WOMEN AND CREDIT IN THE AGRICULTURAL DEVELOPMENT OF NEPAL

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DECLARATION

Except where otherwise indicated, this sub-thesis is my own work.

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ABSTRACT

It has been observed that women in Nepal contribute a great deal to the agricultural output of the country. However, until very recently their contribution was almost unrecognized in government development policies and plans. Women had lagged behind economically as well as socially.

A special credit programme (with some social components) for women in the agricultural sector, 'The Women's Development Programme' was introduced in 1981 through the initiative of the Agricultural Development Bank. This programme has been launched in the selected Small Farmer Development Projects. The main objective of the Women's Development Programme is to raise the economic status of women.

In Nepal, there have been no studies carried out on the relationship between women and credit. Thus, this study is the first of its kind for Nepal. Hence, it must be regarded as a pilot study of the credit aspects of the Women's Development Programme. It mainly examines the net financial benefits of this credit programme to the women borrowers and the role of the Agricultural Development Bank. Also, it analyses the loan repayment performance of male and female borrowers.

For the analysis, two Small Farmer Development Projects, Taklung and Budhanilkantha, located in the hill area of Nepal, were selected. The analysis is mainly based on data which were collected in a survey of these two projects.

Its general conclusion is that, on the whole the programme can be considered a success.

The evidence shows that the net financial benefits to women from the loan programme were substantial in both projects, but the net financial
returns to the Agricultural Development Bank from this loan programme are still negative. Yet the programme also has socio-economic objectives, and here its results are also positive. The analysis also reveals that women are better repayers of loans than men. Consequently, the Agricultural Development Bank should take a positive view towards the Women's Development Programme and the women's loans. Finally, this study recommends that the Women's Development Programme should be expanded gradually throughout the country and administered on a nationwide scale.
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ABBREVIATIONS

ADB    Asian Development Bank
ADB/N  Agricultural Development Bank, Nepal
ASARRD Asian Survey for Agrarian Reform and Rural Development
FAO    Food and Agriculture Organization
GNP    Gross National Product per capita
GO     Group Organizer
Ha     Hectare
HMG/N  His Majesty's Government of Nepal
IFAD   International Fund for Agricultural Development
S.L.C. School Leaving Certificate
Kg     Kilogramme
Km     Kilometre
mm     Millimetre
Rs     Rupees
N      Number
SFDP   Small Farmer Development Project (under the Small Farmers' Development Programme)
UN     United Nations
UNICEF United Nations Children's Emergency Fund
UNFPA  United Nations Fund for Population Activities
USAID United States Agency for International Development
WGO    Woman Group Organizer

GLOSSARY

Pakho  Upland land
Khet   Plain land
Khola  Stream
Rupee Nepali Rupee (currency unit)

Exchange Rate, April 25, 1985

$US1 = Rs18
1.1 Country Background

Nepal is a small hilly country in Asia. The country can be broadly divided into three parallel geographic regions extending from east to west — the Terai (the plains), the middle hills and the high mountains, covering respectively 23, 43 and 34 per cent of the area (ADB and HMG/N, 1982:3). The economy of the country is heavily dependent on agriculture which contributes 60 per cent of the national gross domestic product (ADB and HMG/N, 1982:5). Owing to the slow growth of agricultural production and low agricultural productivity during the last few years, associated with the lack of development in the modern sector, the annual growth of the gross domestic product in the country has always been low. The average annual growth rate during 1970-82 was 2.7 per cent (World Bank, 1984:220). However, owing to the rapid growth of population, the average annual growth rate of population (currently 2.6 per cent) has outstripped the average annual growth rate of gross domestic product for the last few years. This has led to a negative average annual growth rate of gross national product per capita of (-)0.1 per cent during 1960-82 (World Bank, 1984:218).

The Population Census 1981 estimated that the population of Nepal was 15.02 million; 7.69 million (51 per cent) male and 7.33 million (49 per cent) female (National Planning Commission, 1984:4). The proportion of the hill population to total population was estimated at 48 per cent, but the hill people are continually migrating to the Terai owing to limited agricultural potential and development in the Hills. However, the population per square kilometre of cultivated land is higher in the Hills
(658 persons per square kilometre) than the national average of 472 persons per square kilometre (ADB and HMG/N, 1982:3).

According to the Population Census 1981, the economically active population (that is, those engaged in productive activities) was 6.9 million (65 per cent); 4.48 million (83 per cent) male and 2.37 million (46 per cent) female. For the country as a whole, 91 per cent of the total economically active population were engaged in agriculture; 89 per cent in the case of males and 96 per cent in the case of females (although some of these spent part of their time in other occupations). These proportions were even greater in the hill areas; 91 per cent for males and 97 per cent for females.

1.2 The Problems

The growth of the Nepalese economy has been very slow. Hughes (1985:15) indicates that Nepal has failed to increase its food production per capita. It had slow, almost zero, growth. She concludes:

Nepal remains one of the poorest countries in the world despite some 20 years of high aid inflows and aid investment in human resource development. Population growth in the face of static agricultural output has led to deforestation and degradation of the environment. Living standards have declined (Hughes, 1985:17).

It appears that something needs to be done, especially for the rural areas where living standards are miserable. The solution only lies in raising the productivity of the major sectors of the economy by increasing the productivity of land, capital and human resources.

In Nepal, women do at least 50 per cent of the agricultural work and even more if their total work in and outside agriculture is considered. This is evident in the literature surveyed. However, women are still ignored by the mainstream of development. Underemployment in rural areas was estimated to be 64 per cent of full employment\(^1\) as against 45 per cent

\(^1\)Full employment is defined as 250 work days per person in a year.
in urban areas. Male underemployment in rural areas was estimated at 58 per cent. The unemployment situation for women in rural areas was even worse, 69 per cent (National Planning Commission, 1978:76). Despite their heavy involvement in agricultural work, women are generally underemployed in rural areas, as shown by national statistics. This may indicate four things: (i) potential working days available are few because of seasonality in agriculture; (ii) low marginal productivity owing to traditional production methods; (iii) lack of employment opportunities for women in the modern sector; and (iv) low level of skills. Some common problems confronting rural women are lack of land ownership, technological knowledge and capital.

The key issue is the neglect of women in the development process despite their greater role in agricultural activity and, at the micro level, their contribution to family income. C. Joshi (1980:2) notes that in the five Development Plans of Nepal, no specific mention is made of women as a separate target group. J. Joshi (1980:44) argues that whatever is done for women's development, looks like a lip service approach because it is designed with a partial approach rather than a comprehensive programme for their total development. There are a few projects run by the Women's Organization, the Women's Training Centre and under International Women Year Programme but they have not tried to enlighten women about income generation.

The commencement of a credit programme for women is considered to be one way of overcoming the essential growth problem. However, until the late 1970s, there appeared to be no attempt on the part of the Nepalese Government and formal credit institutions to recognize and accept women as independent borrowers having equality with men.
Easy accessibility to agricultural credit for women has become a necessity today. Agricultural credit is a powerful instrument for motivating women to participate in agricultural development. Credit could be one of the essential inputs for raising agricultural production or for starting agro-based income generation activities by women. Employment for women can be created by such activities.

As a major step, the special credit programme for women (that is, the Women's Development Programme in Selected Small Farmer Development Projects) was introduced in 1981 by the Agricultural Development Bank.

The share and role of women in agricultural credit systems cannot be determined for the country as a whole, or even for the areas where the Small Farmer Development Projects are functioning, unless detailed studies are conducted. The two projects selected for this study should provide an insight into the present situation concerning women and credit in agricultural development, although generalizations for the country as a whole cannot be made precisely.

