



PROPOSAL
FOR
RURAL CREDIT AND TRAINING PROGRAM (RCTP)

Bangladesh Rural
Advancement Committee
66, Mohakhali C.A.
Dhaka-12
Bangladesh.

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The development budget of Bangladesh depends mainly on external resources, only 20% of the budget is from domestic resources at present. All development efforts, however, are significantly hampered by a growing population. With about 90 million people over a territory of 55.5 thousand sq. miles, Bangladesh is one of the most densely populated areas of the world. Since 1961 the rate of increase of the total population has become accelerated and the total population has almost doubled within a period of 20 years, from 1961 to 1982. According to Bangladesh Population Census 1981, the compound rate of population growth is 2.36% compared to 2.7% during the last census. With only 2% growth rate in the agriculture sector, Bangladesh is facing a situation, where development efforts are being outweighed by the population growth. One indication of this is spiralling prices. Since independence, prices have climbed by 600%.

90% of the population lives in the rural areas so the economy of Bangladesh is predominantly agricultural. Yet of the 24.5 million acres of cultivable land, only 22.5 million acres of land are actually under plough. According to a 1977 land occupancy survey, nearly 33 per cent of the rural households do not possess any arable land and 50% of the households may be considered virtually landless, possessing less than half an acre of land per household. On the other hand, the richest 10% of the households operate 50% of the arable land.

The basic cause of the above state of affairs is the unequal economic administrative and political power structure. Share-cropping, wage labour and lending are the three major processes through which exploitation by the rich takes place in the existing agrarian structure.

I. INTRODUCTION

A. Socio-economic Condition of Bangladesh

Bangladesh, which is passing through the twelfth year of independence, is one of the poorest but eight populous countries of the world. Her independence, after a prolonged war of liberation, is the culmination of 200 years colonial rule, and the country is still struggling hard to emancipate herself from the remnants of colonial exploitation and political subjugation. Since liberation, our problem has shifted. We are no longer victims of an external colonial situation but the exploitation of the poor by elites, is continuing unabated. Patron-client and dominance-dependence relationships have emerged as serious obstacles to democracy. The decisions about needs and the ways of meeting those needs are taken by the power elites, political leaders and the privileged class. Those whose lives are affected by these decisions are not meaningfully involved in either decision making or in the implementation process.

The economy of Bangladesh is characterised by low agricultural and industrial productivity, lack of skilled labor, high unemployment and a growing pauperization of large segments of the population. With a per capita income of less than U.S. \$100, poverty in Bangladesh is so ubiquitous and endemic that over 60% of the population cannot afford to meet their minimum dietary requirements. At the same time, an exploitative agrarian and industrial structure is resulting in increasing disparities in income, land and wealth distribution. Starvation, ill-health, lack of clean water and sanitation, lack of educational and employment opportunities are the lot of 75% of the population.

In 1980, the planning Commission stated that 66 million people, or 48% of the educated job aspirants remained unemployed. At present, unemployment figures stand at 25.3 million, or 28% of the entire population. Given these high, national unemployment figures, one obvious conclusion is that there is virtually no opportunity for women's employment.

The situation can not be corrected by attacking systems without eliminating the root cause. But successive governments, in Pakistani days and since, have experimented with different models to solve the agrarian problems within the existing structural frame-work. However, the models, like village aid and 'Swanirvar', only benefited those who have land, consequently increasing the power of the large land owners. Unfortunately, government intervention hastened the process of marginalization and landlessness instead of halting it. In spite of these grim facts, the resource base of Bangladesh is not hopeless and the country possesses water, gas, vast human resources and possibilities of intensively utilizing land. Given the right environment there is no reason why Bangladesh should not have a bright prospect of a developed future.

B. Rural Credit in Bangladesh

One of the greatest drawbacks to advancement for the rural poor is a complete lack of capital. Yet, regrettably, it is true that even after thirty years of planned development, Bangladesh has yet to evolve an acceptable system for rural credit. In the present banking system there is little scope for rural financing; this has kept the rural sector beyond the reach of institutional lending. While the annual credit need of the rural sector has been estimated to be Tk.1000 crore, it remains virtually unmet. Out of the total available credit to the rural sector, only 20% to 30% comes from institutional sources. The rest is from non-institutional sources, such as Mahajans (rural money-lenders) at an exorbitant rate of interest.

Although we speak of credit to the rural sector, the relevance of such credit for the landless, nearly one half of the population, is questionable. Because of the inability of landless people to

provide necessary collaterals, they cannot avail themselves of more than two per cent of the loans available to the rural areas. As such, credit facilities ignore about forty per cent of the rural population who are extremely poor. In recent years, commercial banks of the country have been giving increasing attention to rural financing so the extent of rural credit has increased appreciably. Bangladesh Krishi Bank, Nationalized commercial banks and the Bangladesh Samabaya Bank have been making coordinated efforts for making credit easily available to the rural people. But inspite of extended credit facilities, the benefits of rural credit are being reaped by a negligible number of large farmers. The overwhelming majority of the rural people, who are either marginal farmers or landless, can take only insignificant advantage of the institutionalized credit facilities. Bureaucratic red tape, surety requirements, bribes and other costs arising from delay in processing, loss of work and travel from village to bank make rural credit almost unattainable for the poor. Consequently, most of the credit needs of the rural poor either comes from the exploitative large land owners or goes unfulfilled. In either case it is a retardant to growth. Borrowing from non-institutional sources is either in cash or in kind, as is repayment. The interest rate of non-monetary loans could be 300 - 400%. In some cases it is even higher. Quite often such loans are used to grab land from the poor peasantry as the poor often fail to repay the principal and the interest. Even in the case of institutional lending, while the actual interest rate does not exceed 15%, the real cost of such loans to the farmers (resulting from running about and bribing the bank officials) often pushes the effective interest rate for a loan of Tk.1,000.00 to an estimated 50% to 67%. For the rural poor, acquiring credit is on the one hand an acute necessity and on the other hand, a formidable problem.

C. Bangladesh Rural Advancement Committee (BRAC)

Bangladesh Rural Advancement Committee (BRAC) is a non-government development organisation. Since its inception in 1972, it has been involved in various rural development programmes in different parts of the country. In keeping with the vision of creating a society based on justice and opportunities for all, BRAC programs are always aimed at a target population comprising the poorest segment of the rural community, who are in the vast majority in our country. BRAC activities seek to uplift and emancipate poverty ridden people who are crushed by the burden of illiteracy, malnutrition, diseases, and exploitation. Within a brief period of eleven years, BRAC has gradually but purposefully emerged as a highly flexible organisation capable of undertaking innovative approaches to rural development. BRAC's target people are those who do not own any productive assets and are forced to survive by selling their labour.

BRAC's Sulla project, Manikganj project, Rural Credit and Training Project (RCTP) and Jamalpur Women's Program cover a wide range of activities. These include economic support for income and employment generating activities, Functional Education, Health Care and Family Planning, Institution Building (formation of Village Organizations, Economic Activity groups, Organisational Committees) and Human Development (including Teacher's Training, Health Workers Training, Vocational Training, Leadership Training etc.). BRAC's Outreach Project too, performs similar activities but with no economic support from BRAC. The above five development projects alone have the credit of directly covering 50,000 target households in 1100 rural villages of the country. For providing support services to the rural development programmes there are some complementary projects such as the Research and Evaluation Division, Material Development and Publications Unit, Gonokendra project, a rural crafts marketing project

known as 'Aarong', Textile and Design Centre and the Training and Resource Centre (TARC). Another project known as Oral Therapy Extension Programme (OTEP) has brought within its coverage around 14 lakh households, with a view to reducing the alarming rate of mortality caused by diarrhoea. Some commercial projects, relevant to the development of BRAC, have also^{been} started with a view to reducing dependency on foreign donors and generating funds for BRAC activities. BRAC Printers, a potato Cold Storage and an Ice Plant Project fall in this category.

At present BRAC has a field staff of 1306, out of whom 585 are permanent and 721 temporary. Another 72 people, out of whom only six are temporary, are working in the Head Office in Dhaka.

D. Rural Credit & Training Project (RCTP)

BRAC's Rural Credit and Training Project (RCTP) started operation in the year 1979 and the project completed its first phase by December, 1982. During the first phase RCTP has brought within its coverage 15707 target households through 543 village organisations in 14 sample thanas of the country. The total disbursement was Tk.1,58,89,000.00.

After the selection of the branch areas, surveys of demographic and income assets are conducted then the identified target people are organised into village organisations.

The members of the Village Organisation undergo a gradual process of conscientizing through group discussions and Functional Education classes. An awareness develops about the exploitation affecting their lives, as well as the value of collective action. As the organisation matures and group feeling strengthens, RCTP organizers make an assessment about the group's readiness to receive a collective loan without collateral. The essential point kept in mind by the organizers is that credit is not to be seen as an end in itself but as a

tool to be used in the already started process of total emancipation.

Lending to groups is done cautiously, with supervision and after close scrutiny as to the feasibility of chosen income and employment generating schemes. Some of the important income generating activities for which loans have been disbursed are the following: Crop production; release of mortgaged land; irrigation; weaving; sugarcane crushing; poultry, goat and cattle raising; paddy husking; pisciculture and small trading.

E. Progress in the First Phase

During the first phase, fourteen RCTP branches have been established in fourteen thanas of the country. The thanas covered so far are Monohordi, Shibpur, Gheor, Narsingdi, Gazaria, Pabna, Atghoria, Borai-gram, Fulbaria, Trishal, Daulatpur, Chatachor, Kotwali and Goalondo. A total number of 270 villages have already been brought under coverage and 543 village organisations (including 226 women's organisations) have so far been formed. A total of about 15707 target households have been brought within the fold of the village organisations which constitute about 51% target households in the organised villages. The total number of membership is 28217. In the organised villages 11,468 members have been given functional education.

Total funds generated so far by the village organisations is Tk. 17,94,000.00. Training, with a view to increase the efficiency and skill of the members, was given to 3228 persons during the first phase. The subjects of training were consciousness raising, leadership, project planning and management, functional education, occupational skills etc. An amount of Tk.158,89,000.00 was disbursed during the first phase. The sectors of disbursement were crop cultivation irrigation, release of mortgaged land, agricultural implements, pisciculture, fishing, rickshaw, country boat, horse cart, bullock cart, weaving, pottery, carpentry, tailoring, net making, food processing, block

printing, marketing, cow rearing, goat rearing, poultry keeping, paddy husking, pulse husking, etc. Out of the total disbursement, 76% was given to the male organisations while the remaining 24% was given to the female organisations. 33.50% of the total disbursement went to agriculture alone.

