

AGRICULTURAL CREDIT — AN ACCELERATOR FOR ALLEVIATION OF POVERTY IN PAKISTAN

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Introduction

Poverty is a complex phenomenon. The unemployment and under-employment are most important long term problems of the rural poor in Pakistan in particular and SAARC countries in general. The problems are compounded further by high rate of population growth and unjudicious use of available resources thereby creating vicious circle of poverty. In fact the high population growth rate per annum is neutralising the benefits of development in most of the SAARC countries to which Pakistan is no exception. Recently a conceptual realization is gaining ground in the third world countries to the effect that the traditional approaches for rural development are inadequate to tackle the problem of rural poverty. Large part of population is joining the ranks of poor and gap between the well-off and the poor sections is widening with the passage of time. Approximately 75 percent of the third

world population live in rural areas. The poor are disproportionately located in the country side. There were 530 million rural people in the poverty group in the third world in 1960, this figure had grown to 580 million in 1974 and 1 billion in 1990. Of these, 70 percent live in Asia, 22 percent in Africa and 8 percent in Latin America. Nearly half of the world's poor live in South Asia, a region that accounts for roughly 30 percent of the world's population. The four Asian countries, Bangladesh, India, Indonesia and Pakistan alone accounted for 62 percent of the absolute poor. The rural poor however accounted for a substantial proportion of the total rural population of all three regions, 43 percent in Asia, 41 percent in Africa and 38 percent in Latin America. Most of the Governments are alive to the need to arrest this menace or problem, which if left unchecked, can create harmful social tension and endanger the national development endeavours. According to World Development

Report, 1990, to sustain a healthy life to survive an income not less than \$370 (\$ = Rs. 24/-) a year is required. A survey on India published in 'The Economist' (May 4, 1991) reveals that 420 million comprising 55% of total population (with income less than \$30 per month) were poor and 250 million or 33% (having income less than \$23 a month) were extremely poor. The basic social and economic indicators of SAARC countries can be seen in the Table I.

As revealed from Table I excepting Maldives and Sri Lanka, (comprising 1.58% of population of SAARC countries) non have per capita income more than \$470. The income of most of the world's poor is continuously rising and other social indicators such as under 5 mortality, primary school enrollment ratios also continued to improve. The fact is that the burden of poverty is spread unevenly among the regions, and among localities within underdeveloped and third world countries. Although data available on poverty are scarce, the evidence shows that where economic performance was good, poverty decreased. Thus, in Asia poverty declined in India, Indonesia, Malasia and Pakistan. The data in the World Development Report 1990 on poverty reveals that rapid and politically sustainable progress on poverty has been achieved by pursuing a strategy that has two equally important elements. The first element is to promote the productive use of the poor's most abundant asset-labour. It calls for policies that harness market incentives, social and political institutions, infrastructure and technology to that end. The second is to provide basic social services to the poor. Primary health care, family planning, nutrition and primary education are specially important. The fact is that these elements are mutually reinforcing, one without the other is not sufficient. In some countries, such as Brazil and Pakistan, growth has raised the incomes of the poor, but social services have received very little attention. As a result, mortality among children remains unusually high and primary enrollment unusually low and the poor are not as well equipped as they might be to take advantage of economic opportunities. Some other countries, by contrast, have long stressed the provision of social services, but the economic growth.

TABLE I
Showing Social and Economic Indicators of SAARC Countries

Country	Social			*Economic		
	Pop.(m)	Pop. growth rate(%)	Literacy (%)	GNP per Cap.(\$)	GDP Growth	Inflation CPI
Bangladesh	115.6	2.7	33.1	179	6.2	9.3
Bhutan	1.5	2.3	18.0	190	9.0	8.8
India	843.0	2.1	40.8	350	4.5	10.0
Maldives	0.2	3.4	81.1	470	10.8	5.0
Nepal	19.5	2.3	20.7	170	2.0	11.5
Pakistan	114.8	2.9	25.6	365	5.6	6.0
Sri Lanka	17.4	1.3	86.1	430	5.1	21.3

Source: Asia Week, August 9, 1991.