1.3 Aims of the Study

In Nepal very few studies have been carried out and documented in the areas related to women in general and no study has yet been done on the particular topic of women and credit. This study is the first on this topic for Nepal. It is hoped that this study will not only fill the gap in the literature but also help the authorities to formulate policies.

The study is basically concentrated in the hill areas with the following specific objectives:

(1) to undertake a pilot study of the credit aspects of the Women's Development Programme;
(2) to assess the net financial benefits of this credit programme to the women borrowers (of the projects studied);
(3) to examine the net financial returns from this credit programme (of the projects studied) to the Agricultural Development Bank;
(4) to analyse the loan repayment performance of borrowers: males and females (of the projects studied);
(5) to assess the overall performance of the Women's Development Programme in the light of summary statistics available on the implementation of the programme;
(6) to review the problems of women and the projects studied in the context of the implementation of the Women's Development Programme.

1.4 Organization of the Study

This study is presented in eight chapters. Chapter 1 introduces the topic of study with the country's background, the problems and aims of the study.

Chapter 2 is a review of literature on the role of women in agriculture, mainly in the context of developing countries. The literature covers both theoretical discussions and empirical findings.

Chapter 3 deals with the credit programme for women in Nepal, starting with a discussion on formal and informal lending situations. The integration of the Women's Development Programme into the Small Farmers' Development Programme is examined.

Chapter 4 describes the general characteristics of the two survey areas; Taklung in the Gorkha District and Budhanilkantha in the Kathmandu
District. Taklung and Budhanilkantha are areas where two of these programmes are situated. The description also covers the Gorkha and Kathmandu Districts in general.

Chapter 5 gives an overview of project activities for the two projects, Taklung and Budhanilkantha. The activities considered are group formation, group membership, group saving, loans, training and social and community activities.

Chapter 6 explains the methodology of the study, covering the survey procedures, variables and analysis.

Chapter 7 presents the main results and discussions of the study mainly based on the survey data.

Chapter 8 concludes the study with concluding remarks and policy recommendations in the light of major findings of the study.
Chapter 2

ROLE OF WOMEN IN AGRICULTURE, WITH SPECIAL REFERENCE TO DEVELOPING COUNTRIES

2.1 Introduction

Historically, the agricultural sector has been the major contributor to economic development in almost all developing countries. The role of women in agriculture is as important as the role of agriculture in economic development. In other words, women, agriculture and economic development are closely related as well as important issues.

An economic model, or a theory, is only as strong as the behavioural generalizations upon which it is based. The various hypotheses about the role of agriculture — and especially of the agricultural labour force — in economic development have been formulated and argued at high levels of aggregation with regard to the economic units which undergo transformation.

Some, however, have argued (and the conclusion is usually evident in disaggregated data) that the agricultural labour force in developing countries cannot be so easily treated as a homogeneous entity. The role of women in agriculture in developing countries — and therefore their role in economic development — needs to be studied more closely before generalizations, and policy implications, are drawn about 'the rural labour force' and its potential, or otherwise, to provide an input into development.
2.2 Participation Rate

About half the population of every country is female. The participation rate (economically active labour force) in Asia ranges from 6 per cent for Pakistan to 45 per cent for Thailand (Acharya, 1975). In Nepal, 27 per cent of the total female population is reported as being economically active compared to 59 per cent of the total male population (National Planning Commission, 1975). Minimal participation rates are found in Muslim countries where it is shameful for men to admit that their wives are anything other than housewives (Ware, 1981: 213). Out of the total economically active female population in Nepal, 98 per cent are engaged in agriculture and the other 2 per cent are employed in various non-agricultural occupations (National Planning Commission, 1975).

Acharya (1975) has tried to analyse women's role in the world's economy on the basis of international statistical data. However, she cautions against these statistics as they often misrepresent the actual contributions of women to economic development. Participation figures for women overlook that domestic services are productive labour, and often leave out a large portion of the economically active population in developing countries. The economically active population is defined as:

All persons of either sex who furnish the supply of labour for the production of economic goods and services during the time – reference period chosen for investigation (UN, 1968).

The definition of economic activity may vary from country to country, and it is in the classification of female work that the application of various standards seems most capricious. Whether women in farm families are defined as economically active or inactive depends largely on a necessarily arbitrary decision. For example, in one Fijian survey, the dividing line was the number of chickens owned: a wife who cared for nine chickens was classified as a housewife, but a wife caring for ten or more chickens was recorded as an agricultural worker (Ware, 1981:212).
Concepts and methods of reckoning labour force participation based on contemporary western experience have proven inadequate when applied to developing countries, where workers are more likely than their western counterparts to be self-employed rather than wage earners, to work seasonally rather than year-round, and to be underemployed rather than formally unemployed (Dixon, 1982:540).

Probing and correcting for the selective undercounting of women's participation in agricultural activities are of obvious statistical interest. Understanding the extent of such undercounting also has implications for development planning and theory. Sex-related biases in labour statistics may lead planners wrongly to assume that women's economic contributions to subsistence or cash crop production, processing and marketing are negligible, resulting in the exclusion of women from access to crucial productive inputs such as technical assistance in crop raising or animal husbandry, agricultural credit, training in farm equipment operation, and other resources—oft cited negative effects on women and on overall productivity (Dixon 1980; Palmer 1979, cited in Dixon 1982:561).

Most studies support the U-shaped hypothesis that women's participation in agriculture falls in the early stages of economic development, to rise again at a later stage (Durand 1975; Sinha 1965, cited in Ware 1981:216). The explanation appears to be that the shrinkage of agricultural and informal employment opportunities during the early stages of development places women at a disadvantage, especially as preference is given to men in employment in the formal sector. Women's participation rates supposedly rise again with the spread of female education and the rising demand for women's services in the tertiary sector (Durand 1975, cited in Ware 1981: 217).
Acharya (1975) tries to examine the attitudes behind the situation of Asian women in general, and Nepalese women in particular, and suggests measures for changing these attitudes. Quoting Sumalle Viravidya's views on educated Thai women, the author attributes many of the same characteristics to elite Nepalese women: despite their active economic involvement, the Thai women still think "men are generally takers and women are givers".

There have, fortunately, been some more detailed studies of women and their role in the development of agriculture (and therefore in the economic development process). Boserup's study indicated that the participation rate of women in agriculture depends upon the type of cultivation being undertaken:

... in very sparsely populated regions where shifting cultivation is used, men do little farm work, the women doing most. In somewhat more densely populated regions, where the agricultural system is that of extensive plough cultivation, women do little farm work and men do much more. Finally, in regions of intensive cultivation of irrigated land, both men and women must put hard work into agriculture in order to earn enough to support a family on a small piece of land (1970:35).

Boserup (1970:26, Tables 1 and 2) cites the examples that in Asia, where plough cultivation is practised, women work fewer hours than men in agriculture, while the opposite is usually true in African villages where shifting cultivation is practised.

Women's activity rate in agriculture differs among various communities with differences in culture, caste, religion and wealth, within the same region and country. Boserup (1970:70) by taking the Indian example has noted:

... Thus, within the social microcosm of a single Indian village, one can clearly identify the different types of female work pattern which we have described as being characteristic of various parts of the world at large. First, there is the veiled, non-working woman of the Middle East. Secondly, we have the domestic wife who contributes very little farming; this we recognise as the characteristic type of many Latin American countries. The third type is
that of the active family worker who must carry a large share of the burden of work in the family farm and who may occasionally work for others. She is characteristic of the South East Asian scene. And fourthly, we find the 'African type' of woman who cannot expect to be supported by her husband, but must fend independently for her own support and for that of the family by accepting whatever work she can find.

