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***FINANCING THE RURAL POOR IN BANGLADESH:
EXPERIENCES OF SOME GOVERNMENT AND
NON- GOVERNMENT ORGANIZATIONS***

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ABSTRACT

The article describes the findings of a study on the credit programmes designed for the small farmers and landless poor, by some government and non-government organizations. It was found that the programmes under consideration provided employment opportunity to the participants at least for the project period. Housewives also benefited from the programmes since they could utilize their leisure time productively by engaging themselves in income generating activities. However, it was found that many of the loanee-participants could not yet settle permanently with any particular occupation in spite of a number of years of involvement in the project. A good number of loanees still depend on selling labour. The amount of credit provided by most of the organizations was reported to be highly inadequate. Many participants also borrowed from other institutional and non-institutional sources. The main thrust of these programmes was found to be augmenting monetary benefits rather than overall development of the participating families.

I. INTRODUCTION

Credit programmes for rural development can be broadly classified into two groups, one for the agricultural sector and the other for activities in the non-farm sector, particularly for the rural poor. There has been a significant increase in the amount of credit flow over the last decade. Against the total supply of agricultural credit of Tk. 86.53 crore in 1976-7, a total amount of Tk. 1008.69 crore was disbursed in 1983-84. Both the Nationalised Commercial Banks (NCBs) and Bangladesh Krishi Bank (BKB) are supplying credit to the farmers under national programmes (NP) and under special agricultural credit programme (SACP). Together these institutions provide more than 80 percent of the total

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credit. Credit under special programmes are generally intended for the small farmers and landless poor in the rural areas. However, studies have shown that the landless farmers were almost denied credit under SACP and borrowers upto 2.5 acres of holding size constitute about one-third of the total borrowers who received only about 26 per cent of the total loan (Bashar *et al.* 1981). A study conducted by USAID also showed that more than 50 percent of the loanees had farm size more than 5 acres (USAID 1977).

In order to extend credit facilities to the landless and the rural poor, various credit giving agencies have prepared and are financing quite a good number of special credit programmes since late 70's. They lend credit to the poorer groups organised under various projects, such as ASARRD, Grameen Bank Prokalpa (at present a separate bank known as Grameen Bank), Swanirvar Credit Project, Small Farmers' Credit Projects, Rural Finance Experimental Project, etc.

The ASARRD project, launched in March 1978 aimed at improving the social and economic condition of the small and landless labourers through an integrated programme of increasing productivity, income, employment opportunities and mobilizing available farm resources including minimum capital investment and savings, and to train farmers as well as officers for group action. Since its inception, 2737 village households have been covered under the project.

The GBP, undertaken in the middle of 1979 in two thanas of Chittagong and Tangail districts, aimed at (i) extending organizational support to the poor section of the rural community to form groups through which credit agencies can extend credit without collateral; (ii) providing minimum subsistence through quick-yielding income generating activities and (iii) creating part-time job opportunities for the women of landless and other families. Total disbursement under the project stood at about Tk. 15.31 crores upto September 30, 1983. Of this amount, Tk. 10.24 crores have been repaid by the loanees in weekly instalments. In 1983, the government decided to transform the GBP to Grameen Bank (GB) as a separate specialised Bank and accordingly Grameen Bank started functioning from October 2, 1983, to channel funds previously made under GBP. The Bank has grown at a quite fast pace. By the end of September 1984, 108 branches were under operation covering about 2000 villages in five districts (old), which constitute nearly three per cent of the villages in the country.

Financing the rural poor for certain income generating activities is also being carried out under Swanirvar programme. The NCBs and the BKB in the 10 Swanirvar thanas of 10 districts are sanctioning and disbursing loans for income generating activities in addition to "Dheki Loan" to the groups of distressed people, viz., women, youth, farm labourers and other professional groups.

The Small Farmers' Credit Scheme was undertaken in early 1980 for financing small farmers in the three districts (old) of Jessore, Kushtia and Paridpur. The target groups of the project are different from those of others. They include the small farmers cultivating no more than 3 acres either irrigated or non-irrigated area. The main emphasis of

the project is on short-term production credit. Some other activities like pond fisheries, livestock and poultry farming, small cottage industries, purchase of farm machineries, etc., are also financed.