*Gross Domestic Product (GDP) is the value of all goods and services produced in a country in one year. Gross National Product (GNP) per capita is GDP plus or minus the surplus or deficit in trade in goods & services (Current Account) divided by population. Consumer Price Index (CPI) measures one year's price changes in goods & services bought by a typical household.

has been too slow. In Sri Lanka for example, primary enrollment and under 5 mortality rates are exceptionally good but the potential for raising the incomes of the poor has gone to waste for lack of economic opportunities. Thus the progress has been significant in the countries that have implemented both parts of the strategy i.e. attaining sustainable growth and providing of social services simultaneously.

Credit is one of the inputs to achieve the objective of development. For this the institutionalized support is imperative not only for identification of growth areas but also for identification, motivation and removing inertia of the potential entrepreneurs. To solve this problem integrated approach is required. The dearth of the capital and lack of incentives for saving and investment in diversified avenues necessitates the evolution of sound strategy and programmes that could ensure timely supply of credit and know-how for attaining sustainable development. Despite the progress achieved we are still passing through a transitory phase of development in both industrial and agricultural sectors requiring huge capital and technical know-how.

Pakistan has predominantly rural based population. The level of labour demand and the conditions of employment are intimately linked with the form of organization of agricultural production. This will mainly affect the degree of mechanisation, cropping patterns, crop-

ping intensity, the level of inputs used and the level of diversification specially in agribusiness. The rural based population has increased from 65.31 million in 1972 to 83.78 million in 1981. Of the total 48.72 million comprising 74.6 percent were in rural areas in 1972 against the 60.05 million comprising 71.72 percent of total population in 1981. This shows the declining of rural population by 2.58 percent over last ten years as a consequence of high mortality rate and out-migration of people mainly because of non-existence of opportunities for open and self-employment.

According to labour force survey 1987-88 conducted by Federal Bureau of Statistics, out of total labour force of 29.93 million (comprising 10 years and above) 96.87 percent are employed and 3.13 percent unemployed. The employed labour force in agriculture is 15.30 million comprising 51.15 percent while unemployment rate of rural labour is 2.60% and that of urban labour is 4.58 percent.

However, the unpaid disguised labour and urban labour working part time (as casual labour) comes to 2 million and 5.67 million respectively. In rural sector alone, the rate of unemployment comes to 19 percent which is very high. The distribution of rural labour in agriculture can be seen in Table II.

Among causes of poverty high population growth rate, low literacy rate, low productivity, non judicious use of resources, lack of achieved opportunities

of life, weak social infrastructure and marketing base, lack of appropriate technology, absence of business ethics and planning are the main hurdles in achieving prosperity.

Development in Finance

Institutional credit is viewed as a necessary adjunct to efforts to increase agricultural production on the assumption that farmers need credit to take advantage of technological opportunities for increasing production. New technology will be adopted if credit is received. Credit by itself can grow nothing. It must purchase suitable technological inputs which must be transformed into agricultural products and marketed. Whether this happens or not depends upon technology, market, infrastructure, information and attitudes.

For a developing country desirous of achieving rapid economic progress it is necessary to utilize all its resources, both physical and human, to their full capacity. The pace of investment activity in any sector of the country is greatly influenced, among other factors, by the availability of credit. It is one of the most essential ingredients since the lack of sufficient financial resources restrict the scope and size of economic activity available to the investor. The continued expansion of private sector investment in recent years has led to an increased demand for resources.

