

THE EXPANSION OF RURAL CREDIT THROUGH COMMERCIAL BANKS

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The disbursement of rural credit in Sri Lanka has gone through several phases. In the first phase which was before 1947, nearly the entirety of rural credit needs was met by informal sources. The only element of institutional credit that was provided during this time was from co-operative societies. The second phase commenced soon after independence when the Government took an initiative in increasing the supply of credit by channelling funds to the rural sector through several government departments. The actual disbursement of funds at the village level was undertaken by co-operative societies. Credit granted under these schemes expanded progressively, but a serious problem of poor recoveries emerged in the mid 60s. Consequently, from 1967, the rural credit scheme was handed over to the People's Bank. This marked the third phase when commercial banks became the main source of institutional credit to the rural sector. The foundation for this stage was laid in 1961 with the founding of the People's Bank.

The third phase of rural credit in which commercial banks have played the leading role is not confined to the disbursement of credit under the New Agricultural Credit Scheme which commenced in 1967. This phase has two other facts of significance. The first of these is the extension of banking facilities to the rural sector by expanding the net work of branches. The second is the development of innovative schemes of credit designed for the needs of rural society, the most innovative and far reaching being the scheme of rural banks which was

inaugurated in 1964 under the auspices of the People's Bank.

In this third phase of rural credit the People's Bank, has indeed played the leading role. It has been responsible for the most widespread expansion of branches in rural areas; its scheme of rural banks has been a significant innovation in rural financial intermediation and especially in the mobilization of rural savings and it has been the leading participant in the New Agricultural Credit Schemes and the Comprehensive Rural Credit Scheme.

This paper describes, discusses and assesses the role played by the People's Bank in increasing the supply and availability of credit to rural areas and in the mobilization of financial savings from the rural sector. Towards this end the three programmes mentioned above are discussed in some detail.

1. Extension of Commercial Banking to the Rural Sector

The system of banking that was initially in Sri Lanka was urban and export-sector oriented and had very little connection with the rural sector. In 1934 there were only 16 banking offices. These were local branches of foreign banks which catered almost solely to the foreign plantation and commercial interests. They were centred mainly in Colombo, with a few branches in other important towns.

The first move to break this pattern was made in 1939 with the establishment of the state aided Bank of Ceylon which was the only Ceylonese

Bank till 1961. Its banking practices too were conventional and made little impact on the rural economy. However, it serviced local business interests more satisfactorily than the foreign owned banks. By 1961, twenty two years after its founding, the Bank of Ceylon had established 28 offices but only ten of these were outside the Metropolis and other main cities and towns.

The People's Bank was established in 1961 with the specific objective of developing "the Co-operative Movement of Ceylon, Rural Banking and Agricultural Credit". The capital for the bank was subscribed by the government and the co-operative movement. It took over the assets and liabilities of the Co-operative Federal Bank of Ceylon and functioned as the apex institution for the co-operative movement, which was till then the most significant source of institutional credit to the rural sector.

The establishment of the People's Bank marked a distinct departure from the earlier pattern of banking which served only the metropolis and urban areas. The progress of branch bank expansion summarised in Table 1 demonstrates very clearly that the People's Bank led the way to widespread commercial banking in Sri Lanka and established in-roads into servicing rural areas with commercial banking facilities.

Prior to the establishment of the People's Bank there were 45 main bank branches but only 10 of these were outstation branches. Within five years of the People's Bank's establishment the number of branch banks increased to 105. Fifty two of these were outstation branches and as many as 40 of them were People's Bank branches. By 1971 10 years after the People's Bank's establishment, the number of branches had increased to 189 and of these, 117 branches were outside municipal areas. In 1971, as

TABLE 1

Year	No. of Banks	Total Main Branches	Outstation Branches		
			Total	People's Bank	People's Bank Branches as a Percent of Total
1960	14	45	10	—	—
1961	13	54	15	5	33
1962	12	73	28	18	64
1963	12	83	33	22	67
1964	12	88	38	27	71
1965	12	97	45	34	76
1966	12	105	52	40	77
1967	12	133	76	57	75
1968	12	141	81	61	75
1969	12	155	93	66	71
1970	12	165	99	70	71
1971	12	189	117	86	74
1972	12	204	125	93	74
1973	12	224	138	103	75
1974	11	255	158	121	77
1975	11	263	162	125	77
1976	11	298	191	149	78
1977	11	325	214	165	77
1978	11	347	231	173	75
1979	14	420	298	197	66
1980	21	487	351	226	64
1981	24	546	395	241	61
1982	25	585	424	249	59
1983	25	600	430	252	59
1984	25	589	438	255	58
1985	25	600	444	256	58

many as 86 People's Bank branches were in the outstations. Therefore, within the first decade of its operations the People's Bank had made an important break-through into commercial banking in predominantly rural areas with nearly three-fourths of outstation branches being those of the People's Bank.

