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***FIELD ACTION PROJECT (MYMENSINGH SUB-PROJECT)
FOR SMALL FARMERS AND LANDLESS LABOURERS: A
REVIEW OF THE DISTRIBUTION OF BENEFITS***

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I INTRODUCTION

Increasing landlessness and rural poverty are problems of concern to development planners in Bangladesh. The intensity of these problems has been increasing inspite of emphasis given on reduction of poverty in the planning documents. Landlessness increased from 17 percent of rural households in 1960 to 33 percent in 1977. About 50 percent of the rural households are now considered as functionally landless (Jannuzi and Peach 1977). It is now more or less accepted by development planners in the Government and in the world organisations that main-stream development programmes are not likely to solve the problems of mass poverty and growing inequality of income in the rural areas. Special programmes are advocated to solve these problems.

During the seventies various types of special projects and programmes have been devised and experimented by the Government and also by the world organisations and the voluntary agencies. Some of the experimented projects have been replicated and adopted as general programmes. The major emphasis of these projects is on generation of employment and income.

In this note, the consequences, particularly distribution of benefit, of a pilot project recently experimented in Mymensingh is analysed. There are two other similar Sub-projects in Comilla and Bogra. But their performances could not be analysed due to lack of materials. In section II the background and objectives of the project are described. In Sections III and IV operation and consequences of the project on income and distribution of income are analysed. Conclusion are given in the end.

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II BACKGROUND AND OBJECTIVES OF THE PROJECT

The Government of Bangladesh in cooperation with the FAO/UNDP sponsored field workshop one each in Comilla and Mymensingh and a final session in Dacca in 1974 to discuss problems of small subsistence farmers and landless labourers. Seven other South and South East Asian countries held similar workshops. Their findings and recommendations were considered at a regional seminar in Bangkok. This seminar formulated a broad strategy based on a number of activities which were considered essential for programmes created to improve conditions of small farmers and landless. To implement the strategies, an indicative outline for follow-up Field Action Projects (FAPs) was prepared by the FAO (See FAO 1978). The aims and objectives of these projects were to :

1. enable low income small farmers, tenants and landless labourers raise their income through an integrated supervised credit programme, a combination of production activities and technology, and group action by the participants ;
2. assist the participants to form small multifunctional groups and associations with direct participation in planning, decision making, and management on matters of common interest ;
3. develop techniques for the preparation of local work plans by groups and families on production activities and to coordinate them with area and national programmes ;
4. initiate reasearch by personnel called Group Organizers cum Action Reasearch Fellows (GO ARFs) by engaging them in organizing participants and assisting them in their work plans, and in conducting surveys and concurrent evaluation ;
5. examine and demonstrate how the specific and special activities of the low income participants under the project could find a place in regional and major development programmes.

Thus the project aimed at helping the most underprivileged section of the rural society develop its own receiving utilizing mechanism in order to take advantage of the facilities and services being provided by existing public institutions.

Based on the above aims and objectives Governments of several countries devised and implemented Pilot field action programme in 1976. Initially FAO provided

a guarantee fund to a national bank in each country to facilitate extension of credit, the prime basis of the project. FAO also sent its personnel to participate in annual workshops organised for periodic evaluation of the projects. The operational costs of the projects were borne by the respective Government.

In Bangladesh, one FAP was experimented in each of Mymensingh, Comilla and Bogra districts respectively under the supervision of Bangladesh Agricultural University (Faculty of Agricultural Economics and Rural Sociology), Bangladesh Academy for Rural Development and Bogra Rural Development Academy, during the period from March 1976 to June 1980. A Central Coordination Committee with representation from various Ministries and Departments related to Agriculture and rural development supervised the project.

III OPERATION OF THE MYMENSINGH SUB-PROJECT

The Mymensingh Sub-Project, which is being evaluated in this note was experimented in four villages surrounding Bangladesh Agricultural University. In these four villages there were 2062 households of which 1942 were eligible for participation in the project. These were landless and Small farmers owning less than 2 acres of cultivable land. A target was set to obtain participation of 1000 eligible households over a period of 3 years ending June 1979. The target was achieved. The project was later extended upto June 1980 and the number of participating household rose to 1040. The households were organised into 113 groups around the following activities : paddy processing, beef fattening, milch cow rearing, bullock rearing, boro paddy production, fishing, fishing net making, rickshaw pulling, vegetable marketing, silk worm rearing, fish culture, washerman's activity and goat fattening. The destitute women composed about 40 per cent of the participating households and another 5 per cent were also landless. Thus 45 per cent participating households were landless while 57 per cent landless households were eligible for target group. All of the landless families were not covered as there was no such instruction to cover all the landless families ; secondly at the initial stage they were hesitant to organize into groups.

Credit was the most important component of this project. The Mymensingh branch of the Janata Bank participated in the project for extending credit.