The savings of the village organisations was about 11.29% of the total RCTP disbursement. The average recovery rate of RCTP in the first phase was 93%.

F. Rationale of Expansion of RCTP Activities

RCTP started its journey with a challenge to the traditional contention that the poor are a bad credit risk and lending to them is unprofitable for the financial institutions. The rationale behind the RCTP contention was that if the target people can be made aware of their own situation and stirred into action through a continuous process of orientation, functional education and conscientization, this would not only facilitate their total socio-economic development, but also annihilate most of the anomalies associated with lending to the poor. Moreover, if lending is made to the groups at an institutionally developed stage, under close supervision ensuring their personal stake in the scheme, and if such lending is followed by borrowers training, technical assistance and the provision of marketing facilities, the hitherto neglected poor, too, can be transformed into effective tools of development and excellent utilizers of rural credit. The RCTP model has already transcended the periphery of theory and the proven records of success of the first phase has given RCTP enough courage and confidence for the further expansion of RCTP activity.

Thanas have been made the nerve centre of development activities and resource allocation in Bangladesh. Any meaningful access to local

resources should encompass the expansion of activities over the whole thana. RCTP is now covering only 20% of the unions in each of the fourteen thanas inspite of the growing need of such expansion in remaining areas of the thanas covered. Moreover, encompassing the whole thana would increase the efficiency, commercial viability and cost effectiveness of RCTP and facilitate the emergence of the landless as an excellent bargaining force in the mobilization of locally available socio-economic resources. Moreover, expansion of RCTP coverage would lead to further commercial viability by gradually spreading the overhead costs already incurred in building structures, staff transportation and logistics.

Expansion of RCTP credit operation can be justified as a logical extension of BRAC's rural development work. BRAC believes that credit is only a component of rural development. It cannot be isolated nor can it be ignored. It must form a part of the total development efforts.

It is encouraging to note that the government has put great emphasis on increasing agricultural production and directed the banks to make loans available to the small farmers. The banks, despite their commitment to helping the small farmers, face certain practical difficulties in financing the landless who have little security to give. Moreover, banks are essentially financial institutions and their lending policy, role and operations are guided by commercial considerations. Extension and collection of credit is their main function. The banks are not organisationally geared to provide other supportive services necessary for maximising productivity. RCTP only supports the landless and the poor and hence there is a vital difference between the approach of the existing credit institutions and RCTP. Moreover, the existing institutions start with credit, then proceed on a limited scale to the other aspects of agricultural development. RCTP started with development efforts and after considerable institutional develop-

ment embarked on a credit programme on a substantial scale. BRAC feels that its experience in rural development, involvement with the rural people, particularly the poorer sections, its resources in other fields, (such as training) and its different approach towards rural credit, places it in a uniquely qualified position to expand its Rural Credit and Training Project. In addition to being of immediate benefit to the poor who have so far remained excluded from institutional credit, it is expected that the experience gained from this programme will also provide guidelines to the other credit institutions in national rural financing.

II. THE PROPOSAL

A. Summary of Proposal

The success of the first phase of the RCTP ~~project~~ encourages BRAC to initiate a second phase for its rural credit programme. During the first phase, 14 RCTP branches have been opened. In the second phase, BRAC proposes to extend the programme by increasing the number of branches to 20. As a result of this expansion, the Rural Credit & Training Project will henceforth be known as the Rural Credit and Training Program (RCTP).

RCTP will continue its trend from the first phase of providing loans in the areas of agriculture and para-agricultural activities, handicrafts and small trading. During the second phase, BRAC also proposes to place emphasis on extending economic activities for women.

The pre-operational activities of the second phase will follow the tested path of the first phase. Male and female village organisations of the target population will spend an initial period together for group building and awareness of their socio-economic environment through functional education classes. BRAC efforts will also be channelled towards mobilizing the landless for their own upliftment by exploiting the locally available resources and government services. Finally some members of the borrowers group will be trained in fund management and leadership prior to the village organisation's receiving of credit.

B. Objectives

The objectives of the first phase of the RCTP, as well as the proposed second phase are to improve the economic status of the borrowers by providing opportunities for undertaking profitable activities. By developing an efficient mechanism for rural credit and by giving training it is possible to emancipate the rural poor from the clutches of the money lenders and exploitative land owners. Finally, the objective is to create an economic base from which to ^{create a} means of self reliance among the poor and disadvantaged people.

C. Credit Operations

(1) Types of Loans:-

During the first phase, crop production, release of mortgaged land, irrigation, weaving, sugarcane crushing, poultry, goat and cattle raising, paddy husking, pisciculture etc. were some of the major areas of RCTP operation. The same trend will also be followed in the second phase. RCTP will continue to give weight to the following aspects in deciding the types of loans.

(a) Income and Employment Generation:-

Grinding poverty and massive unemployment are characteristics of our rural areas. Loans will be given to the poor to provide them profitable employment of either a permanent or seasonal nature. Some of them will move from farming to agricultural service or other occupations of a permanent nature.

More and more rural women, driven by economic pressures or changing social values, are undertaking economic activities within or outside their homes. Loans will be given to them to generate either their major income or a supplemental income. Schemes like handloom weaving, paddy husking, food processing, cattle raising, poultry keeping will be given more emphasis.

While it is difficult to say exactly how many new jobs will be created, from the experience of the first phase it is estimated that at least a substantial part of hidden unemployment in the areas covered by RCTP branches will be eliminated.

(b) Resource Mobilisation:

1) There are certain unproductive rural resources which could be turned into productive resources with some inputs and training of borrowers. For example, in most areas of Bangladesh an average village has 5 to 10 derelict ponds. Re-excavation of these ponds and water bodies, stocking them with HYV fish

fingerlings, supply of fertilizer and feed, training of borrowers etc. would transform these ponds into productive resources. Moreover, RCTP will continue to give importance to other resource mobilizing activities like utilization of khas land, homestead and roadside plantation, wage bargain, food for works program activities and utilization of locally available government services.

ii) There are certain agricultural crops and rural based industries which exist in some parts of the country and not others. Loans may be given to borrowers who are interested in trying out such activities in their own areas. Examples: Sericulture has hitherto been confined to North Bengal (particularly, the districts of Rajshahi and Bogra). Recent efforts in growing "bherenda" trees (a better substitute of the mulberry tree) and rearing cocoons in other areas of Bangladesh indicate the possibility of extending sericulture to other parts of the country. In addition to training the borrowers extensively in sericulture, small capital investment in the form of seeds trays, spinning wheels, etc. will be required.

(c) Application & Introduction of Technology:

The level of technology in the vast rural sector is extremely low. In the industrial sector, the adoption of sophisticated technology of the advanced countries is taken for granted but in the rural sector, even the less sophisticated agricultural technology is ignored. While "High Yield Varieties" (HYV) has become a term of common usage among decision makers, co-ordinated efforts to make available the necessary technology and inputs for HYV have been weak. High yielding varieties of rice, wheat, fish, poultry, ducks, cattle and vegetable have been imported from other countries but the high yield achieved in other countries has not been matched at home. An important reason is that the expectation of output has not been matched by the needed inputs. RCTP will provide loans on a selective basis so that the new technology can

be applied economically.

Apart from the improved farming technologies a number of simple 'intermediate' or 'appropriate' technologies have been developed both in Bangladesh and other countries. These, however, have not found acceptance because they are out of the reach of the poor. Loans may be granted to borrowers who can use such technology profitably. In granting such loans, consideration will be given to provide a linkage between the new technology and other economic activities. Irrigation schemes have shown considerable success in the first phase. Weaving has also been introduced in some branches.

With regard to the adoption of these new low cost technologies it has to be remembered that they are still in the development stages. Understandably, subsistence farmers cannot risk an investment at this stage. At the same time, unless these technologies are introduced in the environments of actual use, their cost-effectiveness, efficiency and suitability cannot be determined. Loans will be given initially to progressive farmers and groups on a risk sharing basis.

(2) Principles of RCTP Credit:

The following are some basic principles which serve as guides for providing credit:

(a) Loans will be granted on a self-liquidating basis. Repayment of principal and interest must derive from the use to which the loan is put. Thus, to give a loan for agricultural purposes and arrange repayment from, say, land rent income would not satisfy that condition.

(b) No loan will be given either for consumption or for ostentatious expenditure, such as, spending for weddings and funerals beyond the poor's means. Clients of RCTP will be discouraged from seeking such loans from other sources as it will jeopardise

their ability to repay RCTP loans.

(c) No loans will be given to a borrower to buy land from another borrower who owns less land than he.

(d) Repayment will be expected and scheduled in increasingly graduated steps to correspond with the completion of the schemes gestation period and increasing income from the venture. Since people with subsistence income have competing demands on their income, loan repayment must follow immediately on receipt of the income. The longer a loan is outstanding the more difficult it is to get repayment.

(e) Loans will be given on margin. The concept of margin is that the borrowing organisation is expected to contribute its own resources to the extent that all members will have a significant stake in the success of the venture. In other words, margin is a threshold commitment figure below which it is estimated that the members of the borrowing organisation will not feel a personal stake strongly enough to make the necessary effort for its success.

The margin figure will normally depend on the borrowing organisation's net worth. The higher the net worth, the higher should be the margin figure.

(f) There will be a minimum requirement for security. The existing credit institutions, at the direction of the Government, are gradually moving away from insisting on mortgage security. Land mortgage security is virtually useless since titles are often defective and such mortgage has never been enforced, in case of default. Moreover, the target people of RCTP have virtually nothing to give as security.

Elimination of collateral raises the problem of security of the loan. Since the primary objective of RCTP is to lend to poor people who have little or no worthwhile assets to offer as

collateral, the RCTP proposal will aim to substitute collateral with thorough investigation of the borrower's ability and the proposed venture's income generating potential, prior to sanctioning of a loan. This will be supplemented by continuous, intensive monitoring during the entire life of the loan. In other words, the credit worthiness of the borrower will not depend on his existing wealth but on his ability to use a loan to produce a return on investment higher than the original investment, and his intentions regarding repayment. Both of these will require a thorough knowledge of the borrower on the part of the RCTP worker. He must also have a working knowledge of the production techniques, economics and profitability (including marketing prospects) of income generating activities in the area covered by his. The very satisfactory results of following this principle in RCTP lending in the first phase is the testimony of its validity.

Needless to say, collateral will not be foregone where available. Where loan is given for purchase of an income producing asset, the asset will remain hypothecated until the loan is completely repaid.

(g) Subsistence people are invariably forced to sell their surplus output right after the harvest when prices are depressed. In already established branches, RCTP has been providing warehousing facilities so that borrowers may store their immediate surplus and obtain a loan against it to meet their obligations. They can then sell it when the price is more favourable. This facility would strengthen the borrowers holding capacity to a great extent and be extended to proposed new branches.

