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

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A review of the financing pattern of farmers in the four maize production areas of the Republic of South Africa*

by

F.G. STEYN, Maize Board

and

J.A. GROENEWALD, University of Pretoria

I. INTRODUCTION

It is generally known that agriculture is a large user of credit. In 1961 the total burden of debt in the South African agriculture had already reached R655,4 million.¹⁾ It is important therefore that farmers should be served with good advice efficiently to ensure that they make the best possible use of the credit they receive. And proper planning to ensure that such credit supplied to the agricultural sector increases the productivity of agriculture is just as important.

Such extension and/or planning can be efficient only if knowledge is available on farmers' financing patterns. On the basis of such knowledge, problems in the financing set-up can be identified. Further planning can also be based on this information.

In this article use is made of the findings of a survey in four maize regions, viz the Western Transvaal, the North-Western Free State, and the Bethlehem - Reitz area and the Frankfort - Villiers area in the O.F.S.

II. A DISCUSSION OF THE FARMING ORGANISATION IN THE AREAS CONCERNED

First of all the farming organisation in these four areas will be discussed in brief, with the aid of Table 1.

In the Western Transvaal, crop farming - especially with maize - is far and away the most important branch of farming, and livestock farming plays a subordinate role. The average net income during the period 1961/62 to 1964/65 exceeded R7 000 and amounted to 8,1 per cent of the average total capital investment of R83 096 per farming enterprise. The average farm size was 566 morgen, 66 per cent of which was cultivated.

Farms in the North-Western Free State were, on the average, larger than in the other areas (average 921 morgen), and the average total capital investment was somewhat higher than in the Western Transvaal. As in the Western Transvaal, crop farming - especially with maize - was far and away the most important source of farming income.

In the period mentioned the farmers in the sample had an average net income of about R9 000 - 10,8 per cent of their total capital investment.

In the Bethlehem - Reitz areas and the vicinity of Frankfort and Villiers, the average total capital investment, R51 396 and R71 509 respectively, was considerably lower than in the other two regions. The average farm sizes were 626 morgen and 776 morgen respectively. As in the other regions, maize was far and away the most important crop produced in the Frankfort - Villiers area, and produced an average of 63,8 per cent of the total income. In these two areas livestock (especially sheep) were a relatively more important source of income than in the other two regions.

The crop production pattern in the Bethlehem - Reitz area differed considerably from those of the other three regions. In this area wheat was the main crop during the years concerned, followed by maize. The relatively greater importance of other crops indicates that field husbandry there was more diversified.

The average net income of the farmers in the sample at Frankfort and Villiers over the four years was R8 920 per annum, i.e. 12,3 per cent of their total capital investment. The farmers in the Bethlehem - Reitz sample had an average net income of R5 940 - 11,4 per cent of their capital investment.

In the Bethlehem - Reitz and Frankfort - Villiers areas interest on land contributed proportionally less to total costs than in the Western Transvaal and the North-Western Free State. Machinery and implement costs amounted to 24,7 per cent of total costs at Frankfort - Villiers, 29 per cent at Bethlehem - Reitz and in the North-Western Free State and 33 per cent in the Western Transvaal. Average labour costs were 14,9 per cent, 15,8 per cent, 12,5 per cent and 13,2 per cent in the Western Transvaal, the North-Western Free State, the Bethlehem - Reitz area and the vicinity of Frankfort and Villiers respectively, and seed, fertiliser and related costs constituted 21,5 per cent of total costs in the Western Transvaal, as against about 27 per cent in the North-Western Free State and at Bethlehem and Reitz, and about 32 per cent in the Frankfort - Villiers area.

III. FINANCING OF LONG-TERM CAPITAL ITEMS

Because of the various requirements for effective financing, the financing patterns for long-term,

* Based on an M.Sc. (Agric.) thesis by F.G. Steyn, University of Pretoria.