At present, the country has about 600 bank branches and nearly three-fourths of these are outside municipal areas. Of the 444 outstation branches of commercial banks as many as 256 are those of the People's Bank. In addition, the People's Bank serves rural areas through over 900 rural banks and special banks which offer limited banking facilities.

2. Rural Banks

Very soon after the People's Bank's establishment it realised the high cost of extending the branch banking network to remote rural areas with limited banking business and the difficulties of issuing and servicing loans to a multitude of small farmers on a direct banker-borrower basis.

The People's Bank, therefore inaugurated the Extended Rural Credit Scheme in 1963 to increase credit to the rural sector and mobilise rural savings. Under the Extended Credit Scheme the People's Bank gave selected co-operative societies overdraft facilities to grant credit to their members for approved purposes. The overdraft limits provided by the

People's Bank to societies were related to their membership. Although co-operatives operating this scheme were encouraged to mobilize savings they made hardly any progress. Consequently, this first measure of the Bank to channel credit to farmers through their co-operatives became the forerunner to the rural banks programme which may be viewed as a further means of achieving the objectives of developing the capacity of co-operatives to provide their members with all their essential credit requirements so as to eliminate the middleman and the money-lender.

More broadly the scheme of rural banks could be looked upon as a device for extending even limited banking and credit facilities to areas whose economic conditions do not justify the extension of the branch banking system. The limited banking potential in rural areas implies the need to devise alternate banking facilities at lower costs than those of operating a branch bank.¹ Areas in which rural banks are established may not be served with any commercial bank branches owing to the high cost of operating a branch bank. The choice in these areas is between limited banking facilities as provided by rural banks or no facilities at all.

The near complete dependence of the rural economy on agricultural activity provides the fundamental rationale for rural banks. The rural economy is characterised by the seasonality of incomes at times of harvest while expenditure for both production requirements and consumer needs is continuous and regular.

Therefore, the surplus of funds at times of harvest could be mobilised and transmitted to other areas for

their utilization. Conversely, at other times, when the rural sector requires investments, funds from the urban sector could be utilised to fund these operations. Such financial intermediation would be of benefit to both rural and urban sectors as excess funds in each sector could be utilised for economic growth and development in the other. The rural banks, through their linkage with the People's Bank, were expected to perform this function. Besides this, given the generally accepted view that rural areas require funds for their development, this linkage with the People's Bank was expected to provide greater resources to rural sector development.

It is also important to realise that the character of a rural bank - its smaller size and less impressive structure - was expected to make a significant breakthrough in extending limited banking services to the rural sector. Rural banks are often housed in the co-operative society building and its staff are paid lower salaries than regular People's Bank staff members. The unsophisticated village clientele could be expected to transact business with the familiar co-operative society and its officials. Such facilities, even though limited, would be preferable to the provision of fuller banking services through sophisticated and less familiar procedures of full scale commercial banking. Also, the rural bank could be expected to operate at times more convenient to the local clientele and be more flexible in the provision of credit owing to their familiarity and knowledge of the credit worthiness of borrowers.

Rural banks are a means of combining the advantages of a unit banking system, such as personalised knowledge of the clientele and local

conditions, with the advantages of a branch banking system, which enables the transfer of resources between different areas and ensures a greater security and stability of funds. The Annual Report of the Central Bank of Ceylon for 1965 said that "Rural banks as operated in Ceylon incorporate a blend of the advantages of unit banking and branch banking." It went on to summarise the advantages of rural banks as:

- (i) The decentralisation of the lending decision through the use of local knowledge available to the Committee of Management of each co-operative. Such knowledge has proved useful in solving the problem of security which has greatly inhibited the lending of commercial banks through branch officers located in rural areas.
- (ii) Access to overdraft facilities with the People's Bank which mobilizes resources from surplus areas through the system of branches.
- (iii) The lower costs of operation made possible by the economies resulting from the minimising of centralised management and also by the local recruitment of staff.²

