



Report on  
RURAL CREDIT & TRAINING PROJECT (RCTP)  
(January 1980 to June 1980)

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## INTRODUCTION:

The Rural Credit and Training Project (RCTP) of BRAC started its activities in August, 1979. This is one of the recent programmes emerged from the experiences of BRAC's direct involvement in rural development process since 1972. Working in various rural areas of the country, BRAC found that the benefits of developmental efforts does not reach the disadvantaged sections of the community. They seldom benefit from the measures intended to overcome their helplessness because they have no access into the decision making process. Any plan for improving the lives of the disadvantaged people must take into account their views and their whole hearted support and commitment to such plans are essential.

BRAC with its experience in rural development and its highly flexible organisational resources is committed to organise the disadvantaged sections of the community. The ultimate objective of all BRAC programmes is to raise the critical awareness of the target people\* so as to equip them to exercise their role effectively in the decision making process which affect their lives. The present decision making is highly skewed in favour of a few powerful hands. Therefore, the disadvantaged people are unable to get things done in their favour. The need has, therefore, been felt for a change in this decision making process.

To undermine the patron-client relationship which exists between the target people and the landowners, money-lenders and other influential people in the villages, conscientization through ideological inputs should not be considered as the sufficient conditions for the solution of the problem. To effect a real change in the existing relationship, a continuous economic protection of the target people is required to ensure their day-to-day survival.

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\*The landless and those who sell their manual labour to others for survival.

Without any outside economic assistance and/or self generating economic activities using local resources, it is hard to expect them to initiate the intended change. Conscientization should be done hand in hand with economic programmes, both reinforcing each other as the process continues.

BASELINE SURVEYS:

In order to formulate plans and policies regarding loan processing etc. and also for comparative study and project evaluation there was a tremendous need for some information on demographic and socio-economic condition of the population and agricultural input-output. With this objectives in mind, BRAC's Research and Evaluation Division undertook two baseline surveys in each of the selected RCTP branch areas. Some details about the surveys are discussed below:-

1. The Baseline Demographic Survey of Shibpur branch

The survey was done in 1979 and the report published in March, 1980. A total of 2,671 households in 15 villages were covered which enumerated 13,660 persons.

2. The Baseline Demographic Survey of Monohordi branch

This survey was done in 1979 and the report is being published now. It covered 2,515 households enumerating 13,034 persons.

3. The Baseline Demographic Survey of Ghior branch

This survey was done in 1979 and report is to be published in July, 1980. A total of 2,419 households were covered enumerating 13,336 persons.

4. The Income, Asset & Agriculture Survey of Ghior branch

This survey was undertaken in early 1980 and the report is to be published in July, 1980. A stratified sub-sample of 229 households were covered.



5. The Income, Asset & Agriculture Survey of Shibpur branch.

This survey was undertaken in early 1980 and the report is being published now. A stratified sub-sample of 322 households have been covered.

6. The Income, Asset & Agriculture Survey of Monohordi branch.

It was undertaken in early 1980 and the report is being published now. A stratified sub-sample of 322 households have been covered.

7. The Baseline Demographic Survey of Narsingdi branch

It was done in April-May 1980 and the report is being published now. It covered a total of 2,944 households in 13 villages enumerating 15,550 persons.

8. The Baseline Demographic Survey of Pabna branch

The data collection began in late June 1980 and the data are being processed now.

9. Survey Planned for 1980

By December we intend to do surveys in the branches at Pabna, Aatghoria and Gozaria. The reports are expected to be published by the first half of 1981.

10. Qualitative Aspects:

There are many activities which are better taken care of by qualitative rather than quantitative approach. For instance, the social change for which BRAC is working can efficiently be documented through micro-level studies. Recognising this, we have been trying to evolve a system of documenting changes particularly in the social area. As a pilot, one village in Pabna has been selected and one worker is stationed there to prepare a design for the envisaged study.

ACTIVITIES:

Set up of RCTP branches

A preliminary and a community survey were conducted before site selection of RCTP branches. Copies of these surveys are enclosed with this report. In 1979 four branches were set up and three more branches have been set up during the report period. Mirzapur, one of the first four branches has been closed down as the Bangladesh Bank (the Central Bank) has also started credit operation in the same area. However, the organised groups have been linked with BRAC's Out-Reach programme which does not usually provide credit rather organise them to mobilize the local resources including the services of Govt. and non-govt. agencies.

The date of setting up of existing branches, distance from Dacca and the districts covered are as follows:-

SL. NO.	NAME OF BRANCHES	DATE OF SETTING UP	DISTANCE FROM DACCA	DISTRICTS COVERED	REMARKS
1.	Monohordi	June '79	50 miles	Dacca	
2.	Shibpur	June '79	37 "	"	
3.	Ghior	July '79	52 "	"	
4.	Narsingdi	Feb. '80	20 "	"	
5.	Gozeria	April '80	23 "	"	
6.	Pabna	April '80	90 "	Pabna	

Formation of village organisation:

In the past, village level organisations were organised with the initiative of Govt. and non-govt. agencies to channel various resources in order to improve the lives of village people. But unfortunately there was little or no incentive for the landless and the poorer sections of the community. The strategy of BRAC is to work with groups rather than individuals. There are many reasons for this strategy; first, poor people can have power to do something only if they work as a group, secondly, many of our programmes can be carried out only with a group and thirdly, it is easier and time saving to work with a group than with large number of individuals. BRAC thus gives its efforts to organise the disadvantaged sections into groups to channel its resources to them and to make them self reliant in all respects. BRAC's earlier approach to organise more than one group in a village is now being changed to have only one group in one village excepting in special circumstances. Ultimately these village level groups will form a larger organisation at thana and union levels so that they may be involved at all levels of local decision-making process. In order to make these groups viable and dynamic, a careful selection of cadres from amongst the group members is done and they are given the requisite training. Regular weekly meetings of all members and monthly inter-village cadre meetings are being held which are also attended by BRAC workers. It takes almost a year to create an organisation of poor people capable of taking up group activities both economic and social. During the organising period, in addition to group meetings, individual contact is made by BRAC workers on a regular basis. Much emphasis is given to involve the members in local resource mobilization, fund raising etc. Functional education courses are also carried out in order to create awareness and to give literacy and numeracy to the members.

Out of the six branches, three branches have started formation of groups and taking up small scale activities. The progress of formation of village organisation and coverage of target population is given in Appendix I.

APPENDIX - I

SL. NO.	NAME OF BRANCHES	NO. OF GROUPS ORGANISED			NO. OF WORKABLE TARGET POPULATION IN ORGANISED GROUPS.			MEMBERSHIP		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
1.	Monohordi	19	-	19	1477	-	1477	1010	-	1010
2.	Shibpur	14	1	15	1289	62	1351	606	22	628
3.	Ghior	10	4	14	1050	260	1310	831	144	975
	TOTAL:	43	5	48	3816	322	4138	2447	166	2613

SAVINGS:

Savings is the life blood of the village organisations. It makes the members aware of the future, how to plan for it and thereby become self-reliant. Weekly meetings are held in all organisations and contributions are collected. This fund is either invested in collective income generating projects or are kept in bank for safe custody. The present position of savings is as follows:-

	<u>Male</u>	<u>Female</u>	<u>Total</u>
a. Monohordi	Tk.12575	-	12575
b. Shibpur	" 9385	193	9578
c. Ghior	" 10595	546	11141
<b>Total</b>	<b>Tk.32555</b>	<b>739</b>	<b>33294</b>

Group members training:

In order to equip the village cadres with clear understanding of socio-economic problems, factors detrimental to organisational growth, exploitation mechanism, etc. and to provide required skills in organisational management and also to carry out economic projects, training needs are regularly assessed by BRAC workers. They are sent for training at BRAC's Training & Resource Centre, Savar. Training given so far to group members are as follows:-

Sl. No.	Name of Training Course	Name of branches			Total
		Monohordi	Shibpur	Ghior	
1.	Consciousness-raising	82	63	73	218
2.	Functional education Teachers' Training	11	12	8	31
	<b>Total</b>	<b>93</b>	<b>75</b>	<b>81</b>	<b>249</b>



Functional Education:

BRAC's functional education with its problem-posing methodology, is basic to all BRAC development activities. The methodology is based on learner's participation through dialogue, facilitated by a teacher. The curriculum focuses on rural problems and their possible solutions. The aim of functional education is not only to make the learners critically conscious of their environment, but also to motivate the learners to take action to bring about a positive change in their environment. Functional Education provides an excellent forum to target group for interaction, motivation and organisational skills.