The Rural Finance Experimental Project (RFEF), started in 1978, aimed at experimenting with different ways (in eight models) of delivering and recovering credit as well as mobilizing savings from the rural poor. The villagers who were landless or who owned cultivable land upto two acres or whose annual income did not exceed Tk. 6,000 and who had no outstanding loan with other credit agencies fell under the criteria of the target population for the project. The project provided production credit through NCBs, BKB and the cooperatives under different models of credit and savings designed by the institutions themselves.

In addition to the above credit programmes for the rural poor, a good number of voluntary agencies and organizations, popularly known as NGOs (Non-Government Organizations), are providing credit and other technical services to the target groups of rural poor at local level in different areas of Bangladesh. They have emerged in the rural development scene of Bangladesh after the wake of massive devastation in the war of independence in 1971. At present there are a few hundred NGOs operating in unknown number of villages in different parts of Bangladesh. Among them Proshika, Bangladesh Rural Advancement Committee (BRAC), Christian Commission for Development in Bangladesh (CCDB), CARITAS-Bangladesh, Mennonite Central Committee (MCC), Christian Reform World Relief Committee (CRWRC) and Rangpur-Dinajpur Rehabilitation Service (RDRS) are important. The NGOs organize the rural poor into cohesive groups and encourage them to undertake programmes which they themselves consider to be economically viable and programmatically feasible. The NGOs also provide necessary inputs and supportive services to these groups for other non-farm income generating activities, such as poultry rearing, cattle raising, cattle fattening, weaving, etc. They also organize women and provide necessary resources and inputs to help them to supplement their family income through various works. These activities of the NGOs are mostly concentrated in the districts of Dhaka, Tangail, Mymensingh, Chittagong, Rangpur, Pabna and sparsely in some scattered places like Khulna, Noakhali and Rajshahi. Because of lack of comprehensive data and information, it is difficult to quantify their financial help and identify other services properly. Needless to say that total quantum of credit provided by these agencies to the disadvantaged and neglected section of the rural community is negligible in comparison to their total need.

All the above innovative and special agricultural credit programmes, pursued by the government and non-government organizations for small and landless farmers claim to have achieved a comparatively high recovery percentage of loans. However, the success of any credit programme for small farmer and landless labourers cannot be judged only by the recovery percentage of loans. Rather, a critical look should be focused on the capacity of the borrowers to sustain regular growth in their overall financial position.

Secondly, target group and area approach policies are being followed by these credit programmes in financing the small farmers and landless poor. Various types of cooperative societies, voluntary groups, etc., are being formed for providing credit and their services. No comprehensive study was made to determine the efficacy of organisational set up of these groups. There is need to examine the possibility whether a sound and effective cooperative structure can be evolved from these experimental programmes for rural poor in Bangladesh.

Under the background of these issues concerning rural development activities for the landless and rural poor in Bangladesh, a research project entitled "An Economic Evaluation of Credit Programmes Designed for Landless and Rural Poor in Bangladesh" was undertaken in the year 1984. The present paper is based on the preliminary findings of that research project. In Section II, methodological considerations are discussed while socioeconomic considerations are presented in Section III. Receipt and utilization of loans, and nature of benefits are presented in Section IV. Assessment of the present set up of programmes and concluding comments are presented in Section V.

II. METHODOLOGY

The Research proposal for this study was developed with the intention of studying the credit programmes designed for small farmers and landless poor. The institutions and programmes finally selected for the study are BKB (Swanirvar Programme), BRDB (Rural Poor Programme), Grameen Bank, CARITAS, BRAC (Rural Credit and Training Programme), CCDB (Rural Development Programme) and Proshika.

Keeping in view the distance from B.A.U. campus and concentration of credit programmes of government and non-government organizations three districts namely Mymensingh, Tangail and Kishoreganj were purposively selected. But emphasis was also given to the length of the programme or activities in the specific region by the selected institution. From each of the selected institutions, except Grameen Bank, 50 samples were selected. Considering the importance of Grameen Bank in financing rural poor, 100 samples were selected from this institution. The different regions/branches finally selected from these institutions for the study have been shown in Table 1.

Two sets of interview schedules were developed for soliciting information from the participating rural poor and the concerned officials of the institutions. Both the schedules were pretested before the final collection of data. The pretested schedules were then adjusted according to the need of the objectives.