Initially, most rural banks were expected to be 'deficit areas' but the long term objective was to transform them into self-financing or 'surplus areas' which would take their turn to finance other 'deficit areas'. The ability to change from a deficit to a surplus bank would depend inter alia on the economic resources of the area, the ability to achieve increased productivity through better credit facilities and the efficiency of rural banks' credit policies. While many areas were expected to remain deficit areas for long periods due to the paucity of productive economic resources, the efficiency of rural banks were to be

1/ The minimum monthly operating costs of a rural bank was estimated at Rs. 250/- per month in 1969. This consists of a salary to the credit manager of Rs.200/-; repayment to People's Bank for equipment Rs.40/- and stationery and sundry items Rs.10/- 'Working Paper on Credit through Co-operatives for Paddy Cultivation - (mimeographed). Though current costs are undoubtedly higher, they are relatively much lower than for a branch bank.

2/ Central Bank of Ceylon Annual Report 1965, pp. 81 & 82.

judged by their ability to convert deficit areas into surplus ones. It needs to be stressed that the mobilization of savings without adequate lending would not achieve the broader objectives of establishing rural banks. Rural bank's credit policy was expected to increase the availability of finances at lesser cost and thereby decrease the cost of high yielding physical inputs, induce a larger amount of such inputs and thereby increase productivity of existing agricultural activities as well as enable new economic enterprises.

The first rural bank was started as a pilot project in March, 1964 in one village society and the scheme has extended to two other societies in April and May of the same year. Thereafter, the bank gradually stepped up its extension to other societies.³

The progress of rural banks could be categorised into two phases.

- (i) An initial phase of cautious expansion from 1964 to end 1971.
- (ii) A phase of rapid expansion from 1972.

During the initial experimental phase rural banks were set up only in selected co-operative societies. A co-operative society was expected to have functioned for a minimum of three years, have a strong membership who have paid their share capital regularly; a good record of repayment of loans obtained from the Government and other institutions and the running of the co-operative at a profit. Most co-operative societies which were selected as rural banks had implemented the People's Bank's Extended Credit Scheme. Preference was also given to co-operative societies which maintained a consumer section and were agencies for the purchase of crops under the Guaranteed Price Scheme of the Department of Agrarian Services.

TABLE 2

Expansion of Rural Banks - 1964 to 1985

Year	No. of Rural Banks	No. of Special Banks	Total
1964	3	—	3
1965	8	—	8
1966	13	—	13
1967	27	—	27
1968	44	—	44
1969	68	—	68
1970	70	—	70
1971	111	—	111
1972	242	—	242
1973	341	—	341
1974	332	71	403
1975	338	109	447
1976	345	158	503
1977	285	259	544
1978	284	275	559
1979	284	302	586
1980	284	357	641
1981	287	459	746
1982	286	518	804
1983	288	555	843
1984	286	602	888
1985 (Dec.)	286	628	914

At the end of 1966 the number of rural banks had increased to only 13, but since then increased more rapidly to 111 at the end of December, 1971. (See Table 2). Rural banks' lending during the first period was restricted to purposes other than paddy production. Loans for agricultural production were given by co-operative societies, which lent mainly for paddy.

After 1972 the number of rural banks increased rapidly due to the reorganisation of Multi-purpose Co-operative Societies. In 1972 the government decision to attach a rural bank to each of the reorganised Multi-purpose Co-operative Societies. A large number of small and uneconomic Multi-purpose Co-operative Societies were amalgamated to form larger economic units. The societies then became fewer and it was possible to improve the

level of management too. After 1972, rural banks came to be named "Co-operative Rural Banks".

During 1972 alone 131 new rural banks were established and 111 of them were set up in the first quarter of the year.⁴ In order to implement the government decision to channel loans under the Comprehensive Rural Credit Scheme through rural banks, the number of rural banks was increased from 242 at the end of December 1971, to 341 within the next year.⁵

The number of rural banks declined to 332 at the end of 1974 due to the amalgamation of some rural banks as a result of the reorganization of multi-purpose co-operative societies. Yet in the same year, special branches of the rural banks were opened in the 'pradesikas' of the Multi-purpose Co-opera-

3/ R de Livera, "Rural Banks Scheme", People's Bank, Publication No. 2 p. 1

4/ Central Bank of Ceylon, Annual Report 1972, p. 110.