The progress of functional education activities are as follows:-

Sl. No.	PARTICULARS	NAME OF BRANCHES			Total
		Monohordi	Shibpur	Ghior	
1.	Number of Centres Completed	1	-	-	1
2.	Number of learners graduated	10	-	-	10
3.	Number of ongoing centres	11	8	3	22
4.	Number of learners enrolled	272	198	63	533
5.	Average attendance	214	160	51	425

Credit operation:

Pre-operating period of three branches have been finished. All preparations are afoot to start the credit operations. In July, 1980, credit operation will be started in the three branches of Monohardi, Shibpur and Ghior.



Physical facilities:

Physical facilities are necessary for proper functioning of the branches. Land have been purchased to build permanent structures for the offices and a regional training centre in three branches. Tenders were invited and work order have been given to build the structures for the offices.

Concluding Remarks:

For obvious reasons it is too early to draw conclusions regarding the success or otherwise of the programme. Things are moving according to schedule and there are reasons to be optimistic. As planned (ref: RCTP annual report-1979), credit operations will begin from July, 1980 in three branches. Village organisations in other branches will be formed by December 1980 to prepare themselves for undertaking gainful economic activities before the end of 1981. In addition to the normal activities two branches will be geared to undertake special programmes involving weavers and potato growers. Also, by December, 1980, two more branches will be opened and baseline surveys will be started in these branch areas before the end of 1980. In the meantime, efforts will be continued to further streamline the management of the programme.

## Appendix - VII

Consolidated statement showing employment generated by loans given  
within the period from July - December, 1981

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Sl. No.	Name of Branches	No. of members	Average duration of schemes	Available mandays	Employed mandays	% of employed mandays over available mandays
1.	Monohardi	1937	150	290550	62547	22%
2.	Shibpur	1106	150	165900	46215	28%
3.	Ghior	1742	150	261300	50078	19%
4.	Narsingdi	613	150	91950	12505	14%
5.	Gazaria	663	150	99450	19236	19%
6.	Pabna	949	150	142350	12684	9%
7.	Atghoria	1354	150	203100	37949	19%
8.	Boraigram	375	150	56250	6782	12%
Total:-		9038	150	1310850	247996	19%

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RESOURCE MOBILIZATION IN RCTP:

A Case Study of Gazaria

Introduction

Resource mobilization to the poor is characteristically different from that of the national economic plans. To the poor samity members of RCTP operation area anything which generates new income or reduce expenditure - is a resource. In studying the resource mobilization in the landless samitys of Gazaria branch, we have tried to briefly look into a wide range of resource generating sources, both internal and external which are relevant to them. While generated savings is an actual as well as a potential resource at the disposal of the samitys, BRAC loans and income coming from wage and wage increases have been considered as external resources to the Samitys. The Samity's access to resources through collective economic activities, homestead and road side plantation, utilisation of govt. services, occupation of khas land etc. have also been touched. Various implications of an incidental wage rise in the area has also been elaborated. The study was commissioned at the request of RCTP and has been conducted by Mr. Zafar Ahmed.

Saving Loan and Mortgage.

While generated saving is both actual as well as a potential internal resource to the village organisation, the flow of RCTP loans form an external resource to the samitys. The total savings of 1671 target people in Gazaria covered by all the 33 village organisation upto November, 1981 was Tk.50,919.75. Out of this, Tk. 44,486.75 formed the investible fund of the samitys. The savings per head is Tk. 30.47 only. But both the total and average figure do not take into account the highly skewed savings distribution in favour of only a few samitys. The savings of eleven samitys of the ten villages alone totals Tk.36,190.00 about 70% of the entire generated savings. 29 per cent of the whole savings goes only to two samitys. But the skewness of the savings distribution pattern does in no way dis-

credit the system of savings mobilization in Gazaria. Starting with only four samity between September and December, 1980, Gazaria branch, within a brief period of 45 months, made significant stride both with respect to expansion and savings mobilisation.

Though the Gazaria branch is yet to adjust with the multifacet saving design envisaged by RCTP, the noble beginning in diverse direction deserves appreciation. With only 10 completed schemes upto November, 1981, Tk.4,126.00 and Tk.2,752.00 have already been generated to reserve and emergency funds respectively. The funds are supposed to increase if Tk.10,600.00, which has already fallen overdue, could be realised from the evading participants.

In RCTP, savings accumulated in different funds (i.e., Savings fund, Reserve fund, Emergency fund and General fund) not only represent resources themselves but also act as a corner stone of entrance to further resources - economic and social. Both reserve and savings funds constitute the pool of investible resources to the samity and can only be utilised for gainful economic activities. Moreover, by tiding over temporary exigencies arising out of litigation, patron's atrocities or unintended social confrontation emergency fund gives the samity control over social resources. In our rural areas, a cohesive, integrated and unified village organisation itself appears to be the best resource at the disposal of the dispossessed.

As for loans, total amount of Tk.5,18,600.00 has so far been disbursed in Gazaria in addition to Tk. 67,700.00 disbursed earlier for already completed schemes. While 9 out of 10 completed schemes were on fishing, most of the loans of the current Rabi Season are for agricultural schemes like potato and watermelon cultivation. Lack of diversity in schemes may be due to non-availability of suitable schemes for the samity. Tk. 3,29,800.00 (63.5%) has been disbursed for potato cultivation alone.

Along with the starting of functional education classes, regularity in meetings and savings, success in collective socio-economic activities, opening of bank account and ability to manage finance, an important pre-condition for deserving RCTP loan is the group contribution of "at least" 10 per cent of the scheme money. But has this saving disbursement ratio been maintained in Gazaria Branch?

#### Savings Disbursement Ratio

An analysis of the disbursement statistics in Gazaria reveals that out of a total disbursed amount of Tk.5,18,600.00, Tk.1,46,600.00 (more than 28%) has gone to 98 member - Charpatalia Samity alone. Loan per head in the Samity is to the tune of Tk.1,496.00. Proximity, efficiency of the group and confidence placed by the related P.O. were perhaps the reasons of this lop-sided disbursement. But the result of this "experimental" over involvement with one samity with the past record of implementing only one scheme to it's credit remains to be seen. The amount of this group's contribution to the schemes is only 5.4%, much lower than the 10 per cent mark followed in RCTP.

Like other lending institutions working with the landless, the importance of group contribution in RCTP goes much further than ensuring personal stake to the schemes. Savings is perhaps the cause as well as the effect of any efficient institution building for rural development. On the basis of savings, within the framework of village organisation, BRAC wants to challenge the traditional contention that the poor are bad credit risk and lending to them is unprofitable.