TABLE 1. SELECTED BRANCHES OF INSTITUTIONS WITH PROGRAMME AND NUMBER OF SAMPLES

Institutions	Selected Areas		Regions/ Branches with Programmes	Number of samples
	District	Upazila		
Bangladesh Krishi Bank (BKB)	Tangail	Modhupur	Alokdia Branch (Swanirvar programme)	50
Bangladesh Rural Development Board (BRDB)	Mymensingh	Mukttagacha	Mukttagacha (Rural Poor Programme)	50
Gramcen Bank (GB)	Tangail	Modhupur	Bhaighat Branch	100
Bangladesh Rural Advancement Committee (BRAC)	Mymensingh	Trishal	Bailor Union (Rural Credit and Training Programme)	50
CARITAS (Bangladesh) Ltd.	Tangail	Modhupur	Dhanbari Centre	50
Proshika	Kishoreganj	Bhairab	Bhairab ADC, Kalikaprasad	50
Christian Commission for Development in Bangladesh (CCDB)	Tangail	Modhupur	Amritola (Rural Development programme)	50

III. SOCIOECONOMIC CHARACTERISTICS OF SAMPLE HOUSEHOLDS

Distribution of Loanees by Sex, Land Holding and Education.

Table 2 shows that out of 400 samples covering 7 institutions, 147 sample beneficiaries, i.e. about 37 per cent of the total were female. The table shows that the proportion of the landless poor who did not own any cultivable land ranged between 5 to 32 percent. But if we consider the landless poor as those having upto 0.40 acre of cultivable land, then the beneficiaries comprised largely of the landless poor. Quite a good number of beneficiaries had land holding above 0.40 acre. The beneficiaries of NGOs had higher average size of holding.

Identification of loanees according to educational status shows that GB had no illiterate loanees whereas the majority of loanees of BRAC, BRDB, BKB and Proshika were illiterate. The average number of earning persons per family was 2 in almost all the institutions under consideration.

TABLE 2. DISTRIBUTION OF LOANEEES BY SEX AND SIZE OF HOLDINGS

Insti- tutions	No. of Loanees			Percentage of loanees by land size (acres)					Average size of Holding (acres)
	Total	Male	Fema- le	Land- less	.01-.40	.41-1.0	1.01- 1.5	Above 1.50	
BKB	50	2	48	16	74	8	2	—	0.18
BRDB	50	38	12	22	68	8	2	—	0.22
GB	100	74	26	5	72	17	5	1	0.32
BRAC	50	24	26	16	62	18	2	—	0.25
CARITAS	50	48	2	8	42	12	24	14	0.79
CCDB	50	17	33	32	22	18	8	20	0.68
Proshika	50	50	—	8	60	8	12	12	0.78

Occupational Distribution of the Loanees

Occupations of the loanees are largely related with types of programmes being carried out by the concerned institutions in a particular locality. Since the respondents were landless and poor destitutes they had no regular permanent occupation. However, with the coverage of the network of activities of government and non-government organisations they settled with some kinds of activities which became their regular source of income. But there are some whose major source of income is still selling labour despite the support being received from different institutions. Major occupations were thus dependent largely on the nature of organizational programme within which loanees participated.

Table 3 shows that most of the loanees of the BRAC had rice-husking and rickshaw pulling as the major source of income which constituted 52 and 26 percent

TABLE 3. DISTRIBUTION OF THE RESPONDENTS BY MAJOR OCCUPATION

(Percent)

Occupation	Institutions						
	BKB	BRDB	GB	BRAC	CARITAS	CCDB	Proshika
Farming	—	—	5	6	30	22	24
Rice Husking	82	20	21	52	—	26	—
Selling labour	—	26	5	4	34	—	36
Non-agril business	2	32	43	10	18	14	8
Rickshaw Pulling	—	14	8	26	2	—	6
Fishing	—	—	—	—	2	—	—
Handicrafts	2	—	2	—	—	—	—
Service	4	—	2	2	6	—	14
Housewife ^a	10	4	3	—	4	32	—
Others	—	4	11	—	4	6	12
Total	100	100	100	100	100	100	100

a. They took loans from institutions though they were housewives. They utilized the loan money for purposes like husking rice and handicrafts from which they earned some income and so housewives was considered as an occupation.

respectively. Rice-husking, selling labour, business and rickshaw pulling were the important sources of income of the BRDB loanees. BKB loanees had Rice-husking as the major source of income which constituted 82 percent. Occupations of a large number of GB loanees were non-agricultural business (43 percent), and rice-husking (21 percent). Other sources of income of GB loanee were farming (5 percent), selling labour (5 percent), rickshaw pulling (8 percent), handicrafts (2 percent) and service (2 percent). CARITAS was the only institution where loanees were found to be engaged substantially in farming (30 percent) and selling labour (34 percent).