The Development Finance Institutions (DFIs) have played a great role in the industrialisation of Pakistan which had no base norms of productivity or standard of efficiency. The DFIs like Agricultural Development Bank of Pakistan (ADBP), Bankers Equity Limited, Equity Participation Fund, Federal Bank for Cooperatives, House Building Finance Corporation, Investment Corporation of Pakistan, Industrial Development Bank of Pakistan, National Development Finance Corporation, National Investment Trust, Pakistan Industrial Credit and Investment Corporation, Pak-Kuwait Investment Company Limited, Pak-Libya Holding Limited, Saudi-Pak Industrial and Agricultural Investment Company, Small Business Finance Corporation and Regional Development Finance Corporation are involved in modernising agriculture and its allied sectors which are the largest segment of private and public enterprises. There are in all 15 such DFIs

TABLE II
Distribution of Rural Labour Force Engaged in Agriculture
by Farm Size in Pakistan

Farm Size	Total	Permanent Hired Workers	No. of Family Workers on their Holdings		
			All Workers	Working Full Time	Working Part Time
All agricultural households	16852	387	16465	10789	5676
Male			9447	8077	1370
Female			7018	2712	4306
0- Under 5 Ha.	8934	89	8845	6641	2206
Male			5398	4932	466
Female			3447	1709	1738
5- Under 10 Ha.	2881	71	2809	2078	731
Male			1718	1597	121
Female			1092	481	611
10- Ha. and above	1913	288	1725	1268	457
Male			1984	1003	81
Female			641	265	376

Source: Pakistan Census of Agriculture, 1980.

TABLE III
Agricultural Credit Advanced by Formal Credit
Institutions in Pakistan
(Rupees in Million)

Year	A D B P	Commercial Banks	Cooperative Banks	Total
1947-48	-	-	11.74	11.74
1960-61	31.00	-	58.08	89.00
1972-73	169.00	85.02	42.00	296.00
1978-79	416.94	413.78	1381.00	2211.83
1986-87	6031.15	7313.40	2494.75	15839.30
1987-88	7716.08	5564.00	3020.08	16300.36
1988-89	8667.52	3423.60	2730.71	14821.83
1989-90	9389.66	3950.37	640.07	13980.29
1990-91	8323.95	5954(T)	3400(T)	17677.95
1991-92	11870(T)	6675(T)	4015(T)	22560(T)

Source:

1. Year Book of Agricultural Statistics, 1971-72
2. Statistics Department, ADBP, Head Office, Islamabad.

T = Target.

which lay emphasis on exploring new investment avenues and advancing loans to prospective parties in both industry and agribusiness projects and its allied pursuits. Among these the formal finance institutions involved in activity of advancing credit to agrarian cum-rural societies are; 1. Agricultural Development Bank of Pakistan (ADBP), Federal Bank for Cooperatives (FBC), and the Commercial Banks (CBs). Besides these, Small Business Finance Corporation (SBPC) and Youth Investment Promotion Society (YIPS) are advancing credit to educated youth for creation of self employment opportunities and for boosting cottage and small industries. The Regional Development Finance Corporation (RDFC) set up for backward areas for narrowing socio-economic disparity through investment in the process of industrialization thereby utilizing available resources of the area to its maximum.

Out of these formal finance institutions the FBC and CBs mainly advance loans for small and medium terms based on production items i.e. improved inputs whereas ADBP advances loans for short, medium and long terms for production, development and agribusiness of large, medium and small scale creating private entrepreneurship in all cadres including the landless. Its sole aim is to modernize agriculture through strengthening backward and forward linkages by achieving rapid and sustainable growth. The credit advanced by major formal credit institutions in agriculture sector during various periods are given in Table III.

Table — III reveals that by setting up formal credit institutions there was increase in volume of credit advanced by 1199 time over 1947-48. The volume of credit advanced by ADBP, the single largest finance institution for production, development and agribusiness is 303 times higher over Fy'61. However, the present democratic government with a view to give impetus to productive activities and to remove socio-economic disparity that exist between high and low strata has adopted strategy of denationalisation, disinvestment and deregulation of public agencies specially finance institutions, industries, schools and the like. So far, out of five commercial banks, two have already been denationalized. The decisive role played by ADBP is reproduced below.