A number of participants interested in an activity came to form a group under the supervision and guidance of GO ARF who also helped them to prepare a short-run production plan showing the amount of capital required, amount of capital avail-

lable with the group members, amount of credit needed, expected income and repayment plan for credit. The duration of a production plan could vary from a few weeks to a few months depending on the type of activity. Upon examination of the plan, loan used to be extended to the group without any material security. The members were both individually and collectively responsible for repayment. A default on the part of any member would make the entire group disqualified for a fresh loan unless the defaulted member has cleared his debt. Therefore, defaulting member(s) of a group would come under pressure from the other members of the group. GO ARFs also played a direct role in the repayment of credit as they did in disbursing credit.

During the initial three year period ending in May 1979, credit worth Tk. 15,16,970 was extended of which 903,232 (60%) was repaid, Tk. 479,924 (32%) was due to be repaid and Tk. 133,815 (80%) was overdue for repayment. After the extended one year period, total credit disbursement stood at Tk. 2,656,178 of which Tk. 1,5,26,378 (57%) was repaid and Taka 2,83,945 (19.68%) was overdue. The point to be noted here is that the total volume of credit appears so high because of the very short-term nature of the credit requiring repeated disbursement.

During the 4 year period, an estimated Tk. 970,421 was spent for operating the project. The project cost was equivalent to 36% per cent of the volume of credit disbursed. Such a high cost credit ratio would be unjustified if the project cost was to be borne by the bank and recovered as interest. Nearly 40 per cent of the cost was borne by the FAO and the rest by the Government of Bangladesh. The FAO's contribution was of an indirect nature and usually not mentioned in the project literature (See, Alam 1980).

IV. DISTRIBUTION OF BENEFITS FROM THE PROJECT

Given the objectives of the project, both direct and indirect benefits of financial and non-financial nature were generated. First of all the direct financial benefits were considered. Such benefits were derived from two sources: the credit based activities of the bank and the operational cost of the project.

The farmers and landless benefited from the credit based activities. The actual benefits derived from these activities could not be accurately measured because the activities were complementary to the original activities of the members and the credit indirectly helped the operation of the members original activities. However, it was estimated that annual average household income of members increased by Tk. 3,487 between 1976 and 1979 and 31.09 per cent of this increased income was derived

from the credit based activities of this project (Malek 1979). It should be noted that the income was computed on the basis of simple stated income. A number of case studies indicated that after repaying principal and 10.5 per cent interest on the credit, and variable costs of the activities, members could on average get a net income of 5-15 per cent depending on the type of activity (See Alam 1980). Since the level of investment (size of business) was in most cases very small, the amount of additional income was also very small but very important for the poor families. It is highly unlikely that they could earn this much additional income in the absence of this project. The main constraint for raising income would be capital because these people would not qualify for the huge amount of credit they received as a result of this project. The indirect benefits of financial and non-financial nature were of a long-term nature and were difficult to quantify. However, some of the indirect benefits derived from the ARP were considered/discussed below :

Savings : Savings is the potential source of capital formation for these group members. The savings programme was started after getting an additional income from the project activity. The total savings was Tk. 165,407 as on June 1980. The amount of savings was meagre for capital formation and/or requirements of the group members. But it was an achievement that the habit to save was being developed among those group members who survived much below the subsistence level.

Investigation revealed that the supplementary income helped them to improve their land holding, housing, level of nutrition, health, clothing etc i.e. general level of living (Malek 1979). Under the project 13 participants increased their land by 184.6 decimals of which 12 participants attributed this increase to ARP. The members launched a programme for the improvement of their own sanitary condition. Some of the group members had started to use 'Kutchha' latrines instead of open ones.

Releasing of Mortgaged Land : In addition to production loan, the ARP also provided loans to the group members for releasing mortgaged out land. About 82 participants received credit for releasing mortgaged out land. Without this credit facility of the project, the poor members could not get back the mortgaged land.

Women participation : The project succeeded in motivating the women folk. They came out side their four-walled seclusion and organized into groups for earning an income. This was the first chance for them to organize into groups. They became aware about their potentialities to plan their life. There were evidence that the women could independently approach the Bank for getting credit. Their attitude towards group action and organized efforts to improve their condition were changing in positive direction.

Besides the ARP had attained the following achievements :

The group formation and group action was a source of security which made the group members aware of their potentialities in planning their lives.

The members were able to prepare their own production plans and acquainted with the formalities and procedure of bank credit.

The group members had got a chance to come in contact of the project personnel, the department officials and visitors of national and international level.

Under an inter-subproject visit programmes about 40 group leaders visited Bogra and Comilla sub-project. The visit was effective in changing attitude of some of the group members.

The group members became interested in population control after incorporating the population education component in the project in March 1978. It was interesting to note that large number of group members supported family planning but only a few of the active couples practiced temporary methods while 33 women group members had tubal ligation.

Yet the social achievements were not unmixed blessings. The adverse impact of the project was also observed among the group members. A few of them were as follows : Sometimes, in paddy processing group conflicts arose due to group pressure for loan repayment. Then all the family members were involved in the issue and it created a very unpleasant atmosphere in the groups.

One women member was divorced by her husband as she refused to transfer the bank money to her husband. Then another villager became adamant to marry her only for getting the money. Of course, this type of problem is associated with the social system.

