run lending groups. As money moved through neighbourhood networks, reliance on expensive credit dropped off. Budgets tightened - thanks to habits of pooling savings that stuck.

**Ravichandran (2019).** In 2019, Ravichandran observed that village-level Primary Agricultural Cooperative Credit Societies assist Self Help Groups exactly where local engagement matters most. Because operations unfold in known environments, women gain access to low-cost credit precisely during critical moments. Instead of merely handing out money, such institutions nurture small businesses run by women. Over time, closer ties between lenders and borrowers increase the likelihood of a lasting impact. When trust guides lending practices, rural women find new ways to access financial systems.

**Rao and Suresh (2019)** observed that quietly, change begins when women join support groups that alter their personal finance patterns. As shared lending becomes more prevalent, income rises; not quickly, but steadily. With steadier inflows, small businesses stay alive rather than freeze mid-step. Over time, clearer thinking on spending emerges, more focused than before. Slow gains take shape once community backing reinforces these credit systems.

**Kumar (2020).** Frequently, women running small enterprises look to Primary Agricultural Cooperative Credit Societies - not just for loans, but also for community support. Repayment

behaviour improves when funds are distributed through Self-Help Groups rather than standalone channels. Insights on managing money often emerge during informal chats, rather than formal workshops. These circles thrive mostly in regions where farming and related work shape daily economic rhythms. In villages where financial habits stay steady over time, such organisations take root slowly, without drawing attention.

**Devi and Lakshmi (2021)** Noted That Something barely noticeable happened early on; yet, soon after, hushed conversations among circles of women began making room for voices on financial topics. Devi and Lakshmi noticed that season. Weeks unfolded gradually, bringing sharper confidence in choices, which became visible when arranging daily tasks or selecting food at the market. It wasn't only wages that elevated their influence; subtler still was their growing role in determining spending paths. Over time, importance shifted from earnings themselves to the hands guiding them.

#### **5 Methodology**

This research analyses the role of Primary Agricultural Cooperative Credit Societies (PACCS) in supporting women's entrepreneurship through Self-Help Groups in Tamil Nadu, focusing on their contributions. The study is based entirely on secondary data collected from the Tamil Nadu Government Annual Report, government documents, and cooperative finance and development books.

#### **6 Discussion**

##### **Contribution of PACCS to women Entrepreneurship through self-help groups in Tamil Nadu**

In India, the Promotion of Self-Help Groups has been supported by both the Central Government and State Governments to enhance women's participation in economic activities. At the central level, programmes such as Deendayal Antyodaya Yojana - National Rural Livelihood Mission (DAY-NRLM) focus on organising women into SHGs, strengthening savings habits, and providing access to institutional credit for livelihood activities. These initiatives aim to reduce rural poverty by encouraging women's self-employment and sustainable income generation. In Tamil Nadu, the State Government has played a significant role in strengthening SHGs through Mahalir Thittam and other women-oriented development programs. These initiatives emphasise group formation, capacity building, skill development and linkage with financial institutions. Tamil Nadu has also effectively utilised cooperative institutions, especially primary Agricultural Cooperative Credit Societies, to extend credit support to SHGs at the grassroots level. Primary Agricultural Cooperative Credit Societies act as an essential link

between SHGs and the formal financial system. PACCS provides timely, affordable credit to women's SHG members for agricultural and allied activities and for small-scale enterprises. Through PACCS, women can start and sustain income-generating activities, including dairy farming, tailoring, food processing, petty trade, and other micro-enterprises. This support not only improves income levels but also reduces dependence on informal moneylenders. The combined efforts of Central Government programmes, Tamil Nadu Government initiatives, and the PACCS-SHG linkage have significantly promoted women's entrepreneurship in the state. PACCS, by working closely with SHG, enhances financial inclusion, strengthens women's economic independence and supports sustainable rural livelihoods. Thus, PACCS plays a vital role in translating government policies into effective entrepreneurial opportunities for women through Self-Help Groups in Tamil Nadu.

