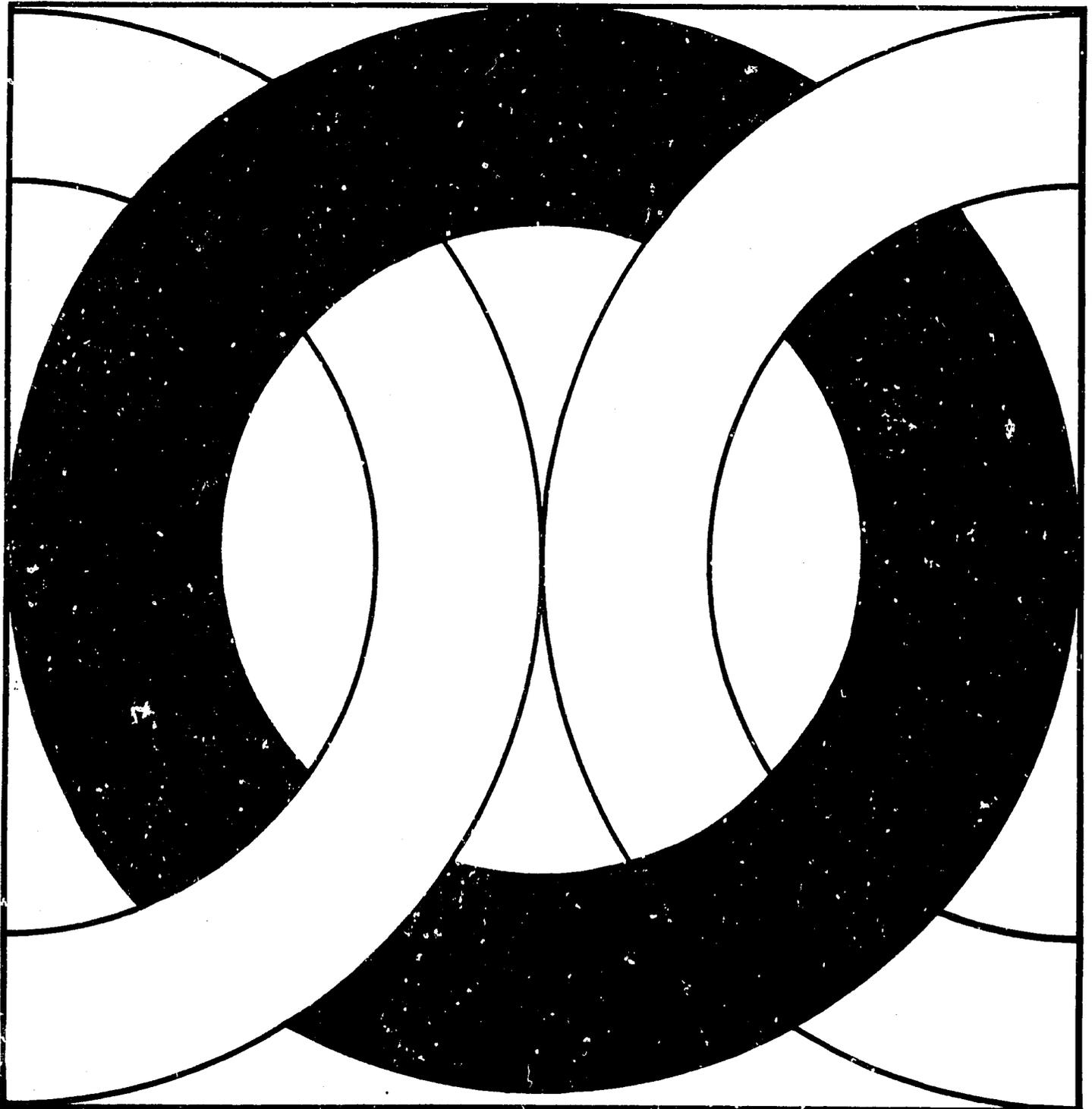


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AGRICULTURAL FINANCE PROGRAM  
DEPARTMENT OF AGRICULTURAL ECONOMICS  
AND RURAL SOCIOLOGY  
THE OHIO STATE UNIVERSITY

AUGUST, 1983

ANNOTATED BIBLIOGRAPHY ON  
AGRICULTURAL CREDIT AND  
RURAL SAVINGS: VIII



## PREFACE

### Background

This bibliography is an outgrowth of activities sponsored by the Office of Multisectoral Development, Development Information and Utilization Service, Science and Technology Bureau, Agency for International Development under a cooperative agreement with the Department of Agricultural Economics and Rural Sociology, The Ohio State University. The individuals responsible for the preparation of this bibliography are:

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### Introduction

With the efforts to improve financial services in rural areas, increasing amounts of funds have also been devoted to do rural finance research in low income countries (LICs). This is shown by the increase in the number of rural financial market (RFM) studies conducted in these countries during the last three decades and a wide variety of topics covered in the research. During the 1950s and the 1960s, the major focus of RFM research on developing countries remained on supplying formal credit to rural households, rural indebtedness problems, demand for credit in rural areas, and impact of loans on rural borrowers. A few studies were also conducted on the business practices of private moneylenders. In the 1970s, while research on these same issues continued, a number of studies investigated rural savings utilization and the broader role of RFMs in rural development in LICs. In more recent years, the research scope was further widened to include loan default and delinquency problems, costs of lending and borrowing in rural areas, and the impact of various RFM policies and policy instruments on demand and supply of financial services in the rural sector and their role in affecting the distribution of wealth and income. In the past few years there has been a dramatic improvement made in the theoretical models and analytical techniques used in rural finance studies.

This bibliography is a collection of abstracts of almost 200 rural finance studies. Most of these studies were conducted during the last five years. The emphasis is on research done on developing countries, however, a number of studies on developed countries and of general methodological and theoretical interests are also included. The major criteria used in the selection of studies were to include research on a wide variety of rural finance issues as well as diverse geographical areas. The studies were categorized as agricultural credit or rural savings studies, and were arranged in alphabetical order by the last name of the author, or the senior author in cases where there were more than one author of a study. The author and geographic indexes of the abstracted studies are listed in the end.

Like the previous annotated bibliographies on agricultural credit and rural savings prepared at the Department of Agricultural Economics and Rural Sociology, The Ohio State University, this bibliography is intended to serve as a reference source for researchers interested in RFMs in developing countries.

#### Additional Information

Persons desiring information regarding publications listed in this bibliography or some other aspects of rural credit or savings should address their inquiries to:

The Agricultural Finance Program  
The Ohio State University  
2120 Fyffe Road  
Columbus, Ohio 43210, USA

NOTE

This bibliography is the eighth in a series of annotated bibliographies prepared by The Ohio State University. The first three were published and distributed by the Agency for International Development as part of their A.I.D. Bibliography Series. Citations and ordering instructions for these three bibliographies follow:

- (1) Agricultural Credit and Rural Savings, A.I.D. Bibliography Series: Agriculture No. 7, December 1, 1972, 60 p.
- (2) Agricultural Credit and Rural Savings: II, A.I.D. Bibliography Series: Agriculture No. 8, July 1976, 60 p.
- (3) Agricultural Credit and Rural Savings: III, A.I.D. Bibliography Series: Agriculture No. 9, July 1977, 56 p.

Copies of these three bibliographies can be ordered from the Office of Multisectoral Development, Development Information and Utilization Service, Science and Technology Bureau, Agency for International Development, Washington, D.C. 20523.

- (4) Annotated Bibliography on Agricultural Credit and Rural Savings: IV, March 1980, 160 p.
- (5) Annotated Bibliography on Agricultural Credit and Rural Savings: V, April 1980, 60 p.
- (6) Annotated Bibliography on Agricultural Credit and Rural Savings: VI, September 1980, 65 p.
- (7) Annotated Bibliography on Agricultural Credit and Rural Savings: VII (Special Issue on India), May 1983, 84 p.

The Bibliographies IV - VIII were published and distributed by the Agricultural Finance Program, Department of Agricultural Economics and Rural Sociology, The Ohio State University, 2120 Fyffe Road, Columbus, Ohio, USA, 43210. Copies of these bibliographies can be ordered from the Agricultural Finance Program address given above.

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## PART I. AGRICULTURAL CREDIT

1. Abe, S.I., "Nigerian Farmers and Their Finance Problems," paper presented at the Seminar on Agricultural Credit and Finance, held at the University of Ibadan, Ibadan, Nigeria, April 17-May 2, 1981, 28 p.

Identifies main sources of finance for Nigerian farmers. Farmers' financing problems are discussed from the perspective of the farmers themselves and of the credit institutions. The position of interest rates as a phenomenon in exchange transactions and its role in stimulating productivity especially in the area of agriculture is highlighted by establishing the favorably comparative ranges of interest rates which apply to the productive sectors in general and to agriculture in particular. Creation of data base on economic activities of rural households, development of procedures for estimating income of farmers, encouraging the financial institutions to supply more farm credit, creation of banking habits among farmers, and a number of other measures have been suggested for alleviating the financial problems of farmers in Nigeria. (2512)

2. Adams, Dale W and Alfredo Antonio Pablo Romero, "Group Lending to the Rural Poor in the Dominican Republic: A Stunted Innovation," Canadian Journal of Agricultural Economics, Vol. 2, No. 2, July 1981, pp. 217-224.

The authors argue that most of the financial innovations in low income countries (LICs) do not mature beyond the pilot project phase. This study provides one explanation for why these innovations fail, illustrating the argument with information drawn from a study of group lending in the Dominican Republic. The performance of group lending scheme initiated by the Dominican Development Foundation (DDF) is evaluated.

The study finds that DDF is increasingly experiencing repayment problems on loans. The quality of services provided by the DDF also did not improve over the past few years. The group lending innovation used by DDF did not succeed in reducing its cost or costs of loans to the borrowers. Authors argue that concessionary interest rate policies pursued in many LICs may be a major factor that causes many financial innovations to fail. (2425)

3. Adams, Dale W, "Are the Arguments for Cheap Agricultural Credit Sound?" Journal of the Institute of Bankers in Pakistan, Vol. 48, No. 3, September 1982, pp. 17-32.

Eight commonly used arguments to justify low interest rates on agricultural credit are evaluated. It is pointed out that these arguments are either based on value judgements, are unsound, and/or wrong. Conclusions are that more flexible nominal interest rate policies that resulted in positive real rates of interest would improve efficiency of resource allocation, lead to less income concentration and improve the overall performance of rural financial markets. (2689)

4. Adams, Dale W, "Physical Examinations for Rural Financial Markets in Low Income Countries," Economics and Sociology Occasional Paper No. 957, Agricultural Finance Program, Department of Agricultural Economics and Rural Sociology, The Ohio State University, 2120 Fyffe Road, Columbus, Ohio, October 1982, 27 p.

Author argues that a careful examination shows that rural financial markets (RFMs) in most developing countries experience similar problems. He discusses several reasons why the RFM ills are not effectively treated. The principal objective of this paper, however, is to outline diagnostic steps that might better allow investigators to identify the sources of problems faced by RFMs. It is suggested that in the evaluation of the performance of rural financial markets in low income countries, emphasis should be to assess the supply of financial services, behavior of financial intermediaries, and to identify the policy treatment to overcome finance problems. (2688)

5. Agabin, Meliza H., "Philippines," paper presented at the Symposium on Farm Credit, organized by Asian Productivity Organization, Manila, Philippines, November 29 - December 4, 1982, 79 p.

Farm credit has been given a prominent role in agricultural development programs in the Philippines. The major objectives of the Philippine agricultural credit policy since the 1950s are: 1) institutionalization of credit; and 2) allocation of more credit to small farmers. The author discusses the different financial institutions that supply farm credit. Various agricultural credit schemes launched by these institutions are also described. The evaluation of the selected farm credit programs reveals that despite a significant increase in the total amount of loans provided through these schemes, their trend generally declined. The accomplishments of most of the evaluated programs were below targets. The loan repayment rate on farm credit was higher than non-agricultural loans.

The study also discusses magnitude and sources of farm debt and relative importance of private lenders in the rural sector. Various suggestions to improve the performance of agricultural credit programs are also forwarded. (2633).

6. Aggrey-Mensah, William, "Small Borrower Credit Guarantee Scheme - A Ghanaian Experience," AFRACA Publication No. 2, presented at the Workshop on Credit Guarantee Scheme held in Conakry, Guinea, 11-22 December, 1980, African Regional Agricultural Credit Association (AFRACA), Nairobi, Kenya, August 1982, 30 p.

The first section of this study appraises the performance of the existing banking system in Ghana in relation to the needs of the small-scale farmers. The second section presents description of the background and organization of the Small Borrower Credit Guarantee Scheme. The achievements and different problems experienced in the operations of the scheme are discussed in section three. The paper concludes with an outline of a recent rural credit scheme being introduced to widen the coverage of the Credit Guarantee Scheme and to make it more beneficial to a larger segment of rural dwellers. (2592)

7. Agricultural Bank of Malaysia, "Agricultural Policies and Programs in Malaysia," Paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December, 1982, published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, Asian and Pacific Regional Agricultural Credit Association, Bangkok, Thailand, March 1983, pp. 60-71.

This paper discusses the institutional sources of agricultural credit, and policies and programs to provide credit facilities to farmers in Malaysia. A brief description of the agricultural situation in the country is also given.

The main sources of institutional credit to the farm sector in Malaysia are Federal Land Development Authority and other government agencies, commercial banks, the finance companies, merchant banks, and various other rural credit institutions. The total loans standing of these agencies amounted to \$4,566 million at the end of 1981. About 40 percent of this amount was contributed by the government development agencies and 52 percent was supplied by the financial institutions as a group. The recovery rate of agricultural loans in 1981 was 58 percent. (2658)

8. Agricultural Bank of Malaysia, "Strategy for Recovery of Agricultural Loans in Malaysia," paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December, 1982, Printed in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, Asian and Pacific Regional Agricultural Credit Association, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 167-177.

This study presents the performance of the Agricultural Bank of Malaysia in terms of volume of loans disbursed, types of beneficiaries, and strategy for loan recovery. The operations of the Federal Land Development Authority are also discussed.

The total loans outstanding of the Agricultural Bank of Malaysia were more than \$278 million at the end of 1981. During this year, the Bank approved \$182 million in loans, benefitting 20,000 padi farmers, 181 tobacco curers, 33,000 tobacco farmers and 12,163 others. The rate of loan collection in 1981 was 58 percent as compared to 51 percent in 1979. The rates of interest charged on loans varied between 11-12 percent per year. However, only 2 percent interest was charged to Bumiputra loanees. The study finds that repayment performance of small loans was as good, if not better, as that of big loans. Legal actions are suggested against willful defaulters. (2659)

9. Agricultural Cooperative Development International, East African Banking/Agricultural Credit for Small Farmers Workshop, Co-sponsored by Agricultural Cooperative Development International (ACDI) and African Regional Agricultural Credit Association (AFRACA), co-hosted by the Agricultural Finance Corporation and the Cooperative Bank of Kenya, Nairobi, Kenya, February 2-6, 1981, 25 p.

The purpose of this workshop was to bring together senior operating officers of development banks and agricultural loan institutions as well as officials of government agencies to discuss common problems, compare selected operating procedures and exchange information related to rural credit and banking. Representatives of 19 agricultural credit organizations or government agencies from 12 countries in East Africa participated in the workshop. A working paper giving background information on agricultural credit programs in four East African countries was presented by Mark Van Steenwyk of ACDI. The summary of the paper is given in this report. The major topics discussed were: charging an appropriate rate of interest; manpower development within the lending institutions; the role of lending institutions in providing farmer education; loan delivery supervision and recovery strategies; internal sources for generating loan capital; and the use of computers in small loan schemes. (2422)

10. Agricultural Development Bank, "Small Farmer Development Programme in Nepal," Institutional Division, Agricultural Development Bank, Kathmandu, Nepal, April 1982. 31 p.

This study discusses objectives, organization and major activities undertaken by the Small Farmer Development Programme in Nepal. The program was launched with an objective to raise socio-economic status of small farmers who generally do not have access to the development enhancing benefits of the government and live below subsistence. A variety of income generating, saving mobilizing, and social and community activities have been launched under this program. The coverage of the Small Farmer Development Program will be expanded gradually. The future success of the program is expected to depend upon its acceptance by small farmers. (2528)

11. Akuzaoku, B.A., "Small Farmer's Finance: Prospects in the 1980s," paper presented at the Seminar on Agricultural Credit and Finance in Nigeria, held at the University of Ibadan, Ibadan, Nigeria, 27 April - 2 May, 1981, 10 p.

Author discusses the food situation in Nigeria, and the role of small farmers in meeting food deficits. The world food problem is also examined in brief. The study examines the thesis that the problem of Nigerian small farmer is more social and psychological than financial.

Various policies and programs have been instituted to develop agriculture in Nigeria. To ensure adequate credit facilities in rural areas, the Nigerian Agricultural and Cooperative Bank and Agricultural Credit Guarantee Scheme were established, and various programs to induce commercial banks in agricultural financing were launched. Despite all these measures, both agricultural and livestock production in the country declined over time during 1966-75 reflecting the poor policies. (2509)

12. Aladenola, J. O., "Federal Agricultural Credit Facilities and the Implementation Problems with Particular Reference to Orndo State," paper presented at the Seminar on Agricultural Credit and Finance in Nigeria, held at the University of Ibadan, Ibadan, Nigeria, 27 April - 2 May, 1981, 10 p.

Inadequate farm credit has been identified as one of the constraints facing the agricultural sector in Nigeria. To alleviate this constraint, the government set up the Nigerian Agricultural Bank, and Agricultural Credit Guarantee Scheme. This study examines these two financial institutions, and the Ondo State

Agricultural Credit Corporation with the view of establishing the extent to which they have assisted farmers. Some suggestions are also made to improve the performance of these institutions.

The Nigerian Agricultural and Cooperative Bank was found to favor large scale farms with collaterals as compared to small farmers when supplying loans. The benefits of the Credit Guarantee Scheme were regionally concentrated in few states. The Agricultural Credit Corporation in Ondo State provided loans to various farmers. However, the funds advanced by this institution are not adequate to fulfill the needs of farmers. (2484)

13. Alamgir, Mohiuddin "Report on the Grameen Bank Project," reprint of the relevant part of a report on the Grameen Bank Project prepared by one-man International Fund for Agricultural Development mission, published by the Grameen Bank Project, Dacca, Bangladesh, April 1982, 23 p.

This study discusses the organization and operation of the Grameen Bank Project started in Bangladesh in 1976. The major objective of this program is to make formal credit facilities available to the rural poor. The scheme is managed by a Project Director. There were 25 field managers and 125 bank workers working in the field in 1982. The field staff help to formulate groups to obtain loans. The loans are, however, advanced to individual members as well as to groups. The credit is supplied for a variety of purposes. The loan repayment performance of the borrowers is satisfactory. There are some efforts also made under the program to mobilize savings. (2559)

14. Antholt, Charles H. and E. Boyd Wennergran, "Agricultural Credit Reform: The Case of Bangladesh," unpublished paper, Department of Agricultural Economics, Utah State University, Logan, Utah, 1983, 9 p.

This note reports the results of a pilot rural finance project in Bangladesh designed to test the acceptability of higher interest rates among farmers, and measures rural resident's response to savings options occasioned by the availability of higher rates of interest. A brief overview of Bangladesh is presented, followed by a summary of the pilot projects.

The authors reveal that higher interest rates improved the supply of credit to target groups. The loan repayment rate under the project was 85 percent as compared to as low as 40 percent on other loan programs. The rural residents also positively responded to the higher interest rates in terms of depositing their savings with

the banks. The authors conclude that the interest rate reforms in rural financial markets in Bangladesh will have desirable impacts on loan distribution and savings mobilization. (2683)

15. Araujo, Paulo Fernando Cidade de, An Economic Analysis of the Rural Credit Policy in Brazil, Tese Apresentada a Escola Superior de Agricultura, Luis de Queiroz da Universidade de Sao Paulo, Para Obtencao do titulo de Livre-Docente Sao Paulo, Brasileira, September 1980, 225 p.