The important aspects of these institutions were the inclusion of the landless and rural poor most of which would have been unemployed otherwise. Nevertheless, a good number of loanees of BRAC, BRDB, GB, and Proshika were found to sell labour. There were five different major sources from which incomes were derived. These sources were farming, service, business, labour selling and others including income derived from rented and mortgaged out land, grants and gifts.

Regarding the possession of household and farm assets, it was found that the majority of the loanees did not own any power animal and essential agricultural implements. Again, those who owned some assets, the amounts were highly inadequate to carry out crop production activities independently.

IV. RECEIPT AND UTILIZATION OF LOAN, AND NATURE OF BENEFITS DERIVED

Distribution of Loan and Loan Amount by Purpose

The concerned programmes advanced loans to member loanees for a wide range of activities. There are as many as 24 different activities for which loans were provided. A single member loanee has been provided loans for performing a number of activities simultaneously. But the major purposes for which the member loanees received loans were for petty business of different kinds, rice husking, crop production, purchase of rickshaw, purchase of cattle etc. Both individual and collective loans were provided under the programmes. Distribution of loanees and loan amount according to purpose has been shown in Tables 4 and 5. BKB under its Swanirvar programme (Dheki Prokalpa) extended loans for only two purposes namely, business and rice husking. The purpose for which the member loanees of BRDB received loans under Rural Poor Programme were mainly petty business of different kinds, rice husking, purchase of rickshaw and cattle. Rice husking constituted 54 percent (27 in number) of the loan cases and 36 percent of the loan amount. Purchase of rickshaw accounted for 40 percent of the total loan amount though loan case for this was only 12 percent (6 in number).

Grameen Bank advanced loans for as many as 20 different purposes among which the dominant three were business of different kinds, rice husking and purchase of cattle. The average size of GB loans was Tk. 4475. Maximum loanees of BRAC received loans

TABLE 4. PROPORTION OF LOANERS AND AVERAGE AMOUNT OF LOAN BY PURPOSE

Purpose of Loan	BRB		BRDB		GB		BRAC		CARITAS		CQDB		Proshika	
	% Loanee	Average Amount (Tk.)	% Loanee	Average Amount (Tk.)	% Loanee	Average Amount (Tk.)	% Loanee	Average Amount (Tk.)	% Loanee	Average Amount (Tk.)	% Loanee	Average Amount (Tk.)	% Loanee	Average Amount (Tk.)
Business	4	2000	26	885	43	4884	12	2167	—	—	20	2150	12	692
Rice Husking	96	997	54	784	9	4056	52	596	—	—	10	40	—	—
Crop Production	—	—	—	—	1	4000	12	1200	—	—	70	4340	4	3300
Purchase of Rickshaw	—	—	12	4000	6	470	20	4000	—	—	—	—	—	—
Purchase of cattle	—	—	8	777	13	4021	4	750	—	—	—	—	36	389
Others	—	—	—	—	28	4143	—	—	—	—	—	—	38 ^a	510
Total	100	1020	100	1193	100	4475	100	1540	—	—	100	1614	100	813

a. Most of the loans in this head were for land mortgage.