It was observed that some of the fishermen group members used to lend the loan money to the poorer members of the group at an usurious rate without investing the money in the productive purposes as mentioned in the production plan.

Some of the group members of beef fattening group sold out homestead farm lands just to repay the bank credit as the loan money was diverted for consumption or otherwise invested in risky business. And a number of target group people took lease of land in mortgaged form (Alam 1980). However, the ARP helped to develop a friendly relationship among the group members. No evidence of inter-group conflict

was recorded after implementation of this project. Rather group activity reduced the social conflicts to some extent and developed a congenial atmosphere in the project villages.

The bank earned over 0.2 million Taka as interest on the credit disbursed virtually without extra cost. The credit aspect of this project was handled with existing staff of the bank as a routine work. This was possible because (a) the GO ARF practically completed all the paper works and (b) the bank dealt with group leaders instead of individual members. Under the normal credit programme of the bank, very few of the members would qualify for any credit. That means, without this project, the bank would be unable to invest so much money and earn the interest mentioned above.

If the project costs were added to the volume of credit disbursed, and recovered as interest, a rate of return of over 50 per cent against the actual of 20-25 per cent would be required to justify the project. Since the project was operated to facilitate credit disbursement by the bank and generate extra income and employment for the small farmers and landless, the cost of operating the project could be considered a subsidy to the bank and the participating members. However, the direct and immediate benefit of this subsidy went to a handful of people (Table 1).

The project created full time employment opportunity for 5 people and part-time for 2 people and 40 per cent of the project cost was spent for their salary, allowance, logistic support etc.

Nearly 50 per cent of the project cost was spent on workshops to evaluate the progress and performance of the project and 9-10 FAO personnel enjoyed the benefits of 31 per cent of the total expenditure. It therefore, appears that the project created additional income earning opportunities for a small number of FAO staff as it did for the small number of urban Bangladeshi and 1040 participating farmers and landless. About a hundred people enjoyed as much or more benefit than a thousand people.

However, it should be remembered that since the project was an experimental one, the cost of the foreign experts and evaluation workshops inflated the total operational costs unduly. These are not normally required in the expanded area which is being administered at the end of the initial experimental stage.

TABLE : I HEADWISE EXPENDITURES OF THE PROJECT AND PRINCIPAL BENEFICIARIES

Item of expenditure	Amount Tk.	%	Direct principal beneficiary.
1. Salary and allowance of project personnel	199209	20.5	5 Full time and 2 part time persons
2. Travelling and daily allowance for project personnel.	45466	4.7	-Do-
3. 5 Motor cycles	47500	4.9	
4. Fuel and repair for motor cycles	23966	2.6	7 Project personnel, few businessmen in Mymensingh & Dacca.
5. Stationaries and Office equipment	62319	6.4	
6. Workshops			
a. Travelling and daily expenses for foreign participants coming to Mymensingh.	301272	31.0	9-10 FAO personnel (133 man-days)
b. T.A. and D.A. for project personnel going abroad	85000	8.7	5 Project personnel (65 man-days)
c. T.A. and D.A. for Bangladeshi participants coming to Mymensingh	30961	3.2	30-35 persons from different organi- zations (410 man-days)
d. Meals for all participants	62728	6.5	70-90 persons (About 2100 meal units)
7. Evaluation and documenta- of project performance	112000	11.5	2-4 persons and a press in Dacca
Total :	970421	100	

Note : Expenditures for items 6(a) and 6(b) were borne by FAO and the rest by the Government of Bangladesh.

Item 6(a) and 6(b) are estimated, all others are actuals.

CONCLUSIONS

Special programmes for weaker sections of the Society are being experimented in order to see the possibilities of reducing the growing inequality in income and solve the problems of extreme poverty among the masses. Such experiments are financed by both the national government and the international bodies agencies. It appears that such experimental projects succeed in generating some employment and income to the poorest people but a relatively larger benefit from the operation of the projects go to a small member of urban people. Thus such projects contribute to further the inequality in income than to reduce it. Basically the project was designed to develop a model for the development of small farmers and landless labourers without changing the existing socio-political and economic structure. So it did not find out the causes roots of the landlessness but took some measures to mitigate the problems for the timebeing. Hence, the income of the groups increased significantly but the amount was not sufficient to survive for further economic activity.

The projects are usually justified not by the immediate financial benefits and their distribution but by the long run consequences involving both tangible and intangible benefits. To be convinced about the long run benefit, three things may be remembered. First for a long time it used to be said that maximizing GNP was all that mattered, distribution of GNP would be taken care of by the market and in the long run distribution would approach equality. In reality, the opposite has happened creating a situation requiring special programmes for the impoverished masses. Second, to quote Keynes, "in the long run all of us will be dead". Therefore it is the distribution of short and medium term benefits, both tangible and intangible which really matter to the poorest. Third, special programmes may create some shortrun impact on the income situation of the poor but such increased income cannot be sustained unless the basic structure of the society which create inequality in income is changed.

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