The summary of this study is translated in English. The purpose of the study is to analyze and evaluate the Brazilian credit policy for agriculture. Special emphasis is given to the distributive issues of credit at national, regional, and farm levels. Tabular analysis and multiple regression models are used in the study. Both primary and secondary data were analyzed. In the 1975-79 period, the share of agricultural credit in total credit distributed to private sectors in Brazil declined. At the national level, the supply of credit for agriculture increased rapidly in the last decade. The regional distribution of loans showed that 77 percent of total farm credit went to more commercialized agricultural regions. The findings of this study show that the establishment of an appropriate set of incentives is needed to affect bank behavior and, as a result, credit distribution. (2401)

16. Araujo, Paulo Fernando Cidade de, "Credito Rural, Subsidios e Prioridade Agricola," Revista ADCE/UNIAPAC/ BRAZIL, Vol. 3, No. 8, 1981, pp. 1366.

Describes the rapid growth of informal agricultural credit in Brazil during the 1970s. Also critiques using low interest rates as a way of subsidizing agriculture. Author argues for less subsidies via credit, more flexible interest rate policies, and more stress on stimulating agriculture through non-credit means. (2464)

17. Arputharaj, C., P. Selvaraj and Varadarajan, "Temporal Impact on Default of Farmers," Southern Economic Review, Vol. 5, No. 4, April 1977, pp. 253-257.

Recovery of loans is one of the major problems faced by farm financial institutions in India. The authors argue that loan defaults in rural areas are not always caused by human factors but by natural calamities and other reasons beyond the control of borrowers. In this study, they compare the distribution of income

and consumption expenditure of defaulters and repayers. They also analyze the credit sources of defaulters and repayers. The data used in this paper were gathered from 80 farm households in four villages of Coimbatore district. The results show that lack of adequate flexibility in repayment procedures by most financial institutions is a major drawback of the institutional credit system. Both natural and human factors can cause non-repayment by borrowers. (2423)

18. Asian and Pacific Regional Agricultural Credit Association, Agricultural Credit Policies and Programs for Small Farmer Development in Asian and Pacific Countries, Country Profiles 1980 and Success Stories, APRACA No. 6, F.A.O. Regional Office for Asia and Pacific, Bangkok, Thailand, February 1981, 213 p.

This report is organized in two parts. Part A discusses agricultural credit policies and programs for small farmers' development in Asian and Pacific countries. The countries covered are Afganistan, Bangladesh, Fiji, India, Indonesia, Republic of Korea, Malaysia, Nepal, Pakistan, Philippines, Sri Lanka, and Thailand. Part B presents studies on the role of agricultural credit in developing grass-root-level small farmer institutions. The country cases given in this part are on Bangladesh, India, Indonesia, Korea, Malaysia, Nepal, Pakistan, Philippines, and Sri Lanka. The studies given in Parts A and B were conducted by different economists. (2407)

19. Asian and Pacific Regional Agricultural Credit Association; Report on the Fourth General Assembly, 8-10 December 1982, Manila, Philippines, FAO Regional Office for Asia and the Pacific, Phra Atit Road, Bangkok, Thailand, January 1983, 66 p.

The Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association (APRACA) was held in Manila, Philippines on 8-11 December 1982. The meeting was attended by 56 delegates. In this report, the lectures delivered in the opening session are summarized. The country papers on the topics of agricultural credit policies and programs and strategy for recovery of agricultural loans presented by different participants are also summarized. In addition, the review of activities and financial matters of APRACA for 1981 and 1982 are given along with the programs of work and budget for 1983 and 1984. (2599)

20. Auchter, Edmund L., "Notes on the Role of Small Farmer Credit in Tunisia," paper prepared for the Rural Credit Seminar, held in Tunis, Tunisia, May 2-3, 1979, 10 p.

Author discusses the reasons for slow growth in agricultural production in Tunisia. He argues that access to credit facilities is necessary to enable the farmers to adopt high yielding technology. Small farmers in Tunisia are heavily dependent on their own funds to meet capital investment needs. The formal financial institutions are generally reluctant to supply credit to all farmers. The author suggests that efforts should be made to mobilize savings through financial intermediaries. These funds should be then supplied to the rural poor in the form of production and investment loans. There is also a need to reduce the cost of lending to small borrowers. (2533)

21. Author unknown, "Agricultural Credit Policies and Programs in China," paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, 8-11 December 1982, Published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 9-19.

The agricultural credit policies and programs in China have been developed according to the agricultural characteristics, social system and productivity levels. The formal credit to farmers is supplied through the Agricultural Bank of China and rural credit cooperatives. The Rural Credit Program was established by the Agricultural Bank of China as an important component of the national integrated credit programs. Continuous inspections are made to insure that the rural credit plan has been implemented in accordance with the principles and policies of the Communist Party. (2655)

22. Author Unknown, "Agricultural Credit Policies and Programmes in Nepal," Paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December 1982, Published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 72-90.

The major emphasis of agricultural credit policies in Nepal has been to increase the quantity of credit available for agricultural development, change the direction of credit flow keeping in view

the policy of specialization and diversification of production activity as suited to the regional conditions, increase the share of rural poor in institutional credit, and formulate agricultural projects and implement such projects in economically backward areas. The institutional credit in the country is supplied by the Agricultural Development Bank, commercial banks, and cooperative societies and Sajha institutions. The Central Bank of Nepal provides various facilities to these institutions in order to encourage them to service more credit in rural areas. Many special programs are also instituted to improve the supply of formal credit to low income rural households. (2652)

23. Author unknown, "A Country Paper on Agricultural Credit Policies and Programs in Sri Lanka," presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December and 1982, Published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 96-111.

Study discusses agricultural credit policies and programs in Sri Lanka. Cooperative Rural Banks have been established in Sri Lanka to provide loans in rural areas. Recently, the People's Bank started a special small farmer credit scheme. Under this program, the cultivators with land under 10 acres are given loans for the production of crops such as paddy, ground nuts, soyabeans, etc. These loans are advanced through multipurpose Cooperative Societies. The People's Bank also advance loans to medium and large size farm households. Loan default has been a constant problem in agricultural credit. The government and banks are making various efforts to improve the recovery loans advanced to rural households. (2656)

24. Author unknown, "Agricultural Credit Policies and Programmes in Thailand," paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11, December 1982, Published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 112-125.

This study discusses the history of agricultural credit and the various agricultural credit agencies in Thailand. The place of the agricultural sector in national economy in terms of its share in total Gross Domestic Product, source of employment, and contribution to national exports is also briefly described.

The institutional lending agencies contribute about 64 percent of the total borrowings of farmers in Thailand. The major sources of formal farm credit in the country are the Bank of Agriculture and Agricultural Cooperatives (BAAC), commercial banks, and agricultural cooperatives. Project financing approach is used by the BAAC to supply loans to small farmers. While the total amount of institutional credit to the agricultural sector increased significantly over time, the repayment rate on loans was low. The rates of interest on loans extended to farmers by institutional agencies vary between 10 and 16 percent per annum. (2666)

25. Author unknown, "Strategy for Recovery of Agricultural Loans in Nepal," paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December 1982, Published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 178-186.

The Agricultural Development Bank and commercial banks are the major institutions supplying formal credit to farm households in Nepal. The loan appraisal systems used by these institutions is strictly based upon financial viability and feasibility of the project. The end-use of loans by borrowers is also closely supervised. Despite all these measures, the recovery rate of the Agricultural Development Bank loans was about 57 percent in 1981-82. In the case of commercial banks, the loan repayment rate was even lower. Various methods have been adopted by the Agricultural Development Bank as well as by commercial banks in order to recover overdues. The study also discusses the loan recovery performance of the "Total Credit Program" launched by the Agricultural Development Bank in 1980. The rate of repayment of loans advanced under this program was 100 percent during the first year. (2653)

26. Author unknown, "Strategy for Recovery of Agricultural Loans in Thailand," paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December, 1982, Published in Agricultural Credit

Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 217-227.

Commercial banks and the Bank for Agriculture and Agricultural Cooperatives (BAAC) are the two major sources of institutional finance to Thai farmers. The BAAC supplied 36 percent of total formal farm credit and serviced about 40 percent of the farm families in 1981. The Bank provides loans to individual farmers, members of agricultural cooperatives, and farmer associations. The interest rates charged on loans vary between 10 and 16 percent per year. The repayment rates on loans advanced by the Bank declined over time and were 78 percent, 61 percent, and 65 percent on short, medium and long-term loans, respectively, in 1981. Crop losses, fall in market prices and willful defaults are the three major reasons for low loan repayments. The default rates in the case of credit advanced to agricultural cooperatives and farmers associations were significantly higher than the individual borrowers. (2667)

27. Bangladesh Bank, "Agricultural Credit Policies and Programmes in Bangladesh," country paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December, 1982, Published in Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 1-8.

This paper is an updated version of the report presented in the Third General Assembly of APRACA held in Dacca, Bangladesh in December 1980. The study presents major policies and programs related to agricultural credit in Bangladesh.

The Bangladesh Bank formulates agricultural credit policies and programs in consultation with the Agricultural Ministry and other concerned agencies. The Bank has adopted liberal agricultural loan policies. The financial institutions are provided concessional refinancing facilities in order to encourage them to supply farm loans. The terms and procedures of advancing credit to farmers have also been modified. Various measures have also been instituted to improve loan recovery rates. (2640)

28. Bangladesh Bank, "Country Paper on Strategy for Recovery of Agricultural Loans in Bangladesh," presented at the Fourth General Assembly of Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December, 1982, Published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 126-133.

The total amount of formal agricultural loans disbursed in Bangladesh increased from TK 2.8 billion in 1979-80 to TK 4.2 billion in 1981-82. The financing of specific target groups of marginal and landless farmers also increased considerably. Both input cost and possible output are considered in the appraisal of loan quantum. The use of loans is closely supervised. The loan defaulters are not given any further credit. Despite all these efforts to ensure repayment of loans, the recovery rate of agricultural loans was about 55 percent in 1979-80, 59 percent in 1980-81, and 64 percent in 1981-82. (2660)

29. Bank Rakyat Indonesia, "Strategy for Recovery of Agricultural Loans," paper presented at the Fourth General Assembly of the Asian and Pacific Regional Credit Association, Manila, Philippines, 8-11, December 1982, Published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 149-158.

In Indonesia, 47 percent of the farmer borrowers were overdue in repaying their loans during the first half of 1982. The total amount of loans overdue was 10 percent of the demand during this period. The default and delinquency rates on farm loans have been increasing over time. This study presents some loan appraisal approaches that may be adopted in order to ensure high recovery rates. It also discusses supervision of problem loans and the remedial steps to be taken. Similarly, factors contributing to recovery of loans are described. (2654)

30. The Bank of Sierra Leone, Report on the National Workshop on Agricultural Credit and Banking in Sierra Leone, Freetown, Sierra Leone, 8 October - 4 November, 1978, 252 p.

This report contains a number of papers presented at the workshop. The major objectives of the workshop were: (1) to provide an opportunity for an exchange of views among the participating institutions, government departments and other agencies on planning

and implementation of agricultural credit-schemes; (2) to identify constraints in operations of agricultural credit institutions; (3) to discuss the needs for training and education of the credit institutions; to identify the technical assistance needs from UNDP and AFRACA in the field of agricultural credit; and (5) to explore the possibility of establishing a National Agricultural Credit Institution. The papers presented mainly deal with supplying credit services to the agricultural sector and the role of different financial institutions in achieving this objective. (2453).

31. Barry, Peter J., "Current Issues in Agricultural Finance: Inflation, Risk and Financial Instabilities," A. E. Res. 81-28, W. I. Myers Lecture, Department of Agricultural Economics, New York State College of Agriculture and Life Sciences, Cornell University, Ithaca, New York 14853, November 1981, 22 p.

This paper highlights some of the important factors that affect the financial structure and performance of farming operations under inflation, and to consider their implications for research and policy. The author reviews the current setting and presents several viewpoints about the long-term financial outlook for the farm sector. Emphasis is placed on how the effects of inflation and risk are transmitted to farmers through financial markets, and some possible courses of action for relieving the adverse effects on farmers' financial performance. The effects of inflation on farmers' capital investments and their financing, as well as the influence of regulatory changes on farmers' access to financial services through private and public channels are also considered. (2556)

32. Barry, Peter J. and Warren F. Lee, "Financial Stress in Agriculture: Implications for Agricultural Lenders," paper presented at the American Agricultural Economics Association's Annual Meetings, held at Purdue University, West Lafayette, Indiana, July 31-August 3, 1983, 22 p.

This study focuses on financial stress for major agricultural lenders in the U.S.A., arising from agricultural and financial market forces. The authors first establish the lender's risk setting, and then review the credit problems and their impacts on the farm credit system, commercial banks, government credit programs, and other lenders. Managerial and policy implications are also considered.

The study finds that most lenders appear to be adequately accommodating higher credit risks in their own financial structure through changes in leverage, utilizing reserves, customer workouts, and pricing to cover the necessary changes in loss rates, lending costs, and capital structure. Floating interest rate plans are suggested for the banks to enable them to adequately respond to current financial stress. (2714)

33. Bhisalbutra, Ladda, "Thailand," paper presented at the symposium on Farm Credit, organized by Asian Productivity Organization, Manila, Philippines, November 29 - December 4, 1982, 50 p.

Despite a number of policy efforts, informal moneylenders still dominate rural financial markets in Thailand. In this paper, farm credit policies in Thailand are described and evaluated. The study also discusses the structure and organization of financial institutions servicing agriculture.

The amount of farm loans advanced by formal lenders increased significantly over time. The number of bank branches in rural areas also increased. However, there were high default and delinquency on agricultural loans. The impact of credit in terms of increases in agricultural productivity was also nominal. Similarly, the distribution of credit was mainly concentrated among large and economically well-to-do farm households. The author makes suggestions to improve the performance of farm credit programs in the country. (2635)

34. Binswanger, Hans P., "Risk Aversion, Collateral Requirements and the Markets for Credit and Insurance in Rural Areas," Studies in Employment and Rural Development No. 79, Development Policy Staff, The World Bank, Washington, D.C., 1982, 67 p.

Many classes of rural borrowers in less developed countries have little or no access to credit from formal institutions and they have to rely upon relatively expensive private loan sources. It has now also become clear that the market for comprehensive yield insurance of agricultural commodities has failed universally, even in the developed countries. The main theme of this paper is to rigorously explore the causes of the serious difficulties of both the credit and the yield insurance markets in rural areas.

The study reveals that there is a demand for crop yield insurance markets in rural areas in low-income countries. However, it is shown that the case for individual crop yield insurance on efficiency grounds is weak for several reasons. A case for a variety of risk-specific insurance contracts is presented by the author. (2536)

35. Bourne, Compton and Douglas H. Graham, "Problems With Supply-Leading Finance in Agricultural Development," Discussion Paper No. 8, presented at the Colloquium on Rural Finance, held at the Economic Development Institute, The World Bank, Washington, D.C., September 1-3, 1981, 33 p.

Authors critique the conceptual framework for supply-leading financial development in agriculture. Inappropriate or erroneous assumptions are reviewed along with the distorted operational characteristics and problems that have emerged in agricultural credit programs and institutions in the last decade in LDCs. Counterproductive pricing, investment and interest rate policies are highlighted along with inappropriate program and institutional organization. Reforms are recommended to revitalize these programs to make a more lasting contribution to the development of rural financial markets in less developed countries. (2416)

36. Bourne, Compton and Douglas H. Graham, "Economic Disequilibria and Rural Financial Market Performance in Developing Economies," Canadian Journal of Agricultural Economics, Vol. 1, No. 1, March 1983, pp. 59-76.

Rural financial markets and agricultural lenders performed poorly in the past decade in most less developed countries. Many observers have emphasized the need for institutional and financial reforms to ensure more efficient and equitable results. It includes improved loan evaluation, monitoring and recovery procedures, and flexible interest rate policies to allow the lenders to cover their costs and provide incentives for saving mobilization. The authors argue that, in addition to the above factors, widespread economic disequilibria in many developing countries also cause poor performance of rural financial markets. They show how the disequilibria in product, factor and financial markets are transmitted to rural financial markets. The authors conclude that along with interest rate reforms, price, wage, exchange rate and foreign trade reforms are also needed to improve the functioning of rural financial markets. (2680)

37. Brown, Jason S., "Bank Lending for Small Enterprise Development, Case Number One: Syndicate Bank, India," U.S. Agency for International Development, Washington, D.C., 1982, 37 p.

Syndicate Bank of India is noteworthy for serving small depositors and borrowers. The bank has also consistently attained high levels of growth and profits. This study presents various achievements of the Syndicate Bank in terms of extending services to the rural poor.

The bank provides petty deposit schemes to villagers with minimum weekly deposits as low as two U.S. cents. These small deposits amounted to \$60 million, or 7 percent of total deposits of the bank in 1977. Similarly, loans have been comparatively small. In 1975, 95 percent of the loans made by the bank were less than \$1,200 and over 65 percent were less than \$120. The profitability of the Bank is higher than the average profit rate of the nationalized banks. (2583)

38. Bruch, Mathias, "Financial Sources of Small-Scale Manufacturers, A Micro-Analysis for Malaysia," Kiel Institute of World Economics, D-2300 Kiel, West Germany, October 1982, 28 p.

The relative importance of different financial sources of small-scale entrepreneurs for investment and working capital purposes are examined in Section 1 of this study. Section 2 focuses on theoretical discussion of transaction costs and other factors influencing financial sources of small-scale manufacturers. In section 3 discriminant analysis is applied to identify factors which account for institutional lending to take place. Concluding remarks are presented in Section 4. The results obtained in this paper suggest that the small-scale manufacturers can obtain formal credit, although the rate of participation in such transactions increased with the size of establishments. The discriminant analysis reveals that size was only of minor importance compared to other characteristics of the establishment and the entrepreneur. (2555)

39. Caribbean Agricultural Credit Training Committee (CACTCOM), Papers and Discussion on the Current Viability of Agricultural Credit Institutions in the Caribbean, Senior Management Workshop Sponsored by USAID Regional Development Office in Barbados in Cooperation with CACTCOM, hosted by Guyana Cooperative Agricultural and Industrial Development Bank, Georgetown, Guyana, November 17-20, 1980, 200 p.

This report contains six papers presented at the workshop along with the rapporteur's reports and discussions on these papers. The study by Compton Bourne discusses the impact of macro level variables on the performance of rural financial markets. Interaction of price and credit policies in agriculture in Costa Rica is examined by Donald Larson and Robert Vogel. Douglas Graham's study discusses important issues for the design and performance of small farmer credit programs based upon Jamaican experience. B.M. Desai presented experiences of group lending innovations in reaching small farmers in developing countries. Another paper by Compton Bourne discussed the issues related to

external funding and the viability of rural development banks in low income countries. Robert Vogel used Latin American experience to analyze the potential for rural savings mobilization through financial markets. (2516)

40. Central Bank of Ceylon, Survey of Credit and Indebtedness Among Paddy Farmers - 1976, Department of Statistics, Central Bank of Ceylon, Colombo, Ceylon, 1981, 96 p.

Report presents the results of a sample survey on credit conditions and indebtedness among paddy farmers. The survey was carried out by the Central Bank of Ceylon in 1976.

The results indicate that the debt outstanding of the sample households during the study period increased by 134 percent. The average size of outstanding debt was Rs 359 and 63 percent of loans were below Rs 1500. Only less than 8 percent of the capital borrowed during the period was repayed within the survey reference period. The analysis of distribution of loans taken during the year by type of security reveals that more than half of the loan amount was borrowed against no security and the rest of the loans were borrowed against land, jewelry, consumer durables, and machinery and equipment collaterals. Sixty-eight percent of outstanding debt on April 1, 1975 was raised from institutional sources and 32 percent from private money lenders. The rate of interest paid on institutional loans varied between 9 and 15 percent per year and on informal loans between 16 and 150 percent per annum. (2501)

41. Central Bank of the Philippines, "Agricultural Credit Policies and Programs in the Philippines: an Update," Paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December, 1982, published in Agricultural Credit Policies and Programmes in Asia (With Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, Asian and Pacific Regional Agricultural Credit Association, Bangkok, Thailand, March 1983, pp. 91-95.