TABLE 5. DISTRIBUTION OF LOAN AMOUNT BY PURPOSE (%)

Purposes of loan	BKB	BRDB	GB	BRAC	CARITAS	CCDB	Proshika
Business	8	19	47	17	—	12	10
Rice Husking	92	36	8	20	—	1	—
Crop production	—	—	1	9	—	87	17
Purchase of Rickshaw	—	40	6	52	—	—	—
Purchase of cattle	—	5	12	2	—	—	17
Others ^a	—	—	26	—	—	—	56

a. Others include loans for mortgage of land, construction of house, purchase of shallow tube well etc. in the case of Proshika. But this is quite different in case of GB.

for rice husking (52 percent) followed by loans for purchase of rickshaw (20 percent). CCDB was characterized by both individual and collective loans. The main purpose for which CCDB provided loan to its member loanees were petty business of different kinds, rice husking and crop production. Only crop loans were advanced collectively. Crop production purpose accounted for 70 percent (35 in number) of the CCDB loan cases including the individual and collective loans. They together constituted 87 percent of the loan amount. Most of the individual crop loans were for pineapple cultivation. Collective loans were given to a group of individuals who jointly carry out the cultivation and receive the benefit as well as take the obligation of loan.

The purpose for which Proshika provided loans to its member loanees differ considerably from other institutions. Proshika advanced to a good number of loanees with loans for repair of houses. It advanced both individual and collective loans. Shallow Tube Well (STW), mortgage of land and beef fattening were the areas where loans were provided collectively.

It appears from the foregoing analysis that non-agricultural activities were given priority in all the institutions/programmes under consideration. The non-agricultural purposes were such that the landless rural poor and the disadvantaged could be easily employed to generate income quickly. Since these persons do not have enough agricultural land, the provision of loans for such non-agricultural activities appear to have been the

main consideration for providing such loans. Thus providing loans to large number of females, mostly housewives, for rice husking was indeed quite relevant from the view point of utilizing leisure and supplementing family income.

Indebtedness of the Samples with Other Institutions

Table 6 shows the extent of indebtedness of the samples with other institutions. Member loanees of almost all institutions except GB had indebtedness with other institutions. The extent of indebted sample was found to be the highest (44 percent) to BRDB followed by BRAC (24 percent), Proshika (20 percent) and BKB (2 percent). CARITAS did not provide any loan to its members. But 26 percent of the members of CARITAS were found to have contracted other institutional sources for financial support.

TABLE 6. EXTENT OF INDEBTEDNESS OF THE SAMPLE LOANEEES WITH OTHER INSTITUTIONS

Institutions	BKB	BRDB	GB	BRAC	CARITAS	CCDB	Proshika
Number of sample	50	50	100	50	50	50	50
Indebted Sample	1	22	—	12	13	2	10
% of Indebted sample	2	44	—	24	26	4	20

Amount of loan received from different sources has been shown in Table 7. It shows that most of the loans were taken from the non-institutional sources. The degree of indebtedness of the samples with other institutional and non-institutional sources indicate that they were in need of more fund than they received from their parent institutions. GB samples were found to have no indebtedness with institutions or money lenders or friends and relatives excepting their parent source. It was observed that the average size of GB loan was significantly higher than that of other concerned institutions.

On the other hand the average size of loans of BRDB, BRAC and Proshika were considerably smaller and perhaps inadequate too. They required to contract other sources simultaneously to supplement financial need. The important reasons for contracting other sources of loan were to meet family expenditure, for investment in business, for crop production and for carrying out rice husking activity. There was

other minor reasons including purchase of rickshaw, purchase of land, mortgage of land and purchase of boat.

TABLE 7. DISTRIBUTION OF LOAN AMOUNT FROM DIFFERENT SOURCES (PERCENT)

Institutions	Parent source	Other Institutional sources	Non-Institutional sources	Total
BKB	96.96	—	3.04	100
BRDB	73.46	5.42	21.12	100
GB	100.00	—	—	100
BRAC	84.90	—	15.10	100
CARITAS	—	100.00	—	100
Proshika	57.94	23.10	18.96	100

Utilization of Credit

Analysis of loan utilization has been shown in Table 8. Loanees of BRAC were observed to have spent 87.3 percent of the total loans in the form of capital expenditure. The other area of expenditures were crop production (3.86 percent), family expenditure (6.94 percent) and other purposes (1.89 percent). Utilization of loans by the BRAC loanees shows that purchase of rickshaw and investment in business constituted respectively 58.10 and 23.41 percent of the total loan. Purposes for which loans were taken and the way loans were utilized suggest that fungibility in the use of loan money took place.

BRDB loanees utilized 90.72 percent in capital head, 7.32 percent in family consumption and 0.47 percent for crop production and 1.46% for repayment of old debt. A clear deviation of spending loan money for family expenditure and investing in business more than what was received for the purchase of bullock indicates that fungibility of fund took place.