5/ Central Bank of Ceylon Annual Report 1973, p. 48.

tive resulting in a further expansion of the rural-banking network. The pace of expansion during the period may be assessed from Table 2. At the end of 1974, there were 71 offices affiliated to 50 rural banks and functioning as special branches.⁶ These special branches perform the same functions as rural banks. At the end of 1985, the aggregate rural banking-institutions under the Co-operative Rural Banking Scheme had increased to 907: 286 rural banks and 621 special branches.⁷ The expansion of co-operative rural banks and special branches since their inception given in Table 2 clearly demonstrates the two phases in their expansion discussed earlier. Rural banks are fairly well distributed throughout the country on the basis of the district population, areas and the availability of other banking facilities.

In 1964 when the first rural bank was established, informal sources of credit dominated the rural sector.

The only institutional credit source of some significance was the village co-operative. Except for limited savings deposits in the post office savings bank, rural savings were either hoarded or informally lent. Commercial bank branches were not accessible to most rural clientele. Pawnbroking, which was an important traditional means of obtaining credit for short periods, was not a banking function.

Therefore the development of rural banks was an important institutional innovation both for savings mobilization and rural lending. The rural banks have incorporated a blend of the advantages of unit banking and branch banking and operated through a known and existing institution-the co-operative. It has used methods of

lending well known to the rural community like pawnbroking and rural banks are known to have devised innovative means of mobilizing savings.

The nature and magnitude of business transactions of these rural banks in the two decades from 1965 may be observed in Table 3 which shows the deposits and advances of the rural banks.

The rural banks' volume of credit transactions has increased rapidly especially in the latter part of their period of operation. The channelling of cultivation loans under the Comprehensive Rural Credit Scheme enhanced the clientele of these banks.

The volume of savings at current prices was higher during the latter part

6/ Central Bank of Ceylon, Annual Report 1974, p. 48.

7/ Since a Registered Co-operative Society can have only one rural bank, rural banks which are called special branches are established by the rural banks of the co-operatives where the co-operatives wish to have more than one rural bank.

TABLE 3

GROWTH OF RURAL BANKS - DEPOSITS & ADVANCES

Year	DEPOSITS			ADVANCES			Differences between deposits and advances
	Savings Deposits	Fixed Deposits	Total	Short-term Loans	Pawning	Total	
1965	491,626	4,734	496,360	914,869	252,596	1,167,295	-670,935
1966	703,011	22,737	725,748	1,326,457	427,129	1,753,586	-1,027,838
1967	1,305,846	65,381	1,371,227	2,029,476	633,213	2,662,689	-1,291,462
1968	3,110,578	222,614	3,333,190	3,630,731	1,085,813	4,716,344	-1,383,154
1969	5,712,893	460,168	6,173,061	5,572,281	1,523,646	7,095,927	-922,866
1970	16,109,287	799,117	16,908,404	7,122,213	1,980,070	9,102,283	+7,806,121
1971	17,188,297	676,106	17,864,403	7,144,913	2,171,734	9,316,647	+8,547,756
1972	22,703,436	617,150	23,320,586	8,226,662	6,958,250	15,184,912	+8,135,673
1973	44,281,601	872,935	45,154,536	16,177,708	22,734,438	38,912,146	+6,242,390
1974	61,549,118	1,186,243	62,735,361	29,008,262	38,398,508	67,406,770	-4,671,409
1975	72,833,867	1,380,104	74,213,971	37,387,369	42,898,203	80,285,572	-13,071,601
1976	114,485,097	1,793,923	116,289,020	47,624,595	54,167,951	101,792,546	+14,496,474
1977	170,514,871	4,947,329	175,462,200	55,034,180	55,849,120	110,883,300	+64,578,900
1978	209,608,000	12,538,000	222,146,000	63,763,000	61,316,000	125,079,000	+97,067,000
1979	250,049,000	20,969,000	271,018,000	62,558,000	66,693,000	129,251,000	+141,767,000
1980	309,184,000	59,170,000	368,354,000	78,677,000	97,022,000	176,699,000	+191,655,000
1981	358,798,000	77,250,000	434,048,000	100,899,000	170,697,000	271,596,000	+162,452,000
1982	441,997,000	99,487,000	541,484,000	122,471,000	206,801,000	329,272,000	+212,212,000
1983	589,787,063	128,194,349	717,981,412	147,703,669	243,908,150	391,611,819	+326,369,593
1984	752,078,989	153,411,236	905,490,225	185,160,574	323,085,519	508,246,093	+397,244,132
1985	927,056,112	160,480,327	1,087,536,439	234,135,823	340,675,556	574,811,379	+512,725,060