This paper presents a discussion on agricultural credit policies and programs in the Philippines. The amount of farm loans outstanding in the country in 1981 was P 59.6 billion. As a proportion of total credit, the amount of agricultural credit was 24 percent in 1980 and 21 percent in 1981.

Major reforms have been made in rural financial market policies in the Philippines. These include de-regulation of the interest rates, changes in rediscounting rates, introduction of crop

insurance programs and changes in institutional structure in the agricultural sector. The policy changes have been made to achieve stability and viability of both financial institutions and credit beneficiaries. (2643)

42. Central Bank of the Philippines, "Strategy for Recovery of Agricultural Loans: The Philippines Experience," paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association (APRACA), Manila, Philippines, December 8-11, 1982, Published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 187-199.

Agricultural loan delinquency is a serious problem to most financial institutions, especially those who participate in government-sponsored supervised credit programs. This study reviews the performance of agricultural credit programs and discusses the policy measures undertaken to improve the loan recovery in rural areas.

In the case of loan delinquency, the banks may impose penalty charges on borrowers or may take legal action. The defaulting borrowers may also be allowed to reschedule the repayments. In the situation of natural calamities, the farm loans provided by the banks are covered under an agricultural guarantee scheme. The innovative loan recovery schemes used by different financial institutions are also discussed. The clientele-oriented loan policies are suggested to overcome default and delinquency problems. (2642)

43. Central Bank of Sri Lanka, "Strategy for Recovery of Agricultural Loans," paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December, 1982, published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, Asian and Pacific Regional Agricultural Credit Association, Bangkok, Thailand, March 1983, pp. 200-216.

The volume of agricultural loans in Sri Lanka has declined in the last few years. The loan recovery rates in rural areas varied from year to year, but did not improve significantly over time. This study evaluates the loan recovery performance of agricultural lending institutions in Sri Lanka and presents the various efforts made to overcome default and delinquency problems. Many causes for the declining trend in the repayment rate of loans are also discussed.

Crop failure, low income, and unwillingness to repay loans are the main reasons given for the increasing loan defaults in rural areas. (2644)

44. The Chase Manhattan Bank, "Cattle Credit Program in Panama," unpublished paper, The Chase Manhattan Bank, New York, N.Y., USA, 1980, 27 p.

This study presents experiences of the Chase Manhattan Bank in financing a cattle raising project in Panama. During the nineteen years since 1950 the bank advanced \$60 million loans to Panama cattle ranchers along with technical services that enabled the country to change from importer to exporter of beef.

The study discusses the objectives of the Cattle Credit Program, implementation of the program, handling of the loan applications, loan disbursement procedures, and training program for agricultural technicians. The observations made indicate that the Chase Manhattan Bank significantly contributed to the economic uplift of rural Panama. (2463)

45. Chen, Jaw-Wen, "Republic of China," paper presented at the Symposium on Farm Credit, organized by the Asian Productivity Organization, Manila, Philippines, November 29 - December 6, 1982, 49 p.

This study discusses various formal institutions supplying agricultural credit in Taiwan and analyzes their performance. Many farm credit programs launched in the country are also described. The formal credit forms about 60 percent of total farm debt.

The analysis of an overall farm credit situation reveals that various weaknesses exist in existing policies and programs. There is a need to improve vertical and horizontal coordination among different farm financing agencies. The linkage between credit service and technical assistance is also weak. Credit guarantee programs should be established in order to cover the default risk of lending to agriculturalists. More medium and long-term loans should be supplied to the farmers and credit appraisal systems need to be simplified. (2646)

46. Costa Rego, Adilson Jose da and Charles L. Wright, "Una Analise da Distribuicao Do Credito Rural No Brasil," Revista De Economia Rural, Vol. 9, No. 2, 1981, pp. 217-238.

Subsidized rural credit was an important component of agricultural policy in Brazil in the 1970s as a means of promoting adoption of modern techniques and compensating the farmers for other fiscal and price burdens. This study quantifies some of the results of subsidized credit policies during the decade in terms of concentration of credit by farm size, region, and type of product. High concentration is found with respect to farm size and capital intensive crops, along with a lower degree of inequality across regions. There is also an inverse relation between value of production per hectare of land owned and credit received by properties of different size. (2517)

47. Crowe, F.M., "The Impact of Inflation and Government Policies on Agricultural Credit and Credit Institutions," paper presented at the Third Annual Agricultural Sector Symposium, The World Bank, Washington, D.C., January 4-8, 1982, 13 p.

In addition to the analysis of an overall agricultural credit situation in Brazil, this study discusses the completion-evaluations of an agro-industry credit project in Brazil, an Agricultural Credit Project in Jamaica, and agricultural credit in Thailand.

The analysis reveals that the perverse effects of subsidized interest rates are the major problems in rural financial markets in many less developed countries. The low interest rate policies also contribute to income concentration in rural areas and weaken financial institutions. The subsidized interest rate policies discourage savings and equity investment, while they encourage corruption. (2459)

48. Cuevas, Carlos E., "Sectoral Demand for Credit and Credit Policy (Chile)," Paper No. 9, presented at the Second International Conference on Rural Finance Research Issues, held in Calgary, Canada, August 29-31, 1979, 13 p.

During 1965-74, over 30 percent of total institutional credit in Chile was allocated to agriculture. This percentage declined to less than 20 percent in 1978. This paper describes the behavior of agricultural credit during 1965-77, compares the credit needs of the agricultural sector with the available funds and the forms in which these funds are provided, and examines the causes and implications of the gap existing between needs and supply and its effects on product structure.

The study finds that low profitability and high cost of credit in Chile have resulted, on one hand, in a drop in the effective demand for operational credit and, on the other, a potential demand for investment credit which cannot be satisfied because of lack of funds and inadequate collateral assets with the farmers. (2384)

49. Cuevas, Carlos E. and Douglas H. Graham, "Interest Rate Policies and Borrowing Costs in Rural Financial Markets: A Case Study," Economics and Sociology Occasional Paper No. 958, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, September 1982, 13 p.

This paper investigates the nature and dimension of borrowing costs imposed by lenders on agricultural borrowers in an environment of controlled and fragmented interest rates for loans, targeting on end-use requirements imposed by governmental authorities or international donors, and specialized lending institutions dealing with agricultural credit. The study is conducted on data collected from a sample of rural borrowers in Honduras.

Authors find that hidden costs are an important feature of credit transactions in rural financial markets in lesser developed countries. There is frequently a trade off between explicit interest charges and implicit borrowing costs, such that smaller borrowers experience relatively greater borrowing costs than larger borrowers in a low, subsidized interest setting. (2567)

50. David, Christina C. and Richard L. Meyer, "A Review of Empirical Studies on Demand for Agricultural Credit," Paper No. 2, presented at the Second International Conference on Rural Finance Research Issues, Calgary, Canada, August 29-31, 1979, 37 p.

Authors review some of the recent literature on rural loan demand. The emphasis is on low income countries. The studies were classified as (1) those dealing mainly with projections of loan demand, and (2) those which quantify loan demand relationships.

The first section of the paper presents a conceptual model of factors affecting demand for loans. The following section reviews econometric and mathematical programming studies. The final section contains comments about directions for future research. (2377)

51. David, Christina C. "Economic Policies and Agricultural Incentives," paper presented at the first session of the Leonides S. Virata Round Table on Development Policies, Development Academy of the Philippines, Manila, Philippines, October 1982, 41 p.

Analyzes the impact of various policies affecting the agricultural sector in the Philippines. The policies discussed are those specific to agriculture and each subsector and also trade, fiscal, financial, and other broad economic policies which promoted industrialization but had pervasive influence on resource allocation and income distribution within and between agriculture and non-agriculture. Such policies include price intervention policies, financial policies, and public expenditure policies. In addition, implications of recent policy reforms in tariffs and interest rate structures are also discussed and future directions for policy research are outlined. (2552)

52. Deshpande, Ramesh, "Problems of Agricultural Credit Institutions: Comparisons Within Asia," paper presented at the Symposium on Agricultural Development, held at the World Bank, Washington, D.C., January 1982, 15 p.

Agricultural credit programs in low income countries, designed generally in the context of the political economy of the country concerned, often contain conceptual distortions and operational inadequacies with potential to endanger the institutional and program liability. This study reviews the agricultural credit programs and institutions in South Korea, Philippines and India.

The major conclusions of the study are: (a) Credit outlets should be established near the farmers, and these outlets should provide comprehensive services with emphasis on deposit mobilization, (b) real rates of interest are important for deposit mobilization, (c) interest spreads should adequately cover the cost of intermediation of financial institutions, and (d) the coordination among different institutions serving rural populace should be improved. (2480)

53. Didi, Mohamed, "The Impact of a Public Agricultural Credit Program for Small Farmers - The Special Fund for Developing Agriculture (FOSDA)," paper presented at the Workshop on Rural Financial Markets and Institutions, Wye College, Wye, England, June 12-15, 1979, 7 p.

The FOSDA program was established in Tunisia in 1963. The program is a public sector agricultural credit program aimed at improving the credit facilities available to small and medium-size farmers. This study describes the FOSDA program and evaluates its performance in increasing the supply of credit to small farmers.

Both medium and long-term loans are advanced to small farmers under the programs. The subsidies on loans range from 10 to 20 percent. The interest rate is 6 percent per year, and self-financing is expected from 10 to 20 percent of the total investment outlays. The amount of credit outstanding under the program was about TD 16 million in 1979 and the number of farmers served were 33,000, or 10 percent of all farmers. The program faces low loan repayment problems. (2534)

54. Dorsey, Jeff, Sheldon Annis and Stephen Vetter, "Credit to Small Farmers in the Dominican Republic: Beyond Revolving Loan Funds," Journal of the Inter-American Foundation, Vol. 6:2/Vol. 7:1, Winter 1982 Spring 1983, pp. 19-26.

This article describes the evolution of the Dominican Financiera, and Financiera Para el Desarrollo la Cooperacion (FICOOP), and the dilemmas the FICOOP must resolve if it is to survive in its dual role as a bank and a social movement of poor farmers.

The cooperative credit movement in the country flourished after 1962. The membership of cooperative banks increased from 2,000 in 1962 to 30,000 in 1970. The availability of loans from private banks to cooperatives supplemented their own funds. In 1966 financieras were established. These institutions permitted special interest groups to finance projects in their own sector. FICOOP was founded in 1977 to provide loans and educational assistance to its members, to speak on behalf of small producers, and to promote the participation by the poor in production in Dominican society. Between 1978-80, FICOOP made 75 loans to cooperatives totaling \$4 million for approximately 5,000 families. In recent years, loan overdues of FICOOP increased rapidly. A similar situation was faced by many other financieras. Despite many problems, FICOOP was found to provide valuable services to poor people. (2673)

55. Dublin, Jack and Selma Dublin, Credit Unions in a Changing World: The Tanzania-Kenya Experience, Wayne State University Press, Detroit, Michigan, 1983, 301 p.

This book is organized in seven parts. Part I presents an overview of the political situation in Africa and discusses the historical background of credit unions in Africa. Part II presents the history of the credit union development in East Africa. The research studies conducted on credit unions in Tanzania and Kenya are discussed in Parts III and IV, respectively. The foreign aid to credit unions in Tanzania and Kenya is discussed in Part V and major credit union legislations in these countries are described in Part VI. The credit union movements of Australia, the United States and Canada are discussed in the last part.

56. Duester, Joseph, "Agricultural Credit in North Africa with Particular Focus on Morocco and Tunisia," paper presented at the Symposium on Agricultural Development, held at the World Bank, Washington, D.C., January 1982, 13 p.

Study examines different aspects of agricultural credit in Morocco, Tunisia and Algeria. Since independence, these three countries have developed their agricultural systems in different directions. Morocco has the most efficient agricultural credit system among the three.

The author first makes a general overview of farm credit separately, in Tunisia, Morocco and Algeria. Selected topics of agricultural credit are then discussed in Tunisia and Morocco, separately. The study ends with the comparison of agricultural credit systems in Tunisia and Morocco. (2479).

57. Espejo, Justo F., "Product-Share Contracts as a Form of Credit in Less-Developed Countries: The Case of Bolivia," M.Sc. Thesis, Department of Economics, Arizona State University, Tempe, Arizona, May 1982, 64 p.

Author studies the product-share contracts in less developed countries. Such product-share arrangements are considered as a form of credit where the farmer obtains additional resources as credit in kind in the form of seed, fertilizers, etc. Assuming the farmer has the choice between a conventional money loan and a product-share credit contract, the factors determining his choice of lender are examined. It is found that risk plays a key role in determining which lender will be preferred. A case study of Bolivia indicates that in recent years there has been a decrease in the use of share contracts mainly because of the development of other types of lenders in rural areas. (2482)

58. Esquerra, Emmanuel F., "An Assessment of the Masagana 99 Credit Subsidy as an Equity Measure," Philippine Review of Economics and Business, Volume 18, No. 3 and 4, September and December 1981, pp. 168-191.

This study evaluates the Masagana 99 Program as a vehicle for income transfers to small rice farmers. A total of P4.3 billion of loans were granted to farmers under this program during 1973-1980. These loans were highly subsidized. There was also a transfer of income which occurred due to high default rates on loans advanced under the program. The distribution of credit supplied under the Masagana 99 Program showed that only about one-third of the eligible small farmers obtained loans. Also, a

considerable proportion of the beneficiaries were actually not small farmers. The author concludes that, when all the costs of the program are taken into account, the Masagana 99 Program as a measure to transfer income to small farmers was socially expensive. (2674)

59. Faqhrul Ahsan. A.S.M., "Towards Islamic Banking," unpublished paper, Department of Research, Bangladesh Bank, Dacca, Bangladesh, December, 1980, 27 p.

Author argues that the Islamic banking system is more suitable for the equitable economic development than the existing interest-based banking system. He explains that Islam prohibits charging of predetermined interest. The banks should participate in production process in a profit sharing arrangement. The banks operating according to Islamic principles in Moslem countries are discussed in terms of their performance in mobilizing savings and advancing loans for economic development. Various types of loan contracts undertaken by the banks are also described. (2369)

60. F.A.O., Central Banks, Agricultural Credit and Rural Development, Agricultural Services Division, Food and Agriculture Organization of the United Nations, Rome, April 1980, 74 p.

This report discusses the actual or potential role of national financial systems, especially the Central Banks, in developing countries in the pursuit of rural development programs in general and agricultural credit programs in particular. The discussion is particularly relevant to countries in Asia, Africa and the Near East. Different roles of the Central Banks in developing rural financial systems are described in detail. Country papers on Sudan, Tanzania, Pakistan, Mali, India, Guinea, Colombia, Brazil, Egypt, and Latin America are presented. (2374)

61. Fry, Maxwell J., "Models of Financially Repressed Developing Economies," World Development, Vol. 10, No. 9, (Special Issue), September 1982, pp. 731-750.

Financial repression is interpreted to be the technique of holding interest rates (particularly deposit rates of interest) below their free market equilibrium levels. This paper presents a critical survey of the major contributions to the literature in this field since 1973. Section 2 sketches the basic elements of the McKinnon-Shaw model and highlights disagreement over McKinnon's complementary hypothesis. Section 3 discusses the steady state properties of recent closed economy financial development and

stabilization models. Section 4 analyzes their dynamic mechanisms. Section 5 considers the open economy extensions and appropriate exchange rate policy for a stabilization program. The final section reviews some empirical tests of parts of these financial development and stabilization models on selected developing countries. (2550)

62. Gachara, D.N., "The Financing of Agriculture in Kenya," paper presented at the Seminar on Agricultural Credit and Finance in Nigeria held at the University of Ibadan, Ibadan, Nigeria, April 27-30, 1981, 10 p.

The farm sector in Kenya is mainly sustained on self-financing. Both formal and informal credit agencies contribute only a small proportion of agricultural investments. The paper describes the prevailing structure of institutional agricultural credit in Kenya and the role of the Central Bank of Kenya in agricultural credit operations. The structure of institutional credit is discussed under the sub-headings: cooperative credit, credit from financial institutions and credit from statutory boards. (2506)

63. Gomez, Hernando Jose, "El Credito de Fomento Agropecuario en Colombia," Revista el Banco de la Republica, September, 1981, pp. 24-34.

Reviews the main arguments used to justify expanding the amount of formal agricultural credit in Colombia. Also presents a brief overview of the various organizations and policies involved in agricultural credit in the country. This includes data on the activities of the Fondo Financiero Agropecuario, a rediscount facility in the Central Bank for agricultural loans. (2451)

64. Gonzalez-Vega, Claudio, "Interest Rate Policies, Agricultural Credit and Income Distribution in Latin America," paper presented at the Second International Conference on the Financial Development of Latin America and the Caribbean, sponsored by the Inter-American Institute of Capital Markets in Caraballeda, Venezuela, April 2-4, 1981, 32 p.

The subsidized credit policies in Latin America have caused a concentration of loan portfolios of financial institutions and adversely affected income distribution in rural areas. When credit is underpriced, subsidy is transferred to borrowers in direct proportion to the size of their loans. Because of this, large borrowers receive large grants and small borrowers receive small

grants. Non-borrowers, usually economically poor households, receive no grants. The paper also discusses different models of non-price credit rationing and of rationing through the non-interest terms of loan contract. (2411)

65. Gonzalez-Vega, Claudio, "On the Iron Law of Interest Rate Restrictions: The Rationing Behavior of Financial Institutions Matters," Discussion Paper No. 9, presented at the Colloquium on Rural Finance, held at the Economic Development Institute, The World Bank, Washington, D.C., September 1-3, 1981, 57 p.

When allocating credit among borrower classes, formal financial lenders behave in predictable ways. Transaction costs, risks of default, and financial constraints and policies influence lender behavior and have a significant impact, both on access to credit by different borrower types, and on the composition of the lender's portfolio. The author examines the impact of interest rate restrictions on rationing behavior, access to credit and portfolio concentration. His main conclusions, the iron law of interest rate restrictions, claim that constrained interest rates redistribute credit portfolios, favoring larger, safer, and older borrowers over small, more innovative and riskier, and new clients. (2417)

66. Gonzalez-Vega, Claudio, "Redistribution in Reverse: Cheap Credit Cannot Redistribute Income in Favor of the Small Farmer," Discussion Paper No. 10, presented at the Colloquium on Rural Finance, held at the Economic Development Institute, The World Bank, Washington, D.C., September 1-3, 1981, 27 p.

Paper examines the powerful impact of differential access to credit on income distribution, both in a static and in a dynamic context. Interest rate restrictions usually imply the transfer of a substantial subsidy. This subsidy has a regressive impact on income distribution, since the transfer is directly related to the size of the loan. The subsidy also has an indirect influence on distribution through the impact on access to loans. The interest rate restrictions induce the lenders to exclude certain borrower classes and cause loan portfolio concentration. Consequently, the income distribution deteriorates. (2418)

67. Government of India, "Strategy for Recovery of Agricultural Loans in India," paper presented at the Fourth General Assembly of Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December 1982, Published in Agricultural Credit Policies and Programmes in Asia (with Special Reference to Small

Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, FAO Regional Office for Asia and the Pacific, Bangkok, Thailand, March 1983, pp. 142-148.

One of the major objectives of institutional credit policy for the 6th plan in India is to improve the recovery rates of farm loans. Strict measures have been instituted in order to induce the financial institutions to put more emphasis on loan collection.

The analysis of overdues reveals that only 50-60 percent of the formal loan amount due for repayment is recovered on time. Various causes of poor loan repayment performance in rural areas are discussed. Similarly, the measures taken to improve financial viability of formal agricultural lending institutions are also described. (2641)

68. Graham, Douglas H. and Carlos E. Cuevas, "Lending Costs and Rural Development in An LDC Setting: Is Cheap Credit Really Cheap?" Economics and Occasional Paper No. 1002, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio 1983, 12 p.