TABLE: SAVINGS AS PROPORTION OF TOTAL DISBURSE AMOUNT:  
DIFFERENT PROJECTS

<u>Name of the Project</u>	<u>Savings as % of total disbursement</u>
GRAMIN BANK PROJECT	7.61
Rural Finance Experimental Project	9.70
Rural Credit & Training Project (RCTP)	14.75
RCTP Gazaria Branch	9.11

If command over resources is an indicator of self-reliance, RCTP certainly rates high in achieving success in savings mobilization over other contemporary projects. Moreover, the RCTP system of "profit flow" to group fund will cumulate the extent of savings both in relative and absolute terms with the passage of time. But the individual picture in Gazaria is a little bit different. Though the overall savings in relation to total disbursement is 9.11 per cent in Gazaria, the percentage of savings of the samitys receiving BRAC loans to disbursement is 8.3% only. We have already noted that the Charpatalia Samity which received about one third of the total loans in Gazaria could fulfill only half (5.4%) of the needed 10 per cent. The reason put forth by the programme supervisors in favour of disbursing loan without requisite group contribution is that the participants were "committeed" to give labour inputs without payment thereby contributing in "kind".

But the above analysis does in no way minimise the resource value of savings and loans totalling Tk.5,69,519.75 which is completely a new injection to the resource pool of the local poor. Resource generate resources and one resource brings new ones if it is efficiently utilised. The amalgam of savings and loans has already released for them 15.45 bigha of land from the land owners. Another 12.55 bigha of land has been leased from elsewhere for potato cultivation.

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THE INCIDENT OF A WAGE INCREASE: AN ANALYSIS

Nature of RCTP Intervention:

During the last Rabi Season there was no external economic intervention in the area and RCTP was busy organising the target groups. But during the current Rabi season a total amount of Tk.5,18,600.00 has been disbursed to eleven samity's of nine villages and 128 bighas of land have been brought under Rabi Crops (viz., potato and water melon). This sudden influx of huge external resources to the poorest section of Gazaria invariably gave new employment opportunities to over 600 participants of these villages. The participants are the landless of the area who are habitual wage earners. Consequently, the demand for labour suddenly went up which brought about sufficient wage push. The economic involvement of the participants resulted in a total distortion of the prior supply-demand equilibrium.

Nature of Wage Increase

Nature of wage of nine RCTP villages covered by the study swelled up to Tk.13.50 during the busiest employment period of the current Rabi season extending from first November to mid December, 1981. The amount is higher than the average wage rate of Tk.9.44 of the studied villages for the same period during the last year. Though the average of both years' wage rate quoted above shows an wage increase of Tk. 4.06, about 43% over the last year, the average figure does not seem to give an exact picture because of the highly skewed wage distribution in favour of some villages like Hugliakandhi, Imampur and Andhermanik. The average wage in the above three villages during the period was Tk.16.50 showing an increase of 59% over last year's average of Tk.11.00. While Charpatalia, south Laksmipur and north Laksmipur experienced a 31% increase in wages over last year, the corresponding percentage for the village Alipur, Pakkyarpar and Kawniakandhi was about 45 per cent. In spite of the noticeable variations in wage rates with varying rates of changes, all the villages experienced a significant wage rise over the period much higher



than the neighbouring non-RCTP villages with almost similar economic background. The "control area" referred to was selected considering the economic activities, composition of economic group and population with no access to new resources over the period was Puran Bhowshia. The area situated to the east of Dacca Chittagong Road is only six miles away from local RCTP office. The average wage in this "control" area has gone up from Tk.9.00 last year to Tk.10.00 this year showing an increase of Tk. 1.00 only over the period. The increase is perhaps, ascribable to the out migration of very limited but unidentified number of labourers to Charpatalia, south and north Laksmipur, three RCTP villages neighbouring Puran Bhowshia. This limited immigration seems to be the reason of insignificant wage rise in above villages inspite of almost equal intervention by BRAC. Within a radius of six miles from local BRAC office, this intervillage variation in wage rates and wide differences in rate of changes bring forth the interesting peculiarities of local labour market which deserve to be deeply looked into. But can we safely claim that this wage increase is entirely due to the BRAC intervention?

#### Analysis of the Situation

The cause of intervillage differences of wage-hike in RCTP area and non-migration of labourers from outside is not far to seek. The very nature of potato cultivation, the lone major Rabi crop in Gazaria, demands skill and experience and the local landowners invariably employ those labourers whom they know and trust for the work. The problem is more acute in Andhermanik, Imampur and Fugliakendi. Discussions with a number of villagers could reveal not a single instance of employing unacquainted outsiders by anybody specially for potato cultivation. This might be one of the reasons of highest wage rise (59%) in these villages. Moreover, selling labour for half days is almost the order of the area and this characteristically adventgeous nature of local labour market proved highly favourable to the poor participants of BRAC's agricultural schemes. Working half day as wage

labour they could work in their own field for the remaining half of the day and this sort of unique harmonisation could seldom be reaped by working in distant villages. So, inter-village migration became a rarity in RCTP villages.

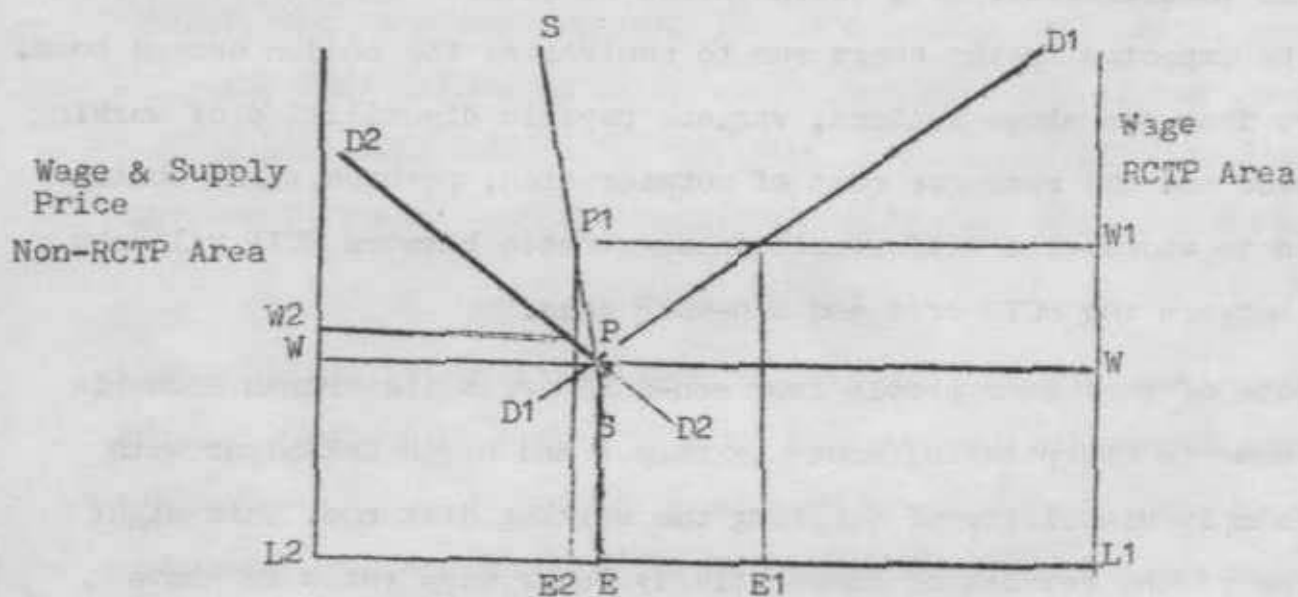
The busiest employment period was very short (November to mid December) and information flow in such short term sporadic cases always remain insufficient. So, quick inflow of outside labourers can seldom be expected in the short run to neutralise the sudden demand boom. Apart from the above factors, various psychic disutilities of working outside and the resource cost of outmigration, perhaps, also contributed to widespread differences in wage-rates between RCTP villages and between the RCTP area and non-RCTP area.