ADBP its Strategic Role

The financial institutions particularly ADBP have made major contribution in bringing development in agriculture sector and alleviating poverty in Pakistan. Need for agricultural credit both for production and development purposes is immense. The problem of agricultural finance in Pakistan is particularly difficult owing to the population pressure on land and primitive mode of cultivation. The need for institutional credit is great because agricultural progress is subject to natural calamities, such as floods, excessive rains, droughts, pest attack and other adverse weather conditions responsible for lowering the repaying capacity of growers. The development progress takes place as a result of

economic incentives provided in the form of credit. The level and composition of investment plays a crucial role in determining the pattern and pace of agricultural and industrial growth.

ADBP has been the primary institution responsible for ameliorating the lot of rural poor by enhancing their productive capacity by helping them to acquire new assets so that they can produce the goods and services needed by the society, earn better livelihood and improve their socio-economic standing. The fact is that the problem of poverty can be addressed directly and solved in a satisfactory manner by providing productive resources to the rural poor as experienced in case of ADBP which has played a leading role in this direction. Prior to 1978-79 the advancing of loans in the field of agriculture was done mainly on one set pattern based on general loaning. It was the year 1978-79 when ADBP evolved a development oriented strategy of (1) Supervised Agricultural Credit Programme (SACP) based on effective and crucial role of Mobile Credit Officers (MCOs). The Mobile Credit Officers are a team of professionals in allied disciplines of agriculture, fully acculturated with social traits and norms of rural society. The MCOs provide inputs supplies and technical knowledge to the farmers specially the small farmers at their doorsteps; (2) Agribusiness loaning programme for setting up small, medium and large scale industries; (3) The move of ADBP from Agricultural Credit to Rural Credit and Women Target Group is another long felt development strategy for attaining sound and broad based growth in economy by creating self-employment opportunities for small farmers and landless poor including women.

Pakistan faces a tremendous challenge in modernizing agriculture and making its allied fields more productive. The coveted objective cannot be achieved without introduction of innovative technology among growers specially the small farmers who are not readily willing to bring about major changes requiring heavy capital outlays because of lack of technological know-how and involvement of risk. Thus there was a need for evolving such a development strategy which could make the farming community prosperous through enhancing productivity and providing sound base for strength-

ening the economy. Benefits of the bank's loans are estimated to be quite large, fact of which is revealed from the following development oriented activities of the bank.

Supervised Agricultural Credit Programme (SACP)

Prior to 1978-79 the Supervised Agricultural Credit Programme was run on pilot basis in seven project areas confined to one union council only. The elements of credit with input supplies and technical know-how were the significant features of this programme compounded and provided in this credit delivery mechanism during formal launching of this programme in the year 1978-79 throughout the country. This programme has greatly helped in reaching to small farmers of remotest areas of the country. This approach led to a shift from branch-based to village-based banking with low financial cost. The main decency of the programme is the continuous and persistent purposeful contact with the borrowers. The business is fetched mainly on personal persuasion and confidence gained on the basis of professional background of the subject. So far with the help of 1434 Mobile Credit Officers, 43722 villages have been covered out of the total 47629 villages in the country. This programme has greatly contributed in providing doorstep service to the growers by advancing timely loans accompanied with development ingredients which has helped in making the credit to play development role because of its effective utilization. This programme has helped the small farmers in shifting from primitive mode of cultivation to improved ones to a great extent. Their share in General Credit of ADBP has gone to 71 percent in Fy'89 against 26 percent in Fy'79. This has facilitated in increasing productivity level of almost all the important crops including fruits and vegetables. The element of diversification, introducing highly remunerative crops like soyabean and bamboo, exotic varieties of dwarf apple, coriander, mint, sorghum and seedless varieties of citrus, has also greatly increased income thereby increasing farm investment capability.