Thus, in the rural economy at least, the involvement of women seems to be greater, the closer a family is to subsistence levels of income. The female participation rate is negatively correlated with the use of hired labour on farms (Boserup, 1970:30). It may further be surmised that the mechanisation of some farm activities, and use of chemical inputs such as herbicides and pesticides, reduce women participation rates.

2.3 The Economic Role of Women

The economic role of women, that is, their recorded contribution to national income, varies but it is never very large. In agriculture, in developing countries, the contribution of women (as measured by hours worked) ranges from 2 to 68 hours per week, while that of men ranges from 9 to 75 (Boserup, 1970:21 and 25, Tables 1 and 2). In many countries, the recorded female labour force in agriculture as a proportion of the male labour force is one or greater (Boserup, 1970:27-28, Table 3), without any accurate measure of subsistence production being taken into account. These figures do not measure total hours worked or total percentages of working women, because they do not include work undertaken outside of agriculture but within the rural economy, including domestic work. They may thus be taken to be the minimum contribution by women to agriculture rather than averages. To place a more or less arbitrary value on this work (whether by conversion to mandays or by comparison with ruling wage rates), that is, to assume it to be subject to the same conditions and constraints
as those enjoyed by men, is to make a simplifying assumption which may prove to be too strong.

Examining the issues pertinent to Third World economics, Acharya (1979) questions the relevance of using GNP as the sole economic measure of development since it concentrates only on the production of exchange-value. Significantly much of the use-value activity is performed by women. Hence, their true economic contribution is grossly under-estimated. The author suggests that a better approach for assessing the totality of economic activity in a traditional subsistence economy such as Nepal's, should focus on the creation of both exchange-value and use-value. Very few subsistence activities enter into Nepalese GNP statistics.

Boserup (1970:161) has discussed the contribution of African women in Bantuland and has shown that as much as 55 per cent of the income in that subsistence economy is not recorded in conventional GNP statistics.

No matter whether it be a developing or developed country the economists and planners do not regard labour performed by housewives as a part of economic activity. Gelber (1970, cited in Ware, 1981) states that estimates of the value of housewives' services in developed countries usually suggests that they are equivalent to approximately a quarter of the GNP.

The difficulties of aggregation are considerable but the ease with which the contribution of women to development is either glossed over or subsumed is even greater. Lewis (1958:404) builds a large part of his theory of surplus labour in agriculture on the role played by women:

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1 Citing the Nepalese example, Acharya (1979) says — Nepal, where 40% of the economy is involved in the creation of use-value (home consumption) outside the market place, a major economic sector is totally overlooked by taking a GNP approach.
the transfer of women's work from the household to commercial employment is one of the most notable features of economic development ... one of the surest ways of increasing the national income is to create new sources of employment for women outside the home.

Yet, apart from noting "a great number of factors, both religious and conventional" (404), Lewis has little to differentiate the female labour force from that of men. Similarly, strict neoclassical theory of agriculture in developing countries (which maintains that the same models of economic development apply regardless of time and place — Schultz, 1979: 9-11) holds that small, poor farmers are efficient at all times, subject to constraints imposed from outside. Schultz (1979:465) also states that "on most farms there is a second enterprise, the household. Housewives are also entrepreneurs in allocating their own time and in using farm products and purchased goods in household production". The theory of the 'new household economics' has grown up, one suspects, largely to provide a more adequate explanation of the activities of women subject to a different set of institutional constraints.

2.4 Role of Women in Farming System

Axinn (1982:3) argues that women's participation in farming systems is not a new phenomenon. Historically, there have always been women's crops, women's livestock and women's roles in agricultural production. Cotton in Africa is grown by women for weaving cloth, rice by women in Asia and Africa for food and income.

Axinn further notes that just as it is inappropriate to identify only crops as a farming system, it is equally inappropriate to identify only women as farmers or only men as farmers. Women are part of the farming system. Research in Indonesia also confirms the vital role women play
in subsistence family systems in that country. Data are increasingly available throughout Asia, documenting the contribution women make to farming systems, which are responsible for the food supply to the majority of the world's population.

2.4.1 Types of Crop Production by Women

Women actively participate in the production of various food and cash crops. In Nepal, women are the major contributors to subsistence food production. They are also actively engaged in the production of some cash crops such as jute, tobacco, etc. But the situation in other parts of the world is not the same as in Nepal. For example, Okonjo (1979:327) indicates that in the two towns (Obamkpa and Ogwashi-Uku) of Nigeria, farming of major cash crops is mainly an occupation for men, with the participation of women being confined mainly to growing such "women's crops" as cassava, cocoyams, okra, peppers, and pumpkins. These crops are important for home consumption.

Women not only participate in the production of crops, but also do many other tiring jobs. In the Nepalese context, women work much harder than men. In addition to work in the fields and housework, they traditionally collect fodder, fuel and other forest products. Acharya et al. (1983) noted that in the rural areas of Nepal women on average spend 2.16 hours a day for fuel and water collection, and food processing whereas men only spend 0.80 hour a day on these activities.

2.4.2 Agricultural Tasks by Sex

Women perform various important agricultural tasks such as planting/transplanting, weeding, manuring, harvesting, processing etc.; some of the tasks are their sole responsibility and some they do together with men.
Slatter (1984:1) states: it is generally held that in Melanesia women were the principal agriculturalists. The writer makes an attempt to trace the nature and development of women's involvement in agriculture in each of the four countries; Papua New Guinea, Fiji, Western Samoa and Tonga. It is stated:

Much of the research has described women's roles in these societies as principally that of 'producers' while men have been described essentially as 'transactors' ... In some societies in Papua New Guinea, agricultural work was more equally shared and a division of labour by sex was either loosely defined or absent ... One of the most significant trends in women's agriculture work in Papua New Guinea is the movement of women into both plantation work and into cash cropping (Slatter, 1984:3-8).

2.5 Status of Women and Development

During the past few years the relationship between development and status of women has been the subject of considerable controversy. Formerly it used to be assumed that there was an automatic relationship between development in general and progress of women. It was believed that if a country was better off then women must also be in a better position. This ran parallel with the belief that through a 'trickle-down effect' all development ultimately benefited the women and poor. But it was not so in reality (Ware, 1981:18).

Status is a relative term, a statement about status implies a comparison or ranking (Ware 1981:12). It has been argued that the modernity of society could be measured by the range of choices open to women (Safilios-Rothschild 1971, cited in Ware 1981:13), but finding is that there is no linear relationship between a country's level of economic development and the range of women's options in different life sectors.

Women's rights should be seen as a human rights issue and not as a means to an end. For the great majority of women in Third World countries,
poverty is a more important issue than human rights. This is why it is so important to change the emphasis from women's rights and status to women's participation both in creating development and in sharing its benefits (Ware, 1981:17).

In the view of many writers economic status is crucial to the overall status of women in the society (Boserup 1970; Martin and Vorties 1970, cited in Acharya 1979:37). Others maintain participation in political activity to be the main determinant of overall status of women in a society (Murphy and Murphy 1974, cited in Acharya 1979:37). Evaluating economic status is a complex process involving analyses of work opportunities and participation rates, rights to ownership and disposal of property and roles in economic decision-making.

2.6 Impact of Agricultural Modernization on the Employment of Women

2.6.1 Demand for and Supply of Female Labour

It might be thought that since women are used for hand operations in agriculture, the use of female labour will gradually disappear as agriculture is modernized. But Boserup (1970:80) does not agree with this view. She argues that because of the rapid rise of population in developing countries together with the shortage of capital, many countries will be unable to solve their agricultural problems by using capital-intensive techniques, and therefore the total demand for female labour is likely to increase. Indeed, semi-mechanised agriculture often seems to raise the demand for female labour. If there is to be a decline of female agricultural labour, it will be more likely to result from a change in labour supply; rural women may increasingly refuse to toil in the fields and insist on doing only non-agricultural or domestic work.
Palmer (1977) points out that whenever production and technological innovation alter the level of employment, it affects rural women. New technologies, where they are introduced, should reduce women's workload in farming families, for it is the women who take responsibility for the family chores as well as for part of the food production and marketing. Palmer also argues that encouraging farm families to undertake new production plans makes no sense if these plans undermine the nutritional status of the family by obliging women to work longer hours in the field.