(h) Loans will be given for rural economic activities which have a strong development component. Loans will be given preferably for activities where the return will be higher than the return the borrowers have received from similar activities in the past.

Thus the poor who have been growing the traditional varieties of rice will have a much better likelihood of getting a RCTP loan if they switch over to HYV. Implicit in this policy is the availability of all the inputs and immediate profit potential of the scheme.

(1) Loans will be given only to the village organisations and to no individuals and it is the village organisation which will be responsible to RCTP for loan repayment.

(3) Loan Recovery:

Realization of the loan still provides the greatest challenge to RCTP. In case of the failure of an undertaking, should and could, RCTP insist on repayment in accordance with the original agreement with the borrower? Such a strict policy places the borrowers in great difficulty and forces them deeper into the hands of the usurious money lender or obliges them to sell their other meagre assets. Even then, such a loan may not be recoverable. Rolling over the loan or extending it for an additional period or season in itself does not increase the borrower's capacity to repay. Instead, an additional loan sometimes becomes necessary to improve the income situation of the borrower. The danger of this policy is that loans may pile up, increasing both the debt burden of the borrower and the bad debt risk to RCTP. A policy of issuing new loan only after the repayment of the outstanding loan may lead to other kinds of malpractices. Writing off loans, while the easiest form of retiring a loan, is clearly not a policy alternative, no matter how genuine the hardship of the borrower.

In short, recovery of loans where the venture has failed to produce the expected return, whether due to climatic reasons or mismanagement, still remains a vital test for RCTP. It challenges the viability of the concept of integrating sound credit

principles with the socially desirable objective of improving the economic position of the poorest sections of the rural population. Currently, RCTP is adopting a mixed policy of rescheduling and extending the repayment period; this is combined with additional income generating loans in following periods with a view to increasing the repayment ability. Of course whether the policy is rigid or flexible, in every lending operation there will be some loans which are difficult or impossible to recover. Realistically, RCTP lending is not immune to this either. In fact, the risk will probably be greater since RCTP will be lending for undertakings which are expected to bring maximum benefits, if they are successful.

But whatever might be the reason for failure of a scheme, writing off loans does not promote a viable credit policy as it brings more harm than benefit. In fact, any instance of such a write-off affects the mentality of the borrowers and reduces their stake in the scheme. Moreover, many others may demand similar concessions for similar cases of failures which may subsequently nullify the achievement of the basic goals of RCTP. Thus, the general guiding principle will be to get full repayment in case of success and deferred repayment in case of failures. In all the cases the program organisers will be accountable to RCTP. The greater the risk element the more thorough will be the monitoring.

(4) Interest on Loans:

The prevailing interest rates in Bangladesh in the rural sector vary from 12% to 36%. Various studies on rural interest rates have shown that if the income generating potential of undertaken schemes is high, borrowers do not feel the pangs of high interest rates even if it is as high as 36%. The above fact challenges the contention that increasing interest rates would reduce demand for credit and consequently lead to decreased

investment and production in the rural sector.

Low interest rates do not cover operating expenses and (portfolio) losses of the credit institutions; the cost of technical supervision, credit investigation, monitoring and inflation. Nor do they necessarily attract rural borrowers. As noted earlier, the fact that banks are reluctant to lend to the poor and the poor reluctant to come to the banks are for reasons other than the interest rates. On the otherhand experience shows that subsidized credit results in inefficient allocation of scarce resources and unproductive expenditure, rendering rural credit unprofitable. What needs to be subsidized is not the credit itself but the technical services, extension work and the efficient utilization of scarce resources.

While doubling, or even tripling, the prevailing formal interest rate would have little effect on the desirability of borrowing from the credit institutions, it would have a significant effect on the incentive for such institutions to seek out rural borrowers. Since the small farmer already borrows, at even higher rates of interest from the landowners, he would not be averse to going to the credit institutions provided the quality of service is comparable. If the institutional sources can grant loans as quickly and efficiently as the landowner, the borrower would not be so irrational as to pay the prevailing ten times higher interest rate to the landowner and also risk losing his land in case of default.

According to an FAO study, experience in India shows that if other agencies offer credit facilities for the development of agriculture, they tend to score over the money lender, provided that they can build up the necessary infrastructure. While the credit provided by the money lenders decreased from 70% to 50% between the period 1951-52 and 1961-62, the credit provided by

the co-operatives increased from 3.17 to 15% during the same period.

Incentive and equity considerations form the cornerstones of differentiated RCTP credit rates. Interest rates in RCTP vary from 18% to 24% depending upon the profitability of the schemes, sectoral priorities and the periodically reviewed preferences of RCTP. Collective schemes, which involve all the members of the village organisations, are given top priority and RCTP invariably charges 18% interest for all kinds of collective schemes with the exception of the agricultural production loans for which 15% is charged. But in individual schemes, RCTP follows a differentiated interest rate. Except for agricultural schemes and (manual) paddy husking/crushing schemes, all the individual loans upto Tk.500.00 carry 21% interest and the individual loans above Tk.500.00 carry an interest rate of 24%. Individual schemes in agriculture and paddy (manual) husking carry an interest rate of 18% upto Tk. 500.00 and 21% if the scheme is above Tk.500.00. All types of agricultural schemes are normally slow yielding, have long gestation periods and the profit margin is also low thus the low interest rate of 15%. RCTP proposes to follow the same interest rates in the second phase.

D. Training and Technical Services

The success of RCTP's first phase is directly linked to the supportive services provided by the project, the most important being training and technical services. Keeping in mind that loans are a means to emancipation, one aim of RCTP is to provide skills along with the credit.

1. Borrowers Training:

The first stages of training takes place in the Functional Education classes which are compulsory for all borrowers. In these classes, a necessary process of conscientization takes

place, along with the rudiments of literacy and numeracy. During the first phase, 1546 persons were taught Functional Education classes; in the second phase these classes will continue to be given top priority. In addition to Functional Education classes, RCTP emphasizes leadership training, Project planning and Fund management training.

Occupational skills are essential for significantly increasing income generating opportunities for the landless. Skills training in the agricultural sector includes learning improved farming methods, irrigation techniques, technical maintenance and running of shallow tubewells. In the para-agricultural sector, training is given for systematic poultry raising, seri/eri culture and pisciculture. There is also training available for weaving and food processing techniques.

In doing the feasibility investigation for a loan, the RCTP worker will also determine the ability of the prospective borrower. If the investigator is otherwise convinced about the desirability of giving the loan, but the borrower's skill is wanting, then the investigator can make the loan on condition that the borrower undergoes training to acquire the skill. If RCTP feels that a new trade, crop or technology could be profitably introduced in an area, it could make arrangements to train those who are interested in learning the new trade and support them later by providing loans, to establish themselves.

2. Training Field Workers:

A systematic approach to integrated rural development work is a fairly new occupation. The people involved in this field come from diverse cultural and experiential backgrounds. Some people come out of a dedication to rural development; others find themselves in this field simply to find employment.

Academic studies and training in economic or rural development hardly exist in Bangladesh. The existing knowledge,

culled from experience, has not been gathered into a body and an adequate theoretical framework has yet to emerge.

Training is an important aspect of BRAC's activities and a separate training office has been established to meet the needs of BRAC's own staff and field workers of other organisations.

To grant credit and supervise its proper utilisation, RCTP field workers must know not only the mechanics of lending but also how loans are used effectively. They must be thoroughly familiar with the problems of rural development and have some idea about how to solve them. As in the first phase, every RCTP program organiser will be given training in rural development and credit management.

3. Technical Services:

(a) End-use Monitoring and Supervision: After a loan is sanctioned, the actual disbursement will be scheduled to correspond with the funds requirement of the borrower, in order to minimise the chance of misuse of funds.

The RCTP worker responsible for a loan will stagger funds disbursement as a monitoring tool, so that he can ensure its proper utilisation. He will visit the loanee in the village from time to time to solve any problems he may face.

(b) Facilitating Inputs Supply: At the time of sanctioning a loan the RCTP worker will have taken into consideration the availability of the inputs. If the input is not easily available to the poor, the RCTP workers will help in procuring the input for a number of borrowers undertaking the same type of venture. For example, if there are, say, fifty borrowers who need vegetable seeds which are not available locally, the RCTP worker may assist them in procuring the same from the nearest town or market.

(c) Problem Solving: Borrowers may be faced with technical problems for which they do not have a solution. For example, rice under cultivation may have been attacked by a pest and the poor do not know which pesticide to use. The RCTP worker will recommend the correct pesticide and, if necessary, assist them in procuring it.

In order to provide this kind of technical assistance, RCTP has built an inhouse resource capacity by training its own workers. Every worker has a working knowledge of major agricultural crops and rural occupations, and special knowledge of particular crops.

Borrowers facing difficulties in dealing with government officials or others will also be assisted by the RCTP workers.

(d) Warehousing and Marketing: Warehousing and storage is a difficult problem in Bangladesh due to high humidity, heavy rain fall, pests and insects and the extreme shortage of storage facilities. The existing storage capacity of the Government is less than 1,000,000 tons. Public warehousing is non-existent. Private warehousing belonging to the grain dealers only exploits the inability of the small farmer to hold^{on} to his produce.

RCTP has integrated warehousing into its operations to meet the acute need for warehousing. The following are some of the advantages:

- i) It would enable RCTP to adapt to local trading practices by dealing in kind rather than solely in cash.
- ii) Ensure the supply and use of such inputs as fertilizers and pesticides.
- iii) Accept repayment of some loans in kind if necessary.
- iv) Provide storage facility to the poor producers.
- v) Increase the storage capacity of the area.

The rural sector of Bangladesh is substantially non-monetised and barter is a prevalent practice. Unless RCTP can adapt to the local conditions and trade practices, its involvement in the economic sphere will be limited to that extent.

E. Implementation

The second phase of the Rural Credit and Training Program has been designed to cover a period of three years. Three branches will be established in the first year while another three branches will be opened in the second year. This will bring the total number of branches upto twenty after the second year. During the next three years, the expansion work of the first two years will be consolidated and the total performance will again be evaluated for possible future expansion.

1. Selection and Organisation of Branches

The proposed branches will be established in six locations adjacent to six already established RCTP branches. The incidence of poverty, proximity to markets and the scope of undertaking economic activities will be given consideration for selecting new branches. Each branch will cover about 2-3 unions with an average of 30 villages and a population of 30,000 within a radius of five miles. All the target households of these villages will gradually be brought within the coverage of RCTP.