Development in Agribusiness Sector

Formerly, the entire agricultural loaning was done on one set pattern. It was from Fy'80 that project lending operation was started to finance agro-based and farm

related processing units. The experts have identified 110 viable projects for which loan can be advanced at commercial scale. So far, total agribusiness loans amounting to Rs. 4936.063 million have been advanced to entrepreneurs for establishment of 513 projects which include production & processing dairy products, production and processing of fruits and vegetables, agro-services, production and processing of edible oils, poultry products & processing, livestock products & processing, Breeding Milch animals, Fisheries products & processing, production of chemical fertilizers, Feed mills, storage & marketing of farm machinery & agricultural implements, seed multiplication & processing, Forestry plantation and commercial cultivation of all lucrative crops. This ensured the marketing of surplus farm produce at reasonable prices. The projects financed under the agribusiness scheme have a positive impact on the poor and on the economy of Pakistan. Agribusiness loans account for around 10 percent of total disbursement. In a developing country like Pakistan having abundant manpower, exhaustible and renewable resources, rural industrialization has a pivotal role in the development strategy. Realizing this very fact, the present management has given special priority to formulating such strategy that could bring diversification in agriculture by creating effective demand for high valued crops. The establishment of agro-based industries has not only helped in modernizing agriculture but also helped absorbing surplus rural labour force at massive scale which is the most chronic problem.

Poverty Alleviation Programme

A wide disparity exists between the living standards of rural and urban population. The small farmers and the landless poor including women are the main sufferers. There is indeed a capital starvation which proves a hinderance in the way of development. In order to improve investment capabilities by exploiting economic assets and improving productivity, the bank with the financial and technical assistance of the World Bank, International Fund for Agriculture Development (IFAD) and the Asian Development Bank (ADB) has envisaged programme for disbursing loan to small and sub-marginal farmers, landless

tenants, village artisans and rural women. In this way the bank is using all its efforts to eradicate poverty among rural masses by providing technical package aimed at agricultural and rural development simultaneously. These programmes are, (1) Gujranwala Agricultural Development Project (GADP); (2) Rural Credit Programme (RCP); and (3) Small Holders and Women's Credit Project, the detail of which is summarised below.

Gujranwala Agricultural Development Project (GADP)

A pilot project known as "Gujranwala Agricultural Development Project" (GADP) sponsored and financed by Asian Development Bank (ADB) and International Fund for Agriculture Development (IFAD) was initiated with two major development goals, (i) Increase agricultural production, and (ii) Improve economic and social conditions of small farmers and landless rural families including women. It will not be out of place to mention here that a programme was initiated in Gujranwala under IFAD earlier in February, 1984. It was felt that apart from credit, training of women in the rural income generating activities was important. To meet this objective couple MCOs (husband and wife) were appointed to provide not only credit but also guidance and training to the women clients. This was very difficult task since majority of women in rural areas are illiterate.

The pilot project for women development sponsored by IFAD was merged with Gujranwala Agricultural Development Project (GADP). The GADP Project (162-PA) was for 5 years starting from July, 1985. It covered the entire district of Gujranwala. There are 1190 villages with a population (according to 1981 census) of 2,675,937 out of which rural population is 1,615,604 comprising 60.4 percent. The total female population of the district is 1,261,478 out of which rural female population comes to 763,301 forming 60.5 percent.

Under this project upto July 1991, Rs. 108.94 million were advanced to 7822 loanees since inception. Out of this Rs. 49.61 million were advanced to 3488 small farmers comprising 45.5 percent and 44.6 percent of the total amount and the number of recipients respectively. Whereas Rs. 56.13 million were advanced to 4104 landless comprising 51.5% and

52.5% and Rs. 3.2 million to 230 females comprising 2.9% and 2.9% of the total amount and number of recipients respectively. Among major items for which loans were advanced under this project are cottage industries like Carpet Weaving, Sewing Machines, Knitting Machines, Rope Making, Tape Making, Embroidary Machines, "Makrama" making, "Khaddi" for making coarse cloth, "Dan" making, Mat making, Small Mechanical Workshops, Farm Implements, Dairy, Livestock, Poultry and Cultivation of specialized crops like vegetables, Mushroom, Ginger and Celery.