In the case of BKB only 8 percent was provided for business and 92 percent for rice husking. About 83 percent was utilized in business including purchase of rickshaw and investment in business. In that case the other areas of expenditure, notably family expen-

personnel and given as a collective loan against 17 member loanees. Thus the STW was in fact subsidized. A portion of the total value of STW was grant to them by Proshika. Agricultural purposes absorbed more than what was provided for this. About a quarter of the total loan was used for family expenditure.

It is thus clear from the above discussion that substantial deviation took place between purposes for which the loans were disbursed and the purposes for which these were used. Some degree of fungibility may be accepted, but the difference observed here was very large. This clearly implies that the institutions allow this much fungibility in the use of fund.

Reasons for Improper Utilization of Credit

In response to questions regarding the reasons for improper utilization of loan, three important reasons were mentioned. These were emergency need, family expenses, and repayment of old debt. The former two were the most important. Besides there were other reasons which also affected the proper utilization of loans. The sample farmers were asked as to whether the amount of credit received from their parent sources was adequate. The overwhelming majority responded that the amount was highly inadequate.

Nature and Extent of Supervision

Loanees of different institutions were asked about the purpose for which the project personnel made contact with them. In the case of BKB the major purpose for which the credit personnel paid visits were to attend the regular weekly meeting and to watch the normal activities of the groups. This holds true for all the government organizations. On the other hand major purposes for which the personnel of NGOs paid visits were for assessing financial position and social conduct, ability to utilize credit and finding out the quantity of and purposes for which credit was required. It did not show much variation.

Similar analyses showing the purposes of visits after disbursement of loans were also done. It was observed that watching the utilization of credit, knowing the problems relating to use and repayment and observing cohesion among the group members were the dominant purposes for which the project/credit personnel paid visits to their loanee members after the disbursement of loan. This applies to almost all the institutions in general. Very few loanees reported that the credit personnel went to them to know about the flow of income being received out of the use of credit. Visits relating to this purpose accounted for a minimum of 5 percent of the responses of the GB and BRDB loanees. This implies that project/credit personnel were less concerned to know as to whether the credit money results any income. Rather, loan recovery was the implicit purpose for which the project personnel were mainly concerned. Most important to note here is that all the GOs were implicitly concerned with loan recovery which was quite different from

the approaches of NGOs. The latter were more concerned to ensure proper utilization of loans. They were also observed to have been concerned with other aspects of the loanees of the groups along with recovery of loans and emphasize loan repayment. BRDB and BKB personnel had the same frequency of visits for this purpose.

Balance of Assets

The present analysis on the balance of different assets aims at finding out the changes in the physical stock of assets. It was with that end in view the balance of assets was examined between two points in time. The stock of assets at the time of data collection and the same a year back were compared to arrive at the balance.

The different types of assets were classified into three broad categories for the convenience of interpretation. These are domestic animals, agricultural implements and 'other' which include radio, watches, bi-cycle and bullock cart. Only the purchase and sale of assets during the period under consideration was taken into account. Thus the number of animals and poultry already at hand were excluded from calculating the balance.

The general impression arising out of the analysis was that assets of the sample-loaneees have declined in most of the cases. Bullock, buffalo, milch cow and bi-cycle were important among the negative balanced assets. These are the assets which have substantial monetary value and which can be disinvested quite easily. But it is true that it will be very difficult for them to replace these high value assets if the sale proceeds were used for consumption. Farm and non-farm portfolio of assets got smaller inspite of the credit support being provided under different programmes by the concerned institutions.

A negative change in the balance of high value asset is not an adequate indicator of the fact that condition of the loanee had deteriorated. The negative balance may be due to investment in the business. In case the amount of money was needed in business, they might have sold the assets in order to make required investment. Evidences of this were found because many loanees contracted different sources of credit simultaneously in addition to the fund received from their parent sources. Thus it would be misleading to draw conclusion on the impact of the programme based on this.

Nature of Benefits Resulting from Loan Programmes

In response to questions relating to type of benefits received from joining the project and receiving credit, the loanees identified both monetary and non-monetary benefits. Some farmers reported that it saved them from the clutches of village Mahajans. They do not have to contact exploitative non-institutional sources. This has become possible for the credit being supplied by the institutions to landless and rural poor people. But farmers reported this as one of the non-monetary benefits.