2.6.2 Labour Displacement

It is argued that historical evidence indicates that in the process of labour displacement by capital, female labour tends to be displaced first by male labour, then by draught animals, then by introduction of biological technology and finally by mechanical innovation. Ware (1981:29) states that in Indonesia, changes in rice harvesting technology (basically from small knives to sickles) have displaced poor women from one of their major income earning activities. She further argues that in most countries, the Green Revolution would appear to have contributed to a lowering of the status of those women who are forced to seek employment, because the new technology involves access to new expertise from which women are excluded.

2.6.3 Loss of Women's Status and Economic Benefits

The movement of women from agriculture is blocked by family structure and power relations between the sexes. It has been argued, for example, that agricultural development leads to a loss of women's economic benefits, as well as their social status and authority. There is widespread disagreement with Boserup's classification of 'male' and 'female' farming systems.
Case studies have shown that the amount of work contributed by women in modernizing agriculture actually increases (Palmer, 1977:100). The returns to their labour, however, do not necessarily rise in the same proportion when projects are established, funds and extension services are generally provided to male heads of households. Modern inputs and machinery increase returns principally to commercial agriculture, and thus to males, not to the non-monetized 'support services' provided by women (Palmer, 1977:103). Palmer concludes that the modernization of agriculture is leading to the 'marginalisation' of women as a "class":

in so far as they are allocated to the labour-intensive, poorly paid or totally unremunerated work, women are being 'marginalised' (or pushed out) to the now well-known periphery of the modernised sector ... [this] can mean greatly diminished access to the returns (in cash or produce) to their own labour (Palmer, 1977:101).

To the extent that the many examples cited by Palmer are typical, women are being handicapped by agricultural development in two ways: by the strengthening of cultural/religious institutions inhibiting their activity, and by the reduction of returns to their labour. This would impede agricultural modernization and hence reduce the contribution of the agricultural sector to development.

Boserup (1970:5), however, expresses the view that while new sex patterns of productive work will emerge with modernization of agriculture and migration to towns, this does not necessarily mean a deterioration of women's situations. There is a danger that in the course of the transition women will be deprived of their productive functions, and that the whole process of growth will thereby be retarded. But whether this danger is real depends on the widely varying customs and other conditions that determine the situation of women in developing countries.
2.7 Labour Productivity

In all developing countries — and in most industrialized countries — women perform the simple manual tasks in agriculture, while the more efficient types of equipment, operated by animal or mechanical power, are used primarily by the men. Often, men apply modern scientific methods in the cultivation of cash crops, while their wives continue to cultivate food crops by traditional methods. Thus, many scholars consider that in the course of agricultural development, men's labour productivity tends to increase while women's remains more or less static. Then, Boserup (1970:53) argues that as a corollary the relative decline in women's labour productivity declines in keeping with their relative status within agriculture, and as a further result, women will want either to abandon cultivation and retire to domestic life, or to leave for towns. But sometimes it is the men who leave the rural community; the study of the Vihiga farm community in Kenya by Moock (1976:52-56) shows that women were more technically efficient maize growers than the men. In 1971, one-third of farm heads were found to be away from the family farm, so that 38 per cent of farms were managed by women. Women performed a substantial portion of the physical work on farms and took considerably more decision-making responsibility as farm managers.

2.8 Impact of Structural Change on Women

The two major shifts — the geographical migration from village to town and the occupational migration from agricultural to non-agricultural activities — are merely two manifestations of the same process of change. In virtually all the developing countries covered by Boserup's investigation
it was found that there are more women in agriculture, bazaar and service sectors than in the industrial sector. She also concludes:

It seems to be a general rule in all developing countries both those with high and those with low female activity rates, that men are quicker than women to change over from traditional to modern type occupations.

It is widely believed that economic development leads to an increase in the total labour force employed in the industrial sector, while employment in agriculture and in some of the bazaar and service occupations declines, sometimes even in absolute numbers. However, trends in women's participation in the labour force are rarely discussed separately. Boserup (1970:184) considers that the structural shifts that occur in the economy may have the effect of reducing women's shares in the total labour force, because women may fail to find employment in the industrial sector rapidly enough to compensate for the relative or absolute decline of those sectors which employ a high proportion of women. When economic development induces a large number of men to change from agricultural, bazaar and service employment to industrial sector employment, the accompanying movement of families from rural to urban areas may cut their wives off from employment in agricultural or bazaar and service occupations without giving them opportunities for employment in the industrial sector. In such cases, the overall percentage of economically active women will decline as a result of the structural change in the economy, even though the number of women working in the industrial sector may be increasing.

Some economists from developing countries have pointed to the need for higher urban work participation rates for women, to stimulate both economic and social development (Lewis, 1957). On the other hand some argue that more employment of women would be offset by a corresponding
loss of employment for bread winners. The latter view assumes that employ-
ment is a "zero sum game". This is only true in a stagnating society. In a
growing society where marginal wages equal marginal productivity more
employment means more demand and hence more jobs.

2.9 Employment for Women Outside Agriculture:

some Constraints

Agriculture contributes to economic development by becoming more
efficient, thereby releasing productive factors for employment in the modern
sector. Boserup's figures suggest that the female part of the labour force
is released very early in the development process. Whether they can then
make contribution to the industrial sector is dependent on social and economic
factors. In many traditional societies, idle women are a mark of status;
in others, religious customs bind them to the household. Thus 'appropriate
behaviour' for wives of wealthy villagers in Bangladesh includes:

strict 'purdah', strict sexual division of labour and relative
freedom from menial work. Only families in good economic conditions
can afford to support such behaviour (Abdullah and Zeidenstein,

On the supply side, the range of employment open to a woman outside
of work on the family farm is limited not only by institutions but by her
education, health, and ability to migrate in search of work. All of these
amount to major imperfections in a significant labour market. Contrary
to theories imputing to the market the power to break down institutional
obstacles, 'purdah' is more strictly enforced as wealth increases. Even
without institutional barriers, the opportunities for women to work outside
agriculture may be limited by low literacy rates. Boserup (1970:111-112)
suggests that as manufacturing and other production processes become more
capital-intensive, the demand for female labour falls. Since 1927, the
share of women among Indian factory workers has declined from seventeen to eleven per cent. That is, the reduced supply of women to the industrial sector is reinforced by falling demand for their services. These are not characteristics of the rapidly growing newly industrializing societies of East Asia. Here supply has risen with shifts of population out of agriculture and traditional services, but demand for labour has expanded much faster. Very rapidly growing city states such as Singapore and Hong Kong have instituted short term female immigration to overcome shortages in industries such as electronics.

2.10 Time-allocation and Contribution to Household Income

The literature covering various parts of the world suggests that women spend a great deal of time on household and farm work, and less time on work outside home and farm. In the Nepalese context, Acharya et al. (1983) have observed that women's labour is heavily concentrated in household maintenance and farming activities with women responsible for 86 per cent of the domestic work time and 57 per cent of farm activities time. In the market sector, however, the situation changes and women's input drops to 38 per cent to 25 per cent in income from migration. Finally, the authors have concluded because of the overwhelming importance of subsistence agriculture in Nepal, and women's predominance in this sector, women's overall contribution to the household income is still 50 per cent of the total compared to 44 per cent contributed by men and 6 per cent by children (Appendix A). In most countries, women's income is used for food and basic necessities of the family. The study of
agricultural activities of ten villages in Northern Tanzania, Wily (1981, cited in Axinn 1982:4) identifies the need for women to have a greater share in the ownership of the income from their own labour as a prerequisite to both improved capability of women, and to their improved status.