The first line of implementation personnel will be the Programme Organisers (P.O.) who will be responsible for forming the village organisations, orientation, conscientization, loan disbursement, supervision and repayment. Thus one P.O. will be responsible for the entire process in a village from start to finish. The P.O.s will not be like a cog in the wheel but must feel total responsibility for the success or failure of the whole operation. It has been BRAC's

Experience that divided responsibility often results in the evaporation of responsibilities! Each branch will be headed by a Branch Manager who will be responsible for planning the credit needs of the area, sectoral allocations, approving loans (within procedural limits), review and supervision of the P.O.s, maintenance of accounts and the overall administration of the branch. Experienced Programme Organisers from RCTP and other project sites will be appointed as managers. Each branch will have five Programme Organisers.

Each branch will also have an accountant/cashier responsible for accounting, fund receipts and disbursement. There will also be some auxiliary service staff. The P.O.s will report to the Branch Managers while the Branch Managers will report to the Regional Managers for operations and credit. The Regional Managers of RCTP will report to the Executive Director of BRAC at the Head Office in Dhaka. There will be no lending activity at the Head Office.

Before the opening of a Branch, a socio-economic baseline survey will be conducted covering the entire population of the area. The study will be important to determine the regional policy, for *planning and also for loan processing. Data will be collected to determine crop patterns, seasonality of activity, land holding patterns, type of occupation, marketing potential etc. Cost analysis will be made of all major occupations in the area which will act as a guideline in determining the profitability and risk factor of each occupation. The cost analysis will be updated annually. The baseline data will also be required for comparative study and project evaluation.*

In conducting the baseline surveys the Programme Organisers will be acting as field investigators. This will serve as their orientation to the area. This orientation will be required in the first year's operation of the new phase as a number of experienced staff

will be drawn from other RCTP branches.

2. Loan Procedure:

Applications for RCTP loans will be initiated by the group members during regular weekly group meetings. After deliberation on their priority needs, they submit a loan application. The RCTP personnel do not wait for the borrower to come to the Branch Office, since many illiterate and poor people feel intimidated by 'offices' and 'officers' and stay away from them, but rather join group members at their weekly meetings. The borrowers should not feel that RCTP has done them a favour by giving a loan. They are encouraged to view the role of the P.O. as that of a facilitator.

On receiving a loan application the P.O.s will do a specific cost/benefit study of the venture, an evaluation of the credit worthiness of the village organisation and consider the practical constraints/incentives of undertaking the venture. The P.O. will also take into account the group's ability to undertake the venture, their resources in terms of time, skill and interest.

To build up a good loan portfolio requires, among other things, considerable lending experience. Since RCTP is a pioneer in the field of exclusively rural credit and there are no reliable financial analyses of profitability of the various components of the rural economy, the loan portfolio will be based on broad economic indicators and the social objectives of RCTP.

Approximately Tk.560,00,000/- will be given as loans and advances over three years. The breakdown of the monetary volume by types of loans, indicated in the Credit Operation section of this proposal, will be as follows:-

(a). Employment Generation	:	61%
(b). Resource Mobilisation	:	29%
(c). Appropriate Technology	:	10%

It has to be noted that these are not airtight compartments. Some of the loans will cut across the above categories or could be classified under one or the other category. In a sense all loans will generate employment. For example, reexcavating a derelict pond would create a resource as well as provide employment. To some extent these allocations are tentative and may need to be modified in the light of the particular location and demand for credit.

In very general terms, it can be said that the bulk of the loans will be given to collective schemes growing rice, jute, potatoes, vegetables and small trading. Development of pisciculture will receive substantial attention. Loans will be given for other rural activities such as paddy husking, weaving, pottery and carpentry.

Cost and profitability projections of a few major occupations are given in Appendix B, Annexure XIV - XXI, .

3. Training:-

Training of the group members and the RCTP field workers is an important aspect of the second phase proposal. BRAC has its own training and resource center (TARC) on fifteen acres of land in Savar about 20 miles away from Dhaka. TARC has been expanded to accommodate the training needs of all the BRAC projects including RCTP. Moreover, a training sub centre has also been established at Madhupur. Two more training sub-centres will be set up during the second phase. The sub centres will be used for training the group members. BRAC's training centre has all the facilities of a training institute, including a library, living accommodations for trainers and trainees and training equipment like a tank, irrigated land for crop demonstration, a duck and poultry hatchery, breeding houses. Facilities for other occupational skills training are also available. Both the staff and group members will get training at TARC. RCTP will also arrange training courses of shorter duration locally for the group mem-

bers, with a view to saving money and time.

(a) Staff Training:

Staff will be trained at TARC either immediately after ^{or after} their 1/2 months appointment before going to the field or having projects orientation from the field. Training needs of the staff will thenceforth be assessed continuously and training will be arranged as needed.

The staff will also be trained in rural development which will include communications, leadership development, project planning and socio-economic conditions. Every staff member will acquire a working knowledge in the major occupations of his area and specialised skill in at least one occupation. Thus, the worker will not only be able to conduct loan operations, he will also be qualified to supervise the venture and offer technical assistance. For particularly difficult problems outside his competence, he can utilise the expertise of his colleagues in his Branch or a nearby Branch.

(b) Group Member's Training:

Group members will be trained in funds management, cooperative management, production planning, and occupational skills. Awareness building, leadership, and conscientization training will also be given.

TARC will provide training of longer duration, in teaching occupational skills, such as HYV rice cultivation, duck/poultry raising, pisciculture, composting and fertilizer usage, vegetable growing, sericulture, and use of appropriate technology. The trainees and trainers will live and work together.

The Madhupur sub centre and the proposed two new sub centres will be used for group members who will come to the centre for a

short period. Training will be mostly in human development, leadership, farm management, cooperative management. There will also be refresher courses and short courses on agricultural techniques.

4. Warehousing and Marketing:-

One warehouse, with a capacity of storing one hundred tons of grain, has been constructed for a selected RCTP Branch. The warehouse has been built on the same compound as the Branch and staff quarters. The warehouse is being used for storage of inputs.

5. Financial Operations:-

For a traditional commercial bank, the ultimate test is that it should not only be self sustaining but must also produce a sufficient return on investments. This goal puts serious constraints on commercial banks to function as rural credit institutions. To provide rural credit the credit institutions must assume a higher degree of risk in lending. In addition, the cost of extension work and borrower training, to increase productivity, is also substantial and cannot be entirely covered by the profit from lending. To cover this cost would require charging a rate of interest which would be higher than other commercial rates and may even exceed the income potential of the undertaking. Since RCTP Credit Policy is to give only self-liquidating loans, the cost of extension work and borrower training must be met through means other than the income prospects of an undertaking.

The financial statements given in Appendix B, Annexure II, show that RCTP will be able to break even in the year 1985 and earn a profit of Tk.128,000.00 on its lending operations, but will not be able to cover the entire cost of extension work and borrower training. This is not to say that these costs can never be covered. If RCTP expands to a position where it has a large number of Branches

and borrowers are getting a much higher return after deduction of all costs, it may be possible to convince the borrower that the higher return is due to the extension work therefore the recovery of these costs is economically justified. However, for the purpose of the present proposal, RCTP's operating income from credit operations will make only a partial contribution towards the extension and borrower training costs and the rest must be in the shape of grants from external sources which will be viewed as rural development expenditure. It is envisaged that in the year 1983, Tk. 14 million will be given as loans and advances, Tk. 17 million in the year 1984, and Tk. 25 million in the year 1985 for all the 20 branches. Repayment of loans has been estimated to be Tk. 7.2 million in the year 1983, 10 million in 1984 and 14 million in 1985.

Interest income for 20 branches (inclusive of six new Branches) on loan and advances of Tk.97,28,000/= has been shown in Appendix B, Annexure VI. On the basis of an average interest rate of 19% per annum, a consolidated projection has been made for all the Branches of RCTP over three years. This can also be found in the Annexure VI.

A cost and return analysis of major occupations for which RCTP loans will be extended (at various interest rates) has been given in Appendix B, Annexure XIV to XXI.

All yearly depreciation costs at the Head Office and Branches have been added to respective recurring costs and shown in the income projection in Appendix B, Annexure II. It may however, be noted that 50% of Branch recurring cost and 75% of Head Office recurring cost, inclusive of depreciation, have been charged to credit operation and the rest have been allocated to training in the budget summary given in Appendix B, Annexure I. From the budget summary, it may be seen that an amount of Tk. 24.8 million will be required

in cash to extend loans of 56 million over three years. However, after taking into account all development costs, recurring costs and operating income/loss total fund requirement of RCTP comes to Tk. 42,350 million which is equivalent to US \$ 1.8413 million. It should, however, be kept in mind that all the projections have been made on a cash basis assuming no radical changes in the internal and external factors affecting RCTP operations.

The income and loss of warehousing and marketing have also been kept out of the calculations. Warehousing and marketing will be essentially viewed as customer service and not as a source of income for RCTP. Group members can hold their produce in the warehouse for getting better prices. As such, these activities will be carried out on a cost recovery basis. The Branch staff will operate the warehouse and no additional establishment cost will be involved. Since trading in commodities is speculative in nature, a conservative marketing policy will be followed.

F. Expected Outcome and Evaluation

Expectations:

The primary goal of this project is to increase the income of the poor by organizing them and making available production loans at a reasonable cost. A by-product would be the emergence of an efficient mechanism for rural credit financing as an integral part of rural development. It would also help institution building at the grass roots level and make the people aware of strategies for their own emancipation.

Increased income will be generated by giving loans to create employment, by bringing into productive use the unutilised existing resources of the rural areas and by introducing more efficient technologies and techniques.

Increased income for the target people would also result in reducing or eliminating the exploitative non-institutional credit prevalent in rural Bangladesh. Village Organisations would give the landless an institutional power base from which to undertake economic and social actions.

Finally, a more efficient mechanism for rural credit financing would emerge as a result of a total reorientation of the approach to rural development and the role of credit. The mechanism would consist of simplifying the lending formalities, strengthening supervision, increasing the capabilities of the borrower of funds, and instituting stricter discipline in end-use and repayment.

Evaluation:

Since this project is a pioneering venture into a most difficult field, constant review and evaluation will be necessary in controlling the operations and fulfilling the objectives.

The Regional Manager will be directly responsible for review and analysis of operations on an ongoing basis. There will be a highly qualified mobile audit team who will evaluate the financial performance of each Branch. Research and Evaluation Division will conduct both continuous and adhoc studies with a view to identifying problems and improving the practice and system of RCTP.

Each P.O.'s performance will be evaluated by the Branch Manager on the basis of individual performance criteria set up by BRAC. Career advancement or termination will be based on the evaluation of his performance. Similarly, the Branch Manager's performance will be evaluated by the Regional Managers.