In spite of that some people from non-RCTP areas like Puran Bhowshia did come to Charpatalia, south Laksmipur and north Laksmipur with the simple disutility of covering the walking distance. This might be one of the reasons of comparatively lower wage rates in above RCTP villages. Let us try to explain the total situation of labour market in Gazaria diagrammatically.

#### The Figure

We can analyse this specific aspect of local labour market diagrammatically. Assuming RCTP and non-RCTP area (control area) as two sectors only, closed from any outside intervention, we may consider a delineated labour market depicted in the following figure. Wage rate of the last year has also assumed to be the same for both the sectors. But validity of neither of the above two assumption is essential to establish the argument of our analysis. The demand curve of both the RCTP and non-RCTP areas are  $D_1$   $D_1$  and  $D_2$   $D_2$  and the original labour allocation last year was  $EL_2$  in non-RCTP and  $EL_1$  in RCTP area with common wage -  $W$ .  $SS$  is the supply curve of labour. Because of various imperfections like specific potato skill, local confidence, information flows, various psychic disutilities and real resource cost of outmigration, the people of Puran Bhowshia area seldom migrate to distant RCTP areas i.e. Hugliakandi, Imampur and Andhermanik. So, the resulting supply curve of non-RCTP area to RCTP

Figure: Labour &amp; Employment



Suppose, there is an increase of  $EE_1$  amount of demand for labour in the RCTP area as a result of huge inflow of ERAC resources for the agricultural activities of the target people. This will raise wage rate in both the areas. In the new equilibrium RCTP wage has risen to  $WW_1$ . At this wage  $EE_2$  number of workers has migrated to nearest RCTP villages raising the wage rate of non-RCTP area to  $WW_2$ . The wage differential between two areas would certainly depend upon the elasticity of labour supply from non-RCTP area to RCTP area. In spite of that the figure gives a clear picture of demand and supply situation of Gazaria labour market, inter-area labour flows, the background of negligible migration, inter-village wage differentials, and the impact of external resource flow upon the local labour market.

The greatest immediate benefit of this wage rise over and above monetary gain is, perhaps, the realisation of the samity members that this is the result of the formation of the samitys. This realisation again may turn to be a pernicious element of demoralisation when the wage rate would retreat to the background level at the end of this hectic Rabi Season. And this is quite likely to happen in the long run. It may be argued that successive RCTP involvement in agricultural schemes in a similar way may repeat the same demand - supply disequilibrium in the coming seasons. But in the long run, there is no guarantee that the landowners would not rush outside for labour and immigration of labourers will not take place to compensate the temporary labour shortage.

Moreover, the analysis made above is not free from many biases. We have taken into account only of RCTP land (128 bighas) brought under plough. The choice of "control" may not have been appropriate. The most important thing about wage and employment conditions in rural areas is the overall condition that prevails throughout the year. But our analysis covers only the busiest part of a peak employment season the result of which may be extremely transitory.

The wage rise in Gazaria is merely an economic phenomenon and a simple interaction of the forces of demand and supply. This is not the result of any collective wage bargain or social action.

COLLECTIVE ACTION AND ACCESS TO RESOURCES

Collective economic activities other than BRAC supported schemes, works programmes and social actions also bring new resources to the poor. Upto November, 1981, 7 Samity earned Tk.2,820.00 by collective labour sale for enriching the samity fund. The work include wheat cultivation weeding and harvesting in other's land, making paper flowers and bamboo culverts etc. But out of 33 samity, 13 undertook such activities.

Food for works programme was undertaken in the area only once during January and February, 1981. With a total allotment of 2800 mds. of paddy the construction of three miles long "kancha" road from Bhaberchar to Chowddakanis was undertaken by the union parishad under the supervision of C.O. About 150 participants of five RCTP Samity who worked with the programme discarded the original 42 seers (per thousand cft.) rate as unsatisfactory and staged a total strike with the demand of doubling the rate. With labourers available no where the authority was forced to raise the rate to 60 seers per 1,000 cft. Though the organised samity members played pivotal role in achieving the deal, the raising of the rate can only partially be claimed to be the result of the action of the samity. Economic factors seem to have played a role. It was the very uneconomic quantity of paddy which induced non-members to abstain from work. But the attempt of bringing labourers from other villages was foiled by the organised people of the samity and the landless harangued with the S.D.O. for raising the rate. In spite of that very poor rate, the meagre amount of rice for whole day's work, seem to be the prime cause of boycott for both RCTP and Non-RCTP people. But the unity, whatever might be its extent, shown by five samity at the age of three or four months is a positive sign.

United life gives man courage and psychologically equip them to fight out the cause of deprivation. Several cases like forcing the reluctant veterinary surgeon to treat their cattle, collectively demanding allotment of potato seed from C.O., challenging the judgement of the local government, expelling local leaders from the village etc., exhibit the growing command of the dispossessed over their own environment. And growing social status is generally followed by more command over resources.

Another area of collective economic action in Gazaria is the homestead and road side plantation programme undertaken by some samitys. But the programme could not bring appreciable success. An extensive papaya plantation programme of Charpatalia Samity failed due to the non-germination of seeds. About eight hundred bahana trees planted by three samitys on two sides of newly constructed Bhaberchar approach road were destroyed by cows, cowboys and opposing elites in the absence of any protection arrangements. Only the Uttar Laksmipur Samity set a good example of homestead plantation. They planted 40 fruit trees and the samity is now reaping the harvest.

#### Access to Government Services & Human Resource Development.

Human resource seems to be most valuable asset of a poor nation like ours and this is more true to the millions of pauperised rural destitutes to whom a manageable family in sound health is the only running capital. Proper utilisation of locally available government services, like hospitals, family planning centres, schools etc., can substantially benefit the life style of the poor. Moreover, by re-excavating derelict ponds and ploughing khas land, the poor can do a lot to improve their life. A thana health complex, three family planning centers and a large number of family planning assistants remain accessible to the members of the samitys. But the services are seldom utilised by samity members. Nobody speaks to them about the utility of family plan-

ning or of using health services whenever it is needed. There are 25 primary schools and two high schools in three unions forming the present RCTP operation area. But the children of the samity members are very negligible in these schools. According to official statistics (1978) 38 acres of char and khas land were there in the unions of Bhaberchar, Imampur and Bhowshia. But neither lease nor settlement were ever tried upon. Only three privately owned derelict ponds were leased by the Samitys for fishing. In Gazaria, utilisation of the above potential resources can generate substantial benefit to the dispossessed people covered by RCTP.

#### DISCUSSION:

Resource mobilisation is the result of interaction of a number of economic and non-economic factors which come into fair play only at certain stage of institutional development. Gazaria branch is not supposed to do a miracle within a brief period of 15 months. As a result, noticeable consciousness which may culminate into impregnable social action with the resulting effect of increasing the poor's command over local resources, is still in the hatchery.

Heavy pre-occupation of field workers and participants with loans inevitably disturbs the realisation of other noble goals of RCTP. The problem is more true in Gazaria at the moment. Totally money oriented samitys would certainly be catastrophic to RCTP.