2.11 The Decision-making Role of Women in Agriculture

Women play a crucial decision-making role in agriculture. In agricultural decisions (that is, what crop to plant, what seed to use, etc.) women may even dominate over men in Nepal. Acharya, et al. (1983) argue that the relationship between the structure of female economic participation and women's status in the household is measured by women's decision-making roles. They have concluded that the proportion of time spent by a woman in domestic activities emerged as a positive factor in the determination of her input in farm management decisions and as a negative factor in her input into resource allocation decisions. Participation in the market economy outside the village had a positive influence on women's input into both domestic and resource allocation decisions and understandably, a negative influence on farm management decisions. Women's market activities make a measurable contribution to the household income, and such women are also likely to control their own production assets. This is not true for women who work only in subsistence agriculture.

2.12 Problems

It is not enough to identify women's contribution to agriculture and economic development. Problems must be analysed in the light of policies
that affect women working in agriculture.

2.12.1 **Limited Access to Extension Services**

Neglect of women in agricultural extension has become a recurrent theme in literature dealing with women's problems. For example, Mead (1976:9-11) and Lele (1976:76-78; both cited in Reejal (1981:18) have argued on the basis of their African experience that extension services based on traditional American concepts not only fail to reach the majority of women but also tend to undermine women's roles. Planners and extension authorities tend to view women essentially as domestic workers and not as productive members of society. Consequently, they promote homebound activities for women instead of promoting their participation in agricultural operations. The burden of labour on women is increasing instead of decreasing: they have to work both as farm labourers and housewives.

Carrying their argument further, both Mead and Lele argue that extension services focusing on the promotion of cash crop cultivation, mechanization of agriculture, organized marketing of agricultural produce and professionalization of agriculture sector have tended to undercut the productive roles of women. As an antidote to such anti-women practices both Mead and Lele suggest that agricultural planning should basically foster improvements in the production of food crops and their preservation and distribution (Reejal, 1981:18).

Extension service problems also apply to Nepal. Agricultural extension workers, have, so far, ignored female contribution to agriculture, and hence have failed to reach women farmers (Schroeder et al., 1973). The authors criticise the policy of giving agricultural training only to boys
who ultimately work in non-agricultural occupations.

As most of the extension workers in Nepal are male, it is claimed that sex prejudices deter communication between women and the extension agents.

In the context of Fiji, Slatter (1984:28) noted:

Agricultural extension officers are primarily programmed to give assistance and advice to farmers in cash crop production and therefore bypass women unless they have a special interest in their potential. Agricultural development programs are almost without exception aimed at men.

2.12.2 Lack of Agricultural Training

Axinn (1982) writes that elsewhere in Asia, research reaffirms the lack of recognition of the input of women into the farm production system. In the Philippines, Castillo from her long experience of farming system research comments:

It is relatively rare for females to be included in rice and corn production training despite the fact that much of the labour input in production is contributed by females. Women are often responsible for the raising of pigs and chickens in the backyard, but they are not recognized as livestock managers. Although it is a well-known fact that Filipino women participate actively in decisions affecting the farm, and are almost always in charge of marketing farm products, they have never been a deliberate target clientele for agricultural development programs (Castillo, cited in Axinn, 1982).

Agricultural training for women has been extremely limited in other countries too. For instance, Slatter (1984:28) stated that no more than two girls have entered the Fiji College of Agriculture in any year. She continues (1984:8), in the context of Fiji that agricultural training is geared to cash crop development and cash cropping is seen as a male preserve.

2.12.3 Effect of Migration of Men on Women's Work

Women's roles as agriculturalists are increasingly affected by external forces such as temporary out migration of village men, their involvement
in the civil service and other non-agricultural occupations. In many parts of Africa, women have the responsibility for all food production, since the men often work in the mines of other countries or in the urban areas of their own countries. Wily (1981, cited in Axinn 1982:4) found that the hours women worked in agriculture were significantly higher than those that men worked. Male emigration is not only found in Africa but is common in other developing countries including Nepal.

Male emigration for long periods and widowhood, imply that the conventional concept of all households as male-headed is questionable.

2.12.4 Low Remuneration

Although equal pay for equal work has been adopted legally in many countries, according to a study made by the ILO, women often only receive 50 to 80 per cent of the remuneration received by men for the same work (Acharya, 1977:16).

2.12.5 Seasonal Work Load

Women in developing countries tend to be overworked during peak agricultural seasons compared to men since they have to work within and outside the house.

2.12.6 Low Level of General and Agricultural Education

Education is an indication of exposure to modern ideas and is therefore crucial for an overall analysis of women's status. But only a small proportion of women in developing countries are educated. In Nepal,
only 5.2 per cent of the female population was literate in 1976. The percentage of female students in the institutes of higher education was only 0.2. Yet education is an important factor in the determination of remuneration and level of entry into wage employment.

2.12.7 Credit Facilities

For rural women, services of credit institutions are both socially and practically inaccessible. Women generally do not own pledgable assets and this often cuts them off from institutional credit. Providing credit to women inevitably involves intensive supervision and provision of other supporting services. Since most of the potential women borrowers are illiterate, they also need training in accounting and developing skills for dealing with various credit institutions.

Although credit is not an end in itself, in the development process, it can be described as a 'facilitator'. The literature indicates that there are few special programmes for women.

2.13 Policy Implications

Despite the valuable role of women in agriculture in developing countries, women's involvement in agriculture is 'invisible', particularly to policy makers and planners. Until recently, women have been considered only a recipient, not a resource in the development process.

Slatter (1984:43) in the context of South Pacific countries writes:

Women have generally been accorded little attention in development plans and processes and their interests have always been subsumed within the general category of community interests. Absent from both the institutions of decision-making and from established or traditional communication channels, they are 'planned for' rather than involved in planning.
United Nations (Plan of Action of the World Conference of the International Women's Year of 1975:9-43) states:

Despite the fact that, numerically, women constitute half the population of the world, in the vast majority of the countries only a small percentage of them are in positions of leadership in the various branches of government. Consequently, women are not involved in decision-making and their views and needs are often overlooked in planning for development.

The literature concerned with the role of women in developing countries concludes that only active and conscious participation by women along with men can accelerate the rate of overall socio-economic development. It is argued that planners and policy makers in developing countries can improve the policy framework that determines women's participation in development as follows:

2.13.1 Training

Recognizing the high degree of women's involvement in family farm management, there should be specific efforts to integrate women into agriculture and other rural training programmes.

2.13.2 Market Economy

Women should be encouraged to participate in the market economy to give them an opportunity to generate their own income and production assets, thus providing a sense of economic independence.

2.13.3 Employment

In relation to the generation of female employment, employment policies should place emphasis on increasing the efficiency and economic productivity
of work time, rather than on filling in unemployed time with additional low productive work.

2.13.4 Extension Service, Credit and Inputs

Women should have easier access to these services.

2.13.5 Education

Efforts should be made to improve the educational levels of women with the creation of a favourable environment and the provision of special opportunities.

2.13.6 Population Control

Since women spend most of their time in child-bearing and rearing at the cost of pursuing their careers outside the home, governments should launch effective population control policies.

2.13.7 Investment in Agriculture

Investment in labour-saving equipment for agriculture would benefit women by lightening their work burdens. The government should therefore provide credit programmes as widely as possible in developing countries. But credit subsidies lower the cost of capital, encouraging the substitution of capital for labour and thus reducing employment.