Half yearly reports on RCTP's performance and achievements will continue to be submitted to the funding agencies and the Government of Bangladesh. A socio-economic study will be conducted in the fifth

year to measure the impact of RCTP operations. Evaluation will include comparison of the findings of this survey with the baseline surveys conducted prior to the opening of a Branch. Since the opening of the Branches would have been staggered over the previous three years the socio-economic survey would be able to chart the course of RCTP's rural credit financing at different stages of development.

An evaluation will be conducted at the end of the fifth year of operations, based on which RCTP will either go for expansion on a major scale or aim at growth at modest rate.

It should be noted that a budget for the evaluation surveys is not included in this project proposal.

APPENDIX ARCTP ORGANISATIONAL STRUCTURE

A brief outline of the proposed organisational structure of the RCTP operation is enclosed. The purpose of this exposition is to clarify our concepts.

1. The entire network of Branches to be established will be grouped in regions, as shown in the chart corresponding to distinct geographical locations.
2. It is expected that there will be ten Branches to a region.

A. HEAD OFFICE STRUCTURE

1. The Regional Managers of RCTP will report to the Executive Director, BAC.
2. The Regional Managers are responsible for all field activities within their region including the mechanics of the lending operation, the quality, content and quantum of the lending operation.
3. There will be a Staff Economist reporting to each Regional Manager.
4. An important component at the Head Office is a section of Accounts and Audit which is responsible for all audits and accounting function. The primary concern of this section is to ensure that all financial transactions are properly recorded and reported and to evaluate the implementation in the light of the goals and objectives set in the project proposal.
5. All staff training and borrowers training is the responsibility of the Training and Resource Centre which is also responsible for extension activities in the field of poultry, fishes, livestock, agriculture etc.

6. BRAC's personnel section will be responsible for staff recruitment and personnel administration, and Logistics department for all procurement and transportation services.

B. BRANCH STRUCTURE

Programme Organisers

The tasks of each P.O. will be four fold:

1. *Organising the target people and conscientizing them.*
2. Identifying worthwhile loan projects
3. Administering the loan projects
4. Monitoring the loan projects.

1. Organising the Target People:

Organising and conscientizing of the target people is done through dialogue and discussions promoting the creation of a Village Organisation, composed of the landless population of a village. Subsequently, Functional Education classes are initiated.

2. Identifying Worthwhile Loan Projects:

Credit investigation of the village organisations means that the borrower's antecedents are checked with particular regard to their suitability or unsuitability for the loan project for which they are being considered. An assessment of the character and moral integrity of the borrowers will also be made.

A Credit proposal will be submitted to the Branch Manager meaning that the Loan Project will be written up with particular reference to two aspects.

- (a) *Use of funds i.e., the exact purpose of the advance.*
- (b) Loan repayment arrangement along with a projection of the income to be generated.

3. Administrating the Schemes:

This will consist of the following tasks:

- (a) Documentation obtained: The borrower's signature to certain basic security documents will be obtained.
- (b) Other security obtained, as applicable.
- (c) Disbursement of Loan: The funds will be made available to the group bank account.
- (d) Instruction of Loan Scheme, all the necessary inputs lined-up, finalisation of logistical support and scheme standards.

4. Monitoring the Loan Project:

This will consist of the following tasks:

- (a) Execution of the Scheme: The P.O. is responsible for the smooth running of the scheme over its whole life and will take part in or supervise field work as necessary.
- (b) Survey of stocks and other inputs: Over the life of the scheme all inputs will be checked and quantities verified from time to time.
- (c) Comparison of actual income generated with the initial projections. An assessment will be made periodically of the extent to which the Loan Scheme is maturing successfully judging by its repayment potential.
- (d) Continuous repayment as arranged. The loan repayment schedule is periodically adjusted over the life of ^{the} scheme.

Branch Managers

The tasks of the Branch Manager are as follows:

- 1. Administration of the Branch i.e., salaries, leave, maintenance, office purchases etc. -- reporting to the Regional Manager.

2. Operational aspects of the Loan Scheme:

- a) Supervising the documentation and security records.
- b) Supervising disbursement and repayment of loans; authorizing disbursement after sanction has been formally granted, maintaining records of all disbursements and all adjustments, maintenance of Loan Ledgers -- maintaining client accounts.
- c) Ensuring maintenance of stock reports, records of stocks and supplies.

3. Inspections - preparing for audit.

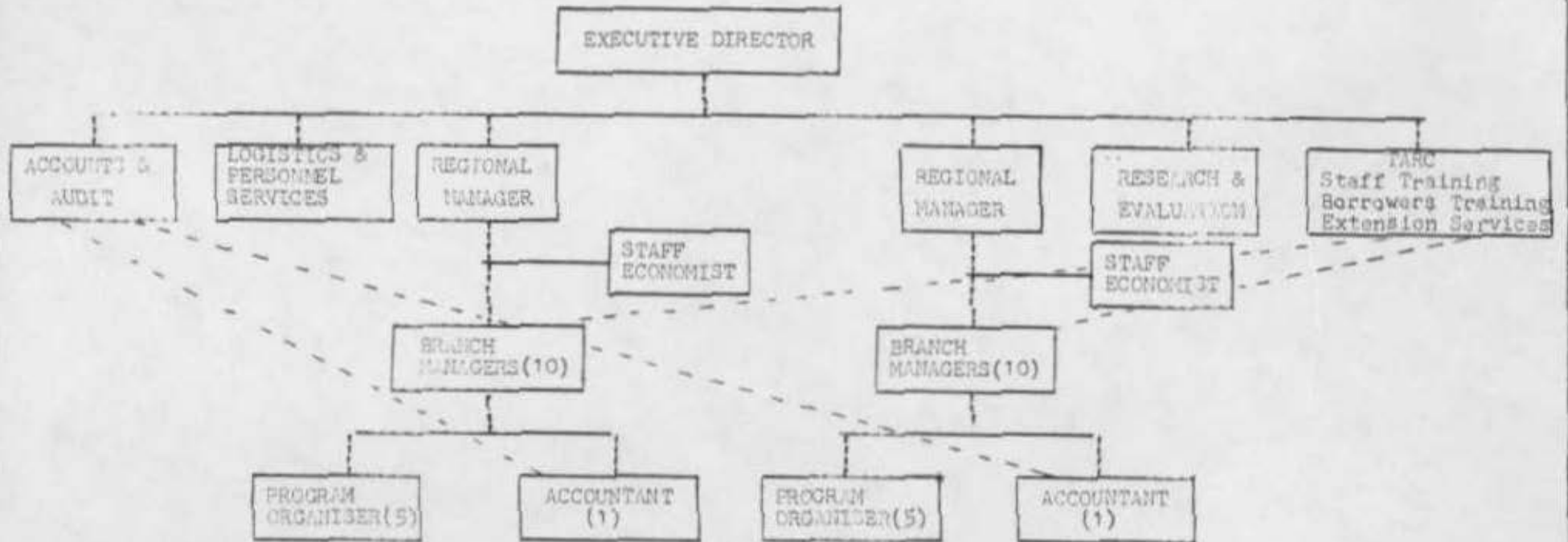
4. Balancing of all Branch Ledgers.

Note: It is expected that there will be one accountant per Branch to help the Branch Manager.

5. Overall Management:

- a) Continuous supervision of all loan projects, periodic review with each P.O. -- reporting to Regional Manager.
- b) Supervision of operations.
- c) General liaison with Head Office.
- d) Planning, Review, Strategies, Information systems.
- e) Inspections and reporting to Regional Manager.

RCTP ORGANISATIONAL STRUCTURE



APPENDIX B

LIST OF ANNEXURES :

- I. Budget Summary
- II. Income Projection (Credit Operation)
- III. Schedule of operating Expenses
- IV. Schedule of Depreciation
- V. Schedule of acquisition of Assets
- VI. Consolidated Projection of Interest income (All branches)
- VII. Income projection - (Single new branch)
- VIIa. Income projection - (Single old branch)
- VIII. Cash flow statement (For Loans and Advances)
- IX. Schedule of Repayment of loans and Advances (Consolidated projection)
- X. Draw Down Schedule of Funds - Projected Half Yearly for Three Years.
- XI. Head office cost estimate
- XII. Single branch cost estimate
- XIII. Borrowers Training cost estimate
- XIV to
XXI. Cost and Return Analysis of loans to some major activities.

BUDGET SUMMARY

ANNEXURE - I
IN THOUSAND TAKA

Sl. No.	PARTICULARS	1983			1984			1985			Grand Total
		1st half year	2nd half year	Total	1st half year	2nd half year	Total	1st half year	2nd half year	Total	
1.	Loans & Advances	7,000	7,000	14,000	8,500	8,500	17,000	12,500	12,500	25,000	56,000
	Less Repayments	<u>3,600</u>	<u>3,600</u>	<u>7,200</u>	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>	<u>7,000</u>	<u>7,000</u>	<u>14,000</u>	<u>21,200</u>
	Total:	<u>3,400</u>	<u>3,400</u>	<u>6,800</u>	<u>3,500</u>	<u>3,500</u>	<u>7,000</u>	<u>5,500</u>	<u>5,500</u>	<u>11,000</u>	<u>24,800</u>
2.	<u>DEVELOPMENT COST:</u>										
	Head Office (Annexure V)	50	120	170	500	70	570	110	60	170	910
	Branches (Annexure V)	750	2,030	2,780	1,300	120	1,420	50	50	100	4,300
	Training Sub Centre (Annexure V)	-	-	-	800	1,000	1,800	-	-	-	1,800
	Total:	<u>800</u>	<u>2,150</u>	<u>2,950</u>	<u>2,600</u>	<u>1,190</u>	<u>3,790</u>	<u>160</u>	<u>110</u>	<u>270</u>	<u>7,010</u>
3.	<u>RECURRING COSTS:</u>										
	50% Branch Costs Charged to Training (Annexure III)	766	767	1,533	1,128	1,130	2,258	1,284	1,286	2,570	6,361
	25% H.C. Costs Charged to Training (Annexure III)	156	158	314	190	192	382	218	220	438	1,134
	Borrower's Training (Annexure VIII)	-	-	-	415	445	860	450	450	910	1,770
	Total:	<u>922</u>	<u>925</u>	<u>1,847</u>	<u>1,733</u>	<u>1,767</u>	<u>3,500</u>	<u>1,952</u>	<u>1,956</u>	<u>3,918</u>	<u>9,265</u>
	Total (1-2+3)	<u>5,122</u>	<u>6,475</u>	<u>11,597</u>	<u>7,833</u>	<u>6,457</u>	<u>14,290</u>	<u>7,612</u>	<u>7,576</u>	<u>15,188</u>	<u>41,075</u>
4.	<u>OPERATING INCOME (Loss)</u>	<u>(438)</u>	<u>(438)</u>	<u>(876)</u>	<u>(263)</u>	<u>(264)</u>	<u>(527)</u>	<u>64</u>	<u>64</u>	<u>128</u>	<u>(1,279)</u>
	<u>TOTAL FUND REQUIREMENT</u>	<u>5,560</u>	<u>6,913</u>	<u>12,473</u>	<u>8,096</u>	<u>6,721</u>	<u>14,817</u>	<u>7,548</u>	<u>7,512</u>	<u>15,060</u>	<u>42,350</u>
	1 US \$ = Tk. 23/-	\$ 241,739	\$ 300,565	\$ 542,304	\$ 352,000	\$ 292,217	\$ 644,217	\$ 328,174	\$ 326,609	\$ 654,783	\$ 1,841,304