of the period mainly due to increased money incomes of the rural sector as a result of higher prices for agricultural products. The high rate of inflation experienced during this period and the distribution of income towards the rural sector also assisted rural banks in mobilizing the surplus money income.

All rural banks have not attracted fixed deposits and their number of few in comparison to the number of savings deposits. The average fixed deposit is much larger in size, than the average savings deposit.

There has been a higher level of advances (short term loans and pawnbroking) during the latter years mainly due to the increases in the cost of production and a high rate of inflation. Pawnbroking comprised a significant proportion of lending of rural banks. Nearly 60 per cent of total lending in 1985 was in pawnbroking transactions. Earlier studies indicated that the type of security appears to have played a major role in the rate of repayment of loans and advances. Housing loans had the lowest rate of default.

The overall position of net deposits is very encouraging. In most years deposits have exceeded advances. At the end of 1985 deposits of rural banks exceeded their lending by as much as Rs. 512.7 million (See Table 3). Of the 16 regions into which rural banks are divided, at the end of 1985 advances exceeded deposits only in the Batticaloa region. Stated differently most rural banks were self sufficient at the end of 1985 and in most years previously. The view that the rural sector is an impoverished one lacking a savings capacity is somewhat belied by the experience.

We may conclude by saying that the rural banks scheme had demonstrated

8/ S. Kahagalle and Nimal Sandaratne. "The Role and Performance of Co-operative Rural Banks in Sri Lanka 1964 - 1976" Central Bank of Ceylon, Staff Studies Vol. 7, No. 2, September 1977, pp. 1-44.

both the need for, and the capacity of, institutional methods to serve the rural sector. It has also been an experiment in transforming sophisticated devices into simple and functional means for rural society. Further innovative devices to meet the needs rural needs will be an important strategy in the development of financial institutions in this sector.

The experience of rural banks has also underscored the possibility of institutional mobilization of savings and their capacity to transcend the disadvantages of economic disincentives to saving such as high rates of inflation and low rates of interest.

For if the rural sector is to be serviced by institutional financial devices there is a need for a proper understanding of the nature and operations of the unorganized, informal money markets which still operate to a very significant extent in the rural sector. The study and understanding of these markets would provide a useful basis for devising policies, methods and techniques of providing finance for this sector and devising innovative means of mobilizing savings as well. The existing network of rural banks and co-operatives could itself be used for this purpose.

3. The New Agricultural Credit Scheme and Comprehensive Rural Credit Scheme

The introduction of the new Agricultural Credit Scheme in September 1967 marked an important stage in the development of rural credit. For the first time the commercial banking net work became the main lender to the small farm sector. The People's Bank initiated the scheme and was the only bank operating it for nearly seven years. From Maha 1973/74, the Bank of Ceylon also participated in it. The Hatton National Bank commenced

lending in Maha 1974/75 on a small scale but increased its lending substantially from Maha 1981/82.

This scheme was operated on re-finance from the Central Bank which lent funds at 1½ per cent per annum to the commercial banks. The People's Bank lends to co-operative societies at 5 per cent per annum and co-operative societies in turn lend to their members at a maximum rate of 9 per cent per annum. The Bank of Ceylon lends directly at this rate of interest through its Agrarian Services Centres. When a loan is not repaid during the stipulated period a penal additional interest of 3 per cent is added. Credit is extended for paddy and other crops including chillies, red onions, potatoes, vegetables, bombay onions, groundnuts, sugar cane, cotton and maize. Until 1970 the rice ration books of the farmers' household was hypothecated to the co-operative society. When a farmer defaulted in his repayment of loans, the value of ration coupons at the rate of one rupee per coupon was credited to the loan account.