This study documents and analyzes the level and structure of lending costs of two financial institutions in Honduras, the National Agricultural Development Bank and a private commercial bank. The data used for analysis are related to the year 1981. The study mainly focuses on non-financial (administrative) costs of these banks.

The authors find a sharp contrast in the structure of lending costs and overall organization between the National Agricultural Development Bank and the studied commercial bank. The margin provided by external donor agencies to cover administrative costs of financial institutions was found to be inadequate. The study concludes that the cheap credit lines made available by the central bank or external donor agencies to the financial institutions in Honduras actually impose extra administrative cost burdens on these institutions.

69. Hallam, Michael G., "Credit: Its Potential Role in the Development of the Rural Sector of Zimbabwe," M.Sc. Thesis, Department of Agricultural Economics and Management, University of Reading, Reading, England, 1982, 166 p.

This study analyzes the role of credit in the small scale sector development of Zimbabwe. The author argues that financial assistance from external sources is necessary in order to implement proposed schemes for the supply of rural credit. He also suggests

emphasis on mobilization of savings, positive real interest rate policies, and decentralization of the management of financial institutions. A number of problems which could affect the operation of credit scheme are also discussed.

70. Hassid, M., "A Course for Non-Financial Analysts on Basic Features of Bank's Financial Statements," Investment Center, Food and Agricultural Organization of the United Nations, Rome, November 1982, 37 p.

Presents general information on financial statements and the items included in these statements, shows the way in which financial analysis may be conducted and presents a case for illustration. The purpose of preparing financial statements may be managerial or servicing the needs of shareholders, creditors, and personnel. The financial statements discussed are the balance sheet, income and expenses statement, and sources and application of funds statement. The main ratios used in the analysis of growth, financial structure, financial spread, operating costs and profitability of financial institutions are also described. (2604)

71. Hughes, Rufus B., R. Wayne Robison, Adlowe L. Larson, and Howard S. Whitney, Thailand Agricultural Cooperatives: An Evaluation with Recommendations for Improvement, The United States Operations Mission to Thailand, Bangkok, Thailand, February, 1968, 140 p.

This study has the following objectives: (1) Analysis of the socio-economic results being achieved for members by various kinds of cooperative societies and the factors contributing to success, or lack of success; (2) recommendations for improvement of cooperative programs; (3) identification of the extent to which the experience and methods of operation employed by Thailand's cooperatives might be used to improve the effectiveness of other forms of voluntary organizations; and (4) analysis of the work of the Thailand Cooperative Training Center.

The Cooperative System in Thailand is evaluated in the study at various levels and from various angles. The conclusions arrived at are classified as cooperative performance conclusions, conclusions related to training in cooperatives and government action conclusions. Similarly, the recommendations are made separately for cooperatives, structure and administration, cooperative training, and government policies. (2499)

72. Ibru, M.C.O., "Problems of Agricultural Financing in Nigeria," paper presented at Seminar on Agricultural Credit and Finance in Nigeria, held at the University of Ibadan, Ibadan, Nigeria, 27 April - 2 May, 1981, 8 p.

Agricultural policies in Nigeria have a dual objective, to increase agricultural production and to generate employment for rural masses. To achieve these objectives, it is necessary to support small farmers and, in the long run, also to assist medium and large-scale farming. Many efforts have been made in the past by the government to make credit easily and more abundantly available to farmers. However, a number of problems still persist. The author suggests that efforts should be directed to understand and solve these problems. The small farmers have limited access to banking facilities. The problems such as title to land, low creditworthiness, and high costs of lending to small farmers discourage the bankers from supplying farm loans. Special credit programs should be developed for small farmers. The farmers should also be provided with crop insurance facilities by the federal government. (2489)

73. Iqbal, Farrukh, "The Demand and Supply of Funds Among Agricultural Households: A Theoretical and Empirical Analysis," Ph.D. dissertation, Department of Economics, Yale University, New Haven, Connecticut, October 1980, 155 p.

This dissertation is concerned with a theoretical and empirical investigation of the borrowing and saving behavior of agricultural households in less-developed countries. The theoretical analysis employs a life cycle, utility-maximizing approach. The data for empirical analysis are taken from a national survey of approximately 3,000 cultivating households in India for the years 1968-71.

Initial endowments, investment opportunities, the opportunity cost of leisure, and transitory income are found to be important determinants of borrowing and saving behavior. Rich and poor households differ, however, in their responses to changes in these variables. (2446)

74. Iqbal, Farrukh, "The Demand and Supply of Funds Among Agricultural Households," unpublished paper, The Rand Corporation, 1700 Main Street, Santa Monica, CA, 1982, 38 p.

Presents estimates of borrowing functions based on rural household data from India. He improves upon existing work in three key areas. First, he shows that existing studies have used an inappropriate definition of the demand for funds which, when

rectified, produces quite different results. Second, the interaction between agricultural technical change and the rural finance market is examined and it is shown that farmers in a position to benefit from agricultural research and extension tend both to borrow more and to face lower interest rates. Third, it is shown that farmers' specific interest rates are quite sensitive to personal and locational characteristics and are significant determinants of borrowing. (2399)

75. Jamal, Ahmed, "Farm Credit in Bangladesh," paper presented at the Symposium on Farm Credit, organized by the Asian Productivity organization, Manila, Philippines, November 24 - December 6, 1982, 24 p.

Farm financing in Bangladesh is done through a multiple of agencies. The major formal agricultural credit sources are (a) Bangladesh Krishi Bank, (b) Bangladesh Samabaya (Cooperative) Bank Ltd. and its affiliates, (c) Nationalized commercial banks, (d) Integrated Rural Development Program, Thana Central Cooperative Associations and their affiliate primary societies. The share of agricultural loans as a percentage of total formal credit outstanding increased from less than 17 percent in 1973 to more than 20 percent in 1982. However, the formal agricultural credit forms only a small proportion of total credit needs of the farm sector in the country. The rates of interest charged by formal lenders from the farmers are relatively low. Overdues of agricultural loans continue rising over time. (2645)

76. Jazayeri, Ahmad, "Agricultural Credits in Less Developed Countries: The Case of Iran," a proposal for research, Institute of Development Studies, University of Sussex, Sussex, England, November 1981, 27 p.

The proposed objective of this study is to investigate the main issues related to the place of credit and credit allocation based upon the experiences of Iranian agriculture in the period 1962-1981. The study is intended to estimate the credit demand of farmers as generated through the monetization of agricultural production. This is to be achieved by looking at the demand for credit as the dependent variable, and size of farm, family expenditure, capital expenditure, and interest rate as independent variables.

The author also proposes to analyze formal and informal farm credit sources, the interaction between the two types of sources, and allocation of formal and informal credit in the agricultural sector in Iran. (2514)

77. Kane, Edward J., "Political Economy of Subsidizing Agricultural Credit in Developing Countries," Discussion Paper No. 2, presented at the Colloquium on Rural Finance held at the Economic Development Institute, The World Bank, Washington, D.C., September 1-3, 1981, 20 p.

Paper explains how repeated collisions of political and economic forces shape the life-cycle of programs intended to subsidize credit for agricultural development. Offering credit on below-market terms to a set of politically favored borrowers actually constrains the access to credit by this group and presses the regulatory change to narrow the program's major loopholes. As the network of supporting controls grows, unintended budgetary expense, loss of freedom, economic waste, and distributional inequity foster political demands for radically different policy approaches. (2410)

78. Kasryno, Faisal, "Indonesia," paper presented at the Symposium on Farm Credit, organized by Asian Productivity Organization, Manila, Philippines, November 29 - December 6, 1982, 27 p.

Moneylenders are the major source of loans in rural areas in Indonesia. Among the formal credit sources, Bank Rakyat Indonesia is the main agricultural credit institution. The Bank supplies finances to cultivators under different programs. The amount of loans supplied and the number of borrowers served by the Bank increased significantly during 1970-1980. The default rates on agricultural credit provided by the Bank Rakyat Indonesia also increased over time. The interest rates charged by the Bank on farm loans varied between 9 and 14 percent per year. The rates charged by moneylenders are estimated at between 10 and 45 percent per annum. The study reveals that lack of supervision of loan-use and cumbersome loaning procedures are two major weaknesses in formal farm credit programs in Indonesia. (2649)

79. Kato, Yujuru, "Trends in Farm Credit in APO Member Countries: Regional Report on Farm Credit Survey," SYP/VI/82, Department of Agricultural Economics, University of Tokyo, Tokyo, Japan, September 1982, 34 p.

Author examines over time changes in the share of formal and informal lenders in total farm debt in various APO member countries. The changes in the amount of institutional agricultural credit and performance of government sponsored loan programs are also analyzed. The other issues discussed in this study are credit intensity and agricultural production, farmers access to institutional loans, availability of funds with institutional lenders, and loan recovery rates.

The findings of the study suggest that the contribution of institutional sources of loans in total farm debt increased over time in almost all the APO member countries. The institutional lenders charge lower rates of interest as compared to private moneylenders. The real rates of interest charged by formal financial institutions on agricultural loans were often negative or close to zero. The government sponsored programs mainly supply short term credit. These loans are advanced for selective purposes varying from country to country. The analysis also reveals inaccessibility of institutional lenders to farmers, inadequacy of loanable funds with the former, and higher default and delinquency rates on farm loans. (2593)

80. Khatkhate, Deena, "National and International Aspects of Financial Policies in LDCs: A Prologue," World Development, Vol. 10, No. 9, (Special Issue), September 1982, pp. 689-694.

Reviews the recent argument in economics literature that the policies of positive real interest rates in low income countries will improve financial intermediation and contribute to economic development. The author argues that the empirical evidence on several developing countries where the prescribed set of policies was adopted has raised doubts about the validity of this conclusion. He also argues that the supply side policies as used in some developed countries may not be effective to promote development and stabilization in developing countries. Suggests that the interest rate in low income countries should be determined by considering the rates of return on capital investments. (2556).

81. Kilby, Peter, Carl Liedholm and Richard L. Meyer, "Working Capital, Rural Non-Farm Firms and Rural Financial Markets," Discussion Paper No. 5, presented at the Colloquium on Rural Finance, Economic Development Institute, The World Bank, Washington, D.C., September 1-3, 1981, 31 p.

Although rural farm activities are an important component of the rural economy, they have generally been overlooked by those examining rural financial markets. Yet, the fungibility of finance, particularly for working capital, insures that they are an integral part of the relevant terrain. The relationship of these activities to the rural households are examined; quantitative benchmarks of rural non-farm enterprises, particularly those engaged in manufacturing, and their use of working capital are presented. A demand and supply analysis of working capital with reference to rural manufacturing is developed and the results of econometric analysis are reported for Sierra Leone. Several policy recommendations are also forwarded. (2413)

82. Kwack, Sang Kyung, Chang K. Lee and Yung C. Park, Rural Financial Markets in Korea: Their Growth and Role in Rural Development, 1950-78, Institute of Economic Development, Korea University, Seoul, Korea, June 1981, 186 p.

The purpose of this study is to analyze the role of finance in rural development and the workings of RFMs in Korea with a view to identifying an "ideal" rural financial system for the development objective. Chapter I addresses some of the problems of defining an operational definition of RFMs. Chapter II analyzes growth and evaluation of RFMs in Korea focusing on formal rural financial institutions. Chapters III and IV are devoted to investigating the structures and workings of formal and informal sectors of RFMs. In Chapter V, asset and liability structure of rural wealth portfolios is examined and an empirical study of savings behavior of rural households is made in Chapter VI. A critical evaluation of the performance of RFMs and some concluding remarks are made in the final chapter. (2460)

83. Ladman, Jerry R., "The Costs of Credit Delivery, the Institutional Structure of Rural Financial Markets and Policies to Reach More Small Farmers With Credit Programs," Discussion Paper No. 7, presented at the Colloquium on Rural Finance, held at the Economic Development Institute, The World Bank, Washington, D.C., September 1-3, 1981, 26 p.

Uses a theoretical framework to show the important role of transactions costs embodied in credit delivery systems and their influence on lender and borrower behavior, and how these behaviors coverage to have an important impact on the structure of rural financial markets. The analysis shows how transactions costs permit moneylenders' high interest rates to coexist with agricultural banks with low interest rates, and how the banks use transactions cost to ration credit towards farmers who want large loans. If banks want to compete with moneylenders and capture a larger share of the market, they must lower transactions costs, especially if they simultaneously raise interest rates. (2415)

84. Ladman, Jerry R., "Factors Impeding Borrowing from the Bolivian Agricultural Banks Small-Farmer Credit Program," paper presented at the Rocky Mountain Council for Latin American Studies Meetings, held in Park City, Utah, USA, April 14-16, 1983, 21 p.

Study applies discriminant and tabular analysis to a sample of borrower and nonborrower small farmers in Bolivia to examine the demand for credit. The data used relates to the period before the Small Farmer Credit Program was started in Bolivia in 1975.

The results reveal that lack of market integration, smaller quantitative and qualitative resources base, less experience with the use of improved inputs and smaller livestock activities had a limiting effect on farmers' demand for credit. The author suggests more formal and informal education, better markets, improved government pricing policy for agricultural products, and access to land in order to increase the profitability of small farmers and make them more acceptable clients to the Small Farmer Credit Programs. (2672)

85. Ladman, Jerry R. and Jose Isaac Torrico, "Informal Credit - Markets in the Valle Alto of Cochabamba, Bolivia," Proceedings of the 1981 Meeting of the Rocky Mountain Council on Latin American Studies, published by the Office of International Business Programs, College of Business Administration, University of Nebraska, Lincoln, Nebraska, USA, 1981, 113 p.

This study is based upon data from a census of the whole population of moneylenders in the capital cities of three provinces in Bolivia. The purpose of the investigation is to: (1) identify the size and structure of moneylending operations as measured in terms of loan numbers and volume and the numbers of different moneylenders and borrowers; (2) define the terms of the loans made by moneylenders; and (3) show the share of the agricultural credit market in the studied region served by moneylenders.

The authors find that moneylenders are an important component of the rural credit market. Of their total loans made, about 75% were for agricultural purposes. About half of all the agricultural loans and one-third of the total agricultural loan volume were contributed by informal credit agencies. The loans by moneylenders were mainly made from their own savings. (2477)

86. Lee, C.Y., "A Note on Agricultural Banking System in China," Food and Agricultural Organization of the United Nations, Rome, Italy, 1983.

Presents some glimpses of the Chinese agricultural banking system. The basic information was collected during the author's recent visit to China, but was supplemented by some published information.

Agricultural Bank of China is the key institution in the Chinese Agricultural banking system. The major functions of this bank include management of the state funds and other funds allocated for agriculture, mobilization of savings and supply of loans for agricultural and rural development, and supervision of rural credit cooperatives and training of agricultural and rural banking personnel. The study also discusses sources of funds for agricultural credit and the procedures used for advancing farm loans. (2603)

87. Lee, Jung-Hwan, "Republic of Korea," paper presented at the Symposium on Farm Credit, organized by Asian Productivity Organization, Manila, Philippines, November 29 - December 1982, 36 p.

Author discusses and evaluates the performance of farm credit policies in Korea. The farm credit policy in Korea attempts to encourage the adoption of high-yielding crop varieties and modern farming techniques in order to achieve self-sufficiency in staple food. The cooperative agricultural credit system and other financial institutions supplying rural credit are also discussed.

The government credit policies in Korea have not attained much of their objectives. The formal financial institutions do not meet the credit requirements of farm households. Therefore, they have to rely on relatively more expensive private sources. The loan recovery performance of cooperatives is poor. (2630)

88. Lee, Warren F. and C.B. Baker, "Lender Responses to Market Risks," published paper, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, 1981, 21 p.

Increased variability in farm cash flows, longer loan commitments and persistent divergence between current returns and asset values all suggest that farm delinquencies will increase, unless offsetting measures are taken in the U.S.A. Higher delinquency rates add directly to lenders administrative costs and indirectly to their cost of funds, and cost of intermediation rises.

Authors suggest careful appraisals of borrowers cash flows and security values in order to deal with the default risk. Variable rates are suggested on loans in order to transfer the interest rate risk to borrowers. Variable and flexible repayment provisions are recommended to deal with uncertainty in cash flows. (2354)

89. Lele, Uma, "Cooperatives and the Poor: A Comparative Perspective," World Development, Vol. 9, January 1981, pp. 55-72.

Cooperatives have a universal appeal as an instruments of poverty alleviation and yet their record has been less than exemplary. This paper highlights dilemmas faced in co-operative development between the objectives of growth and distribution, and those between decentralization and equity. The paper identifies the various internal and external prerequisites for a successful cooperative movement. By examining the evidence with regard to marketing, credit and production cooperatives, it argues that in the absence of such prerequisites, alternative forms of institutional arrangements may be as, or more effective than cooperative institutions. In any case a healthy movement which reaches the poor calls for institutional competition. (2520)

90. Magill, John H., Financial and Institutional Analysis, FENACRE - La Merced: Final Report, Planning and Information Division, Credit Union National Association, Inc., P.O. Box 431, Madison, Wisconsin, August 1979, 63 p.

Author assesses the sources and uses of funds, delinquency rates, credit demand, financial soundness, adequacy of bank personnel, adequacy of saving mobilization and lending procedures, transportation facilities, and office equipment of the National Federation of Bolivia Credit Unions (FENACRE) and La Cooperativa Multiactiva (La Merced) in Bolivia. He finds that both of these institutions are strong, viable, and self-sufficient. Their growth and advancement since their establishment in 1961 have been impressive. Similarly, the author reveals that both institutions have adequate personnel resources, and their procedures and structure of operations are satisfactory in order to effectively channel external funds to their rural members. (2530)

91. Magpale, Leopoldo J., "Policies on Farm Credit in the Philippines: Task, Issues and Constraints," discussion paper presented at the Symposium on Farm Credit, organized by Asian Productivity Organization, Manila, Philippines, 29 November - 6 December, 1982, 11 p.

The author discusses agricultural credit policies and programs particularly for small farmers in the Philippines. He also discusses the issues related to interest rates and credit subsidy. Intensive support of the government in expanding small farmer credit started in 1973. In order to encourage the banks to participate in agricultural credit programs, the Central Bank provides preferential rediscounting facilities. The Agricultural Guarantee Fund was established in 1972 to cover part of default

losses of the banks on agricultural loans. A crop insurance system was implemented in 1981 to provide insurance protection to farmers against material disasters and losses due to plant diseases and pest infestations. The Central Bank has also helped the financial institutions against liquidity and solvency problems caused by the non-repayment of agricultural loans. The author finds that policies of low interest rates on agricultural credit distorted the capital markets and discouraged savings. (2663)

92. Maharjan, Krishna Hari, "An Analysis of Factors Affecting the Loan Repayment Performance of Small Farmers in Nepal: A Case Study of the Tarai Belt (Janakpur) of Nepal," M.S. Thesis, Faculty of Economics, Thammasat University, Bangkok, Thailand, October 1980, 106 p.

About 24 percent of the annual increase in outstanding loans amount in Nepal was overdue during the late 1970s. This study analyzes the repayment performance of different farm-type borrowers. This also examines various factors affecting their repayment decisions and makes policy recommendations. Farm level data were used in the analysis. Empirical results show that the loan repayment performance of the small, market oriented farmers was better than the large farms and the small subsistence farms. Poor weather conditions were the major reason given by farmers for non-repayment of loans. However, other reasons like inefficiency of lending institutions and political uncertainty were also dominant in responses of the farmers. Loan supervision and collection efforts by lending agencies induce the borrowers to repay their loans on time. (2686)

93. Maharajan, Krishna H., C. Loohawenchit and Richard L. Meyer, "Small Farmer Loan Repayment Performance in Nepal," Agricultural Finance Program, Department of Agricultural Economics and Rural Sociology, The Ohio State University, 2120 Fyffe Road, Columbus, Ohio, March 1981, 11 p.