The extent of group contribution to some schemes in Gazaria is unsatisfactory. If RCTP seeks to validate its basic contention that lending to the poor is profitable, ensuring group contribution would certainly work as an outstanding supporting agent. Even in IRDP-TCCA-KSS system, where the loanee gives sufficient security, the participants are bound to have 10% of loan as savings and another 10% as share in the samity. The more the personal stake the better becomes the result. Moreover, there should also be a limit to per capita lending and the size of the scheme at the initial stage.

Huge lending to any samity should at any cost be related to financial viability of the scheme, good credit records, community standing of the samity and the expected ability to repay.

## The Gheor Study

The Research and Evaluation Division of BRAC undertook in early 1981 an economic analysis of some of the schemes implemented in different branches of RCTP. The Gheor branch was taken up first. Though there was little of statistical representativeness present in this attempt, there has been an honest intention of data covering a diverse range of activities. The report on them were released by the Division in three separate instalments. These instalments prepared by A.M.R. Chowdhury and Zafar Ahmed of the Research and Evaluation Division are now reproduced here. It should be emphasised here that the readers should be cautious in extrapolating those results for other Gheor Schemes or for other RCTP branches in view of the type of methodology employed.

Instalment 1: An Economic Analysis of Two "Mortgaged Land Schemes" under RCTP's Gheor Branch

### The Scheme

The RCTP has supported many Samitys (groups) to undertake a scheme on mortgaged land in its different branches. The scheme envisages the release of land owned by Samity members which are mortgaged to money lenders and other land lords. BRAC pays the entire amount of the mortgage and places the released land at the disposal of the concerned Samity. The principal of the loan is repaid to BRAC in three equal yearly instalments. The interest @ 18% is paid every six months (immediately after harvest). After the full realisation of the principal and interest, the title of the land which is initially hypothecated to BRAC goes to the Samity. On the other hand, the owner-members of the released land gets a payment rebate of Tk.100.00 per Pakhi (0.27 acre) every year until the full amount of mortgage is paid back to the Samity. Even if he fails to repay the amount in cash, his liability will be reduced to zero over a period because of rebate deduction. The situation in the earlier mortgage (i.e. to the money lenders) was quite contrary; he had no rebate facility and he was bound to re-



pay the whole amount before he can claim the land back. During the period under samity's disposal, the owner has an equal share as other members in the profit accrued from his land. But the whole produce goes to the mortgagee throughout the period of mortgage when the land is mortgaged to a money-lender. Thus the scheme is positively beneficial to the members of the samity whose lands are released from mortgage. Also, the members including the owners get some land to till for profit. The profitability of the scheme at least during the initial few seasons is very vital in view of large interests and annual rebate liabilities.

Some details about the two schemes

Name of Samity	Total amount of land released (acres)	No. of owners	Starting date	Duration in years	No. of Samity members	BRAC credit in Tk.	Samity contribution in Tk.
Raghunatpur	2.23	4	Sept. '80	3	42	10440	940
Milagi	4.13	19	"	3	102	19200	1075

Cost-benefit of the two Schemes

The Raghunatpur Schemes:

Since the release of the land, the samity has embarked on cultivation only once - the past Rabi season. Some Rabi crops such as wheat, gram, mashkalai, oil seeds, kheshari and lentil were cultivated. Eight members were entrusted with the responsibility, some of whom were accordingly trained on wheat cultivation at TARC, Savar. The samity met all the non-labour costs of production except the cost of ploughing. These costs were later realised from the participants after harvest. The sale proceeds of the remaining harvest were equally divided between the samity and eight participants.

Cost (Non-labour): The non-labour cost of the scheme were the following:-

Table 1 : Non-labour cost of Raghunatpur Scheme

Input	Qty/No.	Rate in Tk. (per maund)	Cost (in Tk.)	Cost in Tk. (per acre)
Wheat Seed	48 seers	145.00	175.00	78.47
Gram	3 "	200.00	15.00	6.73
Mashkalai	5½ "	260.00	35.75	16.03
Oil Seed	1 Seer	400.00	10.00	4.48
Kheshari	3 seers	213.00	16.00	7.17
Lentil	1 seer	240.00	6.00	2.69
Urea	35 seers	115.00	100.85	45.22
T.S.P.	5½ seers	105.00	14.37	6.44
Sub Total:			372.97	167.25
Plough	6	15.00	90.00	40.36
Grand Total:			462.97	207.61

Cost (labour): The eight members involved in this scheme supplied the needed labour but did not take any monetary wage. In such a case imputed labour cost be used for cost benefit analysis, which should be computed on the basis of the opportunity cost of labour. In Ghior Kartik to Agrihayan is the peak employment period in the agricultural sector, and workers seldom remain unemployed during the season. But like any other area, hidden unemployment and under-employment may also be prevalent in this area. However, it seems reasonable to assume that they would have found alternative jobs at going wage rates. We therefore, take the prevailing rate of wage as the opportunity cost of labour.

Table 2: Opportunity cost of labour  
in Raghunatpur Scheme.

Phase	Mandays involved	Opportunity cost in Tk. (per day)	Total Cost (in Tk.)	Total Cost per acre (in Tk.)
Ploughing	6	10	60.00	26.90
Sowing	1	10	10.00	4.48
Weeding	12	10	120.00	53.81
Harvesting	12	10	120.00	53.81
Total:-			310.00	139.01

Thus the labour and non-labour cost of the scheme comes to Tk. (462.97 + 310.00) or Tk. 772.97.

Revenue: The revenue accrued from the sale proceeds is as below:

Table 3: Revenue Accrued from  
Raghunatpur Scheme

Product	Quantity	Rate per md. (in Taka)	Revenue
Wheat	8 mds. 29 seers	106.00	924.85
Oilseeds	5 seers	424.00	53.00
Lentil	5 seers	96.00	12.00
Khesari	1 md. 23 seers	145.55	229.25
Mashkalai and Gram	1 md. 2 seers	124.76	131.00
Total:-			1,350.10

Profitability:

Table 4: Profitability of Raghunatpur  
Scheme over the First 6 months

Gross Cost Tk.	Interest Tk.	Rebate Tk.	Liabilities Tk.	Revenue Tk.	Loss Tk.
772.97	1,024.20	111.50	1,908.67	1,350.10	558.57

Thus, during the first six months, the scheme has incurred a loss of Tk. 558.57.

Employment Generation: There were eight participants of the scheme. Each of them worked for 90 days. Thus the total mandays available were 720 out of which only 1.2 or 5.8% could be employed.

Benefit to Participants: Half of the sale proceeds of the harvest went to the participants. But from this, the non-labour costs of production were later realised by the Samity. Half of the total harvests were Tk. 675.05. After giving back the non-labour costs of Tk. 462.97, the participants were left with Tk.212.08. The per capita share of labour per employed day was Tk.5.05, which is about half the going wage rate.

The Milagi Scheme: 4.13 acres of land belonging to 19 Milagi Samity members were released with an investment of Tk.20,275. BRAC credit was to the tune of Tk.19,200, nearly 95% of total amount. During the first six months, Rabi crops were sown and harvested. As some plots of the released land were less fertile, these were given out on crop sharing basis to the original owners who are also Samity members. But as against this, some fertile land suitable for profitable sugarcane cultivation was taken in on crop sharing basis. Out of the total of 4.13 acres, 2.33 acres were shared out. The remaining 1.88 acres were jointly cultivated by all 102 members of the Samity. The Samity rented in 0.17 acre for sugar-cane cultivation.

The inputs in the Samity cultivated lands were managed by the Samity itself. While some hired labourers were employed in some phases, the Samity members provided most of the labour without taking any wage. The inputs for shared out land were provided by the share croppers.