A large majority of the borrowers belonging to government institutions reported that they were earning more and their businesses were being run in a better way relative to

past. This also holds true in case of BRAC but it is a bit different with other NGOs namely CCDB, Proshika and CARITAS.

About one third of the loanees responded that they could release their land which was previously mortgaged out. They not only released their mortgaged out land but also mortgaged in additional land for carrying out crop production activities. These had been possible because of their additional income resulting from the investment of the credit money. Loanees of NGOs mentioned this more relative to loanees of GOs. This is quite likely because NGOs have particular provision for providing loans for releasing mortgaged out land and also for taking land mortgage. A good number of loanees of both GOs and NGOs reported that they could purchase land from the additional income received from the investment of credit money. Quite a large number of loanees of both GOs and NGOs reported that they are now relatively better off in terms of supporting the family. They can now provide their children with more food and clothings. Therefore, a host of non-monetary benefits were enjoyed by them in addition to raising income.

It is thus clear from the above discussion that the participants have benefitted from the different activities of the project. This is because of the support and services being received from the project. The main concern should be to make these rural poor and landless independent, and what will actually happen when the supports are withdrawn. Thus adequate care has to be taken so that these target people can become independent and stand on their own feet at times when no external support will be provided.

V. COMPARATIVE ASSESSMENT OF DIFFERENT PROGRAMMES

The nature, objectives and the modus operandi of the different government (GO) and non-government organizations (NGOs) under study suggest that NGOs are in many respect different from the GOs. On the other hand there remains a good degree of similarities in the nature, objectives and the modus operandi among NGOs. The GOs dealing with landless and rural poor programme have again good similarities within themselves.

Dheki Loan Prokalpa under the Swanivar Credit Scheme and the GB are very similar in terms of nature, objectives, lending procedures, group formation process, target participants, terms of loan, interest rate, repayment schedule, etc. Both emphasize quick income yielding activities. The weekly meeting, savings deposits, group fund, emergency fund system and other compulsions of reserve fund system are very similar.

In case of GB, the sole responsibility of forming groups, maintaining observation period, training the participants, providing them with loan, recovery of the same alongwith overall monitoring lies with the Bank Workers (BW) including the Manager. Success and failure are their responsibility. Therefore, they cannot keep themselves away from doing their duties. The BWs are selected from within the locality and they are

stationed in the same locality. These characteristics influence the programme implementation favourably. In Swanirvar programme the participating bank personnel are also supposed to make periodic visits to ensure delivery of fund, utilization and recovery of the same, but unfortunately this part is almost neglected. Thus, though SP and GB are virtually of same nature their modus operandi and management are quite different that produces different results. None of the societies/groups of GB and SP are formal cooperatives. They are mere groups and have no relationship with cooperatives.

RPP is being implemented through RD-2 projects of BRDB. BRDB is the biggest two-tier cooperative structure in Bangladesh and RPP being within its societies are formal cooperatives. 'Groups' and 'Centre' with GB have their own entity. By their own right they are independent organizations. Unlike GB, BRDB societies are not independent and it has to follow the regulations of the cooperatives. Like SP, BRDB has a long list of members for implementation and coordination of the project at district and national level. Thus a lot of personnel are entrusted with monitoring.

The size of the BRDB societies is usually flexible and is quite larger than that of SP and GB groups. They are quite similar in terms of target group participants, type of loans and rate of interest.

BRDB cooperatives are spread almost over all the districts though RPP is not. Since their general coverage is larger it could not select its members after long observation period as with GB and SP. It is thus quite likely that people without understanding the principle of cooperatives have entered into the programme merely to get credit.

The similarities among GB, SP and RPP of BRDB are with the target participants and the income generating activities being undertaken. All deal with quick income yielding activities, mostly of non-agricultural nature. All of these organizations have provision for both individual and collective loans. Rate of interest is also almost same though service charges differ. Women occupy a significant portion of the beneficiaries in all the programmes of GOs.