This paper reports on loan repayment by small farmers in Nepal. The data used in the analysis were collected through a farm survey and from the records of the Agricultural Development Bank. Both the ability as well as the willingness to repay were determining factors included in the analysis.

Authors identify loan supervision and collection factors as some of the most important in explaining loan repayment behavior by small borrowers in Nepal. They suggest that willingness to collect may be much more important in Nepal and other developing countries. (2349)

94. Majela, Geraldo and Rodrigues Alves, "Financial Institutions and Agricultural Financing: Rural Credit in Brazil," paper presented at the Seminar on Agricultural Credit and Finance in Nigeria, held at the University of Ibadan, Nigeria, 27 April - May 1, 1981, 19 p.

The rural credit system in Brazil is designed by the National Monetary Council. The decisions of the National Monetary Council are directed, coordinated and supervised by the Central Bank of Brazil which is responsible for the control of the National System of Rural Credit. The major objectives of rural credit policies in Brazil are to encourage rural investments for storage, processing and industrialization of agricultural products, to provide adequate current expenditure loans, and to encourage the adoption of improved production methods by farm households. The interest rates charged on farm loans are generally lower than those charged on normal credit facilities. (2493)

95. Martone, Celso L., "Development the Brazilian Way: Government Induced Distortions in the Cost of Capital," paper prepared for the Fourth Development Banking Round Table, Interamerican Development Bank, Washington, D.C., March 2-4, 1981.

In addition to the regulation of economic activities, government induced distortions in Brazil are present in the tax system, the credit market, and the capital market. Two-thirds of the financial intermediation in the country is provided by a few large government agencies, whose lending activities to the private sector are selective and subsidized. This paper evaluates some aspects of these government programs aimed to support economic development. Extensive use of the previous studies conducted in these areas are also made by the author.

The results of the study convey a negative view of the current government policies in Brazil. It is argued that the government induced distortions are one of the major reasons for many problems in Brazil such as high inflation, large government deficit, structural problems in the balance of payments, imbalanced sectoral and regional growth, and concentrated income distributions. (2361)

96. Matsuhito, Midori and Yuji Sato, "Japan," paper presented at the Symposium on Farm Credit, organized by Asian Productivity Organization, Manila, Philippines, November 29 - December 6, 1982, 40 p.

Discuss government sponsored credit programs in Japan. Also discuss the structure and organization of cooperative credit

systems in the country. The government financed loans are supplied to the farmers under various programs for a variety of production and investment purposes. Government credit is disbursed through different institutions. The agricultural cooperative bank supplies more than half of the total amount of credit used by farmers. The cooperative credit agencies are organized in a three-tier system with multipurpose cooperatives at primary level. These banks provide loans mainly to member households. The deposits are mobilized from both members and non-members. (2650)

97. Melichar, Emanuel, "Farm Sector Financial Experience," Paper presented at the Faculty Seminar, Department of Agricultural Economics, University of Maryland in November 1981, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C., March 1982, 14 p.

Farm profits in 1980 and 1981 in the U.S. were adversely affected by decreases in output prices, increases in input costs, and higher rates of interest on farm debt. The study analyzes the effects of these factors on farm profits. In the first part, farm profits before the payment of interest are discussed. The second part then shows how the profits have been affected by the use of debt and by higher interest rates. The return to capital is used as a measure of farm profits. The results reveal that the rise in interest rates accounted for a relatively small part of the decrease in the rate of total return except in the case of a minority of heavily indebted farmers. (2449)

98. Melichar, Emanuel, "Developments in Agricultural Finance," paper presented at the meeting of the Newspaper Farm Editors of America, Washington, D.C., Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C., April 1982, 26 p.

The first part of this study discusses farm income, equity, and financial conditions of farmers in the U.S. This is followed by the analysis of trends in farm debt. Liquidity, deposit and loan experiences of agricultural banks are described in this section. In the final section, quarterly farm loan interest rates at large and small banks during 1977-82 are presented. The author argues that the view that farmers in the U.S. are in difficulty equivalent to conditions in the Great Depression, is incorrect. He argues that despite the USDA estimates of "operator's net farm income" adjusted for inflation show a decrease to the same level as in the latter years of the Depression, the financial conditions then and now differ greatly. (2448)

99. Meyer, Richard L., "The New View of Rural Financial Markets," Economics and Sociology Occasional Paper No. 994, paper presented at the Asia Bureau Agricultural/Rural Development Conference, held in Hyderabad, India, February 21-24, 1983, 11 p.

Because of the generally poor performance of agricultural credit programs and policies in many developing countries, a new view of rural financial markets and their relation to rural development has emerged in the past few years. This study presents an outline of the key elements of the analysis that underlines the new ideas. The first section summarizes some of the common assumptions held about agricultural credit. The second section describes a number of credit policies and programs that are frequently found in developing countries. Thirdly, the results of these policies and programs are discussed. The final section summarizes new views of rural financial markets which are aimed at overcoming the shortcomings of past efforts.

100. Meyer, Richard L. and Adelaida P. Alicbusan, "Farm Household Heterogeneity and Rural Financial Markets: the Case of Thailand," Economics and Sociology Occasional Paper No. 938, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, August 1982, 12 p.

Farm households are heterogeneous in their financial needs depending on cash flow patterns, family life style, and perception of investment opportunities. The current one-sided emphasis on agricultural credit is suggested to be broadened to include other rural financial needs.

101. Meyer, Richard L. and Harpal S. Grewal, Annotated Bibliography on Rural Off-Farm Employment: Volume II, Economics and Sociology Occasional Paper No. 1016, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, May 1983, 83 p.

This bibliography is a collection of abstracts of about 160 studies. These studies cover a variety of issues related to non-farm and off-farm employment in developing countries. In addition to the research on topics such as time allocation behavior of rural households and its determinants, extent and nature of occupational diversities in rural areas, sex differentials in rural labor force participation and wage rates, and rural labor markets, a number of studies on financial management and non-farm enterprise credit needs of rural households are also included.

102. Montiel, Eduardo Luis, "Built-in Default in Agricultural Credit Programs," Ph.D. Dissertation, Graduate School of Business Administration, Harvard University, Cambridge, Massachusetts, 1983, 273 p.

The main argument presented in this thesis is that delinquencies and defaults in agricultural credit programs in developing countries are a result of their structure and not necessarily, as the literature often implies, a consequence of mismanagement on the part of the banks or dishonesty on the part of the farmers. These programs have a high built-in default due to the high risk of the activities financed, to the high leverage allowed and to the existence of perverse incentives for both farmers and banks. The experience of many agricultural credit programs in the developing world is reviewed in this thesis. Contingent claims analysis is used to analyze and evaluate the nature and structure of financial incentives for borrowers. A case study of a credit institution in Costa Rica is analyzed based on the concepts developed in the thesis. Recommendations to solve the default problem are presented and evaluated.

103. National Agricultural Cooperative Federation, "Agricultural Credit Policies and Programs: Republic of Korea," paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December, 1982, Published in Agricultural Credit Policies and Programmes in Asia (With Special Reference to Small Farmer Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, Asian and Pacific Regional Agricultural Credit Association, Bangkok, Thailand, March 1983, pp. 51-59.

A general description of agriculture in Korea and farmers financial standing is presented in Section I. The development of agricultural credit institutions the country is reviewed in Section II. In Section III, the present situation of the agricultural credit system is discussed.

The cooperative credit system supplies a major share of agricultural credit in Korea. A number of policy measures have been instituted by the government during the last two decades in order to expand credit facilities in rural areas. (2657).

104. National Agricultural Cooperative Federation, "Strategy for Recovery of Agricultural Loans: Republic of Korea," paper presented at the Fourth General Assembly of the Asian and Pacific Regional Agricultural Credit Association, Manila, Philippines, 8-11 December, 1982, Published in Agricultural Credit Policies and Programmes in Asia (With Special Reference to Small Farmer

Development): Country Profiles, 1982 and Strategy for Recovery of Loans, APRACA No. 9, Asian and Pacific Regional Agricultural Credit Association, Bangkok, Thailand, March 1983, pp. 159-166.

In addition to the introductory section, this study is organized in three sections. Section I reviews the agricultural credit performance in the Republic of Korea. The specific issues discussed in this section are types of loan facilities, trend in the amount of loan extended, and lending procedures for agricultural credit. Farm credit appraisal and supervision are discussed in Section II. In Section III, policies related to recovery of agricultural credit and performance of loan recovery are evaluated. The major findings suggest that the amount of formal credit supplied to farm households increased several times during 1971-1981. Various policies have been instituted in order to enhance the loan repayment ability of farmer borrowers. Both overdues and defaults of agricultural loans continuously decreased during the last decade. (2651)

105. Nepal Rastra Bank, Activities of Sajha Institutions (The Survey Report), Agricultural Credit Division, Nepal Rastra Bank, Kathmandu, Nepal, June 1982, 80 p.

This is the third evaluation report of activities of the Sajha institutions. This contains data and information related to the year 1978-79. However, data on these institutions collected for the years of 1976-77 and 1977-78 have also been incorporated to present a comparative picture of their activities.

The performance of the Sajha institutions during 1978-79 was poor as compared to 1977-78. The volume of loan disbursement and the marketing transactions of various commodities declined. The overdues increased due to poor loan recoveries. There was a sharp increase in the amount of accrued interest, and income and expenditure accounts revealed heavy operational losses in 1978-79. (2527)

106. Nepal Rastra Bank, An Evaluation Study of Small Farmers Development Projects of Nepal, Agricultural Credit Division, Nepal Rastra Bank, Kathmandu, Nepal, July 1982, 199 p.

The objectives of this study are: (1) to study the existing agricultural and other allied activities undertaken by small farmers, (2) to examine their asset structure and investments,

(3) to assess their farm and non-farm income and expenditure, (4) to find out the situation and condition of credit supplied to them by institutional and private agencies, and (5) to perceive the outcome of welfare services provided to them. The study was carried out on 418 small farm families.

In Chapter 3, the extent, nature and purposes of credit use by the sample households are reviewed. The contributions of various credit agencies in the total household debt are analyzed in Chapter 4. Chapter 5 presents discussion of the farm production and income of cultivators, and family expenditures of sampled farmers are analyzed in Chapter 6. Capital expenditure and assets holding pattern in the studied area are examined in Chapter 7. In Chapter 8, impact of welfare services on economic condition of rural households is evaluated. The views and opinions of the farmers and project co-ordinators gathered in the survey are presented in the final chapter. (2596)

107. Nto, O.A., "Problems of Agricultural Finance in Nigeria," paper presented at a Seminar on Agricultural Credit and Finance in Nigeria, held at the Conference Centre, University of Ibadan, Nigeria, 27 April - 1 May, 1981, 16 p.

Author discusses three types of problems associated with financing of agriculture in Nigeria. These are: (1) problems associated with agriculture itself; (2) problems created by the farmers; and (3) other problems such as government policies, shortage of labor, and insufficient appraisal of agricultural projects. Some solutions to these problems are also suggested. The problems related to agriculture discussed in this study are the natural calamities, seasonality in farming, limited supply of land resources, and poor and inadequate infrastructure. The problems created by farmers are misconceptions about government credit programs, diversion in the use of agricultural loans, and mismanagement of loan use. (2491)

108. Nwoko, Somayina G., "Recent Developments in Agricultural Loans to Farmers and New Frontiers for the 80s," Paper presented at the Seminar on Agricultural Credit and Finance in Nigeria, held at the Conference Center, University of Ibadan, Ibadan, Nigeria, 27-30 April, 1981, 12 p.

Author critically analyzes the small-scale traditional farmer oriented loan practices of some Agricultural Development Projects in Nigeria with a view to determining their coverage and effectiveness. Specifically, lending practices of the Gombe Agricultural Development Project; the Small Holder Oil Palm

Project in Rivers State, and the defunct World Bank Rice Project in the Cross River State are discussed. The defects of these loan programs are pointed out and suggestions are forwarded on how modified Agricultural Development Project loan programs can be extended to small scale farmers. (2504)

109. Nyanin, Ohene O., "Costs of Agricultural Lending, Institutional Viability and Lender Behavior in Jamaica," Ph.D. Dissertation, Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, 1982, 159 p.

The main objectives of this study were to document lending costs of the Jamaica Development Bank's Self-Supporting Farmer's Development Program (SSFDP), to assess the financial viability of the program, and to investigate credit rationing behavior of the SSFDP in the face of interest rate controls in an inflationary environment. The data used in the study were gathered from the financial statements of SSFDP. Descriptive analysis and regression techniques are used. The results reveal that the total annual cost of lending of the SSFDP varied between 26 percent and 49 percent of total loans outstanding during the years 1974-1980. The high costs of servicing loans and low interest rates adversely affected the viability of the program. There was, however, no convincing evidence of loan portfolio concentration by the Bank resulting from the high lending costs.

110. The Ohio State University Research Team, An Assessment of Rural Financial Markets in Honduras, Volume 1, Final report submitted to the USAID Mission - Agricultural Development Office - Tegucigalpa, Honduras, December 1981.

This report is a collection of several papers on rural financial markets in Honduras. The report is organized in 11 chapters. Volume 1 contains chapters 1-5, and the chapters 6-11 are contained in Volume II. In Chapters 1-4, papers by Claudio Gonzalez-Vega address the macroeconomic perspective of rural finance in Honduras. He first offers an extensive review of the Honduran economy in the last two decades, and then analyzes the performance of the financial sector in the same period. Chapter IV contains a study by Robert Vogel, discussing the issues concerning savings mobilization in Honduras. The study by Carlos Cuevas and Douglas Graham in Chapter V discusses lending costs and loan delinquency problems of the Agricultural Development Bank. (2523)

111. The Ohio State University Research Team, An Assessment of Rural Financial Markets in Honduras, Volume 2, Final report submitted to the AID Mission - Agricultural Development Office - Tegucigalpa, Honduras, December 1981.

This report contains several papers on rural financial markets in Honduras. In Chapter VI, Carlos Cuevas and Douglas H. Graham discuss borrowing costs and formal and informal credit activities of farm households. The issue of loan supervision by Honduran rural credit institutions is examined by Ronald Tinnermeier in Chapter VII. Chapter VIII presents a study by Jerry Ladman and Randy Stringer on the agricultural credit use by the Honduran reformed sector. Douglas Southgate's paper in Chapter IX presents the changing price incentives for Honduran crop agriculture. The credit union movement in rural Honduras is discussed by Jeffrey Poyo in Chapter X. The major conclusions and recommendations derived from the studies presented in this report are given by Claudio Gonzalez-Vega in Chapter XI. (2524)

112. Ojo, M.O. and E. Palmer, "An Appraisal of the Role of the Public Sector in Agricultural Finance in Nigeria," paper presented at the National Seminar on Agricultural Credit and Finance in Nigeria, held at the University of Ibadan, Ibadan, Nigeria, April 27 - May 1, 1981, 22 p.

The public sector in Nigeria has intervened in four ways to increase the supply of agricultural credit. These interventions are regulation of institutional credit agencies, directing spending through annual budgets, encouraging foreign investments and mobilization of savings. A critical examination of the main results of public sector agricultural finance policies during the last decade reveals that some progress has been made, but very often achievements of policies have not exactly tallied with expectations. The credit policies have not served effectively to fulfill needs of small farmers. The author suggests the use of a package approach in credit schemes, expansion of branch network of financial institutions in rural areas, and modification of interest rate policies. (2490)

113. Oludimu, Olufemi, "An Evaluation of the Financial Position of Cooperative Ventures in Ogun State, Nigeria," paper presented at the Seminar on Agricultural Credit and Finance in Nigeria, held at the University of Ibadan, Nigeria, 27 April - 1 May, 1981, 16 p.

This paper evaluates and appraises the financial position of cooperatives in Ogun State. The organizational structure of cooperatives in the state is discussed in Section II. In Section III, analysis of the operations of cooperative societies and an

assessment of their achievements is made. Some suggestions for improvement are given in the concluding section. Low membership growth rate, lack of adequate capital, poor loan repayment, and inadequate volume of trade were the weaknesses of cooperative societies as recognized in this study. The author suggests increasing membership and provision of government assistance to the cooperatives. (2511)

114. Onchan, Tongroj, "Credit Problems of Farmers in Thailand," paper presented at the Symposium on Farm Credit, organized by the Asian Productivity Organization, Manila, Philippines, November 29 - December 4, 1982.

Presents the major credit aspects and problems of Thai farmers with a special emphasis on needs for credit, the burden of debt, sources of credit and the repayment of loans. The analysis shows that the percentage of farm households in debt and average debt per household in Thailand increased over time. The amount of credit borrowed by farmers varied according to income, farm size, and characteristics of land holding. The total debt was 5.2 percent of the value of fixed capital of the farmers and 16.4 percent of their farm income. The rates of interest charged by informal lenders ranged between 28 percent and 78 percent per year. These rates were significantly higher than the interest rates charged by formal financial institutions. The quantity and quality of formal credit in rural areas improved in recent years as a result of many policy efforts. The author suggests a group lending approach in order to increase the availability of loans to small farmers and the rural poor. (2629)

115. Onchan, Tongroj and Vichai Techavatananan, Economics of Group Lending in Thailand: A Case Study in Supanburi Province, Research Report No. 8, on the "Rural Financial Markets" project funded by USAID, Center for Applied Economics Research, Faculty of Economics and Business Administration, Kasetsart University, Bangkok, Thailand, March 1982, 110 p.

This report is written in the Thai language and the summary is in English. The major objective of the study is to analyze the economics of loans to groups of farmers in the province of Sanburi in Thailand. The data used were obtained from 262 farm families for the year 1977-78. The financial institutions supplying loans to the sample households were also interviewed.

The study finds that the farmer groups that borrowed from commercial banks had more efficient usage of capital than the groups financed by other agencies. The commercial bank group was also in the best position in terms of liquidity and flexibility. The loan repayment rate was highest, about 72 percent, in the Bank of Agriculture and Agricultural Cooperative borrower group, and lowest, about 28 percent, in the case of the farmer group who borrowed from commercial banks. (2447)

116. Osuagwu, Harold G.O., "Agricultural Financing and Productivity," Department of Agricultural Economics, University of Benin, Benin City, Benin, April 1981, 4 p.

This paper emphasizes the argument that financial investment alone does not ensure increased productivity without adequate consideration to the absorptive capacity of the agricultural sector. The absorptive capacity of the farm sector is represented by level of technology, labor force, land and seeds/breeds. The first part of the study explains the theoretical concept of absorptive capacity and productivity. The second part applies the theory to agricultural finance in Nigeria. Some policy measures for farm financing in order to achieve higher productivity are suggested in the last part. (2488)

117. Osuntogun, Ademi, Banwo Olufo-Kunbi and Yakubu L. Fabiyi, "The Nigerian Agricultural Credit Guarantee Scheme," Department of Agricultural Economics, Faculty of Agriculture, University of Ife, Ile-Ife, Nigeria, 1981, 9 p.

Paper analyzes the performance of the Nigerian Agricultural Credit Guarantee Scheme. The study is organized in six sections. In sections II and III, the historical background of modern banking in Nigeria and the role of the Central Bank are discussed, respectively. Sections IV and V present the analysis of the Agricultural Credit Guarantee Scheme and its performance, while section VI is devoted to the problems and prospects of the Agricultural Credit Guarantee Scheme. (2352)

118. Osuntogun, Adeniyi, "Linking Credit with Marketing: A Quantitative Assessment of the Effect of Credit on the Marketing Operations of the Western Nigeria Co-Operative Produce Marketing Unions," Eastern Africa Journal of Rural Development, Vol. 12, Nos. 1 and 2, 1979, pp. 107-118.