2.14 Summary

An analysis of women's role in agriculture, Safilios Rothschild (1981) in developing countries suggests that:

- Women play an active role in agriculture as agricultural producers, usually on independent small holdings; as agricultural labourers; as
farm managers; as unpaid family workers; as seasonal or permanent agricultural wage labourers; and as plantation workers.

- Women's agricultural contributions are invisible. They are not recognized in their own countries or internationally by donors, planners and policy makers, partly because censuses and surveys seriously underestimate their contributions, and partly because of prevailing gender role stereotypes.

- In countries such as Bangladesh, India, and Indonesia in which the percentage of landless rural households is increasing, the number of women agricultural wage labourers is also increasing as women shift from unpaid family farm workers to agricultural wage labour.

- Women's earnings from hired agricultural work are essential to the survival of landless and near landless households that even strong cultural constraints on women's work are usually overlooked in low income households.

- Women farm managers are not exclusively involved in subsistence agriculture. To the extent that it is possible within the context of their inadequate access to agricultural information, inputs and credit, they are also involved in cash crop production.

- When women farm managers have equal access with men to agricultural information and inputs, they are as innovative and knowledgeable about correct agricultural practices as men.

- When the agricultural extension service is male, even when women farm managers are involved in cash crop production and are progressive managers, they are less visited by agricultural extension agents and receive less service than similar male farm managers.
Women are actively involved in agricultural work in addition to their domestic work load consisting of household and childrens' tasks. An understanding of women's roles in agricultural production, combined with their nurturing roles makes it clear that the farm family system is at once more complex and more burdensome than some scholars and practitioners may assume.

2.15 Conclusion

Although this survey of literature on women's role in agriculture refers to the developing countries in general, it particularly applies to South Asia, Africa, Latin America and Melanesia. In some countries in East Asia such as Korea, Singapore, Hong Kong and Thailand, the situation of women is quite different than in other developing countries, mainly in respect of educational levels, employment patterns and opportunities and social attitudes. This survey of literature may not apply to the women of these countries in all respects.

Whether it is argued that development is dependent on allocative efficiency which is enhanced by the improvement of population quality ("child care, home and work experience, the acquisition of skills and information through schooling and other ways consisting primarily of 'investment in health and schooling'" — (Schultz, 1979:7), or upon structural change releasing scarce factors (e.g., Baster, 1972:18), the effects of development projects and policies will be blunted if particular attention is not paid to the special problems facing women. The whole question of 'surplus labour' must be especially reformulated, where women are concerned in terms of surplus hours rather than surplus workers.
The Japanese example provides one indication of the future of agriculture in less developed countries. There, industrialisation has meant that many 'family' farms are now run by women while the men work in cities (Koyama, 1961:81-82). In the framework of the 'dualistic development' model of Lewis, if 'correct' shifts of labour between sectors are occurring, they should not be at the expense of women who remain in traditional occupations. This is confirmed by Palmer's observations of the increased workload of women in modernising agriculture.

Agriculture's contribution to economic development comes about through structural change. If that change is occurring in only part of the rural population (the men), then the whole process of change will be retarded.
Chapter 3

CREDIT PROGRAMME FOR WOMEN

3.1 Formal and Informal Lending

The availability of credit at (competitive) market prices together with market priced access to modern agricultural inputs, is considered to be essential for raising agricultural production and productivity and, thereby, increasing the income of small farmers. Rokaya (1981:120) argued that without subsidized institutional credit and modern inputs poor subsistence small farmers may not be able to adopt new agricultural methods and would be unable to increase their output and income. This implies that the adoption of new agricultural methods and increasing farm productivity are positively correlated with institutional credit availability.

The demand for rural credit is essentially a derived demand: the objective of borrowing is to increase income. Total demand for credit is dependent on the overall performance of the rural sector. The supply of credit is constrained by the availability of capital, institutional capacity and procedural requirements (Adams, 1981:216). In the context of Thailand, Meyer (1981:303) observed that credit constraints are seen as an impediment to productivity growth so that an expansion of formal credit is identified as being necessary for technological change, rather than simply as an alternative to moneylenders. This view is relevant to Nepal.

The main source of credit for rural people in Nepal is still from non-institutional sources such as relatives, friends, landlords and moneylenders. Land is usually used as collateral against loans. The rate of annual interest is high and if the interest is not paid on time it is added to
the principal amount and thus accumulates; if the borrower fails to repay a loan the land is confiscated. According to an Agricultural Credit Review conducted by the Nepal Rastra Bank (the Central Bank of Nepal) in 1977 (1980: 159-195), 76 per cent of farm families borrowed from private credit sources and 24 per cent of farm families borrowed from institutional credit agencies (Table 3.1). Among the private credit sources, the village money lender predominated (34%) followed by friends and relatives (24%), and agricultural traders (11%). Less than 7 per cent of farm families borrowed from other private credit sources. Among the institutional credit sources, co-operative institutions predominated.

Table 3.1

<table>
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<th>Total</th>
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<th>Medium</th>
<th>Small</th>
<th>Marginal</th>
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<td>5</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
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<td>(4)</td>
<td>(3)</td>
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<td>(1)</td>
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<td>12</td>
<td>26</td>
<td>27</td>
</tr>
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<td>Village moneylenders</td>
<td>(34)</td>
<td>(5)</td>
<td>(6)</td>
<td>(12)</td>
<td>(12)</td>
</tr>
<tr>
<td>Professional moneylenders</td>
<td>(2)</td>
<td>(1)</td>
<td>(0.22)</td>
<td>(1)</td>
<td>(0.73)</td>
</tr>
<tr>
<td>Landlords</td>
<td>(4)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Agricultural traders</td>
<td>(11)</td>
<td>(1)</td>
<td>(1)</td>
<td>(4)</td>
<td>(5)</td>
</tr>
<tr>
<td>Friends and relatives</td>
<td>(24)</td>
<td>(3)</td>
<td>(4)</td>
<td>(8)</td>
<td>(9)</td>
</tr>
<tr>
<td>Others</td>
<td>(0.48)</td>
<td>(0.10)</td>
<td>-</td>
<td>(0.10)</td>
<td>(0.26)</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>19</td>
<td>17</td>
<td>34</td>
<td>30</td>
</tr>
</tbody>
</table>

1Marginal farm families are very small. They hold land less than 0.20 ha in the Hills and 1.02 ha in the Tarai (Nepal Rastra Bank, 1980:5).


The Review clearly showed that the wealthier the farm family, the greater the reliance on institutional credit; correspondingly, the smaller
the farm family, the higher the proportion of borrowing from the private credit agencies (Table 3.2).

Table 3.2
Proportion of Borrowing of Different Sized Groups of Farms According to Type of Credit (per cent)

<table>
<thead>
<tr>
<th>Credit Agency</th>
<th>Large</th>
<th>Medium</th>
<th>Small</th>
<th>Marginal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional</td>
<td>67</td>
<td>36</td>
<td>20</td>
<td>13</td>
</tr>
<tr>
<td>Private</td>
<td>33</td>
<td>64</td>
<td>80</td>
<td>87</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>


The borrowing of the large farms from institutional credit agencies was approximately twice their borrowing from private sources, whereas borrowing of the medium size group from private credit sources was nearly twice the borrowing from institutional credit agencies. Both small and marginal farms borrowed mainly from private credit sources.