1) Agricultural census

TABLE 1 - General average data regarding farming organisation in the four maize regions, 1961/62 to 1964/65

Item	Western Transvaal	North-Western Free State	Bethlehem-Reitz	Frankfort-Villiers
<u>Land use</u>				
Farm size (morgan)	566	921	626	776
Percentage cultivated (%)	66	58	47	47
<u>Capital investment</u>				
Land and fixed improvements (R)	68 659	66 596	35 840	51 696
Implements (R)	10 252	11 059	6 907	8 462
Livestock (R)	4 185	6 896	8 649	11 351
Total (R)	83 096	84 551	51 396	71 509
<u>Percentage division of cultivated land</u>				
Maize (%)	90,3	74,2	19,4	79,6
Wheat (%)	0	3,0	41,9	0
Forage and pasture crops (%)	7,5	15,4	15,6	8,8
Other crops (%)	2,2	7,4	23,1	11,6
<u>Livestock</u>				
Total L. S. U.	77	122	158	270
Cattle as percentage of total (%)	57	63	53	45
Sheep as percentage of total (%)	40	32	44	34
<u>Financial results</u>				
Gross income (R)	18 780	21 908	15 066	20 287
Total expenditure* (R)	11 588	12 949	9 126	11 367
Net income (R)	7 192	8 959	5 940	8 920
Net income per R100 of capital (R)	8,10	10,80	11,40	12,30
<u>Percentage contribution to gross income</u>				
Maize (%)	74,1	70,6	14,0	63,8
Wheat (%)	0	3,8	45,1	0
Other crops (%)	2,4	2,7	7,1	6,4
Total crops (%)	76,5	77,1	66,2	70,2
Dairy (%)	6,4	2,8	13,5	9,2
Other from cattle (%)	7,8	11,0	2,5	6,9
Sheep (%)	5,8	5,7	13,2	12,4
Other livestock (%)	2,5	2,1	2,5	0,8
Total from livestock (%)	22,5	21,6	31,7	29,3
<u>Percentage contribution to expenditure</u>				
Interest on land (%)	20,9	18,9	12,6	14,5
Interest on livestock (%)	1,5	2,1	3,6	3,0
Fixed improvements (%)	4,7	4,3	4,5	3,6
Machinery and implements (%)	33,0	29,0	29,0	24,7
Labour (%)	14,9	15,8	12,5	13,2
Seed, fertiliser, etc. (%)	21,5	27,2	27,3	31,8
Other (%)	3,5	2,7	9,5	9,2

* Excluding interest

Source: Division of Agricultural Production Economics

medium-term and short-term capital items will be discussed separately. It will be assumed that land and fixed improvements are long-term capital items, tractors, implements, vehicles and livestock are medium-term capital items, and annual requirements such as fertiliser, fuel, etc., short-term capital items.

First land. Table 2 shows how farmers obtained their land. More than 40 per cent inherited the land, and about 20 per cent started as purchasers of land. Between 30 and 40 per cent started as share-croppers or tenants. From Table 3 it is clear that farmers in the Western Transvaal originally started on larger land areas than those on which they were farming at the time of the survey. The opposite is true for the other three regions.

About 74 per cent of the farmers who inherited land or were given land, now owe money on it. The average mortgage is R7 843. Of those who started as tenants and/or share-croppers, 82 per cent eventually became landowners. The average period spent as tenants and/or share-croppers was ten years.

Most of the farmers in the sample (71 per cent) had purchased additional land at some time. In 39 per cent of these cases the additional land purchases took place during the period from 1962 to 1965, i.e. relatively favourable years. Table 4 shows where those farmers who owe money on their land obtained the credit, as well as the average rates of interest and terms for repayment. It is striking that although the Land Bank and the former Department of Lands offered the most favourable conditions for credit, relatively few farmers borrowed money from these institutions

TABLE 2 - Way in which occupiers of farms in four maize regions obtained land

	Number of cases	Percentage of total
Farm inherited or received as gift	24	41,4
Farm bought	11	19,0
Started as share-cropper and/or tenant	18	31,0
Farm inherited and started as share-cropper or tenant	4	6,9
Farm inherited and bought	1	1,7
Total	58	100,0

TABLE 3 - Original and present (1961/62 - 1964/65) farm sizes in four maize regions

Region	Original farm size	Farm size 1961/62 - 1964/65
	Morgen	
Western-Transvaal	714	566
North-Western Free State	342	921
Bethlehem-Reitz	601	626
Frankfort-Villiers	442	776

for additional purchases of land in the period from 1962 to 1965. These bodies did, however, play an important role in the financing of original land purchases. It is also somewhat surprising that so large a number of farmers use an expensive source with relatively short terms for repayment for land purchases. A term for repayment which is too short means that the annual instalments are too high, and this may hamper the farmer in maintaining his production process. Setbacks may then result in the farmer having to apply for renewal or extension of loans. This not only means further costs in the form of commission, contract costs, etc., but there is a danger of such extension or renewal being refused, and the farmer then finding himself in great difficulty. Retief²⁾ therefore suggests that arrangements for extension should be included in original credit contracts. The higher the debt ratio (burden of debt as a percentage of total assets), the more serious are such problems.³⁾ Too long a period for repayment means that total interest payments over the term of the loan become too high⁴⁾, and it appears that a term of more than 40 years is unrealistically long.⁵⁾