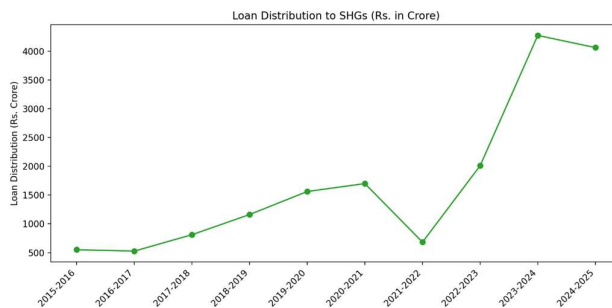
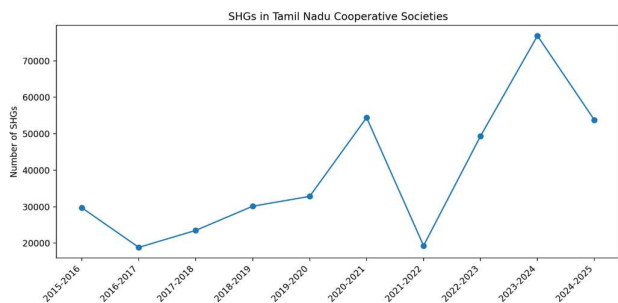
*Table 1*

**SHGs in Tamil Nadu Cooperative Societies and their Loan Distributions**

S. No	Year	SHGs in the Tamil Nadu Cooperative Societies	Loan Distribution (Rs. in Crore)
1	2015-2016	29,701	550.08
2	2016-2017	18,844	525.99
3	2017-2018	23,501	810.95
4	2018-2019	30,128	1161.80
5	2019-2020	32,821	1561.80
6	2020-2021	54,434	1699.81
7	2021-2022	19,296	681.65
8	2022-2023	49,356	2,010
9	2023-2024	76,871	4275
10	2024-2025	53,757	4063

Source: Tamil Nadu Government Annual Report

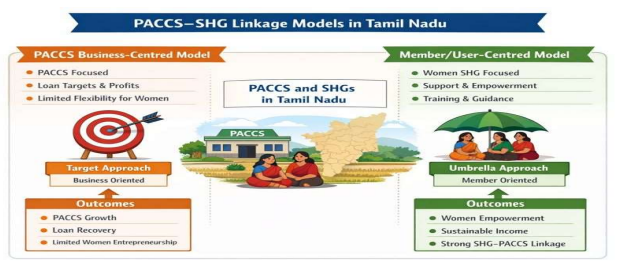
Note: Figures in the above table are for the Financial Year 2015 to 2025



The table presents the trend in the number of Self-Help Groups (SHGs) linked with cooperative societies in Tamil Nadu and the corresponding loan distribution during the financial years 2015–16 to 2024–25. It highlights the changing role of cooperative societies in providing financial support to SHGs over the last decade. During **2015–16 and 2016–17**, the number of SHGs receiving loans from cooperative societies remained relatively low, and loan disbursements were also limited. However, a noticeable increase is observed from **2017–18 onwards**, indicating growing institutional support for SHGs. In **2018–19 and 2019–20**, both the number of SHGs and the loan amount showed a steady rise, reflecting improved access to cooperative credit and stronger SHG-cooperative linkage. A significant expansion was seen in 2020–21, when the number of SHGs increased sharply to 54,434, and loan distribution crossed ₹1,699 crore. This growth may be attributed to increased reliance on SHGs for livelihood support during the pandemic period. Although a decline is observed in **2021–22**, the trend again shows a strong recovery in the subsequent years.

Loan distribution to Self-Help Groups through cooperative societies in Tamil Nadu plays a vital role in promoting women entrepreneurship and rural livelihoods. Timely and affordable credit enables SHG members to undertake income-generating activities and expand small enterprises. This support improves household income and reduces dependence on informal moneylenders. Cooperative credit also strengthens group solidarity, savings habits, and repayment discipline among SHGs. Overall, SHG loan distribution contributes to financial inclusion, women's empowerment, and sustainable rural development in Tamil Nadu.