The same survey reported that the rates of interest charged by the institutional credit agencies ranged between 8 and 18 per cent per annum, while private credit interest rates varied from 10 to 150 per cent per annum. The village moneylenders, friends and relatives charged 100 per cent interest per annum, and agricultural traders charged up to 150 per cent. These very high rates of interest were charged to the small and marginal farm families. The report stated that the maximum rate of interest charged by private credit sources to small farm families during the first Agricultural Credit Review Survey in Nepal in 1969/70 was 50 per cent, while during the second Agricultural Credit Review Survey year of 1976/77, it was found to be as high as 150 per cent.
Low income rural households require credit to meet their consumption needs from time to time (Reserve Bank of India, 1954, 1977, cited in Desai, 1981:153). When credit is needed for food, families are willing to pay very high interest rates. Since formal credit agencies do not provide loans for such needs, poor families have to rely on money lenders for such loans (Reserve Bank of India, 1977, cited in Desai, 1981:153). The limited supply of funds leads to high interest rates in the informal credit market. High risk of default and high unit transaction costs in providing credit to such households (Krishna, 1979) exacerbate high costs. Collateral that poor families can provide is limited and their credit worthiness is generally poor. The informal lenders devise contractual credit arrangements to limit their losses, these require their clients to sell produce and/or labour at prices predetermined by the lenders (Reserve Bank of India, 1954, cited in Desai, 1981:153). For small farmers, the access to formal credit facilities is not only limited by inadequate property for collateral, but also by other factors. The Food and Agriculture Organization (1966:1-15) has noted that credit from formal sources involves the completion of many formalities which are difficult for illiterate small farmers and are subject to long delays.

The Agricultural Credit Review Survey of Nepal (1980:160) noted that the proportion of farm families borrowing from institutional sources in Nepal increased from 18 per cent in FY1970 to 24 per cent in FY1977.¹ The increase resulted from the expansion of the branches of the Agricultural Development Bank (ADB/N) and the widening scope of the commercial banks. However, this increase in institutional credit was largely confined to

¹FY is the financial year which ends on 30 June of the year stated (in Nepali, 31 Ashadh). For example, FY1977 represents Nepali FY2034.
large farm families. Moneylenders, landlords, agricultural traders, friends and relatives continued to be the predominant sources of credit for small and marginal farmers.

In terms of average borrowings per borrowing farm family, the ADB/N supplied about 22 per cent of the total credit supplied by both institutional and private credit sources in FY1977 compared to about 2 per cent in FY1970 (Table 3.3). Table 3.3 also shows that the share of commercial banks was 7 per cent in FY1977 — the lowest share among institutional credit agencies. The co-operative institutions that came into existence in large numbers in FY1977 supplied only about 13 per cent credit.

<table>
<thead>
<tr>
<th>Credit agency</th>
<th>FY1970</th>
<th>FY1977</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (rupees)</td>
<td>Percentage</td>
</tr>
<tr>
<td>Institutional</td>
<td>72</td>
<td>21</td>
</tr>
<tr>
<td>Co-operative institutions</td>
<td>(5)</td>
<td>(2)</td>
</tr>
<tr>
<td>Ward Village Committees</td>
<td>(27)</td>
<td>(8)</td>
</tr>
<tr>
<td>Agricultural Development Bank</td>
<td>(8)</td>
<td>(2)</td>
</tr>
<tr>
<td>Land Reform Savings Corporation</td>
<td>(21)</td>
<td>(6)</td>
</tr>
<tr>
<td>Commercial banks</td>
<td>(11)</td>
<td>(3)</td>
</tr>
<tr>
<td>Private</td>
<td>273</td>
<td>79</td>
</tr>
<tr>
<td>Village moneylenders</td>
<td>(122)</td>
<td>(35)</td>
</tr>
<tr>
<td>Professional moneylenders</td>
<td>(7)</td>
<td>(2)</td>
</tr>
<tr>
<td>Landlords</td>
<td>(18)</td>
<td>(5)</td>
</tr>
<tr>
<td>Agricultural traders</td>
<td>(10)</td>
<td>(3)</td>
</tr>
<tr>
<td>Friends and relatives</td>
<td>(112)</td>
<td>(33)</td>
</tr>
<tr>
<td>Others</td>
<td>(4)</td>
<td>(1)</td>
</tr>
<tr>
<td>Total</td>
<td>345</td>
<td>100</td>
</tr>
</tbody>
</table>

The credit supplied by commercial banks before 1974 was not necessarily for agricultural purposes. Nepal Rastra Bank only directed commercial banks to invest 5 per cent of their total deposit liabilities in agriculture and other priority sectors in April, 1974. This limit was raised to 7 per cent from July, 1976. Thus, commercial banks in Nepal were directed to invest certain amounts of their resources in the agricultural sector. However, since this study is only concerned with the ADB/N as the principal formal lending institution for agriculture further discussion is confined to it.

3.2 Agricultural Development Bank

The Agricultural Development Bank (ADB/N) was established in 1968 under the Agricultural Development Bank Act 1967, as the successor to a Cooperative Bank. In 1973, the then Land Reform Saving Corporation, which served as a mobilizing unit in financing the agricultural sector, was merged with the ADB/N. The main objective of the ADB/N is to promote the development and modernization of agriculture in Nepal through the provision of institutional credit. The ADB/N is the main institutional source of agricultural credit to individual farmers, small farmers groups and co-operatives. The ADB/N has an authorized capital of Rs300 million. The sources of capital are share capital, deposits, borrowings and debentures (ADB/N, 1985:1).

3.2.1 Organizational Structure

The ADB/N has three main tiers of decision making units within its organization. They are:

The Board

The Board is the policy making body for the ADB/N. The Chairman of the Board is a Government appointee. There are five other members on the Board, three members representing various Ministries and two from other sectors.
The Management

The day to day operations of the bank are managed by a chairman-cum-General Manager who is assisted by two Deputy General Managers and two Directors.

Functional Units

The policy decisions made by the bank are put into operation by various functional units such as Zonal, Branch, Sub-branch and Depot Offices and Small Farmer Development Projects as shown in the Organizational Chart (Figure 3.1).

3.2.2 The Office Network

The yearly expansion of office network of the ADB/N is remarkable. By the end of FY1984 the number of offices had grown to 286. It is expected to reach 362 by the end of FY1985 (Table 3.4).

Table 3.4
The Expansion of the Office Network of the ADB/N

<table>
<thead>
<tr>
<th>Status of Office</th>
<th>Number of Offices FY1984</th>
<th>FY1985</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Office</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Zonal Office</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Branch Office</td>
<td>21</td>
<td>37</td>
</tr>
<tr>
<td>Sub-branch Office</td>
<td>81</td>
<td>92</td>
</tr>
<tr>
<td>Depot Office</td>
<td>46</td>
<td>52</td>
</tr>
<tr>
<td>Small Farmer Development Project (SFDP)</td>
<td>121</td>
<td>160</td>
</tr>
<tr>
<td>Appropriate Technology Unit (ATU)</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Regional Training Centre</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>286</strong></td>
<td><strong>362</strong></td>
</tr>
</tbody>
</table>

Figure 3.1: The Organizational Chart of the Agricultural Development Bank.
3.2.3 The Manpower

The ADB/N is one of the biggest enterprises in the public sector. It provides employment for many people in the country. The total number of employees at the end of FY1984 was 2,515. The number is expected to reach 3,113 at the end of FY1985 (Table 3.5).

Table 3.5

<table>
<thead>
<tr>
<th>Status of employees</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY1984</td>
</tr>
<tr>
<td>Officer</td>
<td>383</td>
</tr>
<tr>
<td>Assistant</td>
<td>1,403</td>
</tr>
<tr>
<td>Other</td>
<td>729</td>
</tr>
<tr>
<td>Total</td>
<td>2,515</td>
</tr>
</tbody>
</table>

Source: Agricultural Development Bank, 1985, 
Agricultural Development Bank of Nepal At a Glance, Kathmandu.