Until 1978 the Central Bank guaranteed loans to the extent of meeting 75 per cent of the amount in default and charged a fee of one half of one per cent for this guarantee. This guarantee was discontinued from October 1978 in the hope that its withdrawal would result in commercial banks improving the capacity to supervise and recover loans. With the sudden liberalisation of agricultural credit in 1977, total loan disbursements reached the unprecedented level of Rs. 534.1 million in the Maha 1977/78 season and the recovery rate fell to 25 per cent. Owing to this low level of recovery and withdrawal of the Central Bank's guarantee in October 1978 there was a significant contraction in bank loans for cultivation.

In 1973, a new scheme of credit

TABLE 4

Loans Granted Under the New Agricultural Credit Scheme and Comprehensive Rural Credit Scheme — Paddy Loans

(Rs. Thousand)

Cultivation Year	Loans Granted by People's Bank	Total Loans Granted by All Banks	Loans Granted by People's Bank as a Percentage of Total Loans
67/68	72,712	72,712	100.0
68/69	55,669	55,669	100.0
69/70	51,705	51,705	100.0
70/71	29,273	29,273	100.0
71/72	30,623	30,623	100.0
72/73	28,246	28,246	100.0
73/74	109,057	111,057	98.2
74/75	77,033	85,921	89.7
75/76	56,336	74,544	75.6
76/77	74,408	102,016	72.9
77/78	328,851	451,952	72.8
78/79	25,248	59,644	42.3
79/80	29,607	60,358	49.1
80/81	45,748	84,920	53.9
81/82	53,411	111,519	47.9
82/83	67,596	148,723	45.5
83/84	87,542	172,418	50.8
84/85	53,041	119,722	44.3
Total	1,276,106	1,851,022	68.9

Source: Central Bank of Sri Lanka.

called the Comprehensive Credit Scheme was to be introduced to provide both production and consumption credit on a year-round basis through rural banks attached to multi purpose co-operative societies. There was to be a greater flexibility in the granting of loans, and decisions with respect to requirements in different regions were to be decentralised. The scheme was expected to mature into a self-financing one by increasing the mobilisation of savings. In fact only some provisions of the original scheme have been applied but since 1973, the new agricultural credit scheme was renamed—the Comprehensive Rural Credit Scheme.

The People's Bank has been the main participants in the new Agricultural

rural Credit Scheme (1967-1973) and the Comprehensive Rural Credit Scheme (1973-1985). As can be seen from Table 4, of the total sum of Rs. 1,851 million lent between 1967-1985, about 69 per cent was lent by the People's Bank.

The People's Bank participation in more recent years has been less preponderant. In both 1978/79 and 1979/80 the amount lent by the Bank of Ceylon was somewhat more than that of the People's Bank. This is directly the result of the fact that in Maha 1977/78 the People's Bank lent as much as 80 per cent of the total funds (Rs.400 million of the Rs.534 million) and recovered only Rs. 62 million. The defaults of as much as Rs.340 million during this season

resulted in the Bank having a large number of defaulters on its books to whom it could not lend. Yet from Maha 1980/81 onwards the People's Bank has been the leading bank granting credit under the scheme, though it no longer dominates credit disbursement under this scheme like in the pre-1977/78 period. Between 1980/81 and 1984/85, the People's Bank's share in this scheme was 45 per cent compared to 40 per cent by the Bank of Ceylon and 5 per cent by the Hatton National Bank.

This scheme of credit has displayed the pattern of government sponsored credit programmes the world over. They follow a cycle of initial expansion of credit disbursement followed by a high rate of defaults and a consequent clamping down on the volume of credit owing to a diminishing number of eligible borrowers.

The disbursement of credit to rural areas and serving co-operative societies were the main objectives of establishing the People's Bank. In the 25 years the People's Bank has now completed, it has played a crucial role in expanding credit to the rural sector. Its activities in the rural sector have also indirectly influenced other commercial banks in their undertaking rural credit activities. As this paper has shown, it is the People's Bank which has played the most important role in expanding rural credit. Yet it must be admitted that in more recent years the expanded activities of the Bank in diverse sectors of the economy have resulted in its rural credit functions seeming somewhat less significant than a decade ago. Yet there is no denying the fact that the People's Bank continues to operate from, and to, a rural base to a more significant extent than any other banking institution. It is hoped that whatever changes may occur it will continue to serve the rural sector and influence rural financial markets in a significant manner.