To some extent the fact that fewer farmers than might be expected made use of Land Bank or State credit for additional land purchases, is

2) Retief, J. le R. (1963) Kritiese oorsig oor landboufinansiering. Report, Second Annual Congress, Agric. Econ. Soc. of S.A., p.125

3) Retief, J. le R. *Ibid.* p. 124
Van Wyk, S. P. (1964) The effect of certain credit terms on economic farming units. *Agrekon* 3(1) : 5 - 19

4) Retief, J. le R., *Ibid.*

5) Van Wyk, S.P., *Op. cit.*

explained by the fact that 47 per cent of the respondents were of the opinion that valuations by these institutions were too conservative, while 38 per cent objected to the red tape required by these institutions.

TABLE 4 - Sources from which farmers in four maize regions obtained credit in the form of mortgages on land, average rates of interest paid and terms of the loans

Source	Percentage of farmers who obtained credit from source			Average rate of interest	Average term
	Farms inherited	Farms purchased	Purchases 1962-65		
	%	%	%	%	Year
Land Bank	43	50	32	6,2	30
Commercial banks and insurance companies	19	0	21	6,6	4
Department of Lands	-	41	5	5,2	62
Private companies	-	0	21	6,2	16
Private persons	29	9	21	5,0	6
Average rate of interest	5,88	5,17		-	-
Average term (Years)	11	28		-	-

TABLE 5 - Financing policy of farmers in four maize regions as regards the erection of fixed improvements

Policy	Number of cases	Percentage of total number of cases	Percentage of cases that use credit
Use own funds	28	48	-
<u>Use credit</u>			
From commercial banks	16	28	54
From commercial banks and co-operatives	9	16	31
From the State	4	7	13
From co-operatives and the State	1	1	2
Total credit	30	52	100
Grand total	58	100	-

Table 5 gives an analysis of the financing policy of farmers with regard to the erection of fixed improvements. Almost half the farmers finance such items from their own funds. Commercial banks (mainly through overdrafts) and co-operatives are far and away the most important sources of credit for this purpose, despite the fact that commercial banks and co-operatives charge higher rates of interest and offer shorter repayment periods than State institutions.

IV. FINANCING OF MEDIUM-TERM CAPITAL ITEMS

Table 6 gives a summary of the credit pattern followed by farmers in regard to the purchase of five categories of machinery, viz tractors, light delivery vehicles and lorries, motor cars, pre-harvesting implements and harvesting and post-harvesting implements.

In the case of tractors, 49 per cent of the purchases are financed from their own resources (cash), and the average price paid for such tractors was R2 049. The other 51 per cent of tractor purchases took place with the aid of credit. An average price of R2 027 was paid for tractors bought on credit. Of this amount an average of R266 (13 per cent) came from the farmers' own funds, R439 (22 per cent) from the trade-in value of old tractors, and R1 322 (65 per cent) from sources of credit. Table 6 shows that although the financing corporations (financing mainly hire-purchase transactions) were far and away the most expensive source of such credit, they were also far and away the most important suppliers of such credit. The two other most important sources of such credit, viz commercial banks and private entrepreneurs, also charged higher rates of interest than those of the other bodies. This is definitely not a healthy state of affairs. The position is further aggravated by the short term of such credit - usually 2,1 years, although the average period of use of tractors in the sample was 11,8 years - i.e. a little shorter than that found by Möller twelve years ago.⁶) In this case,

therefore, farmers use mainly expensive short-term credit for the purchase of a medium-term capital item - again, not a healthy state of affairs.

In the case of motor cars as well as LDVs and lorries, financing corporations were also the most important sources of credit, although commercial banks and private concerns also played a considerable role in the case of motor cars. As in the case of tractors, by far most of the purchases were financed from the most expensive sources. In the case of motor cars the average term for repayment was 1,9 years, and in the case of LDVs and lorries 1,7 years. Again, therefore, farmers used short-term credit to purchase medium-term capital items.