INCOME PROJECTION (CREDIT OPERATION)

ANNEXURE II
IN THOUSAND TKA

	1983			1984			1985			Grand Total
	1st Half Year	2nd Half Year	Total	1st Half Year	2nd Half Year	Total	1st Half Year	2nd Half Year	Total	
<u>INCOME</u>										
16% Interest on loans & advances	968	970	1,938	1,614	1,616	3,230	2,280	2,230	4,560	9,728
Less 5% provisions for bad & doubtful debts	170	170	340	174	176	350	274	276	550	1,240
Net Interest Income	<u>798</u>	<u>800</u>	<u>1,598</u>	<u>1,440</u>	<u>1,440</u>	<u>2,880</u>	<u>2,006</u>	<u>2,004</u>	<u>4,010</u>	<u>8,488</u>
<u>OPERATING EXPENSES</u>										
50% Branch operating costs	766	766	1,532	1,129	1,130	2,259	1,284	1,285	2,570	6,361
75% H.O. recurring Costs	470	472	942	574	574	1,148	656	656	1,312	3,402
Total Operating Costs	<u>1,236</u>	<u>1,238</u>	<u>2,474</u>	<u>1,703</u>	<u>1,704</u>	<u>3,407</u>	<u>1,940</u>	<u>1,941</u>	<u>3,882</u>	<u>9,763</u>
Profit/(Loss) on credit operation	<u>(438)</u>	<u>(438)</u>	<u>(876)</u>	<u>(263)</u>	<u>(264)</u>	<u>(527)</u>	<u>64</u>	<u>64</u>	<u>128</u>	<u>1,225</u>

SCHEDULE OF OPERATING EXPENSES

ANNEXURE III
(In Thousand Taka)

	1983 (14 Branches)			1984 (20 Branches)			1985 (20 Branches)			Grand Total
	1st Half Year	2nd Half Year	Total	1st Half Year	2nd Half Year	Total	1st Half Year	2nd Half Year	Total	
A. HEAD OFFICE										
Recurring costs	572	574	1,146	658	660	1,318	758	758	1,516	3,980
Depreciation	54	56	110	106	106	212	116	118	234	556
Sub Total:-	<u>626</u>	<u>630</u>	<u>1,256</u>	<u>764</u>	<u>766</u>	<u>1,530</u>	<u>874</u>	<u>876</u>	<u>1,750</u>	<u>4,536</u>
B. BRANCHES:										
Recurring costs	1,316	1,316	2,632	2,010	2,010	4,020	2,311	2,312	4,623	11,275
Depreciation	215	217	433	248	249	497	258	259	517	1,447
Sub Total:-	<u>1,532</u>	<u>1,533</u>	<u>3,065</u>	<u>2,258</u>	<u>2,259</u>	<u>4,517</u>	<u>2,569</u>	<u>2,571</u>	<u>5,140</u>	<u>12,722</u>
Grand Total:-	<u>2,158</u>	<u>2,163</u>	<u>4,321</u>	<u>3,022</u>	<u>3,025</u>	<u>6,047</u>	<u>3,443</u>	<u>3,447</u>	<u>6,890</u>	<u>17,258</u>

SCHEDULE OF DEPRECIATION

ANNEXURE IV
(In Thousand Taka)

	1983 (14 Branches)			1984 (20 Branches)			1985 (20 Branches)			Grand Total
	1st half year	2nd half year	Total	1st half year	2nd half year	Total	1st half year	2nd half year	Total	
<u>HEAD OFFICE:</u>										
Building @ 2%	1	2	3	1	2	3	1	2	3	9
Furniture & Fixture @ 10%	12	13	25	16	16	32	19	20	39	96
Office Equipments @ 15%	12	14	26	20	21	41	28	28	56	123
Vehicles @ 20%	28	28	56	68	68	136	68	68	136	328
Sub Total:	<u>53</u>	<u>57</u>	<u>110</u>	<u>105</u>	<u>107</u>	<u>212</u>	<u>116</u>	<u>118</u>	<u>234</u>	<u>556</u>
<u>BRANCHES:</u>										
Building @ 2%	124	126	250	124	126	250	124	126	250	750
Furniture & Fixture @ 10%	22	23	45	28	29	57	28	29	57	159
Office Equipments @ 15%	18	20	38	30	30	60	30	30	60	158
Vehicles @ 20%	40	30	100	64	66	130	74	76	150	380
Sub Total:	<u>214</u>	<u>219</u>	<u>433</u>	<u>246</u>	<u>251</u>	<u>497</u>	<u>256</u>	<u>261</u>	<u>517</u>	<u>1,447</u>
Total Depreciation	<u>267</u>	<u>276</u>	<u>543</u>	<u>351</u>	<u>358</u>	<u>709</u>	<u>372</u>	<u>379</u>	<u>751</u>	<u>2,003</u>

SCHEDULE OF ACQUISITION OF ASSETS

ANNEXURE V
(In Thousand Taka)

	Opening Balance	1983 (14 Branches)			1984 (20 Branches)			1985 (20 Branches)			Sub Total	Total
		1st Half year	2nd Half year	Total	1st Half year	2nd Half year	Total	1st Half year	2nd Half year	Total		
<u>HEAD OFFICE</u>												
Building	125	-	-	-	-	-	-	-	-	-	-	125
Furniture & Fixture	175	50	20	70	-	70	70	30	40	70	210	385
Office Equipments	75	-	100	100	100	-	100	80	20	100	300	375
Vehicles	280	-	-	-	400	-	400	-	-	-	400	680
Sub Total:	<u>655</u>	<u>50</u>	<u>120</u>	<u>170</u>	<u>500</u>	<u>70</u>	<u>570</u>	<u>110</u>	<u>60</u>	<u>170</u>	<u>910</u>	<u>1,565</u>
<u>BRANCHES</u>												
Land	700	280	-	280	-	-	-	-	-	-	280	980
Building	6,000	400	1,600	2,000	1,000	-	1,000	-	-	-	3,000	9,000
Furniture & Fixture	250	-	200	200	-	120	120	-	-	-	320	570
Office Equipments	100	-	150	150	150	-	150	-	-	-	300	400
Vehicles	350	70	80	150	150	-	150	50	50	100	400	750
Sub Total:	<u>7,400</u>	<u>750</u>	<u>2,030</u>	<u>2,780</u>	<u>1,300</u>	<u>120</u>	<u>1,420</u>	<u>50</u>	<u>50</u>	<u>100</u>	<u>4,300</u>	<u>11,700</u>
<u>Training Facilities</u>												
Building	-	-	-	-	800	1,000	1,800	-	-	-	1,800	1,800
Sub Total:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>1,000</u>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>1,800</u>
Grand Total	<u>8,055</u>	<u>800</u>	<u>2,150</u>	<u>2,950</u>	<u>2,600</u>	<u>1,190</u>	<u>3,790</u>	<u>160</u>	<u>110</u>	<u>270</u>	<u>7,010</u>	<u>15,065</u>

CONSOLIDATED PROJECTION OF INTEREST INCOME:

ALL BRANCHES AT 19% INTEREST RATE

ANNEXURE - VI
(In Thousand Taka)

	1983			1984			1985			Grand Total
	1st half year	2nd half Year	Total	1st half year	2nd half year	Total	1st half year	2nd half year	Total	
<u>1983 (1st Year)</u>										
60% of outstanding loans and advances of Tk. 17,00,000/= at 19% interest	968	970	1,938	968	970	1,938	968	970	1,938	5,814
<u>1984 (2nd Year)</u>										
7% of outstanding loans and advances of Tk. 24,00,000/= at 19% interest	-	-	-	646	646	1,292	646	646	1,292	2,584
<u>1985 (3rd Year)</u>										
63% of outstanding loans and advances of Tk. 35,00,000/= at 19% interest	-	-	-	-	-	-	664	666	1,330	1,330
Total:-	968	970	1,938	1,614	1,616	3,230	2,278	2,282	4,560	9,728

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INCOME PROJECTION (SINGLE BRANCH)
AT AN INTEREST RATE OF 19%
 (NEW BRANCH)

ANNEXURE - VII
 (In Thousand Taka)

	1983			1984			1985			Grand Total
	1st half year	2nd half year	Total	1st half year	2nd half year	Total	1st half year	2nd half year	Total	
<u>1983 (1st Year)</u>										
Tk. 900,000/- @19% Interest assuming 10% utilization	30	30	60	-	-	-	-	-	-	60
<u>1984 (2nd Year)</u>										
Tk. 1500,000/- @19% Interest assuming 60% utilization	-	-	-	86	86	172	-	-	-	172
<u>1985 (3rd Year)</u>										
Tk. 2500,000/- @19% Interest assuming 70% utilization	-	-	-	-	-	-	166	166	332	332
Total:-	30	30	60	86	86	172	166	166	332	564

CASH FLOW STATEMENT (FOR LOANS & ADVANCES)

ANNEXURE - VIII

(In Thousand Taka)

	1983			1984			1985			Grand Total
	1st half year	2nd half year	Total	1st half year	2nd half year	Total	1st half year	2nd half year	Total	
<u>OUTFLOWS:</u>										
Loans and Advances	7,000	7,000	14,000	8,500	8,500	17,000	12,500	12,500	25,000	56,000
<u>INFLOWS:</u>										
Repayments	3,600	3,600	7,200	5,000	5,000	10,000	7,000	7,000	14,000	31,200
Surplus/ Deficit	<u>(3,400)</u>	<u>(3,400)</u>	<u>(6,800)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>(7,000)</u>	<u>(5,500)</u>	<u>(5,500)</u>	<u>(11,000)</u>	<u>(24,800)</u>
Net Fund Requirements	<u>3,400</u>	<u>3,400</u>	<u>6,800</u>	<u>3,500</u>	<u>3,500</u>	<u>7,000</u>	<u>5,500</u>	<u>5,500</u>	<u>11,000</u>	<u>24,800</u>