Study examines the relationship between the volume of produce handled and the loans made by the cooperative produce marketing unions in the western State of Nigeria. The data from 17 unions for 1970-71 marketing season were analyzed in the study. Simple regression was used as an analytical technique. The results of the study show the usefulness of linking credit with marketing. The author concludes that the marketing cooperatives can serve as an effective channel to supply production loans to small scale farmers. (2486)

119. Osuntogun, Adeniyi, "Some Strategies and Guidelines in Establishing Credit Guarantee Schemes in African Countries," AFRACA Publication No. 1, African Regional Agricultural Credit Association, AFRACA Secretariat, Nairobi, Kenya, 1981, 33 p.

In this study, possible strategies for the establishment and development of sound credit guarantee schemes in developing countries are discussed against the background of the experience and performance of some existing schemes in West Africa. These schemes are the credit guarantee schemes of Ghana, Sierra Leone and Nigeria.

The author suggests that the credit guarantee schemes in low income countries should be designed with an objective to channel more institutional credit to the priority sectors. These schemes should be sponsored by governments or central banks. The types of loans covered under the guarantee scheme should be clearly specified. Similarly, the extent of guarantee coverage should be determined in accordance with priorities and objectives of the scheme. (2605)

120. Osuntogun, Adeniyi and Olufemi Oludimu, "Extending Agricultural Credit Through Public Institutions in Nigeria: A Comparative Study of the Ondo State Agricultural Credit Corporation and the Ogun State Agricultural Development Corporation," paper presented at the Seminar on Agricultural Credit and Finance in Nigeria, held at the University of Ibadan, Ibadan, Nigeria, 27 April - 2 May, 1981, 23 p.

Paper presents a comparative analysis of the operations of the Ondo State Agricultural Credit Corporation and the Ogun State Agricultural Development Corporation. Both primary and secondary

data are utilized to assess the performance of the two institutions. After the review of literature, credit and administration by the institutions is discussed. Major constraints of credit institutions are also identified in this study. The results of the analysis reveal that though the Ondo State Agricultural Credit Corporation has shown relatively better performance than the Ogun State Agricultural Development Corporation, the overall performance of both institutions has not been encouraging. (2505)

121. Oxby, Clare, "Farmer Groups in Cameroon, Some Experiments in Credit Delivery," Discussion Paper No. 7, Agricultural Administration Unit, Overseas Development Institute, London, England, November 1981, 17 p.

This paper describes two Cameroonian credit schemes involving farmer groups and evaluates their performance. The group loan program in Cameroon started in 1974. Under this program a group of small farmers apply to be registered with the local authorities as a GAM. The group then applies for a loan to the national rural development bank. All the members accept full liability of the debt of the group. They are also required to sell their produce exclusively to the local marketing boards. Between 1974 and 1981, a total of 3,000 GAMS were supplied loans. The other group loan program was started in 1977. The analysis of this study concludes that setting up of farmer groups in Cameroon has not been successful in the ways anticipated by the Government. (2515)

122. Parks, Loren L. and Ronald L. Tinnermeir, "Agricultural Credit for Farmer Groups: Experiments in Honduras," Department of Economics, Colorado State University, Ft. Collins, Colorado 80523, 1981, 14 p.

Group lending is suggested to be a way of providing more cost effective agricultural credit to small producers and of improving loan repayments. The experience of providing credit through small farmer groups in Honduras is reviewed in this study. In general, the experience of the lending institutions with these groups was positive. However, administrative costs did not decline significantly, repayment problems continued, few groups were reached, and farmer loan transaction costs were still high. Operational changes and improvements are suggested to produce more of the expected benefits. (2535)

123. Partadireja, Ace and F.J.A. Bouman, Yayasan Social Tani Membangun (Y.S.T.M.): Evaluation Report, Foundation for the Social Development of Farmers in Indonesia, Jakarta, Indonesia, December 1982, 30 p.

This report addresses the following issues. (1) How is the relation between Y.S.T.M. and its target groups established? (2) How do these target groups perceive their own situation? What are their ambitions? What means do they have at their disposal to fulfill ambitions and what constraints do they meet on their path? (3) Are YSTM's strategy and techniques effective to overcome these constraints and help beneficiaries to improve their situation and gradually satisfy their ambitions? (4) Who are YSTM's beneficiaries? (5) How do U.B. groups function?

Based upon the observations made during the two-week field trip, the authors find that the YSTM publish different magazines and booklets to educate rural people. The regional field workers (Pembinas) perform a key role in the development of rural U.B. groups. The Pembinas are well-trained, but have an excess workload. There are 20,000 members of YSTM. Membership does not consist of the poorest, but is made up of those who are somewhat better off than the poorest. The savings and credit program initiated by the U.B. groups performs well. (2590)

124. Paudyal, Dibakar, "Evaluating Cropping Pattern Innovations in a Whole-Farm Context: A Case Study from Kaski District, Nepal," Paper No. 17, Agricultural Projects Service Center, Panchayat Plaza, Kathmandu, Nepal, March 1983, 17 p.

Study evaluates cropping patterns developed by the Integrated Cereals Project in a whole-farm framework. The analysis was conducted on the data from 104 farmers of Pundi Bhundi Panchayat in the western hills of Nepal.

Five linear programming models of typical farms were constructed by considering farm size, area of rice lands, and supply of family labor. New innovations included in the study were new rice, wheat and maize technologies, and upgrading of buffalo herds. The results reveal that improved maize and rice technologies appeared profitable in all cases. Improved wheat crop enterprise was less profitable. A combination of crop and buffalo raising was judged as most profitable although the supply of livestock feed and cash resources may be constraints to expand this enterprise mix. (2677)

125. Pederson, Glenn D. and John R. Brake, The Distribution of Financial Impacts of Alternative Agricultural Credit Policies, Research Report 424, Agricultural Experiment Station, Michigan State University, East Lansing, MI, February 1982, 31 p.

Study had the following objectives: (1) to develop a conceptual model of the distributional process which carries the distributional consequences of alternative credit policies in U.S.A.; (2) to formulate a theoretical-mathematical model of the relationships between credit institutions and farm firm households; and (3) to construct a numerical simulation model consistent with the mathematical model to evaluate the financial impacts of specific credit policies over time. Changes in household income and consumption levels, and growth in net worth were the measures used to evaluate alternative agricultural credit policies.

The results show that the distributional impacts of all three lending criteria assessed in the study were sensitive to initial farm size and operator's initial equity position. No single credit policy provided all farm resource situations with greatest potential for growth. (2525)

126. Pollard, Stephen K. and Harpal S. Grewal, "Simulating the Impacts of Credit Policy and Fertilizer Subsidy on Central Luzon Rice Farms, the Philippines: Comment," American Journal of Agricultural Economics, Volume 65, No. 2, May 1983, pp. 349-350.

This is a comment on a study conducted by Mark W. Rosegrant and Robert Herdt to estimate the impact of credit and fertilizer supply on borrower farmers in the Philippines. The study was published in the American Journal of Agricultural Economics, Vol. 63, No. 4, November 1981. The authors argue that the study by Rosegrant and Herdt, like the majority of other credit impact studies, suffers from serious conceptual and methodological flaws. They find that this study did not properly account for fungibility and divisibility characteristics of financial instruments. The cost of loans used in the analysis was also underestimated since borrowers' non-interest costs of credit were not included. The findings by Rosegrant and Herdt also did not fully explain the high default and delinquency rates on rural loans in the Philippines. The authors suggest that more emphasis in rural finance research in developing countries should be on supplying better financial services. (2694)

127. Presidential Committee on Agricultural Credit, A Study on the Non-repayment of Agricultural Loans in the Philippines, Technical Board for Agricultural Credit, Central Bank Building, Manila, Republic of the Philippines, 1978, 227 p.

This study addresses the following objectives: (a) to analyze the nature and extent of the loan repayment problem; (b) to determine the major causes of the arrearages problem considering the viewpoints of both lenders and borrowers; (c) to examine the impact of the arrearages problems on agricultural lending operations; and (d) to recommend measures that can be taken to reduce the arrearages. The study is based upon a nationwide survey of various types of lenders and borrowers participating in several credit programs and lending schemes. The analysis intensively focuses on the attitudinal aspect of credit and repayment, and on the determinants of loan repayments related to both lenders and borrowers.

The results of the investigation suggest that the problem of loan defaults and delinquency in rural areas became more serious over time. The loan recovery performance of private banks was better than the government banks. The loan repayment rates of supervised credit programs was lower than non-supervised loans. (2669)

128. Presidential Committee on Agricultural Credit, A Study on the Informal Rural Financial Markets in Three Selected Provinces of the Philippines, Technical Board for Agricultural Credit, Central Bank Building, Manila, Republic of the Philippines, 1981, 105 p.

Study focuses on the credit arrangements, interest rates and innovative financing schemes of the informal rural financial markets. The analysis is based on a 1978 survey of 163 private moneylenders and 915 farmer borrowers in Balacan, Camarines Sur, and Isabela provinces. On the moneylender level, the study covers investment activities and profit rates; generation and utilization of funds; moneylending activities and the management of risk; and attitude towards risk in moneylending, and repayment. The farmer borrower level analysis focuses on the production records, credit availments, credit utilization, and repayment data. The study concludes that in the majority of the cases, moneylenders provide useful services to their customers. The interest rates charged by them were also not significantly higher than the bank lending rates. (2668)

129. Presidential Committee on Agricultural Credit, A Study of the Legal Framework and Alternative Measures on Agricultural Loan Delinquency in the Philippines, Technical Board for Agricultural Credit, Central Bank Building, Manila, Republic of the Philippines, 1982, 125 p.

Study looks into the adequacy of current policies in dealing with the loan delinquency problems in agricultural credit at both the borrower and the institutional level, examines the system for cleaning the accounts of banks, analyzes the implications on the bank of existing policies and practices, and does sensitivity analysis of options for treating delinquent accounts.

The findings of this study show that there is no standard treatment of delinquent accounts used by the government or other agencies involved in agricultural credit except for a few legal provisions in the Civil Code, the General Banking Act, and the Central Bank issuances. The policies and procedures of different lending institutions to deal with overdue accounts also vary widely. (2670)

130. Quasim, M.A., S.R. Saha, and Bandana Saha, A Study on the Impact of Grameen Bank Project Operation on Landless Women, Bangladesh Institute of Bank Management, Dacca, Bangladesh, December 1981, 37 p.

Assess the impact of the Grameen Bank Project on: (i) income, expenditure, savings, standard of living, etc., of the families of the landless women borrowers, (ii) social status, behavior, taste, etc. of the landless women, and (iii) society as a whole, especially on its attitude, belief, economic condition, etc. The study was conducted on 50 women loanees from Silipur Union of Tangail district. The sampled households were classified according to their professions.

The analysis reveals that the rate of return on capital invested by the studied borrowers varied between 12 percent and 48 percent per year. The savings of the loanees increased significantly. The overall impact of the project on beneficiaries was found as significantly positive. Very few inadequacies were reported in the procedures and terms and conditions of loan contracts by the interviewed borrowers. The loan repayment performance of borrowers was excellent. The authors recommend that the Grameen Bank Project should be expanded to include more of the rural poor. (2545)

131. Rana, Akur Narshingh, Small Farmer Development Programme in Nepal, Institutional Division, Agricultural Development Bank, Kathmandu, Nepal, April 1982, 32 p.

The major objective of the Small Farmer Development Programme in Nepal is to improve socio-economic conditions of small farmers who generally do not have access to the other development benefits provided by the government and who live below the subsistence level.

This study is a description of the program and various projects launched under the program. The program is aimed to encourage the rural poor to participate actively in national development activities. The program will be expanded gradually over time to include more small farm families. The author reveals that the success of the program depends upon its acceptance by the target group and full impact of the program will be realized after a number of years. (2588)

132. Ray, Edward John, "The Role of Finance in Rural Development," Background Paper No. 5, presented at the Colloquium on Rural Finance, held at the Economic Development Institute, The World Bank, Washington, D.C., September 1-3, 1981, 34 p.

This paper analyzes the role of finance in growth and development. In Section II, the complementarity between the proper functioning of real and financial markets is discussed. In Section III, optimal intervention analysis is used to explain government intervention at every level of economic activity and the multiple distorted environment within which financial reforms are considered. In Section IV, subsidized credit programs as instruments to promote efficiency, redistribute income, and/or foster viable financial institutions are rejected. In conclusion, it is argued that external funds could be used productively to mobilize rural savings, promote development in financial markets, and reduce internal resistance to general market reforms. (2421)

133. Reno, Barbara Morrison, Jane Devall, Jonea Gurwitt, Virginia De Lancy and Chet Aeschlman, Report of the Bilingual Regional Seminar, Dakar, Senegal, March 2-6, 1981: Increasing Women's Access to Credit Through Credit Unions in West Africa, Africa Cooperative Savings and Credit Association, Nairobi, Kenya, September 1981, 19 p.

This is a report of a seminar on increasing women's access to credit through credit unions in West-Africa. The seminar was organized to achieve the following objectives: to compare experiences and to generate new ideas for strengthening the role of women in credit unions; form a coalition of leaders who will begin to work to integrate women into credit unions; make credit unions more responsive to women's needs; and provide training to participants to draw up country specific plans for follow-up action. The report presents details on participants and design and methodology of the seminar. The seminar results are also given. (2496)

134. Robison, Lindon J. and Larry Lev., "Distinguishing Between Initial and Final Impact Variables to Predict Choices Under Risk, or Why Woody Chip Went to the Air," Department of Agricultural Economics, Michigan State University, East Lansing, Michigan, 1981, 27 p.

Economic behavior may often be observed as choices between distributions of initial impact variables while the variable of concern, a final impact variable, may not be so easily observed. Models designed to predict behavior over initial impact variables may be forced to assume ad hoc truncated, linearized and discontinuous forms of utility function: On the other hand, the same choices predicted over final impact variables are often consistent with stable, smooth risk averse utility functions which the theories assume and the empirical measures support. (2671).

135. Rokaya, Chandra M., "Impact of the Small Farmers Credit Program on Farm Output, Net Income, and the Adoption of New Methods, A Nepalese Case Study," paper No. 15, Agricultural Projects Services Centre, Panchayat-Plaza, Kathmandu, Nepal, January 1983, 14 p.

Assesses the impact of agricultural credit on farm output, net income, and use of new farm production methods by small farmers, and examines the relationship of small farmer's personality attributes to the adoption of new methods and institutional borrowing. The data used were collected from 80 randomly selected farmers in Nuwakot district.

The study finds that the provision of agricultural credit to small farmers increased farm output and net income through increased cropping intensity, but credit use was not related to the adoption of new agricultural methods. All farmers devoted most of their land to traditional crops, and there was under-investment in modern inputs. Income levels, education, and attitude towards risk are the factors found to influence the adoption of new technology by small farmers. (2678)

136. Roling, Niels, Fred Chege and Jos Ascroft, "Rapid Development for Kenya's Small Farms," Discussion Paper No. 173, Institute for Development Studies, University of Nairobi, Kenya, July 1973, 11 p.

Paper presents the results of a two-year field experimentation in the Tetu SRDP extension Pilot Project. It briefly describes some of the results obtained, the objectives, the problem to which the tested strategy addresses itself, the description of the strategy and the benefits to be expected. The strategy aims to improve

food production, employment opportunities and income of less-progressive small farmers by supplying them integrated services in the form of credit, inputs and training is presented. The project achieved its objectives except for the low repayment rate on unsecured crop loans. The future focus of the project will be on this issue. (2456)

137. Rosegrant, Mark W. and Robert W. Herdt, "Simulating the Impacts of Credit Policy and Fertilizer Subsidy on Central Luzon Rice Farms, the Philippines," American Journal of Agricultural Economics, Vol. 63, No. 4, 1981, pp. 655-665.

The effects of credit policy and fertilizer subsidy on farmer's input choices, production and income are examined with a multi-season decision-making model. Stochastic production technology, risk-averse decision rules, short-term savings/consumption behavior, and a dual financial market are considered. Results indicate the risk-neutral rule is more consistent with actual choices than risk-averse rules. Estimated yields increased 21 percent to 30 percent from joint credit and fertilizer subsidies. Benefits were greater on irrigated than on rainfed farms. A substantial default rate in the institutional market reduced credit program benefits. (2521)

138. Saito, Katrine A. and Delano P. Villaneuva, "Transaction Costs of Credit to the Small-Scale Sector in the Philippines," Economic Development and Cultural Change, Vol. 29, No. 3, April 1981, pp. 631-640.

This study estimates the transaction costs (cost of administering loans and default risk cost) of lending of different financial institutions in the Philippines with borrowers subdivided by size and activity. Wage and salary expenses, rent, travel, printing, etc., costs incurred on lending operations are included as administrative costs and loan losses reserve, loan guarantee fees and actual bad debts are included to estimate default risk costs. The total estimated transaction costs varied between 5.5 percent and 7.3 percent on small-scale agricultural loans, between 5.5 percent and 6.7 percent on small-scale industry credit, and between 1.8 percent and 2.5 percent on loans advanced to large-scale industry. In order to cover all the lending costs by financial institutions, the authors suggest that interest rates on loans to be fixed between 11 and 17 percent per annum. (2371)

139. Sanderatne, Nimal, "Institutionalizing Small Farm Credit: Performance and Problems in Sri Lanka," Staff Studies, published by the Economic Research Department of the Central Bank of Ceylon, Colombo, Vol. 10, Nos 1 and 2, April/September 1980, pp. 95-103.

The relative share of institutional and non-institutional sources in rural credit in Sri Lanka changed from about 8 percent and 92 percent, respectively, in 1957 to 15 percent and 85 percent, respectively, in 1976. Commercial banks, government, and cooperatives are the major institutional credit sources in rural areas. During the last three decades, special efforts have been directed to supply formal credit to small farmers. The amount of credit supplied to small farmers, however, fluctuated from year to year. The author suggests establishing appropriate financial institutions to service the rural sector in general and the rural poor in particular. (2500)

140. Sayad, Joao, "The Impact of Rural Credit on Production and Income Distribution," paper No. 18, presented at the Second International Conference on Rural Finance Research Issues, Calgary, Canada, August 29-31, 1979, 32 p.

The objective of this paper is to analyze the effectiveness and income distribution impact of rural credit when it is used as an incentive mechanism to promote investments in the agricultural sector. The paper deals with the Brazilian case. Section II of the study presents a brief description of the institutional and economic environment where the Brazilian rural credit program is imbedded. Section III presents the model used for the analysis. The impact of agricultural credit programs on income distribution is assessed in Section IV. Section V contains empirical evidence, and the results of the study are summarized in the last section along with some suggestions for future research. (2392)

141. Schaefer-Kehnert, Walter and John D. Von Pischke, "Agricultural Credit Policy in Developing Countries," in Sozialokonomie der Landlichen Entwicklung by Peter Von Blanckenburg (ed.), 2nd Edition, Verlag Eugene Ulmer, Berlin, 1982, pp. 297-311.

This paper discusses the role and objectives of conventional agricultural credit policy. It discusses problems associated with the institutions and instruments of this policy in developing countries. The authors find that despite the continuous policy emphases, the financial markets in most developing countries have failed to provide adequate credit services to small farmers. They suggest a cooperative credit approach to overcome this problem.

Government intervention in cooperative credit systems is suggested to be minimum. The initiative to establish cooperative credit institutions should come from the farmers themselves. (2687)

142. Senanayake, S.M.P., "Farm Credit in Sri Lanka, Present Situation and Future Prospects," paper presented at the Symposium on Farm Credit, organized by the Asian Productivity Organization, Manila, Philippines, November 29 - December 4, 1982, 50 p.

Study analyzes the agricultural credit situation in Sri Lanka from the point of view of farmer borrowers, lending institutions, and the government. It also presents a history of farm credit in Sri Lanka during 1911 and 1980. The proportions of total farm credit supplied by formal and informal sources were 15 percent and 85 percent, respectively in 1980-81. A large proportion of formal credit is provided in the form of short-term loans. The rate of interest charged on formal farm loans is generally 12 percent per year. The interest rates charged by private lenders varied widely. However, about half of the informal loans were advanced at a rate of interest between 12 percent and 20 percent per annum. The rates of default on institutional loans were high. (2634)

143. Sheu, Y. D., Cooperative Agricultural Financing by Farmers' Associations in Taiwan, Extension Bulletin No. 147, Food and Fertilizer Technology Center, Taipei City, Taiwan, July 1980, 11 p.