Cost (Non-labour): The non-labour cost incurred by the Samity for the land cultivated by them (both shared-in and own land cultivation) is as follows.

Non-labour Cost:Table 5: Non-labour Cost of Milagi Scheme  
(own cultivated & shared in land)

Input	Qty./No.	Rate per md. (in Taka)	Cost in Taka
Khesari seed	39 seers	210.00	205.00
Gram seed	3 "	200.00	15.00
Oil seed	8 "	442.50	88.00
Sugarcane seedling	1125 Nos.	100.00 (per thousand)	112.50
Potato seeds	2 mds.	107.50	215.00
Urea	1 md. 25 srs.	115.00	186.87
TSP	1 md. 9 srs.	105.00	130.63
Plough	15	15.00	225.00
Total:-			1,178.50

Labour Cost: Out of the total 34 mandays employed, 11 were from hired labourers. The rest were put in by the Samity members themselves without wage. The opportunity cost for the Samity members, as in Raghunatpur, is assumed to be equal to the actual wage rate prevailing at the time. Thus the labour cost is as follows:

Table 6: Labour cost in Milagi Scheme

Phase	Mandays Employed	Cost/Opportunity Cost per day	Cost
Ploughing	8	10.00	80.00
Sowing	5	10.00	50.00
Weeding	5	10.00	50.00
Harvesting	10	10.00	100.00
Threshing	6	10.00	60.00
Total:	34	10.00	340.00

Thus, the total labour and non-labour costs work out at Tk.1,518.50.

Revenue: The total revenue received from the scheme is as follows:

Table 7: Revenue Accrued from  
Milagi Scheme

A. Income from cultivated land both shared-in and owned

Product	Qty./No.	Rate per md. (in Tk.)	Revenue
Sugarcane	-	-	300.00
Potato	8 mds. 25 srs.	95.00	820.00
Khesari	4 " 20 "	170.00	769.00
Oil seeds	38 "	250.00	243.00
Gram	14 "	80.00	230.00
Sub Total:-			2,212.00

B. Income from shared out land

Khesari		320.00
Wheat		115.00
Oil seeds		257.00
Sub Total:		692.00
Grand Total:		2,904.00

Profitability

Table 8: Profitability of the  
Milagi Scheme

Gross Cost	Interest	Rebate	Total input & Liabilities	Revenue	Loss
Tk.	Tk.	Tk.	Tk.	Tk.	Tk.
1,518.50	1,824.75	206.50	3,549.75	2,904.00	645.75

The loss incurred by the scheme during the first six months is thus Tk. 645.75.

Discussion:

Financial costs and benefits of the two mortgaged land schemes undertaken have been discussed in the foregoing pages. The mortgaged land schemes supported by RCTP is the single highest investment constituting 40% of the total sanctioned credit. It has great

importance in the light of RCTP's stated objective s of "collective actions."

The experience of the first six months of the schemes is one of loss. These are the calculations based on the first six months' performance of the schemes. Moreover, the schemes could not generate enough employment, nor could they ensure for labour even the going wage rate.

A closer look at the schemes' first six months operation provide some information about the cause of this poor performance.

(a) The size of the plots of land released through the scheme reveals an important reason. It indicates that this aspect was not given proper attention at the time of the planning of the scheme. The plots are very much fragmented and are scattered over a vast area. No two plots were neighbouring. This made the released land uneconomic to till. If the economic holding is set at one Pakhi ( 27 decimals), then more than 60 per cent of the land for the Milagi scheme comes out to be uneconomic holdings. One of the plots had only three decimals. One can expect very little from such a plot.

(b) Discussion with the participants revealed other weaknesses of the schemes. The cultivation process was planned in a haphazard manner. Use of fertilizer was inadequate and sometime disproportionate. No irrigation was employed and the crops were left at nature's mercy. While the participants were found to be united in their fight against elites about wage determination, they failed to give a good account of themselves when the work was thrown upon them. Participants having some land of their own seemed to be more interested in their own land. These indifferences contributed largely to the lower than average harvest. Type of supervision and the maturity of the group, seemed to have an edge over many others.

(c) One important reason for the lack of interest amongst participants is the non-payment of wages for the employed days. Daily consumption need comes on up of everything else.

(d) The land released by the Samity were of inferior quality than the average of Gheor. This also contributed to a lower yield.

(e) Some of the plots released were share cropped out. It is alleged that the share croppers deliberately under reported the actual harvest. The Samity received less than its true share as a result.

#### The Future

On the face of it, the scheme seems to be a good one. It is possibly one of the few ways through which group spirit can be generated and reinforced. But given the experiences of the first six months, it does not come out to be that attractive in financial terms. If the experiences of the first six months can be extrapolated (and this can be justified given the "physical ability" of the land), one can foresee a frustrating and awful picture. The accumulated liability of the Samity will put its existence at stake. The main victim of this prospect will be the Samity itself. The main beneficiary will be the owners of the land. The RCTP should therefore be very careful in undertaking to support such schemes any more.

Important criteria for consideration should be (i) size of plots (ii) type and quality of land (iii) maturity of the Samity. For the schemes already started, all out efforts should be made to increase productivity. Samity must be protected from becoming banking in three years' time.



GHEOR ANALYSIS: Instalment 2

THE SOLAKARIA GRAMJIBI MAHILA SAMITY

Background

Solakaria is a Muslim village about three miles away from Gheor thana headquarter. Out of 115 households in the village, 48 belong to the landless or near landless categories who earn their subsistence through manual labour in others' farms or business.

The female members of these households virtually remain unemployed throughout the year. They belong to a society where dependency on their unemployed or under employed male counterparts not only creates social imbalance but also push them into a situation of virtual servitude. In such a setting, establishing contact with the women-folk is a not-too-easy job. However, with the active support of the village male Samity, a female Gramjibi Samity was formed in September, 1980. The RCTP however had sanctioned one loan of six thousand taka before the Samity actually started functioning.

During the period until July 1981 the Gramjibi Samity completed three schemes during the six months since its inception. The first scheme started about ten days before the formal formation. It was on paddy husking. The next two schemes were on cow rearing which were started at the same time. Because of the fact that the later two schemes were identical in nature these are analysed together for ease. The following table gives a summary of the individual schemes.

Table 1: Summary of the Schemes

Name of the Schemes	No. of participants	Samity Contribution Tk.	BRAC Credit Tk.	Duration Months	Amount actually disbursed Tk.
Paddy Husking	15	Nil	6,000/-	6	6,000/-
Cow Rearing (1)	11	Nil	3,400/-	6	3,578/-
Cow Rearing (2)	12	Nil	9,800/-	6	9,647/-
Total:-			25,200/-		24,225/-

## The Paddy Husking Scheme

Fifteen women received tk. 6,000/- loan for paddy husking. For better administration of the scheme, they were divided into five teams each headed by a team leader each of which received an equal amount of Tk. 1,200/-. Proximity to each other, kinship relationships, availability of dhaki and relationship with team leader played important role in the formation of groups of participants. The output for team was about 7 maunds of rice per week. Each week's output was sold on weekly market days. Every week formed a cycle and the money revolved in this way every week. Different kind of paddy were purchased from different areas of the thana and carried to the village by boat. No boiling cost was incurred as the coarse husks were used as fuel. The smooth husks were however sold to add to the revenue of the scheme.

## The Cost -Benefit of the Scheme

The different costs involved and revenue accrued from the scheme are detailed in the following tables. The opportunity cost of labour is, however, assumed to be nil in view of the employment opportunity available to women in the area and the nature of the scheme.