REPAYMENT OF LOANS & ADVANCES
CONSOLIDATED PROJECTIONS

ANNEXURE - IX
(In Thousand Taka)

	1983			1984			1985			Grand Total
	1st half year	2nd half year	Total	1st half year	2nd half year	Total	1st half year	2nd half year	Total	
<u>1983</u>										
Tk. 14,00,000/=	3,600	3,600	7,200	-	-	-	-	-	-	7,200
<u>1984</u>										
Tk. 17,00,000/=	-	-	-	5,000	5,000	10,000	-	-	-	10,000
<u>1985</u>										
Tk. 25,00,000/=	-	-	-	-	-	-	7,000	7,000	14,000	14,000
Total:-	3,600	3,600	7,200	5,000	5,000	10,000	7,000	7,000	14,000	31,200

DRAW DOWN SCHEDULE OF FUNDS
(PROJECTED HALF YEARLY FOR THREE YEARS)

ANNEXURE - X
(In Thousand Rupees)

	1983			1984			1985			Grand Total
	1st half year	2nd half year	Total	1st half year	2nd half year	Total	1st half year	2nd half year	Total	
1. Loans & Advances	7,000	7,000	14,000	8,500	8,500	17,000	12,500	12,500	25,000	56,000
Less repayments	3,500	3,500	7,000	5,000	5,000	10,000	7,000	7,000	14,000	31,000
Total 'A'	3,500	3,500	7,000	3,500	3,500	7,000	5,500	5,500	11,000	25,000
2. DEVELOPMENT WORK:										
I. Head Office:										
Furniture and Fixtures	50	20	70	-	70	70	30	40	70	210
Office equipment	-	100	100	100	-	100	50	20	100	300
Vehicles	-	-	-	100	-	100	-	-	-	100
Total 'B I'	50	120	170	500	70	570	110	60	170	910
II. Branches:										
Land & building	250	-	250	-	-	-	-	-	-	250
Buildings	500	1,500	2,000	1,000	-	1,000	-	-	-	3,000
Furniture and Fixtures	-	200	200	-	120	120	-	-	-	320
Office equipments	-	150	150	150	-	150	-	-	-	300
Vehicles	70	50	120	150	-	150	50	50	100	400
Total 'B II'	720	2,300	3,020	1,300	120	1,420	50	50	100	4,300
III. Transport & maintenance:										
Land & buildings	-	-	-	500	1,000	1,500	-	-	-	1,500
Total 'B III'	-	-	-	500	1,000	1,500	-	-	-	1,500
3. STAFF TRAINING:										
Staff training charges (trainees)	50	150	200	190	190	382	200	20	220	1,122
Tranches (50% charged to trainees)	716	797	1,513	1,128	1,130	2,258	1,284	1,236	2,520	6,361
Borrowers Training	-	-	-	415	445	860	450	450	900	1,770
Total 'C'	766	947	1,713	1,733	1,765	3,500	1,934	1,686	3,620	9,253
Grand Total 'A + B + C'	4,266	4,447	8,713	7,333	6,465	14,298	7,512	7,576	15,188	41,075
4. OPERATING EXPENSES (Loss)	(433)	(538)	(971)	(263)	(264)	(527)	64	94	128	(1,275)
NET FUND REQUIRED FOR DRAW DOWN	3,833	3,909	7,742	7,070	6,201	13,771	7,576	7,670	15,316	29,800
FOUR PER CENT	153,329	1,56,565	3,10,304	3,52,000	2,92,217	6,44,217	3,28,176	3,28,509	6,56,785	1,811,304

HEAD OFFICEANNEXURE - XI
In Thousand Taka

<u>DEVELOPMENT COSTS</u>	<u>TAKA</u>	<u>TAKA</u>
Furniture & Fixtures	210	
Office Equipments	300	
Vehicle	400	
	<hr/>	910
 <u>RECURRING COSTS</u>		
G.N. 1 x 6 x 12	72	
Chief Officers 2 x 5 x 12	120	
Officers 5 x 2.5 x 12	150	
Assistants 8 x 1.5 x 12	144	
Service Staff 5 x 0.7 x 12	42	
	<hr/>	
Fringe Benefit	132	
	660	
Travelling & Transportation	136	
Maintenance Expenses 5 x 12	60	
Rent and Electricity	122	
Telephone & Postage 4 x 12	48	
Vehicle Maintenance etc. 5 x 12	60	
Stationery & Printing 5 x 12	60	
	<hr/>	1146
		1146

SINGLE BRANCH COST

ANNEXURE - XII
(In Thousand Taka)

<u>DEVELOPMENT COST</u>		<u>TAKA</u>	<u>TAKA</u>	
Land Tk. 70 x 4		280		
<u>Building</u>				
Office, Staff Quarter & Godown Tk.600 x 5		3000		
<u>Furniture & Fixtures</u>				
Chair, Table, Desk, Bench, Cabinets 25 x 8=200				
Benches, Steel Almira, Fixture, etc. 20 x 6=120		320		
<u>Office Equipment</u>				
Typewriter 20 x 7 = 140				
Desk Top				
Calculator 8 x 20 = 160		300		
<u>Vehicles</u>				
Bi-Cycle		<u>400</u>	<u>4300</u>	
<u>RECURRING COSTS</u>				
(Single operating Branch, Base year 1983)				
1 Branch Manager 2 x 12 =		24		
5 Program Organiser 1.4 x 12 x 5 =		84		
1 Accounts Asstt 1.25 x 12 =		15		
1 Guard 0.65 x 12 =		8		
Fringe Benefits		33		
		<u>164</u>		
Maintenance Expenses		6		
General Expenses		3		
Travelling & Transportation		6		
Stationery & Supplies		6		
Postage & Telegrams		1		
Utilities		<u>2</u>	<u>188</u>	
Single Pre-operating Branch (base year 1984)				
1 P.O. Incharge 1.5 x 12		18		
5 Program Organiser 1.4 x 12 x 5		84		
1 Guard 0.65 x 12		8		
Fringe Benefit		28		
		<u>138</u>		
Maintenance Expenses		3		
General Expenses		2.50		
Travelling & Transportation		5		
Stationery & Supplies		6		
Postage & Telegram		1		
Rent		8		
Utilities		<u>2</u>	<u>165.5</u>	
<u>Recurring Costs</u>	1983	1984	1985	<u>Total</u>
<u>Operating Branch</u>				
Tk. 188 x 14	2632	3027	3481	9140
<u>Pre-operating Branch</u>				
Tk. 165.5 x 6		993	1142	2135
	2632	4020	4623	11275

BORROWERS TRAINING

ANNEXURE - XIII
In Thousand Taka

YEAR																Grand Total
	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	Total	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	Total	1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	Total	
Food, Accomodation fees, Conveyance for 200 Trainees (per year) at TARC aver @ Tk.250/- per Trainee.	125	125	125	125	500	140	145	145	145	575	160	160	165	165	650	1725
Food and conveyance for Trainees (per year) for 2400 Trainees at Branches & Training sub centres @ Tk.100/- per Trainee.	60	60	60	60	240	60	70	75	80	285	65	65	65	65	260	645
Total (A+B)	185	185	185	185	740	200	215	220	225	860	225	225	230	230	910	2510
Less Training Expenses to be paid from EZE fund	185	185	185	185	740	-	-	-	-	-	-	-	-	-	-	740
Net Borrowers Training Fund required	-	-	-	-	-	200	215	220	225	860	225	225	230	230	910	1770

Paddy cultivation
Recommended DosageRTV Ams/AMR

50% of total production goes to land lord.
50% of total material input and 100% of labour input is provided by share cropper.
Loan Tk.2300/= for 4 months

Cost and Return at Various Interest Rates:

Seed/seedlings per Acre Tk. 75.00

Fertilizer :

Urea 2 maunds @ Tk. 150/= Tk. 300.00

TSP 2 " " 140/= " 280.00

H.P. 1 " " 130/= " 130.00

" 710.00

" 167.00

" 1500.00

Pesticides

Irrigation

Labour Inputs:

Seed bed preparation Tk. 60.00

Ploughing " 240.00

Transplanting " 450.00

Weeding " 210.00

Harvesting " 270.00

Post harvesting " 100.00

" 1330.00

Total Cost

" 3782.00

Less 50% material input Cost is provided by land owner

" 1226.00

" 2556.00

Crop available for sales for Income:

Gross Yield 48 maunds

less land lord share 24 "

24 "

Income from sale of 24 maunds of paddy @ Tk. 130% =Tk. 3120.00

Less operating cost

" 2556.00

Tk. 564.00

Net Income at various Interest Rates:

	18%	24%	36%
Gross income	564.00	564.00	564.00
Less Interest Payment	207.00	276.00	414.00
Net Income	375.00	288.00	150.00

Banana Cultivation
on rental basis (1.00 Acre)
Loan Tk. 14,000.00 to be
repaid in 36 months in 3
instalments.

Cost and Return at Various Rates of Interest :

	<u>Total</u>
Rent of land	Tk. 4500.00
Seddlings/Suckers	" 1000.00

Chemical fertilizer :

Urea 5 maunds	Tk. 750.00	
ZoP 8 maunds	" 1120.00	
M.P. 1.75 maunds	" 227.00	
		" 2,097.00
Oil Cake 5 maunds		" 600.00
Cow Dung/Compost 170 maunds		" 340.00
Pesticides		" 100.00
Bamboo/Jute for plant support		" 2750.00

Labour Inputs

Land preparation	Tk. 340.00	
Plantation	" 400.00	
Weeding	" 1660.00	
Earthing up and cleaning	" 800.00	
Bamboo cutting, roap making etc.	" 660.00	
Others	" 600.00	
Total operating cost		" 4460.00

" 15,847.00

Sale of 1600 bunches of banana @ Tk. 20.00 Tk. 32,000.00

Net Income at Various rate of Interest :

	18%	24%	36%
Gross income	32,000.00	32,000.00	32,000.00
Less Loan re- payment	14,000.00	14,000.00	14,000.00
	<u>18,000.00</u>	<u>18,000.00</u>	<u>18,000.00</u>
Less own fund repayment	1847.00	1847.00	1847.00
	<u>16,153.00</u>	<u>16,153.00</u>	<u>16,153.00</u>
Less Interest	5,040.00	6,720.00	10,080.00
	<u>11,113.00</u>	<u>9,433.00</u>	<u>6,073.00</u>

Sugar cane cultivation on Rental basis, (1.00 acre) Loan Tk.6500.00 to be repaid in 36 months in 3 instalments

Cost and Return at various interest Rates :

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>
Seedlings	1350.00	-	-
<u>Chemical Fertilizer :</u>			
Urea	330.00	330.00	330.00
TSP	330.00	-	-
MP	80.00	-	-
Cow Dung/Compost	210.00	-	-
<u>Labour Inputs</u>			
Land preparation	480.00	-	-
Plantation	225.00	-	-
Weeding	1215.00	1215.00	1215.00
	4220.00	1545.00	1545.00
Rent of land	3000.00	3000.00	3000.00
Total operating cost :	<u>7220.00</u>	<u>4545.00</u>	<u>4545.00</u>
<u>Total Income at various interest Rates :</u>			
	18%	24%	63%
Gross Income	22500.00	22500.00	22500.00
Less loan repayment	6500.00	6500.00	6500.00
	<u>16000.00</u>	<u>16000.00</u>	<u>16000.00</u>
Less own fund repayment	720.00	720.00	720.00
	<u>15,280.00</u>	<u>15,280.00</u>	<u>15,280.00</u>
Less Interest payment	2340.00	3120.00	4680.00
	<u>12,940.00</u>	<u>12,160.00</u>	<u>10,600.00</u>
Net income			

ANNEXURE - XVII

Potato cultivation on Rental basis. (HYV) Loan to be repaid in five months time in one instalment. Loan per Acre Tk. - 8000.00. Group contribution Tk. 1020.00.