This study focuses on the organization, performance, and current constraints of Farmers' Associations (FAs) credit system in Taiwan. The FAs and their unique credit system which integrates both credit and other services have been the single most important institution in the rural areas. The FAs in Taiwan are cooperatives organized to promote farmers' welfare, raise their intellectual and technical levels, increase their production, improve their standard of living, and develop the rural economy.

The author finds that despite several institutions supplying farm credit in Taiwan, about one-third of farmers' credit is still contributed by private moneylenders. He suggests further strengthening and improving of the institutional farm credit. (2396)

144. Sijapati, Binod B., "Nepal," paper presented at the Symposium on Farm Credit, organized by Asian Productivity Organization, Manila, Philippines, November 29-December 4, 1982, 38 p.

The existing institutional farm credit system in Nepal was initiated in the late 1950s, with the beginning of the cooperative movement in the country. The Land Reform Savings Corporation was established in 1966. The main function of the Corporation is to mobilize compulsory savings and invest the funds in agriculture. The cooperative Development Bank was transformed into the Agricultural Development Bank in 1968.

The analysis shows that 24 percent of the farmer borrowers received credit from formal sources and 76 percent borrowed from moneylenders in 1976-77. The organization and operations of the formal agricultural financial institutions are also discussed in the study. The author argues that the major constraint faced by financial institutions in improving the supply of farm credit is the low rates of interest on loans. He suggests adopting a flexible interest rate policy. (2631)

145. Sijapati, Binod, "Credit Research Issues in Nepal," Discussion paper prepared for Agricultural Development Council, Agricultural Projects Services Center, Kathmandu, Nepal, March 1983, 23 p.

Author argues that, despite continuous emphasis to increase the supply of agricultural credit in Nepal, there is little policy oriented research done. Also, few studies have looked into the saving mobilization issues. He reviews RFM research on different topics. Various methodologies used in the studies are also discussed.

More emphasis in future research is suggested on savings, credit needs estimates, borrowing cost estimates, repayment problems, and flow of funds in rural areas. At the lender level, structure, performance, and behavior of financial markets, and impact of RFMs on production and welfare issues are suggested for investigations in the future. Similarly, more research is suggested on the viability of financial institutions and their lending costs. National level studies are suggested on topics of savings mobilization, impact of interest rate and other policies in structure and performance of RFMs, and small farmer development programs. (2684)

146. Spellman, Lewis T., "Economic Growth and Financial Intermediation," in Money and Finance in Economic Growth and Development, by Ronald I. McKinnon (ed.), Marcel Dekker, Inc., New York, 1976, pp. 11-34.

Author presents a macroeconomic growth model that exhibits many of the features of the Shavarian models. The model analyzes the growth equilibrium of the investment share of output, the capital

intensity, the interest rate, per capita output, and per capita consumption. In an extension, it indicates how these variables are influenced by the introduction of a financial system. The basic model is set out in Section I; it is solved in Section II; the equilibrium values are analyzed in Section III. The financial system is added in the model in Section IV and the aggregate effects of deposit and loan rate ceiling are discussed in Section V. (2368)

147. Sugianto, "Problems of Lending Institutions: Bank Rakyat Indonesia Experience," paper presented at the Symposium on Farm Credit, organized by Asian Productivity Organization, Manila, Philippines, November 29 - December 4, 1982, 20 p.

The banking sector in Indonesia consists of a Central Bank, Public Banks, Savings Banks, and Development banks. Bank Rakyat Indonesia is a State-owned bank servicing cooperative, agricultural and rural sectors. The bank supplies loans especially to small farmers. The bank also mobilizes savings from the rural sector. The amount of deposits mobilized by the Bank Rakyat was 1.8 billion U.S. dollars at the end of 1981. The Bank has 284 district level branch offices and 3524 village units. The Bank faces a variety of operational and coordination problems. The problem of loan defaults has become serious over time. The profitability analysis reveals that Bank Rakyat incurred losses in its village units. (2636)

148. Tapsoba, Edouard Kuka, "An Economic and Institutional Analysis of Formal and Informal Credit in Eastern Upper Volta: Empirical Evidence and Policy Implications," Ph.D. dissertation, Department of Agricultural Economics, Michigan State University, East Lansing, MI, 1981, 286 p.

Study analyzes the economic and institutional constraints on the performance of the government agricultural credit program and the informal credit system in the Eastern Region of Upper Volta. The data for the study were gathered from 480 small farmers in the region. The survey for 1978-79 revealed that various organizational and operational deficiencies in the EORD credit program resulted in untimely delivery of credit. The impact of medium term credit supplied under the program was modest. The repayment performance of the EORD credit program was generally poor with collection rates declining from about 43 percent in 1976-77 to 25 percent in 1979-80.

The informal agencies mainly supplied short term consumption loans. The rate of interest charged on these loans was 21 percent

per month, however, some loans were also given interest free. Repayment rates of informal loans were higher than on the formal borrowings by farmers. (2454)

149. Tarino, M.B.K., "The Dynamics of Agricultural Credit Recovery Mechanism in Tanzania," African Regional Agricultural Credit Association Newsletter, No. 2, July 1982, pp. 1-5.

Study discusses important remedies to improve the rural loan recovery rates in Tanzania. The rural banks in Tanzania face high loan default and delinquency rates. The reasons for non-repayment of loans are tied to both ability and willingness to repay. The author suggests that to reduce loan defaults, the credit should be advanced for the adoption of high yielding technology. The emphasis should be to supply loans in kind. The banks should closely supervise the use of credit by borrowers. There is also a need to improve the coordination between the lender, the borrower and the marketing agencies. Lending to cooperative unions in villages rather than to individuals was found to improve loan recovery levels. (2579)

150. Thingalaya, Navinchandra K., "Banks and Rural Development: Some Crucial Issues," paper presented at the Fifth Conference of the Public Sector Bank Economists, held at the Canara Bank, Bangalore, September 18, 1981, 23 p.

A brief review of the rural orientation of the commercial banks is made first to provide a perspective of the problem. The emergent banking base is also briefly examined there. Against this background, what the banks can do with their existing organizational pattern in fulfilling the national objectives is analyzed. Then the supportive measures which the state governments and the Reserve Bank of India have to provide are discussed. And finally, a few crucial issues are listed for further deliberations. The analysis shows that commercial banks made impressive achievements in the field of rural banking. Various supportive measures were taken by the government to enable these banks to play the assigned role. (2497)

151. Thirsk, Wayne R., "Rural Credit and Income Disruption in Colombia," Journal of Economic Studies, Vol. 2, No. 1, May 1975, pp. 10-33.

Paper empirically measures the productivity of credit or credit induced inputs on farms of different size in Colombia. It seeks answers to the question of whether or not small producers of a given crop may obtain a higher return at the margin from using credit than would large producers. Data from a sample of 2,900 individual farm loan records were used to conduct analysis. Regression analysis was used to arrive at the results of the study.

The findings indicate labor and land variables with usually, but not always, statistically significant regression coefficients. The F-test comparisons of farm size differences in the marginal productivity of intermediate inputs reveal that smaller farmers were more productive users of intermediate inputs than medium size farms. Author also makes various suggestions for future research on this issue. (2518)

152. Van Sickle, John J. and George W. Ladd, "A Model of Cooperative Finance," American Journal of Agricultural Economics, Vol. 65, No. 2, May 1983, pp. 273-81.

The unique characteristics of cooperatives require that they be analyzed differently from the more traditional non-cooperative firms. A model of cooperative finance is developed that has the objective of maximizing the total, after-tax profits of the cooperative member patrons. A mathematical analysis derives the relationship among the various financial instruments, and a numerical analysis derives results for a cooperative under various hypothesized scenarios. The authors suggest that a model incorporating the unique characteristics of cooperatives is the more appropriate tool for studying cooperative finance than is the non-cooperative model.

153. Vargas, Madrigal Thelmo, Claudio Gonzalez-Vega, Alberto di Mare Fuscaldó, "El Seguro de Consecas en Costa Rica: Evaluación y Propuestas de Reforma," La Academia de Centroamérica, San Jose, Costa Rica, January 1980, 97 p. plus annexes.

Provides background on a Costa Rican crop insurance program begun in 1970. Also evaluates some of the problems encountered in the program. Concludes with suggestions for improving the performance of the program. (2645)

154. Villegas, Pablito M. and Mario F. Crisostomo, "Agricultural Credit Policies in the Asian Countries." Paper presented at the Fourth Biennial Conference of the Agricultural Economics Society of

Southeast Asia (AESSEA) held at the Holiday Inn Hotel, Singapore, November 3-7, 1981, 41 p.

Paper discusses the major agricultural credit policies in the Southeast Asian countries particularly Indonesia, Malaysia, Thailand and the Philippines. The performance of important instruments used to pursue agricultural credit policies in the Philippines is also evaluated. The authors argue that food security in Southeast Asia can be achieved only by improving productivity of small producers. Various efforts have been made in the studied countries to strengthen the rural credit system. However, a large proportion of rural credit is still advanced by moneylenders. The rates of interest on private loans are generally high. The high default rates restrict formal institutions to expand their loan service in rural areas. (2580)

155. Von Pischke, J. D., "The Quantification of Farm Debt Capacity," CN-21, Economic Development Institute, The World Bank, Washington, D.C., May 1976, 33 p.

The most useful basis for credit decision-making and for credit project design is found in the approach which evaluates and quantifies the borrower's debt capacity. This approach involves four analytical steps which are fundamental for financial decision-making and which can be routinely handled within the subject matter of agricultural economics and financial mathematics. The debt capacity approach can be applied to individual credit decisions as well as to portfolio management, project design and agricultural sector planning. The author, however, concedes that credit decision-making still remains an art and no decision-making tool or model can be a substitute for the judgement on the part of the loan officer or analyst. (2587)

156. Von Pischke, J. D., "Guidelines for Specifying Credit Terms," Development Digest, Vol. 16, No. 3, July 1978, pp. 48-50.

Provide an exhaustive list of the general principles which should be observed by lenders when they fix the terms on which they can provide credit. The discussed guidelines include interest rates, maturity schedules, recovery mechanisms and security requirements, as well as principles for the evaluation of the applicant and his loan application, and the implications of using non-price criteria for allocation of credit. These are couched in terms of the lender's business and the type of relationship he seeks to establish with his customers. (2586)

157. Von Pischke, J. D., "Debt Capacity and How it is Computed - Simplified Example," CN35, Economic Development Institute, The World Bank, Washington, D.C., August 1980, 9 p.

This note explains in a simplified way the application of the concept of debt capacity of seasonal loan terms. Debt capacity is derived from expected uncommitted cash flow adjusted for reasonable assumptions of expected adversity and for claims which the borrower considers more important than the repayment of debts to the lender by undertaking the Uncommitted Cash Flow calculation. The purpose of finding the borrower's debt capacity is to determine the loan amount which he can reasonably be expected to handle without embarrassment or hardship. This note is abstracted from the Course Note 21, "The Quantification of Farm Debt Capacity", where the subject is dealt with in greater detail. (2584)

158. Von Pischke, J.D., "Improving Donor Intervention in Rural Financial Markets," Background Paper No. 4, presented at the Colloquium on Rural Finance, held at the Economic Development Institute, The World Bank, Washington, D.C., September 1-3, 1981, 28 p.

Credit project design largely determines credit project performance. Criticisms of the performance of donor-supported credit projects often cite problems which can be traced to project design flaws. The principal modifications required for a reorientation of donor approaches to farm credit include (a) recognition and accommodation of risk, (b) attention to creating confidence in debtor-creditor relationship, (c) viewing finance as a part of a process rather than as an input, and (d) consideration of non-financial as well as financial means of creating debt capacity. Taken together, these imply a dramatic change in credit project conceptualizations. Taken partially, these should still prove effective for making useful incremental changes in project design. (2420)

159. Von Pischke, J.D., "The Causes of the Farm Credit Glut and What Can Be Done About It," The World Bank, Washington, D.C., 1982, 23 p.

The author discusses various weaknesses in the design of current credit projects. He argues that there is a lack of methodology for identification of credit constraints. Also, lender's risk and borrower's risk are not quantified in project analysis, the costs of credit projects are generally unknown, the project's internal rate of return is irrelevant, credit project design ignores externalities, and alternatives to credit are generally not rigorously considered. An alternative approach to intervention in rural financial markets 's also suggested. (2495)

160. Von Pischke, J. D., Dale W Adams and Gordon Donald (eds.), Rural Financial Markets in Developing Countries: Their Use and Abuse, Johns Hopkins University Press, Baltimore, Maryland, 1983.

This book is a collection of about 40 studies related to different issues of rural finance in low income countries. The book is organized in six parts. Part 1 contains an introductory note by the editors and discussion on evolutionary trends in approaches to rural finance. The farm-household level studies on credit and finance are included in Part 2. Part 3 presents several recent papers on credit and finance at the level of lenders and saving mobilizers in rural financial markets. In Part 4, some studies on rural financial market policies in low income countries are given and the role of finance in rural development is discussed in the articles presented in Part 5. Summary and conclusions are given in the final part of the book.

161. Von Pischke, J.D. and John Rouse, "Selected Successful Experiences in Agricultural Credit and Rural Finance in Africa," Agricultural and Rural Development Department, The World Bank, Washington, D.C., 1981, 31 p.

Authors present an overview of the performance of agricultural credit programs in Africa and discuss six cases of partial success in providing financial services in rural Africa. The examples discussed are: (A) Caisse Nationale de Credit Agricole (Morocco); (B) Kenya's Cooperative Savings Scheme; (C) Credit Unions and Agricultural Lending in Cameroon; (D) Rural Savings Club in Zimbabwe; (E) Group Credit in Malawi; and (F) Rotating Savings and Credit Associations in different African countries.

Based upon the observations made in this study, the authors conclude that relatively simple systems of rural financial services can be successful in reaching large numbers of people without intensive outside assistance if they serve a real demand. Favorable economic circumstances in rural areas promote the establishment and survival of rural financial institutions.  
(2537)

161. Von Pischke, J.D., Peter J. Heffernan and Dale W Adams, "The Political Economy of Specialized Farm Credit Institutions in Low-Income Countries," World Bank Staff Working Paper No. 446, The World Bank, Washington, D.C., 1981, 99 p.

A paradigm, or patten, incorporating financial logic and elements of political economy is developed to explain performance problems found in specialized farm credit institutions in low income countries. The paradigm indicates that assumptions and welfare

biases often used in institutional design paradoxically can lead to results which depart widely from initial objectives. It identifies policies and critical decisions leading to perverse development, and the types of costs imposed by the poor performance of these public sector financial intermediaries. An annex containing case studies drawn from the credit literature of nine countries illustrates the applicability of the pattern presented in the text. (2397)

163. Von Stockhausen, Joachim, The Financing of Self-Help Organizations in the Developing Countries, published by Friedrich-Ebert-Stiftung, Bonn, Germany, 1980, 47 p.

Chapter one of this study presents some remarks on cooperative financing issues. Chapter two discusses various traditional financing arrangements, namely, internal financing (equity financing and self-financing), external financing (loans from credit sources, member's loans and deposit accounts), and cooperative financing methods (regular and modified revolving fund financing). In chapter three, methods of expansion of the capital base of different types of cooperatives through outside equity financing are described. Policies for the financial promotion of self-help organizations are prescribed in Chapter four. (2424)

164. Von Stockhausen, Joachim, "Credit Groups and Rotating Savings and Credit Associations - Different Financial Technologies?" Quarterly Journal of International Agriculture, Vol. 21, No. 2, April-June 1982, pp. 155-172.

Author discusses the functional mechanisms of rotating savings and credit associations, and credit groups. The purpose of this study is to analyze the extent and nature of similarities between credit groups and rotating savings and credit associations.

The results of the investigation find that the recent search for appropriate "financial retailers" in rural economies has led to giving more attention to credit groups and the traditional rotating savings and credit associations. A comparison of credit groups and rotating savings and credit associations show that, in both cases, there are similar mechanisms for integrating and stabilizing the small group. (2541)

165. Wells, R. J. G., "Commercial Banks and The Rural Financial Market: The Malaysian Experience," Asian Economies, No. 36, March 1981, pp. 70-87.

Examines the lending activities of commercial banks in the small farm sector and identifies the factors that impede the enlargement of their role in the rural financial market. Also discusses the geographical coverage of the banking network and the various policies intended to increase allocation of bank loans to small farmers and improve territorial coverage of the banking system.

The study supports a "multi agency" approach to the institutionalization of rural financial markets in Malaysia. The author finds that the policies inducing banks to open more outlets in rural areas will improve the availability of credit facilities to the small farm sector. (2370)

166. Wells, R.J.G., "Some Reflections on Selection of Target Groups in Small-Farmer Credit Programmes," UMBC Economic Review, Vol. XIII, No. 1, 1981, pp. 38-43.

The identification of credit as a possible accelerator of economic development of the small farm sector has resulted in a considerable volume of material and financial resources being devoted to rural credit programs in low income countries. The author argues that a significant contributory factor to the failure of many small farm credit programs in developing countries is the incomplete formulation or misspecification of the target groups. He suggests that the beneficiary groups of small farmer credit programs should be correctly formulated and identified. Commercially viable farmers and small marginal farmers should not be included in these programs. He also suggests that interest rates on small farmer credit programs should be raised and special efforts be made to improve productivity of small farmers. (2394)

167. Wells, R. J. G., "An Appraisal of Agro-based Cooperatives in Peninsular Malaysia," Public Administration and Development, Vol. 1, No. 2, April - June, 1981, pp. 165-175.

This appraisal of the agro-based cooperatives in Peninsular Malaysia assesses their performance in relation to savings mobilization, rural credit, land development and the provision of marketing facilities. The author points out the limited extent of achievements of the cooperatives and argues that while these cooperatives have achieved less measurable goals, without improving their performance in relation to economic goals, they will be unable to achieve their social purpose. (2395)

168. Yip, S.M., "Hong Kong," paper presented at the Symposium on Farm Credit, organized by Asian Productivity Organization, Manila, Philippines, November 29 - December 6, 1982, 29 p.

The institutional farm credit in Hong Kong is supplied by commercial banks, cooperative societies, and the Department of Agriculture and Fisheries. The non-institutional loans from friends and relatives are also common among farmers and represent a significant source.

Commercial banks contribute only a small proportion of farm loans. The amount of credit supplied by farmers' cooperative societies has been stagnant during 1976-1981. The number of cooperative borrowers also declined during this period. The overdues of cooperative loans increased. The government acts as a major source of agricultural credit. These loans are supplied to farmers through different programs. The repayment rates on government loans are high. However, the supply of government credit is concentrated among only a small proportion of the farming community. The author suggests that a rationing system should be established in order to increase the coverage of loan facilities provided under the government-sponsored programs. (2648)

169. Yunus, Muhammad, "Rural Development: A New Development Strategy, Not a New Priority," paper presented at the National Seminar on Rural Development organized by the Ministry of Local Government, Rural Development and Cooperatives, held in Dacca, Bangladesh, April 24-29, 1978, 12 p.

The author argues that rural development in Bangladesh should be considered as a development strategy and not merely as a priority in the development programs. This strategy will require new planning and establishment of new institutions. The bottom-up approach should be adopted in the planning for rural development. The designs of some of the suggested institutions are presented in the study. (2562)

170. Yunus, Muhammad, "Grameen Bank Project: Towards Self-Reliance for the Poor," paper presented at the Colloquium of Bankers on Providing Credit Facilities for Marginal Women, held in Tangail, Bangladesh, 1-5 December, 1980, 27 p.

