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REQUIREMENTS FOR CONTRIBUTIONS

Articles in the field of agricultural economics, suitable for publication in the journal, will be welcomed.

Articles should have a maximum length of 10 folio pages (including tables, graphs, etc.), typed in double spacing. Contributions, in the language preferred by the writer, should be submitted in triplicate to the Editor, c.o. Department of Agricultural Economics and Marketing, Pretoria, and should reach him at least one month prior to date of publication.

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X Financial Assistance to Farmers in Terms of the Agricultural Credit Act, 1966 (No. 28 of 1966) X

Contributed by the
Department of Agricultural Credit and Land Tenure

There is reason to believe that there is some confusion among the farming community regarding the financial aid available to them in accordance with the Agricultural Credit Act, 1966. For this reason a summary is furnished of the assistance which the Agricultural Credit Board may consider in terms of the Act, of the terms of repayment and of the procedure to be followed by prospective applicants.

The assistance which the Agricultural Credit Board may consider for White persons who carry on or undertake to carry on farming operations to the satisfaction of the Board and who find it difficult or impossible to obtain assistance from private financial institutions, includes the following:

A. The granting of a loan secured by a bond over immovable property or on movable property or both, which may include future crops, for:

- (i) The acquisition of farming requisites like livestock and implements;
- (ii) the acquisition of the means of production like seed, fertilizer, spray materials, fuel and tractor parts;
- (iii) the construction of essential improvements for farming purposes;
- (iv) the purchasing of economic farming units or of land for the conversion of uneconomic existing units into economic units;
- (v) the payment of burdensome debts or part thereof;

- (vi) for the purpose of effecting a compromise with the applicant's creditors to accept a specified amount in full payment of their claims. (A meeting of the applicant and his creditors is convened by notice in the Government Gazette and newspapers in order to consider a compromise proposed by the Board.)

One or more of these methods of assistance may be considered in a specific instance.

B. The granting of a loan secured by a bond over immovable property or movable property, or both, for:

- (i) The construction of soil conservation works, or the application of soil conservation measures as envisaged in the Soil Conservation Act, 1946;
- (ii) drilling for water and the construction of water works as envisaged in the Water Act, 1956.

Applications in terms of (i) and (ii) shall only be considered by the Board on the recommendation of the Minister of Agricultural Technical Services or the Minister of Water Affairs respectively.

C. A compromise with an applicant's creditors to grant him an opportunity for a specified period to meet his obligations. Such a compromise may be accompanied by financial assistance to obtain farming requisites and the means of production, the introduction of improvements and the payment of burdensome debts mentioned in paragraphs A(i), (ii), (iii) and (v).

As stated, a meeting of the applicant and his creditors to consider a compromise proposed by the Board is convened by publication in the Government Gazette and newspapers.

Where arrangements mentioned under A(vi) and C are rejected by creditors, the applicant may elect in terms of section 28 of the Act to surrender his assets to his creditors in full settlement of their claims, and the Board may subsequently at the request of the applicant, consider buying in the applicant's previous assets (and reselling these to him) so as to enable him to continue his farming operations.

D. A compromise with an applicant's creditors to accept all his assets in full settlement of their claims. The object of this is to avoid insolvency.

The Board may with the approval of the Minister introduce special schemes to relieve distress in farming areas which have been struck by disasters.

Production loans have to be repaid out of the proceeds of the crops which have been produced with the means of production purchased or within 12 months after the first payment from the advance was made, whichever is the shorter.

In respect of all other loans the terms of redemption, including the period of redemption (and where the purchase of land is involved, the applicant's contribution to the purchase price) are determined by the Board in each instance depending upon the circumstances and taking into account the type of farming to be undertaken by the applicant, the purpose for which the loan is granted, the applicant's financial position, etc. Normally the period of redemption does not exceed 25 years. Interest is calculated at 5 per cent per annum.

Applications for assistance for the construction of soil conservation works or the application of soil conservation measures as envisaged in the Soil Conservation Act, 1946, must be submitted to the Extension Officer to be dealt with in the usual man-

ner. Applications for assistance in drilling for water and the construction of water works as envisaged in the Water Act, 1956, must be submitted to the office of the magistrate for despatch to the Secretary for Water Affairs for the necessary attention.

All other applications for assistance must be submitted to the office of the magistrate for investigation by the Agricultural Credit Committee of which the magistrate is chairman. Upon completion of the investigation the report is submitted to the Department of Agricultural Credit and Land Tenure for consideration by the Agricultural Credit Board.

Application forms are available in the offices of Magistrates. The Agricultural Credit Board which decided on all individual applications, considers each application on merit in order to determine, whether it would be possible to render any form of assistance in the specific case.

It is therefore clear that the types of assistance which the Board can consider are of a comprehensive nature. It is not the intention, however, that the Agricultural Credit Board, in other words the State, should take over the functions of other credit institutions like Boards of Execution, Banks, the Land Bank etc. With the exception of the purchase of land for prospective farmers, financial assistance is only granted to bona fide farmers where the Board is satisfied that the applicant is a deserving individual and farmer and where his credit-worthiness is, in the view of the Board, of such a nature that he cannot readily be assisted by the other financial institutions. Individuals who have landed in financial difficulties on account of injudicious acts, do not qualify for assistance.

Prospective applicants are advised to approach their local magistrate in his capacity as chairman of the Agricultural Credit Committee, and to discuss their problems with him as well as the possibility of applying for assistance.