Table 2: Costs of Paddy Husking Scheme

Months	Quantity of paddy purchased	Cost of paddy Tk per md.	Cost (2X3) in Tk.	Boat fare	Total (4+5)
September (from 17th)	55mds	116.30	6,396.50	57.00	6,453.50
October	125 "	112.00	14,000.00	126.00	14,126.00
November	128 "	119.89	15,345.92	128.00	15,473.92
December	126 "	117.35	14,786.10	125.00	14,911.10
January	125 "	115.10	14,387.50	125.00	14,512.50

February	118 mds	115.00	13,570.00	120.00	13,590.00
March	126 "	118.00	14,868.00	126.00	14,994.00
<b>Total</b>			<b>93,354.02</b>	<b>807.00</b>	<b>94,161.02</b>

Table : 3 Revenue from the Scheme

Months	Quantity of paddy purchased	Qty of husked rice (in mds)	Revenue (in Tk.)	Sale pro-ceeds from smooth husk (in Tk)	Total Revenue (in Tk)
September	55 mds	35.89	6,819.10	165.00	6,984.10
October	125 "	81.25	14,625.00	375.00	15,000.00
November	128 "	83.20	16,640.00	384.00	17,024.00
December	126 "	81.90	15,561.00	378.00	15,939.00
January	125 "	81.25	15,193.75	375.00	15,568.00
February	118 "	76.70	16,720.60	354.00	17,074.60
March	126 "	81.90	17,608.50	378.00	17,986.50
<b>Total:-</b>	<b>803 "</b>	<b>522.09</b>	<b>103,167.95</b>	<b>2,409.00</b>	<b>105,576.95</b>

Table : 4 Share of Labour

1	2	3	4	5	6
Gross Cost	Amount Contributed to Samity's Fund (Tk.)	BRAC Interest (Tk.)	Total Cost (Tk.) 1 + 2 + 3	Total Revenue (Tk.)	Share of Labour (Tk)
94,161.02	576.00	382.40	95,119.42	1,05,576.95	10,457.53

The Share of Labour

The contribution to the Samity is a pre-condition for granting a scheme by the Samity and is normally pre-fixed. The gross cost includes only the non-labour cost. Thus the balance is entirely enjoyed by the participants.

Employment

The following table shows that the participant women were employed for 47 per cent of person days available. Given the opportunity cost as zero, could the women work more ?

Table : 5 Employment

<u>Duration of Scheme</u>	<u>No. of Participants</u>	<u>Person-days available</u>	<u>Person-days employed</u>	<u>% Employed</u>
180 days	15	2,700	1,260	47

Apart from the time that were given to the scheme, the women had other works to do. "Had we worked more, we would have failed to do many other daily works such as cooking, rearing children, washing, etc.", opined Mayurjan, a 50-year old team leader. It is apparent that any more involvement with the scheme would possibly cost them some opportunity cost at least. It has also some psycho-social bearing. For household work for women is valued much more in our society than any income generating activity. One can thus say that these women through the scheme have utilised a near maximum of their actual available time. The participants have gained with little or no cost. Some participants also managed to get involved in the cow rearing schemes. This will later be taken up.

Income GenerationTable 6 : Per Capita Share of Labour

<u>Total Share of Labour (Tk.)</u>	<u>Person-days Employed</u>	<u>Total Share per Capita (Tk.)</u>	<u>Per Capita share per day (Tk.)</u>
10,457.53	1,260	697.17	8.30

The per capita share per day was Tk. 8.30. Though this amount is less than the existing male wage rate of Tk. 10.00, the whole amount received by the women were an additional injection to their family incomes.

### The Cow Rearing Schemes

These schemes involved 23 participants some of whom were also involved in the paddy husking schemes of the samity. Tk. 19,200 were sanctioned by BRAC of which Tk. 18,225 were actually disbursed. The scheme in affect is a cattle fattening scheme. The participants buy cows during the dull period, nourish them and sell the same when the market is appropriate. The Samity was responsible to BRAC for the repayment of the loan with interest. The Samity gave the loans of varying amount depending on the price of the purchased cow to individual participants. The terms of individual loan specified that the balance between the purchased and selling prices ('profit') would be equally shared between the Samity and the concerned individuals. But if the balance is negative i.e. if there is a loss, the Samity would have no liability and the individual participants would have to bear the consequences of the loss. A six member executive committee of the Samity was entrusted to supervise the scheme.

### The Cost -Benefit of the Scheme

The only cost incurred was the price of cows. No other costs were actually involved. As in the paddy husking scheme, the opportunity cost of labour in this scheme is also assumed nil. There is no block of time of a day which the participants actually used to spend for this scheme. Their involvement with the rearing were to collect straws/grass and influence their husbandry to bring the same while returning from daily work. Thus they had nothing to forego to do the rearing. Under the circumstances, their opportunity cost is assumed zero.

However, one should be cautious about extrapolating this zero 'other costs' because the costs of straws and grass and opportunity cost may not be zero for other areas and schemes.

The 23 participants each purchased a cow of varying prices. The total cost of purchasing all the cows were Tk. 18,225. Apart from the price of cows, there were other 'normal costs' such as interest to BRAC and contribution to Sanity. The interest was calculated to be Tk. 795.77 while the participants contributed Tk. 2,703.73 to the Sanity. Thus the total cost involved in this scheme was 21,724.50.

Revenue : The sale proceeds of the cows constitute the total revenue of the scheme. This came out to be Tk.25,224.

Share of Labour : The share of labour of the scheme was Tk. 3,499.50 as can be seen from the following table.

Table 7: Share of Labour of the  
Cow Rearing Scheme

<u>Purchasing cost of Cows</u>	<u>Contribution to Sanity</u>	<u>Interest to BRAC</u>	<u>Total Cost</u>	<u>Revenue</u>	<u>Share of Labour</u>
Tk.	Tk.	Tk.	Tk.	Tk.	Tk.
18,225.00	2,703.73	795.77	21,724.50	25,224.00	3,499.00

### Employment Generation

The very nature of the scheme does not entail a full time work for a woman. This is a work which the women do while not disturbing their normal day's work. It is difficult to specify the actual time employed for this scheme by the women. Though the actual hours employed is unquantified, the net income through the scheme can be regarded as a proxy for the actual employment generated.

Income Generation: Each participant over the scheme period received an average of Tk. 152.15. In the absence of any estimate on the actual person-days employed, calculation of per capita per day share is not attempted. The participants however regard this as a lump sum income and not in terms of per capita per day.

Table 8: Per Capita Share of Labour

<u>Total Share</u> Tk.	<u>No. of Participants</u>	<u>Avg. Share per Capita</u> Tk.
3,499.50	23	152.15

Discussion.

The schemes undertaken by the Solakaria Mahila Samity were analysed in the foregoing pages. Both the schemes turned out to be profitable and were sources of income for the poor members of the Samity. But what about the replicability of these schemes? The paddy husking scheme seems to be quite promising. However, availability of mechanised husking may jeopardize the prospect of such schemes. The cow rearing scheme was also successful in Solakaria. The scheme was granted to those women who were older and had some others at home to help them. This decision saved much of the active women-power which were possibly utilised in the other scheme (viz., paddy husking). But the question is whether such schemes are always profitable. What would have happened if one or more cows had died during the rearing period? The terms of the loan would have put the whole liability on the individual participant whose cow had died. This is a negation of the basic cooperative spirit. If the responsibility was everyone's there could be a dearth of interest amongst the participants. There is possibly no single all-proof system to meet such an untoward situation. RCTP and the Samity will have to decide the course of action - by deferring the payment or by writing off the interest/principal wholly or

partially. However, a closer supervision can do a lot to avoid such a situation from arising.