The landless and the women have generally been ignored in rural development programs in Bangladesh. About half of the landless population do not directly depend upon farming for livelihood. However, no special efforts have been directed to supply formal

credit to these people. The author discusses the Grameen Bank project started in Bangladesh in 1976. The main objective of this program is to supply formal credit to the economically weak households. At the end of September 1980, about Tk 13 million of loans were disbursed under this program. These loans were provided for more than 200 purposes. The author finds that the impact of the Grameen Bank loans on the poor people was significantly positive. (2557)

171. Yunus, Muhammad, "Rural/Agricultural Credit Operations in Bangladesh," paper presented at the Annual Conference of the Bangladesh Economic Association, held in Dacca, Bangladesh, April 30 - May 3, 1981, 28 p.

Evaluates the performance of formal financial institutions in Bangladesh in supplying agricultural credit. The farm credit in the country is disbursed under two separate programs, namely, a Normal Program and a Special Agricultural Credit Program. The amount of formal credit disbursed to farmers in 1976-77 was Tk 865 million. The total number of borrowers receiving loans on June 30, 1979 was more than 3 million. However, the loan recovery rates of all the formal financial institutions have been low. Only a small proportion of formal credit reaches the rural poor. Suggests to make more credit available to the rural sector in general and to the rural poor in particular. (2558)

172. Yunus, Muhammad, Grameen Bank Project Annual Report: 1980, Grameen Bank Project, Tangail, Bangladesh, 1981, 19 p.

This is a collection of statistics on the Grameen Bank Project in Bangladesh. The project, sponsored by the Bangladesh Bank, and participated in by six nationalized commercial banks and Bangladesh Krishi Bank, was started in 1979. At the beginning of 1981, the Grameen Bank Project was operating through 25 branches of these banks in Tangail and Chittagong districts. Tables I and II of this report present activitywise disbursement of loans under the project up to December 31, 1980. Tables III to VI contain data on the amount of loans disbursed and savings mobilized, number of villages as well as members served, and the loans repayed for the year 1980 in Tangail district. In Table VII, bankwise commulative data on the amount of loans made and savings raised, and loans repayed and overdues are given. (2544)

173. Yunus, Muhammad, Grameen Bank Project Annual Report: 1981, Grameen Bank Project, 2G Shyamoli, Dacca, Bangladesh, 1982, 25 p.

This report presents statistics on the amount of loans disbursed and savings mobilized under the Grameen Bank Project initiated in Bangladesh in 1979. The data are organized in 11 tables. Tables I and II present activitywise disbursement of loans up to December 31, 1981. The month-wise loan disbursement, savings mobilized and loans repayed are given in tables III to VI. In tables VII - IX, item-wise distribution of loans is given. Table X provides consolidated year-end figures for 1980 and 1981 on amounts of loans disbursed and repayed, and savings mobilized. Table XI is a cumulative statement of loans advanced and recovered, and savings mobilized under the project for the period ending 1981. (2543)

174. Yunus, Muhammad and Howshan Ava Rehman, "Jobra: The Grameen Bank Project," Shishu Diganta, the Journal of UNICEF in Bangladesh, Issue No. 8, April 1980, 7 p.

This study discusses how the Jobra Grameen Bank Prakalpa (Rural Bank Project) helps groups of women and landless men by providing them credit. Under this project, 136 groups were formed with a total membership of 803. The total amount of loans advanced to these groups was Tk. 1.5 million. The loans were used for different purposes such as to undertake bamboo works, vending, raising cows, and pottery making. The loans are also provided for consumption uses. The repayment of loans was high. Based upon the success of the Grameen Bank project, the Bangladesh Bank decided to expand the project to cover the entire district of Tangail and Hathazari thana of Chittagong. (2560)

175. Yusuf, Muhammad, "Pakistan," paper presented at the Symposium on Farm Credit, organized by Asian Productivity Organization, Manila, Philippines, November 29 - December 4, 1982, 45 p.

Author discusses farm credit policies and programs in Pakistan. He also discusses the different formal financial institutions supplying agricultural credit. The amount of formal farm credit in Pakistan increased from Rs 307 million in 1972-73 to Rs 2.9 billion in 1979-80. A program of interest-free credit to small farmers was started in 1979. The maximum limits on such loans was fixed at Rs 500 per acre or Rs 6000 per borrower household. Various other special credit schemes have also been initiated in rural areas. The rates of interest charged on formal loans vary between 12 and 13 percent per annum. The loan recovery rates vary from state to state. In some states, loan repayment rates were as low as 20 to 40 percent. (2632)

176. Yusuf, Muhammed, "Problems of Agricultural Lending Institutions," Resource paper at the Symposium on Farm Credit, organized by the Asian Productivity Organization, Manila, Philippines, November 29-December 4, 1982, 24 p.

Discusses various problems experienced by agricultural lending institutions in Pakistan. Also suggests some issues for discussion at the Symposium. The specific topics covered in this study are: a) means for increasing financial resources of lending institutions; b) problems related to branch deployment, auditing and training of personnel; c) problems related to loaning methodologies; d) linkages of input credit with marketing; e) structural problems; f) loan recoveries; and g) credit distribution responsibilities of agricultural lending institutions.  
(2637)

## PART II. RURAL SAVINGS

177. Bouman, F.J.A., "Savings and Credit Arrangements in the Informal Financial Markets of Developing Countries: Observations from Sri Lanka," Discussion Paper No. 4, presented at the Colloquium on Rural Finance, held at the Economic Development Institute, The World Bank, Washington, D.C., September 1-3, 1981, 31 p.

Paper reviews the different forms of informal credit and savings activities in rural areas of Sri Lanka. Some 80 percent of rural households in Sri Lanka depend on the informal sector to regulate their finances. Informal financial arrangements accommodate both borrowers and lenders in the rural economy. The rural entrepreneurs frequently act as financial intermediaries to spread good will and expand business undertakings. Savers generally do not receive interest payment on deposits, but they get prompt access to credit from informal intermediaries. Both lenders and borrowers' transaction costs in informal markets are less than those prevailing in the formal sector. (2412)

178. Burkett, Paul, USAID-BANCOOP Savings Mobilization Project: Analysis of Savings Deposits, Metropolitan Studies Program, The Maxwell School of Citizenship and Public Affairs, Syracuse University, Syracuse, N.Y., April 1981, 24 p.

The purpose of this report is to analyze the AID/BANCOOP savings mobilization project in Peru. This program was started in December 1979. In the analysis, the growth of total savings mobilized in the project's target areas, and the importance of these target areas for overall BANCOOP operations are investigated. Also, the analysis of accounts at the target offices is conducted. After establishing the characteristics of savers, several statistical methods are used to investigate the behavior of accounts over time.

The author finds that the savings mobilization campaign has been successful in raising extraordinary amounts of bank deposits during late 1979 and 1980. The increase in savings mainly occurred due to growth in small and medium size accounts. Total savings, however, remained highly concentrated among a relatively small number of accounts in all three target offices. (2473)

179. Chew, Lai Kok, "Income Distribution, Consumption and Savings Behavior of Farm Households in the Muda Irrigation Scheme, Malaysia," Ph.D. Thesis, Wye College, University of London, Wye, England, June 1977, 220 p.

This thesis empirically investigates the relationship between income inequality and saving potentials in rural areas in a selected region of Malaysia. It finds no evidence of gross economic inequalities between various farm groups in the studied area, nor the tendency for the distribution of income to widen during the development process. Despite apparently widespread dissaving, the marginal propensities to save of the farm households are found to be high. Similarly, the analysis of consumption pattern indicates that increases in income of farm households will stimulate domestic industry. The author concludes that income equality and economic growth need not be incompatible in rural areas of developing countries. (2502)

180. Chotigeat, Tosport, "Savings Mobilization Via Rotating Credit in LDCs," Unpublished paper, Bangkok, Thailand, 1982, 28 p.

This paper examines Thai rotating credit and savings societies as a source of funds. The data for the analysis were collected from more than 60 individuals in three provinces. The paper also explores in detail the system of rotating and savings societies called 'Pia huey'. The results reveal that the Thai rotating credit and savings societies provide attractive benefits to their members. The system of 'Pia huey' and its expansion have reduced distortions in the rural financial markets. The author finds that rotating credit and savings societies can play a significant role in the rural development process. (2591)

181. Giovannini, Alberto, "Saving and the Real Interest Rate in LDCs," unpublished paper, Department of Economics, Massachusetts Institute of Technology, Cambridge, Massachusetts, November 1982, 49 p.

The objective of this paper is to provide empirical evidence to bear on the problems addressed by the models of free movements of capital flows and restricted flow of capital in international finance markets. Section 2 of the paper discusses part of the empirical evidence that supports the hypothesis that saving is highly responsive to the real interest rate in less developed countries (LDCs). In Section 3, the problems related to the specification of an aggregate savings equation in a life cycle setting is illustrated by deriving a steady state saving function in a simple overlapping of generations model. An approximation to that equation is used to explain differences in average saving rates across eighteen LDCs. (2679)

182. Kato, Yujuro "Savings Behavior of Japanese Farm Households, 1959-1975," Journal of Rural Economics, Vol. 53, No. 1, June 1981, pp. 10-15.

This study is written in Japanese. The summary is in English. The paper discusses savings behavior of Japanese farm households during the 1959-75 period. Farmers' real savings during this period were explained by per capita real income, its rate of change compared with the previous year, degree of urbanization, nominal rate of return on household assets, and the consumer price index. Analysis was conducted on both national average farm households and prefectural farm households by farm size.

Author finds that during the study period farmers' propensity to save have been high. The propensity to save increased with increases in farm size. The higher the ratio of transitory income to total income, the more savings. Farmers' savings responded to the nominal rate of return and not to the real rate of return. The sensitivity to the rate of return was higher in the case of large farm households than in the case of small farm size households. (2513)

183. Lee, C. Y., "Rural Saving Mobilization in Support of Agricultural Credit Systems Development," paper presented at the Second International Symposium on the Mobilization of Personal Savings in Developing Countries, Kuala Lumpur, Malaysia, 15-21 March 1982, 10 p.

Study discusses the possibilities of mobilizing rural savings at the grassroot level by institutional measures and how the rural savings promotion program would augment the development of a sound agricultural credit system. The author suggests that launching of savings promotion programs will create a habit of savings and financial planning among rural population. There is a significant savings potential in rural areas of developing countries. These savings are made in cash and kind. Some small farmer savings mobilization efforts in Bangladesh, India, Pakistan, Philippines, Korea, and Nepal are also briefly discussed. (2526)

184. Mauri, Arnaldo, "The Promotion of Thrift and Savings Banks in Developing Countries," paper presented at the 9th International Savings Banks Congress, A.C.R.I., Italian Savings Banks Association, Rome, 1969, 32 p.

This study mainly refers to the issues related to the establishment of savings banks in Africa. The first section deals with the role of the financial system in promoting savings mobilization and the existing situation of financial infrastructure in Africa. In the second section, various African financial institutions engaged in deposit mobilization are described, and the role of these banks in promoting savings by providing deposit and credit facilities to the households is presented in the third section. The importance of government assistance in establishing new savings banks and transforming the existing ones is discussed in section four. The role of well established savings banks in setting up institutions of a similar nature in developing countries is discussed in section five. (2458)

185. Mauri, Arnaldo, "A Note on the Role of LDCs Securities Markets in Savings Mobilization," Working Paper No. 15, presented at the Second International Symposium on the Mobilization of Personal Savings in Developing Countries, Organized by the United Nations, held in Kuala Lumpur, Malaysia, 15-21 March 1982, 8 p.

In this paper, the impact of securities markets on the propensity to save in low income countries is discussed. The author also attempts to show that access to credit and investment by productive units, and an improvement in the technical characteristics and rate of return on financial assets are the prerequisites for existence of securities markets.

The study reveals that the opportunities for expanding aggregate saving in LDCs by establishing securities markets will primarily depend upon how far the different limiting factors interact with each other. The author argues that securities markets in backward economies can play only a negligible role in mobilization of savings. (2444)

186. Pollard, Stephen K., "An Economic Analysis of a Rotating Savings and Credit Association in Taiwan," unpublished paper, Department of Economics, California State University, Los Angeles, California, 1983, 19 p.

Analyzes the economics of the Rotating Credit and Savings Association (ROSCA) through the Hui---the ROSCA of Taiwan. This is done by derivation of the cost of borrowing and return on savings for Hui members. Empirical evidence suggests credit allocation and savings mobilization is quite efficient in the informal system of the Hui and there is an important role for informal financial systems even when the formal system is large and works well.

187. Poyo, Jeffrey, "Las Bases de Una Exitosa Mobilization de Ahorros," unpublished paper, Department of Economics, Syracuse University, Syracuse, New York, August 1981, 24 p.

Evaluates the results of a pilot rural savings mobilization program in Peru. This included doing interviews with 85 participants in the project and 85 non-participants in one of the areas covered by the project. Author presents information on the reasons for savings, and he stresses the importance of interest incentives on promoting financial deposits. (2476)

188. Presidential Committee on Agricultural Credit, "Effectiveness of Financial Institutions and Cooperatives to Mobilize Savings in Rural Areas," R07-79, Technical Board for Agricultural Credit, Central Bank Building, Manila, Philippines, 1979, 50 p.

The objectives of this investigation are: (1) to determine the volume and structure of savings of farm households in areas involved in national programs of agricultural production and finance; (2) to investigate the determinants of farm savings propensity of households; (3) to investigate the capabilities of existing financial institutions and cooperatives to mobilize farm savings; and (4) to identify possible approaches in policy and institutional mechanisms for mobilizing farm savings. Both macro-level and rural household level data were used in the analysis.

The study reveals that the average propensity to save of rural households was low at 7 percent, but that the marginal propensity to saving was quite high at 13 percent. Income was the primary determinant of savings. Most of household savings were held in physical assets, and financial assets formed less than 4 percent of total savings. It is suggested that financial institutions should educate the farmers about benefits of savings in financial forms. Efforts should also be made to provide convenient and more attractive saving plans in rural areas. (2582)

189. Quasem, M. A., "Rural Savings in Bangladesh," unpublished paper, Bangladesh Bank, Dacca, Bangladesh, June 1982, 14 p.

Author argues that the number of savers in rural Bangladesh is very small. They are generally large farmers, traders, businessmen and landlords. Low income is the major reason for low savings by rural households. The non-saving people borrow money from private lenders in case of emergency. The interest rates paid on these loans are high and money lenders also charge implicit interest from borrowers. Despite the efforts to expand formal credit supply in rural areas, these facilities are often unsuitable to fulfill the needs of the poor people.

The author suggests policies that may increase the income of rural households. He suggests that in order to mobilize savings, banking facilities should be provided in villages and towns. He also emphasizes the need to increase interest rates on bank deposits in order to encourage household savings. (2549)

190. Sanusi, Nann Achmad, "Rural Household Income and Expenditures in Village B, West Java, Indonesia," Cornell International Agricultural Mimeograph 92, Department of Agricultural Economics, Cornell University, Ithaca, New York, January 1982, 47 p.

Author analyzes data to determine the factors responsible for the level of household income in a Village in West Java, measures the levels of income and consumption expenditures, and studies sources of income and the patterns of consumption expenditure.

Farm size was the key factor in determining income of households in the analyzed sample. Because of limited resources and employment opportunities, the per capita income and food consumptions in the village studied were lower, and about one-third of the villagers were below the nationally established poverty line. (2457)

191. Swedish Savings Banks Association, Programme on the Mobilization of Personal Savings in Developing Countries, 1982 Review and Appraisal, report prepared in cooperation with the United Nations Secretariate, Fiscal and Financial Branch, Stockholm, Sweden, February 1983, 16 p.

Since the beginning of the 1970s, the United Nations Secretariate, the International Savings Banks Institute, and the Swedish Savings Banks Association have closely worked in an international program to help the developing countries to mobilize domestic savings. In the first phase of this program four workshops were arranged to discuss savings related issues. In the second phase of the program an evaluation of the impact of workshops on participants was made.

The analysis of the impact of the savings mobilization program reveals that it increased the awareness in developing countries of the need to encourage personal thrift at all levels of the community. The program also contributed to the expansion of institutional facilities for the mobilization of personal savings. (2676)

192. Tanchoco-Subido, Chita, "Rural Saving Behavior," unpublished discussion paper 8111, School of Economics, University of the Philippines, Manila, Philippines, August 1981, 12 p.

Analyzes saving capacity, forms of savings and determinants of savings of farm households in the Philippines. Also reviews some of the past studies on rural savings. The evidence gathered in this study suggests that high saving potential exists in rural areas. The large proportion of savings by the households is held in the form of physical assets. The financial assets consisted of less than 3 percent of total rural household assets. Income is the primary determinant of savings. The interest rates are weakly connected with savings decisions. The income at which positive savings could be generated was P 617 in 1957, and P 5,000-7,500 in 1978. (2581)

193. Tejano, Alberto R., "Mobilization of Financial Resources for Rural Development in Asian Countries," Development Bank of the Philippines, Makati, Manila, Philippines, November 1982, 32 p.

This study focuses on major issues and problems related to increasing the flow of financial resources for agricultural and rural development in Asia. The author also suggests some policies to overcome such problems. In Chapter II, the necessity of a national level agricultural credit plan is discussed. Chapter III presents some problems of mobilization of financial resources for rural development. Issues related to external resources mobilization, internal resource raising and lending conditions for farmers are discussed in this chapter. Some suggestions to improve the mobilization of funds are made in Chapter IV. Conclusions and recommendations are listed in Chapter V. (2664)

194. Vogel, Robert C., "Savings Mobilization: The Forgotten Half of Rural Finance," Discussion Paper No. 6, presented at the Colloquium on Rural Finance, held at the Economic Development Institute, The World Bank, Washington, D.C., September 1-3, 1981, 34 p.

Author presents four arguments that savings mobilization should be an essential part of the rural finance projects in developing countries: (1) income distribution, (2) resource allocation, (3) viability of financial institutions, and (4) appropriate incentives for projects. This paper then describes the recent AID-BANCOOP project in Peru which demonstrates that savings can be mobilized in rural areas of developing countries and which also indicates some of the crucial factors in successful savings mobilization: adequate interest rates on deposits, good service for depositors, incentives for employees, confidence in the

institutions, and effective savings mobilization campaigns. Finally, the experience of credit unions in Peru is used to show what happens to financial institutions that do not pay adequate attention to savings mobilization and what problems, especially with respect to incentives, can be anticipated in implementing savings mobilization projects. (2414)

195. Vogel, Robert C., "Final Report on the Peru Savings Mobilization Campaign Project, July 1979 Through December 1981," Department of Agricultural Economics and Rural Sociology, The Ohio State University, Columbus, Ohio, February 1982, 12 p.

This report was submitted by the author to the Department of Agricultural Economics and Rural Sociology at The Ohio State University. He discusses background activities and accomplishments made under the Peru Savings Mobilization Campaign Project.

The Savings Mobilization Campaign project was a part of the project on development of rural financial institutions in Peru sponsored by the USAID. The purpose of the campaign project was to assist the new BANCOOP offices in Huancayo and Tingo Maria to mobilize additional savings and, through BANCOOP, to assist the credit unions in the two target areas with their savings mobilization activities. The author finds that financial institutions like credit unions possess considerable potential to serve the rural poor. He suggests more research on business behavior of these institutions. (2602)

196. Wind, D., "Promotion of Rural Savings Through Single Purpose and Multi-Purpose Institutions," paper presented at the Second International Symposium on the Mobilization of Personal Savings in Developing Countries held in Kuala Lumpur, Malaysia, 15-20 March, 1982.

Author presents some experiences of the Netherlands in the field of promotion of rural savings during the last 85 years. In the Netherlands, the efforts to mobilize rural savings were initiated by farmers' unions. The Dutch Rabobanks were established at the initiative of these farmers' unions. He suggests that the village cooperatives in developing countries should have a multi-purpose base. Both mobilization of savings and disbursement of credit should be undertaken by these cooperatives. The savers need to be awarded a reasonable rate of interest. The funds of savers should be safeguarded through the formation of a risk bearing capital buffer. The credit policy and procedures of the cooperatives should be designed to ensure high repayment rates. The village level cooperatives should be coordinated through the establishment of regional and national level cooperative banks. (2548)

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