Among loan cases advanced to the landless three success stories are worth mentioning which read as under:

Case Study - I

Among raising of crops, celery seed (locally known as "Ajwain") project is the one in which special attention has been paid. For popularising this crop extension visit for 36 participants to Zee Limited Model Farm, Lahore was arranged. The main idea was to impart production technology, to loanees and prospective growers. Loan facilities for improved inputs as well as procuring Rotahoe (a special implement for raising celery seed and other vegetable crops) was also made. In order to ensure fair price of produce and its adequate marketing, contact with local agents of Unani Medicine like Hamdard, Karachi and Ajmal Dawakhana, Lahore as well as established local dealers were made. The per acre yield varied from 8 maunds (Maund=40 Kgs.) to 15 maunds and the price per maund ranged from Rs. 900/- to Rs. 1200/-. The per acre net income realized varied from Rs. 4150/- to Rs. 1500/- (US \$ = Rs. 24).

Case Study - II

Mst. Rashida Begum wife of Muhammad Yaqub, resident of village Wania Wala is a professional lady having specialisation in cottage industry. She belongs to the traditional artisan caste indulging in "Dari" making. Besides, seven other family members are joining hands in this enterprise. She was facing great hardship in expanding business on two units of hand looms, because of the shortage of capital. One day she came in contact with Mrs. Zakia Sultana, the Lady MCO of ADBP. A loan of Rs.

10,000/- (US\$ = Rs. 24) for purchase of raw material was advanced. To our surprise she started realizing income of Rs. 4204/- per month against Rs. 750/- realized without loan. She has repaid the entire loan within two years long before the specified period expired.

Case Study - III

Miss Shamim Akhtar of village Talwandi Mussa Khan has received training in knitting from a training institute run in the same village. Despite her skill, she could not go for business because of the lack of capital for purchase of both knitting machine and the raw material. On coming in contact, a loan for Rs. 30,220/- was advanced out of which Rs. 6,220/- were for purchase of one knitting machine while Rs. 24,000/- were for purchase of 300 lbs of wool as raw material (Rs. 80/- per lb). Within 6 months she prepared 300 pieces of sweaters which were sold for Rs. 45,000/- (Rs. 150/- per piece). After deducting Rs. 27,050/- as total expenditure incurred she realised an income of Rs. 2,991/- per month over a 6 month period. This in fact is the best example of creating self-income generating activities.

The posting of couple MCOs (husband and wife) is the major development in the project area. Now women by seeing other women going for income generating activities have started taking great interest. The possibility of realizing regular income has further extended scope for its expansion, thereby creating skilled labour in the area. The value to the locally produced products has been added because of focussing attention on the induction of meaningful technology. The out migration of skilled and semi-skilled labour from rural areas because of push factors has been checked.

Rural Credit Programme

The success attained in Gujranwala Agricultural Development Project (GADP) relating to the development of landless rural poor including women and small farmers prompted ADBP to focus its attention on Rural Credit Programme. Initially, this programme was started in one selected Union Council consisting of 7 to 11 villages in each of the ADBP which has now been extended to MCO's circle level. Before starting this programme, a survey based on all regions of the bank in order to identify loanable