There are some unique features of this Samity which need to be focussed.

### Capacity Building

The RCTP proposal stressed the importance of participant involvement in any undertaking. Such involvement creates personal stake and is a criterion for measuring group spirit. But in none of the above schemes, individual monetary contributions was ensured. This was in contrast to the 10 per cent mark set by the Gheor branch. The paddy husking scheme was granted even before the Samity was formed. Whatever might be the reason for this failure, the Solakaria Samity gravely challenges the contention of the RCTP architects. Without any group contributions, the two schemes under taken operated smoothly with alluring results. The absence of personal stake was felt nowhere. The interests and principals were repaid in time. The absence of group contribution was possibly counter balanced by several factors. The male Samity of the village in one of the "good" Samitys under Gheor branch. Their behind the scene supervision and the supervision of the BRAC Programme Organisers were important. The participants themselves showed an unending enthusiasm and interest throughout the scheme period. Moreover, there was the fear amongst the participants of being litigated.

Group Fund: From the two schemes, the Samity has been able to raise Tk. 4,406.81 as group fund as can be seen from the following table.

<u>Savings</u> <u>Account</u> Tk.	<u>General</u> <u>Fund</u> Tk.	<u>Reserved</u> <u>Fund</u> Tk.	<u>Emergency</u> <u>Fund</u> Tk.	<u>Total</u> <u>Fund</u> Tk.
1,037.75	88.75	1,711.66	1,568.65	4,406.81



The RCTP promotes the idea of saving. These small savings are raised out of almost nothing and are channeled for productive investments. This built-in process of fund raising out of the consumption cuts of poor members is a milestone in BRAC's rural development strategy. A fund of Tk. 4,406.81 out of a year's savings is a positive indicator. As the above table shows, the group fund is multi-dimensional. The weekly individual contributions form the savings accounts. The general fund is raised to cover the occasional expenses of the Samity. Though all members are entitled to both reserved and emergency funds equally, the reserved fund is meant only for future investment and is not withdrawable. The emergency fund is meant for helping the poorest of them to tide over exigencies like after death expenditures, marriage of poor girls and widows, etc. The meeting of the Samity decides on the recipients of the emergency fund.

But this diversification of accounts has a counter effect. These are too complex for the illiterate women. Separate accounts for each fund makes the whole thing more complex. This takes away a large portion of field time of the programme organisers. Can there be some alternative ?

#### Leadership :

The Samity started out without a leader. Initially RCTP was deeply involved and allowed time for the leadership to emerge from within. After the initial three months, six of them emerged as potential leaders. They formed an executive committee for supervising the schemes. Mayurjan (50) is now the accepted leader of the Samity. She is favourite to her compatriots for her elderly motherlike behaviour. She used to be respected even before the formation of the Samity. Her husband is a member of the male Samity of the village. The six member executive committee is still active but no one seems to be dictatorial as the

Sanity affairs are decided in general meetings through democratic means. Of course, the RCTP P.Os still play a vigilant role.

### Changes

Within a mere ten months since its inception, one can observe some noticeable changes in the behaviour of the members and their husband. They were self-centered poor women seldom breaking the ageold traditions and always struggling for subsistence by looking upto their husbands. Now they are different. They meet each other once a week and talk freely about life . Their positions are now elevated in the family as they are also contributing to the family income. 'I was the most unhappy woman of the village. My husband used to torture me physically even since I married him five years ago. I was at one point sent to my father's house with the implied intention of divorce. Bshab, BRAC is my bep-maa. I now earn about thirty taka per week from paddy husking. My husband does not always get work. Now he realises my usefulness to the family. He loves me and does not torture me ', said Ashiran, Nabiran, Mayurjan and many others have similar stories to tell . These are definite changes in the perceived direction.

### Lastly

What is going to happen in future ? How these women will behave ? What will happen if a scheme suffers loss ? How will the traditional leadership look at this and what will be the women's reaction ? What will be the future policies of BRAC and other institutions ? And so forth. These questions should be kept in mind and analysed as the scenerio unfolds .

THE FATE OF THREE SCHEMES

The RCTP started out challenging the conventional thinking that the poor are bad credit risk and that lending to them is unprofitable. RCTP sought to disprove this contention by making credit available to the poor for undertaking profitable economic ventures in a co-operative framework under close supervision of field staff. This total re-orientation to cater to the needs of the poor hypothesized among other things a proper end-use of the ventures. Proper pre-planning for a scheme was thus given high importance. But out of the twelve schemes taken up for analyses, four were found to have proceeded along a way not specified anywhere in the scheme plans. In these cases the credit was not used for the purpose it was meant for. However, in record, everything went on well and both the principals and interests were paid according to "schedule". In this instalment of Gheor Schemes analyses, these three "schedule" will be briefly taken up.

1&2 Milagi Sugarcane and Potato Cultivation Schemes

Two separate schemes - one for sugarcane and one for potato cultivation were granted to the Milagi Samity during the last Rabi season. A total of Tk.3900 was made available for the schemes. All the 102 members were involved in each scheme. The idea in essence was to bring under the crops a sizable portion of the mortgaged land of the Samity. But the scheme in practice were not implemented and the whole amount of money was put to wrong use.

Immediately after the disbursement of the money, the leaders purchased two bullocks worth Tk.2750. They then started purchase and sale tactics. Only three - Syed Ali, Abid Ali and Sukur Ali were involved in this unofficial business. With an unidentified amount of their own capital added to it, these three made a flourishing business and as Syed Ali, the leader of the Samity said, they each made a profit of Tk. 600/- in less than six months time after back the whole of principal and interest. " We repaid the principal and the interest. Why should BRAC bother if we make cow business? They are not going to write off if we suffer a loss "

## Raghunatpur Fishing Scheme

A smaller thing as Milagi happened in Raghunatpur. A loan of Tk.900/- was granted to three fishermen of the Samity after studying their loan utilisation potential. The loan was meant for purchasing twelve nets and appropriate quantity of ropes and was given in October, 1980 for three months. The participants instead of purchasing nets started cow business. By influencing the Samity, they managed to obtain a further loan of Tk.2,400 from the Samity. With all these money, they made profit of an unascertained amount. The participants paid to the Samity an amount of Tk.111.58 as "contribution" and Tk.48.86 as interest in addition to the principal of Tk.2,400/-. The BRAC principal and interests were also paid on time.

## Discussion

Three schemes have been cited where the RCTP credit were not used for which these were meant for. To many, this kind of wrong use of money is tolerable. For, this kind of work, too, generate income and employment. Moreover, the participants in all these schemes repaid the principals and interests after making a good profit.

But to BRAC, it is different. RCTP not only wants more income and employment for the poor but also wants to restructure the existing credit systems where the end-use is ensured. To BRAC, in principle what has been done in Milagi or Raghunatpur is narrowly different from the existing practice of utilising the credit for productive purposes in consumption. Wrong use nullifies the purpose of the supplier of credit. In these cases, neither BRAC nor the Samity can possibly avoid responsibilities. Not the absence of supervision but the very presence of it seems to have facilitated the unintended use. Money can be put to wrong use only when the loanee feels sufficiently safe and secure from the arrogance of the lender even after such use. They are still getting new loans granted. Wrong implementation of a plan under strict supervision makes little sense.

• The circumstances in which RCTP is experimenting, such cases are not totally unexpected. A lot of work are required to set the credit mechanism in right track. And "trial and error" seems to be the only path available. However, RCTP should continue to learn from experiences. More vigilance on the part of the field staff and credit in kind could at least have prevented the participants from flouting RCTP principles.

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