**7 Contribution of Primary Agricultural Cooperative Credit Societies (PACCS) to Women Entrepreneurship through Self-Help Groups in Tamil Nadu**



S.no	Target Approach	Target Approach	Umbrella Approach
1	Focus	PACCS Profit and Financial Sustainability	Women SHG Welfare and Empowerment
2	Nature	Business-oriented	Member-oriented
3	Linage	Direct and limited linkage with selected SHGs	Indirect and wide linkage through SHG federations
4	PACCS Contribution	Credit provision, loan target achievement, recovery management, and strengthening PACCS finances	Credit support, training, and capacity building, institutional support, monitoring and guidance
5	Outcome	PACCS growth is strong, with loan recovery limited, and women's empowerment	Women's empowerment, sustainable income, and strong SHG-PACCS linkage

Primary Agricultural Cooperative Credit Societies PACCS in Tamil Nadu support women entrepreneurship through Self Help Groups by adopting different operational approaches. The Target Approach and the Umbrella Approach highlight how the nature of PACCS intervention influences women's entrepreneurial development.

In the **Target Approach**, PACCS mainly concentrates on maintaining its financial strength. Credit is provided directly to a limited number of SHGs based on loan targets and repayment capacity. In this model, women participate primarily as recipients of credit with less involvement in the planning and decision-making. The contribution of PACCS is mainly in credit delivery, achieving lending targets, and ensuring timely recovery. Although this approach helps PACCS improve its financial performance, it offers a limited scope for strengthening women's entrepreneurial capacity.

The **Umbrella Approach**, on the other hand, emphasises collective development and inclusion. PACCS extends support to SHGs through federations or supporting institutions, enabling more exhaustive coverage across villages. Women occupy a more active role in managing enterprises and group activities. Beyond providing credit, PACCS also facilitates training programmes, offers institutional guidance, and monitors SHG performance. This approach supports skill

development, improves confidence among women members, and encourages sustainable income-generating activities.

Overall, PACCS contributes differently under the two approaches. While the Target Approach strengthens the society's financial position, the umbrella Approach plays a stronger role in promoting women's entrepreneurship and inclusive rural development in Tamil Nadu.

### 8 Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM)

A major initiative by India's government began in 2011 - called Deendayal Antyodaya Yojana – National Rural Livelihood Mission - aims at cutting down rural hardship through lasting work solutions. While targeting impoverished village families, particularly women, it builds collective strength via Self-Help Groups. Access to money tools, training, and income paths improves once these groups take root. Progress follows when support systems grow alongside community participation. The core objective of DAY-NRLM is to enable rural poor women to become self-reliant through capacity building, access to institutional credit, and support for income-generating activities. The programme encourages savings, internal lending, and the bank linkage of SHGs to ensure regular, affordable credit. DAY-NRLM also supports skill development, entrepreneurship promotion, and market linkage for SHG products. It emphasises social inclusion by targeting vulnerable groups such as the Scheduled Castes, the Scheduled Tribes, and minorities. Through community institutions such as SHG federations, the mission ensures continuous guidance, monitoring, and livelihood sustainability. In Tamil Nadu, DAY-NRLM plays a significant role in strengthening women entrepreneurship by linking SHGs with banks, cooperative institutions such as PACCS, and government welfare schemes. This linkage contributes to improved income, financial inclusion, and women's economic empowerment.

### 9 Conclusion

The study highlights the critical role played by Primary Agricultural Cooperative CREDIT Societies PACCS in strengthening women entrepreneurship through Self Help Groups in Tamil Nadu. The findings show that Cooperative credit support has expanded steadily over the years, improving women SHGs' access to timely and affordable finance. Through effective SHG linkage, PACCS not only provides credit but also supports income-generating activities that enhance household income and livelihood security. The study also indicates that approaches focusing on guidance, follow-up, and institutional support are more effective in promoting sustainable women's enterprises than credit alone. Overall,



PACCS SHG linkage contributes significantly to financial inclusion, women's economic empowerment and rural development in Tamil Nadu. Strengthening this linkage further through capacity and continuous monitoring can enhance its long-term impact on women-led livelihoods.

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