items was carried out. Upto June, 1991 loan of Rs. 113 million to 5334 small farmers and the landless rural poor have been advanced on easy terms and conditions. The main purposes for which loans have been advanced are: 1. Dairy farming; 2. Goat/Sheep farming; 3. Fish farming; 4. Poultry farming; 5. Sewing machines; 6. Embroidery machines; 7. Knitting machines; 8. "Dari/Khais" weaving; 9. Carpet weaving; 10. Power Looms; 11. Woolen shawls; 12. Woolen "Patti" weaving; 13. Cap making; 14. Tines making; 15. "Ban" making; 16. Mat/Rope; 17. Badminton Rackets; 18. Surgical Instruments; 19. Mezeri made items; 20. "Ralli" making; 21. Shoe making; 22. Wood Carving; 23. Data Processing; 24. Crate making; 25. Hand Tools; 26. Lathe Machine for workshop. It will be too early to talk about any success attained as it started operation in July, 1987. However, we anticipate that this programme will prove a milestone in solving problems like unemployment and underemployment that Pakistan faces today mostly in the rural areas.

Small Holders and Women's Rural Credit Product

As in other developing countries, rural women play a vital role in the village and household economy. The status of women in the household and the village society and relationship with men vary with economic circumstances and cultural norms. In fact women share all those activities which are intended to help men but they are more extensively involved in the areas such as weeding, fodder cutting, grain storage process and livestock activities. But areas of their participation are characterized with simple and age old technologies. Handicrafts are also made and sold by women as an acceptable form of off-farm industry. Hence it deserves attention to up-grade their knowledge and skill in varied fields according to the technological development and modern needs of the marketing system. Among the successful examples of development efforts reaching rural women in Pakistan is the Agha Khan Rural Support Programme (AKRSP). Accordingly within a community emphasis is on group formation with the ultimate objective being to stand on their own feet in a sustainable way. Based on this the World Bank has proposed to launch a special

credit programme for women on pilot project basis in selected branches where potential for productive activities exist.

The programme will be started in 30 branch offices of 15 Regions. It will be expanded in all the regions of the Bank i.e. in two branches per Region-within a period of three years. The main idea behind this pilot project is to emphasize on formation of groups of like minded men and women than on collateralized credit. In selection of group, which will be the outcome of personal persuasion and ethics, emphasis will be laid on personal qualities of members such as honesty, integrity, capacity to work, initiative and ability to work in a group.

Points for Consideration

— There are many inadequacies in the banking system, in so far as their ability to work with the poor is concerned. Further, the traditional management techniques and systems which are in vogue in banks do not match with the requirements of banking for poor. The sence of corporate culture which could help the banks to make a successful business with the poor, is far from its

existence. These aspects need improvement specially by laying emphasis on human resources development on adequate lines.

- The programmes implemented by the banks for the poor are often characterized by lack of involvement of the poor themselves in conceiving, planning and evaluating them. The capacities and needs of the poor and the ways of meeting them are mainly assumed which needs to be reviewed.
- There is no doubt that the flow of credit has significantly increased but not much is known about its real impact with special reference to the distribution in terms of farm categories, the purposes and above all the actual utilization especially that of subsidised production loans.
- The problems of small farmers and landless rural poor are very complex which have no easy solution. As such increasing agricultural productivity and improving the living and working conditions of rural populace has always been the basic problem requiring realistic strategy to be adopted.
- Role of Cooperatives as a marketing

institution, engaged in the supply of inputs and marketing and processing of agricultural produce is not adequate and needs dispassionate strategy.

- The consequences likely to follow the introduction of any technological improvement must be endeavoured to be foreseen so that appropriate action to prevent harmful side effects may be taken well in time. Once an item crosses the stage of technological, operational and commercial viability, its import be allowed liberally without any restriction till its indigenisation.
- In order avoid collateral problem, group loaning system needs to be introduced. This is necessary as small farmers and landless poor including women are facing difficulty in obtaining timely loans.
- Supervised Agricultural Credit Programme (SACP) still needs to be introduced in its true spirit. The timely advancement of credit in the form of required development ingredients aided with the technical guidance for diversifying and enhancing productivity is a result of SACP.