In the case of both pre-harvesting implements and harvesting and post-harvesting implements, co-operatives were the most important source of credit, with commercial banks second in order of importance, and private concerns third. Financing corporations and private concerns charged high rates of interest (Table 6). Co-operative loans were also expensive (7,4 per cent interest), and probably included a considerable number of hire-purchase transactions. The average term of the loan was two years. So it appears again that financing of these medium-term items is not based on a sound, economically acceptable credit system.

As regards livestock purchases, it was found that farmers used credit in only 12 per cent of the cases. Here private persons (mainly auctioneers) were the suppliers of credit in 69 per cent

TABLE 6 - Sources of credit used and average rates of interest paid by farmers in four maize regions for the purchase of machinery

Item	Total number of cases	Source of credit					
		Financing corporations	Commer- cial banks	Private concerns	Private persons	Land Bank and State institutions	Co-ope- ratives
<u>Tractors</u>							
Cases	39	18	8	6	4	3	0
Percentage of total (%)	100	46	21	15	10	8	0
Rate of interest* (%)	8,5	10,0	7,2	8,5	4,5	6,3	-
<u>LDVs and lorries</u>							
Cases	12	10	1	1	0	0	0
Percentage of total (%)	100	84	8	8	0	0	0
Rate of interest* (%)	9,3	9,6	8,0	11,0	-	-	-
<u>Motor cars</u>							
Cases	27	16	5	4	2	0	0
Percentage of total (%)	100	59	19	15	7	0	0
Rate of interest* (%)	9,6	10,0	7,1	10,5	10,5	-	-
<u>Pre-harvesting implements</u>							
Cases	31	2	9	3	0	1	16
Percentage of total (%)	100	6	29	10	0	3	52
Rate of interest* (%)	7,2	9,3	6,2	7,3	5,5	4,5	7,4
<u>Harvesting and post-harvesting implements</u>							
Cases	59	7	15	9	1	1	26
Percentage of total (%)	100	12	25	15	2	2	44
Rate of interest* (%)	7,2	9,3	6,2	7,3	5,5	4,5	7,4

*Average rate of interest for category

6) Möller, C.A. (1958) 'n Kritiese ontleding van "depresiasie" met besondere verwysing na die landbou. M.Sc. (Agric.) thesis, University of Pretoria, p. 116

of the cases, commercial banks (overdrafts) in 23 per cent of the cases and the Land Bank in 8 per cent of the cases. This credit was therefore mainly short-term.

It is clear, therefore, that the financing of medium-term capital items in these four regions takes place mainly through short-term credit.

V. THE FINANCING OF SHORT-TERM CAPITAL REQUIREMENTS

Short-term capital requirements in agriculture constitute the operating capital needed for the annual production process, and include items such as wages for labour, rations, rent, seed, stockfeed, packing material, fuel, repairs, etc. The article financed cannot, as is the case in the trade, serve as tangible security, and the personal qualities of the debtor are of the utmost importance.⁷⁾

There are two types of institutions that supply short-term credit to farmers, viz co-operatives and private concerns. Commercial banks supply such credit indirectly, because farmers can make arrangements for overdrafts. However, since it was almost impossible to distinguish between purchases for which farmers still had enough cash in their bank accounts, and those made with overdrafts, these two groups will in the rest of this article be grouped together as "cash".

Agricultural co-operatives supply short-term credit to farmers on an open account, and farmers may use these facilities up to a certain specified amount. Co-operative accounts are settled at the time when products are received, and as is provided in the Co-operative Societies Act (Act 19 of 1939), the co-operative has a lien on the producer's products.

Short-term financing by private concerns (pharmacies, general dealers, feed companies, etc.) usually takes place on a monthly basis, and settlement may be in cash or by cheque. In the analysis, credit supplied through an account by private concerns, regardless of how the accounts are settled, is grouped together as financing by the type of institution concerned.

As the pattern of short-term financing, in contrast with those of long-term and medium-term financing, differs to a fair degree between the four regions being discussed, the short-term financing patterns of the four regions were analysed separately, in Tables 7, 8, 9 and 10.

The most important source for short-term financing of Western Transvaal farmers was commercial banks and their own cash resources (60 per cent). Co-operatives financed 26 per cent of farmers' short-term requirements, and private concerns 14 per cent.

Expenses in regard to tractors, labour, seed, threshing and other harvesting costs, weed-killers and insecticides and miscellaneous items were mostly covered with cash (through commercial banks). Implements, fertiliser, bags and twine, medicine and veterinary remedies were usually placed on co-operative accounts, and power machine and feed costs were usually financed by private concerns.