Cost and Return at various Interest Rates :

Rent of Land (1.00 Acre)	Tk. 2,400.00
Seeds (Imported HYV seeds) 18 maunds	" 1,800.00

Fertilizer :

Urea	8 maunds	Tk. 1160.00	
TSP	8 "	" 1120.00	
M.P.	4 "	" 440.00	
			" 2,720.00
Pesticides			" 150.00

Labour Inputs :

Land Preparation	" 600.00	
Plantation	" 400.00	
Weeding/Mulching	" 450.00	
Harvesting	" 400.00	
Post harvesting	" 100.00	
		" 1,950.00
Total operational Cost		" 9,020.00

Sale of 350 maunds @ Tk.45.00 Tk.11250.00

Net Income at Various Interest Rate :

	18%	24%	36%
Gross income	11250.00	11250.00	11250.00
Loan repayment	8000.00	8000.00	8000.00
	<u>3250.00</u>	<u>3250.00</u>	<u>3250.00</u>
Own fund repayment	1020.00	1020.00	1020.00
	<u>2230.00</u>	<u>2230.00</u>	<u>2230.00</u>
Interest payment	600.00	800.00	1200.00
Net Income	<u>1630.00</u>	<u>1430.00</u>	<u>1030.00</u>

Cost & Return of a Shallow Tube well for Irrigation over a period of ten years

ANNEXURE - XVIII
In taka

Year	1	2	3	4	5	6	7	8	9	10	Total
Loan Capital	36000	-	-	-	-	-	-	-	-	-	36000
Group's Fund	4000	13200	13200	13200	13200	13200	13200	13200	13200	13200	122500
Irrigation fee	22500	22500	22500	22500	22500	22500	22500	22500	22500	22500	225000
Salvage Value	-	-	-	-	-	-	-	-	-	2550	2550
Total In	62500	35700	35700	35700	35700	35700	35700	35700	35700	38250	386350
Capital equipment	25500	-	-	-	-	-	-	-	-	-	25500
Cost Servicing	15000	15000	15000	15000	15000	-	-	-	-	-	75000
Asset Depreciation	2450	2450	2450	2450	2450	2450	2450	2450	2450	2450	24500
	42950	17450	17450	17450	17450	2450	2450	2450	2450	2450	125000
Tube well sinking	800	-	-	-	-	-	-	-	-	-	800
Conveyance	500	500	500	500	500	500	500	500	500	500	5000
House making/Repairing	1000	500	500	500	500	500	500	500	500	500	5900
Fuel	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	55000
Lubricants	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	15000
Spare Parts	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	10000
Machine repairs	500	500	500	500	500	500	500	500	500	500	5000
Drivers Salary	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	30000
Others	700	700	700	700	700	700	700	700	700	700	7000
Total Operating Cost	14500	13200	13200	13200	13200	13200	13200	13200	13200	13200	106300
Total Out	57450	30650	30650	30650	30650	15650	15650	15650	15650	15650	231300
Net Return	5050	5050	5050	5050	5050	20050	20050	20050	20050	22600	155050

ANNEXURE - XIX

Pisciculture

One Acre (1.00) pond
Loan amount Tk. 16500.00
Repayable in 3 Years

Cost and Return at Various Interest Rates :

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>
Lease cost	6000.00	-	-
Fishfry 4500 @ Tk.0.60	2700.00	2700.00	-
Fisherman cost	1500.00	1500.00	1500.00
Fertilizers	1600.00	800.00	400.00
Fish feed	1700.00	1700.00	1700.00
Guard	3000.00	3000.00	3000.00
	<u>16500.00</u>	<u>9700.00</u>	<u>6500.00</u>
Income from sales 1350 fish @ Tk.10.00/=	13500.00	13500.00	20250.00
Tk. 10.00 Tk. 15.00 respectively			

Net income at various Interest Rates :

	18%	24%	36%
Gross income in three years	47250.00	47250.00	47250.00
Loan repayment	<u>16500.00</u>	<u>16500.00</u>	<u>16500.00</u>
	30750.00	30750.00	30750.00
Own fund repayment	<u>16300.00</u>	<u>16300.00</u>	<u>16300.00</u>
	14450.00	14450.00	14450.00
Interest payment	<u>5940.00</u>	<u>7920.00</u>	<u>11880.00</u>
Net Income	<u>8510.00</u>	<u>6530.00</u>	<u>2570.00</u>

ANNEXURE - XX

Weaving
 Operating 20 days a month
 loan to be repaid in 36 months
 in quarterly instalments. Amount
 of loan Tk. 8,000.00 inclusive
 of working Capital of Tk. 2500/=

Cost & Return at Various Interest Rates :

Cost of loom	<u>Tk. 4000.00</u>
Raw materials for 3 months	Tk. 9066.00
Labour charges	" 2616.00
	<u>" 11682.00</u>
Quarterly Instalment	" 666.00
Quarterly Interest @ 18%	" 195.00
" " @ 24%	" 260.00
" " @ 36%	" 390.00
Sale of 2160 yds cloth @ Tk. 6.00 per Yard.	" 12960.00

Net Income at Various Interest Rates :

	18%	24%	36%
Quarterly income	12960.00	12960.00	12960.00
Less Operating Cost	<u>11682.00</u>	<u>11682.00</u>	<u>11682.00</u>
	1278.00	1278.00	1278.00
Less Depreciation	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
	1178.00	1178.00	1178.00
Less Interest	<u>195.00</u>	<u>260.00</u>	<u>390.00</u>
	<u>983.00</u>	<u>918.00</u>	<u>788.00</u>

ANNEXURE - XXI

RICKSHAW PULLER

Loan Amount Tk. 4500/-

Period 36 months.

Cost & Return at Various Interest Rates :

Cost of a new Rickshaw	<u>Tk. 4500.00</u>
Monthly Instalment	Tk. 125.00
Monthly Depreciation @ 10%	" 37.50
Monthly Interest @ 18% on reducing Capital	" 34.69
Monthly Interest @ 24% " "	" 46.25
Monthly Interest @ 36% " "	" 69.38
Monthly Income @ Tk.25/- perday operating 20 days a month	" 500.00

Net Income at Various Interest Rates :

	18%	24%	36%
Monthly Income	500	500	500
Less Loan Instalment	125	125	125
	<u>375</u>	<u>375</u>	<u>375</u>
Less Depreciation	37.50	37.50	37.50
	<u>337.50</u>	<u>337.50</u>	<u>337.50</u>
Less Interest	34.69	46.25	69.38
	<u>302.81</u>	<u>291.25</u>	<u>268.12</u>

APPENDIX - C

BASIC INFORMATION ABOUT BANGLADESH

Location and Area :	Latitude between : 21.30° and 27.29° North, Longitude between: 88.01° and 92.52° East: Area: 55,598 Sq. Miles./-
Capital :	Dhaka (Present area: 400 Sq miles)
Climate & Rainfall:	Temperature Changes: January: 49°F to 78°F July 78°F. to 89°F. Rainfall lowest: 49.9", Highest: 225-76", Rainy Season (Monsoon) May/June - September/October.
Population:	89.94 million. Population density per Square mile is 1675. 10% Urban & Rest 90% Rural.
State Language:	Bangla (Bengali). English is also spoken and understood in big cities.
Principal Rivers:	Meghna, Padma, Brahmaputra, Jamuna, Moihumati, Surma and Karnaphuli
Important Crops:	Jute, Rice, Tobacco, Tea, Sugar-cane, Pulses, Potato etc.
Important Industries:	Jute, Sugar, Paper, Textiles, Silk, Leather, Cement, Natural Gas, Newsprint etc.
Sea Ports:	Chittagong and Chalna (Khulna)
Air Ports:	Dhaka (International), Chittagong, Jessore, Syedpur, Ishuridi, Sylhet, Cox's Bazar, Comilla and Thakurgaon.
Communication:	Road, Rail and Water communication exists between Dhaka and other districts. Bangladesh Biman (Bangladesh Airlines) connects major towns and cities. Dhaka can be reached by Bangladesh Biman, Air India, BOAC, Thai International Aeroflot and Interflug. Other world-airlines are expected to operate soon. Motorable road connection to villages is practically non-existent. Roads serve approximately 2/3 of the rural thanas.
Currency :	Taka 1 = 100 paisa Taka 24.50 = U.S.\$ 1.00 1 lakh = 100,000 (written as 1,00,000) 1 crore = 10,000,000 (written as 1,00,00,000)

Weights : 1 maund (mnd. or md.) = 40 seers = 32.2 pounds)
 1 seer (sr. or srs.) = 2.06 pounds.
 1000 Gram = 1 K.G.
 1000 K.G. = 1 Ton.

Land : Bigha : A unit of land. The size of a bigha varies over Bangladesh from about 1/3 to 1/2 acre (.135 hectare)

Government : Divisions = 4 Nationwide
 Districts = 21
 Thanas = 469 including urban Thanas. (also called "Police Station": area 10 -15 square miles).
 Smallest Government administrative unit.
 Unions = 4365 plus. (elected Union Parishad (council) 1 Chairman, 9 members).

Major Rice Crops : Aman (50-60% of total rice production). Seedlings are raised in June-July. Harvested November - December.
Aus : (20-25% of production). Seedling mid-March and April. Harvested July - August.

Major export crop: Jute: Local and Tossa varieties. Season April - August.