NGOs under consideration have a good degree of similarities in terms of target participants, group formation and provision of loans. The objectives of NGOs are broad based and concerned with comprehensive rural development activities. Most of the income generating activities comprise the development area. Construction of roads, culverts, canals, re-excavation of ponds, canals, etc., also fall within the development area while the social welfare part is concerned with community health, family planning, assistance to sick, relief and rehabilitation programme, support services programme like education, training, out-reach programme to mobilize resources for use by target participants, legal assistance programme to create awareness of their legal rights, etc.

Rate of interest on loans for the NGOs vary substantially. In case of Proshika the loan is interest free while in all other NGOs it varies between 12 to 16 percent. Service charge is claimed by all the NGOs. Since Proshika loan is interest free its service charge was the highest (7 to 10%). Repayment schedule vary among the NGOs. Though

it is rigid but a second loan, usually under a different programme, is given to a non-willful defaulter in order to allow him to continue generating income so as to repay the previous loan. In case of CARITAS the rate of interest charged on different loans is 12 percent. The loan is usually repayable in two years. Instalments are normally fixed by the project personnel and it is repaid in 2-3 instalments. A rebate of 6 percent is given to those participants who repay in time. The remaining 6 percent is deposited to the group fund to maintain expenditures for the groups. The other 6 percent in the form of interest on loan is for the service charge of the CARITAS personnel.

Though the programmes for landless and rural poor of the GOs are different in terms of areas and broad coverage, a good degree of similarities exist between them. The operational procedure along with group formation process and monitoring are virtually the same. Performances also do not differ drastically. Rate of recovery, and monetary and nonmonetary benefits being received by the target participants are almost similar. The most important difference between GOs and NGOs relates to programme coverage. NGO programmes cover only income generating aspects. Besides income, NGOs have all the necessary infrastructural facilities to run their programmes. Another important area of difference is that rate of interest of NGO loan is heavily subsidized and very often exempted while that is not the case with GOs.

VI. CONCLUDING COMMENTS

The results of the study showed that the programmes under consideration provided employment opportunity to the participants at least for the project period. Housewives also benefitted from the programmes since they could utilize their leisure time productively by engaging themselves in income generating activities.

It was found that many of the loanee-participants could not yet settle permanently with a particular occupation in spite of a number of years participation in the project. A good number of participants still depend on selling labour. Selling labour was found to be the major contributor to their total income. Since the income generating activities change from time to time it was quite likely that they have not abandoned selling labour particularly when it fetches a substantial income to the family.

The amount of credit provided by most of the organizations was reported to be highly inadequate. Some loanees of almost all the organizations reported borrowing from other institutional and non-institutional sources in addition to receiving credit from their respective parent sources. This implies that a portion of credit need remained unsatisfied which they supplemented from other sources. Thus saving poor from the clutches of the money-lenders and others as an objective of the programme was not very effective.

The credit facilities provided the rural poor with the opportunity of generating income and other intangible benefits which otherwise would not have been possible. This

generation of income along with other intangible benefits would be more sustained if it were accompanied by addition to the stock of assets. But unfortunately such case was not observed. This leads to suspect one that many of the families may not be able to stand alone once the project supports are withdrawn. The so-called savings and other deposits would not alone make them able to stand on their own feet.

The main thrust of these programmes seems to be augmenting monetary benefits rather than overall development of the participating families. This is particularly more true in case of GOs. The concept of rural development in social and economic perspectives of Bangladesh have not been visualized, followed and executed in a systematic manner in these programmes.

The formation of groups and its responsibility have been emphasized in the execution of all the programmes. None of the groups of these programmes are formal cooperatives except those of BRDB. Experiences suggest that such multi-agency experimentation to deal with the landless and rural poor in the name of rural development create unfair competition among them. This has threatened the cooperatives as a nation-wide organization dealing with rural development. Further, in case of some GOs, particularly for GB, the group responsibility has been emphasized on the realization of loans rather than proper utilization of loans. Because of this approach individualistic tendency of the members still persists and consequently they fail to develop as a cohesive group cooperating for common social and economic goals.

The policy implications thus suggest that what is needed for the rural poor, is not a host of programmes by a large number of organizations, but an institutional framework under the umbrella of a national organization to look after the varied needs of the rural poor. Along with production and income generating activities, marketing, basic education, health care and family planning activities of the rural poor must also be looked after. This way there will be a possibility to make them economically and socially better off, otherwise financing a single activity will not build their financial strength.

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