TABEL 7 - Sources of short-term credit to farmers in the Western Transvaal, 1964/65

Item	Cash		Agricultural co-operative		Private concerns		Total	
	Amount R	Percentage of total	Amount R	Percentage of total	Amount R	Percentage of total	Amount R	Percentage of total
Tractor costs	1 070	62	303	18	358	20	1 731	100
Power machine costs	170	27	99	16	354	57	623	100
Implement costs	82	24	166	49	90	27	338	100
Regular labour	1 150	97	11	1	22	2	1 183	100
Seasonal labour	251	98	0	0	4	2	255	100
Seed	436	96	12	3	5	1	453	100
Fertiliser	584	43	764	57	0	0	1 348	100
Bags and twine	14	4	395	96	1	0	410	100
Threshing and other harvesting costs and weed-killers and insecticides	32	84	6	16	0	0	38	100
Bought feed	84	32	59	23	117	45	260	100
Medicine and veterinary costs	21	35	28	47	11	18	60	100
Miscellaneous costs	390	90	43	10	0	0	433	100
Total costs	4 284	-	1 886	-	962	-	7 132	-
Source of credit's total as percentage of total costs	-	60	-	26	-	14	-	100

7) Report of the Study Group for Inquiry into Agricultural Credit (1961). U.G. 16/1961. The Government Printer, Pretoria.

8) Short-term financing, especially its seasonal pattern, will receive further attention in a later article.

TABLE 8 - Sources of short-term credit to farmers in the North-Western Free State 1964/65

Item	Cash		Agricultural co-operative		Private concerns		Total	
	Amount R	Percentage of total	Amount R	Percentage of total	Amount R	Percentage of total	Amount R	Percentage of total
Tractor costs	770	53	376	26	317	21	1 463	100
Power machine costs	293	36	206	25	318	39	817	100
Implement costs	5	2	270	84	45	14	320	100
Regular labour	1 869	98	1	0	42	2	1 912	100
Seasonal labour	395	99	3	1	0	0	398	100
Seed	219	36	365	59	29	5	613	100
Fertiliser	582	25	1 596	70	119	5	2 297	100
Bags and twine	0	0	1 102	92	91	8	1 193	100
Threshing and other harvesting costs and weed-killers and insecticides	14	70	6	30	0	0	20	100
Bought feed	16	6	239	90	12	4	267	100
Medicine and veterinary costs	10	8	104	83	11	9	125	100
Miscellaneous costs	307	92	25	8	0	0	332	100
Total costs	4 480	-	-	-	984	-	9 757	-
Source of credit's total as percentage of total costs	-	46	-	44	-	10	-	100

TABLE 9 - Sources of short-term credit to farmers in the Bethlehem-Reitz area, 1964/65

Item	Cash		Agricultural co-operative		Private concerns		Total	
	Amount R	Percentage of total	Amount R	Percentage of total	Amount R	Percentage of total	Amount R	Percentage of total
Tractor costs	898	75	166	14	132	11	1 196	100
Power machine costs	319	55	45	8	217	37	581	100
Implement costs	36	9	282	70	84	21	402	100
Regular labour	1 013	98	12	1	13	1	1 038	100
Seasonal labour	159	99	1	1	0	0	160	100
Seed	114	28	289	70	7	2	410	100
Fertiliser	140	8	1 565	91	10	1	1 715	100
Bags and twine	0	0	865	96	34	4	899	100
Threshing and other harvesting costs and weed-killers and insecticides	270	78	54	16	20	6	344	100
Bought feed	149	22	422	61	123	17	694	100
Medicine and veterinary costs	104	40	138	53	19	7	261	100
Miscellaneous costs	674	97	23	3	0	0	697	100
Total costs	3 876	-	3 862	-	659	-	8 397	-
Source of credit's total as percentage of total costs	-	46	-	46	-	8	-	100

In the North-Western Free State, cash and commercial banks (46 per cent) and co-operatives (44 per cent) were more or less equally important as sources of short-term financing. Private concerns contributed 10 per cent. Tractor costs, labour costs, threshing and other harvesting costs, the cost of weed-killers and insecticides and miscellaneous costs were mainly paid out in cash. Implements, seed, fertiliser, bags and twine were mostly bought on co-operative accounts, and power machine costs were paid out by way of private accounts or in cash (Table 8).

In the Bethlehem - Reitz area, cash and co-operative accounts were the main sources of

short-term financing (46 per cent each). Tractor costs, power machine costs, labour costs, threshing and other harvesting costs, the cost of weed-killers and insecticides and miscellaneous costs were usually paid out in cash, but implements, seed, fertiliser, bags and twine, feed and medicine and veterinary remedies were mostly financed through co-operative accounts (Table 9).

In the Frankfort - Villiers area co-operatives (52 per cent) were the main source of short-term financing, followed by commercial banks and cash (37 per cent) and private concerns (11 per cent). Tractor costs, labour costs, threshing and other harvesting costs, the cost of weed-

TABLE 10 - Sources of short-term credit to farmers in the Frankfort-Villiers area, 1964/65

Item	Cash		Agricultural co-operative		Private concerns		Total	
	Amount R	Percentage of total	Amount R	Percentage of total	Amount R	Percentage of total	Amount R	Percentage of total
Tractor costs	1 103	76	145	10	198	14	1 446	100
Power machine costs	341	44	7	1	436	55	784	100
Implement costs	124	24	226	43	171	33	521	100
Regular labour	2 056	100	5	0	0	0	2 061	100
Seasonal labour	249	100	0	0	0	0	249	100
Seed	126	20	490	79	8	1	624	100
Fertiliser	0	0	3 133	100	0	0	3 133	100
Bags and twine	0	0	2 217	96	100	4	2 317	100
Threshing and other harvesting costs and weed-killers and insecticides	340	78	22	5	75	17	437	100
Bought feed	17	2	505	49	507	49	1 029	100
Medicine and veterinary costs	13	5	166	64	80	31	259	100
Miscellaneous costs	644	82	140	18	0	0	784	100
Total costs	5 013	-	7 056	-	1 575	-	13 633	-
Source of credit's total as percentage of total costs	-	37	-	52	-	11	-	100

killers and insecticides and miscellaneous costs were mostly paid out in cash or through bank overdrafts, whereas implements, seed, fertiliser, bags and twine, medicine and veterinary remedies were bought on co-operative accounts, and accounts with private concerns were used to finance power machine and feed purchases (Table 10).

The analysis in all four these regions confirms Popping's⁹⁾ assertion that commercial banks and agricultural co-operatives play the most important role in short-term agricultural financing in South Africa.

VI. SUMMARY AND CONCLUSIONS

In this article the financing behaviour of farmers in four summer rainfall crop-growing regions has been reviewed. It appears that, so far as land purchases are concerned, most farmers obtained credit from the Land Bank and the Department of Lands.¹⁰⁾ In view of the rates of interest and the terms for repayment, this was a healthy state of affairs, although the 65-year term granted by the Department of Lands, in the past was unrealistically long. During the period from 1962 to 1965 several farmers bought additional land, but surprisingly enough only 37 per cent obtained

credit for this purpose from the bodies mentioned above. In more than 60 per cent of the cases such credit was obtained from commercial banks, private companies and private persons at higher rates of interest and with shorter terms for repayment than would be required by the Land Bank and the Department of Lands. So these purchases deviate from a sound financing pattern. The most important reasons seem to be the conservative valuations and red tape of the official bodies.

As regards the financing of fixed improvements and medium-term assets, the farmers used mainly short-term credit. In many cases it was found that hire-purchase transactions - probably one of the most expensive forms of credit - had been entered into. As rates of interest for short-term credit are high, and the terms for repayment, seen in the light of the productive life of the capital items, are unrealistically short, this indicates a serious disturbance in the credit pattern in agriculture in these regions. There is no reason to believe that the situation is any better elsewhere in South Africa. Government institutions such as the Department of Agricultural Credit and Land Tenure, as well as the Land Bank, which was established for the very purpose of agricultural financing, should give serious attention to this aspect of financing in agriculture, so that they can help to place medium-term agricultural financing on a sounder basis in the future. These institutions should therefore design a system or methods to play a more active role in this connection. Because medium-term capital items often have to be bought urgently, credit provision for this purpose will have to take place with the minimum of delay or red tape.

As regards short-term financing, co-operatives and commercial banks play the most important part.

9) Popping, F. (1963) Geskiedkundige patroon en ontwikkeling van landboufinansiering. Report, Second Annual Congress, Agric. Econ. Soc. of S.A.

10) Nowadays such credit would be granted and administered by the Department of Agricultural Credit and Land Tenure. Mortgages previously held by the Department of Lands have also since been transferred to the Department of Agricultural Credit and Land Tenure.