3.2.4 The ADB/N Functions

The functions of the ADB/N are:

- to provide short, medium and long term loans to individual farmers, co-operatives and corporate bodies for agricultural development;
- to undertake banking functions with the approval of the Nepal Rastra Bank to expand banking facilities;
- to undertake other activities as directed by His Majesty's Government of Nepal (HMG/N);
- to promote and disseminate appropriate technology for rural development.
3.2.5 Purpose of Loans

The ADB/N provides credit for:

- Short term production loans are given for periods not exceeding 18 months. Such loans are to meet the costs of raising crops, livestock, dairy, poultry etc. Farm inputs such as seeds, fertilizers, insecticides, small farm implements, and labour charges etc. are also included in short term production loans.

- Short term marketing and storage loans are provided for marketing agricultural produce, for periods not exceeding 12 months.

- Medium term loans, for periods not exceeding seven years, are given for the purchase and installation of tubewells, irrigation pumpsets, tractors, power tillers and other farm machinery and equipment. Poultry and dairy farming, cottage industries and agro-processing units are included.

- Long term loans for warehouse construction, tea and horticulture plantation are for periods from 7 to 20 years.

3.2.6 Ways of Lending

(i) Direct Lending - the bank lends directly to individuals. The loans granted to small farmer group members through SFDPs also come under direct lending.

(ii) Indirect lending - The bank lends short term to individuals through co-operatives.

3.2.7 Securities and Loan Limits

The ADB/N ensures that loans are adequately secured. Loans are secured by a first mortgage on existing real estate, that is land, buildings and other fixed assets. The project itself is also included in the security.
As a rule, the ADB/N does not extend loans in excess of 80 per cent (in exceptional cases, up to 90 per cent) of the total project cost. It is one of the conditions for obtaining ADB/N project loans that the remaining part of the investment should come from the borrowers' own resources.

3.2.8 Interest Rate

The interest rates charged for the loans granted by the ADB/N are fixed by the Nepal Rastra Bank as the Central Bank of the country. The present interest rates vary from 10-17 per cent per annum (Table 3.6) depending on the purpose of the loans.

Table 3.6

The Prevailing Interest Rates Charged by the Agricultural Development Bank

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Interest rate per annum (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production credit</td>
<td>15</td>
</tr>
<tr>
<td>Small farm implements and powertillers</td>
<td>15</td>
</tr>
<tr>
<td>Marketing of agricultural products and consumer goods</td>
<td>15</td>
</tr>
<tr>
<td>Irrigation</td>
<td>12</td>
</tr>
<tr>
<td>Livestock, poultry, fishery, sericulture and beekeeping</td>
<td>12</td>
</tr>
<tr>
<td>Horticulture and cultivation of tea, coffee, cotton and cardamum</td>
<td>10</td>
</tr>
<tr>
<td>Processing of tea, coffee and horticulture products</td>
<td>10-12</td>
</tr>
<tr>
<td>Cottage industries</td>
<td>11</td>
</tr>
<tr>
<td>Industrial resource based industries</td>
<td>12-17</td>
</tr>
<tr>
<td>Warehouse construction</td>
<td>15</td>
</tr>
<tr>
<td>Tractor and its accessories</td>
<td>17</td>
</tr>
<tr>
<td>Land development and land purchase by tenants</td>
<td>17</td>
</tr>
<tr>
<td>Gobar-gas plant installation</td>
<td>11</td>
</tr>
</tbody>
</table>

The bank charges co-operatives an interest rate of four per cent below that to individual borrowers. But for individual borrowers, (including borrowers from small farmer groups) the interest rate charged is the same as above, whether the loan is granted directly by the ADB/N or indirectly through co-operatives.

3.2.9 Loan Performance

The ADB/N performs a substantial task in terms of loan disbursement and collection. This is highlighted in Table 3.7. Yearly disbursement of loans grew by 77 per cent between FY1980 and FY1984. The average annual rate of growth of loan collection was 51 per cent for the same period. Loans outstanding at the end of FY1984 were over Rs919 million.

Table 3.7

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Disbursement</th>
<th>Collection</th>
<th>Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>147.8</td>
<td>116.0</td>
<td>458.2</td>
</tr>
<tr>
<td>1981</td>
<td>134.1</td>
<td>117.7</td>
<td>474.7</td>
</tr>
<tr>
<td>1982</td>
<td>256.4</td>
<td>164.2</td>
<td>566.6</td>
</tr>
<tr>
<td>1983</td>
<td>345.8</td>
<td>210.2</td>
<td>702.3</td>
</tr>
<tr>
<td>1984</td>
<td>453.3</td>
<td>236.0</td>
<td>919.6</td>
</tr>
</tbody>
</table>


3.3 The Small Farmers' Development Programme

It is estimated that more than 75 per cent of farmers in Nepal are small and marginal farmers, who hold on average less than one hectare of land. These small farmers have been neglected and have not been involved in the development activities of the government, even after three decades
of planned development (ADB/N, 1982:1). Thus, it is often argued that only large and medium farmers enjoyed the benefits of government development activities. According to the *Survey Report on Employment, Income Distribution, and Consumption Patterns* of the National Planning Commission (1978:172), 40 per cent of the total population of Nepal fall below the absolute poverty line, with a capita monthly consumption level of less than Rs60. This proportion of the population is not able to meet its basic needs of food, clothing, shelter, primary education, and health services.

In Nepal, more than 90 per cent of the total population live in rural areas. The development of rural areas is thus very important for the socio-economic development of the country. The Small Farmers' Development Programme launched in Nepal in 1975, was designed exclusively for development in rural areas, the aim was to cater to the needs of the majority of small farmers. This programme has tried to build an effective delivery mechanism for the inputs and services to the farmers from government and semi-government agencies. It has also tried to strengthen the farmers' receiving mechanism for inputs and services. Although people's participation is one of the key elements in the country's development policy, it is often observed that the majority of small farmers do not participate either in agricultural or in industrial development in rural areas. It is argued that the majority of small farmers are not yet motivated to participate in government programmes.

### 3.3.1 Objectives of the Programme

The main objective of the Small Farmers' Development Programme is to raise the socio-economic status of small farmers by providing the inputs and services required for income generation activities. These are supported by various social and community activities. Another objective of the programme is to make the small farmers self-reliant in planning and implementing development programmes. To achieve these objectives, the programmes for small
farmers are formulated in such a way that their unutilized and under-utilized skill, labour, and other resources are mobilized, and used in various activities being carried out in Small Farmer Development Projects (SFDPs), to improve existing living standards in a specified period of time (ADB/N, 1984:2). Another objective is to promote locally available technology and to make use of it in the various activities of the Small Farmers' Development Programme.

3.3.2 Basic Premises of the Programme

The Small Farmers' Development Programme has the following objectives and premises (ADB/N, 1984:3):

- organization of small farmers' groups at the village level;
- formulation of group plans;
- implementation of economic, social, and other community programmes;
- implementation of Small Farmers' Development Programmes as a means to develop rural areas with maximum participation of the beneficiaries;
- matching the programme of delivery and receiving agencies and strengthening the receiving mechanisms of small farmers;
- training and recruitment of Group Organizers at the project level to implement the programme effectively;
- promotion of low cost technology;
- introduction of group marketing and storage systems so as to provide optimum benefits to the small farmer;
- training of small farmers at village and district level to upgrade their skills and use them for technical support in implementing income generating and social development activities;
- to develop viable small farmers' institutions at the grass root level;
- to implement and promote action-based research.
3.3.3 Definition of Small Farmers

At the beginning of the programme, a small farmer was defined as one who had land holdings of up to 2.71 hectares in the Terai and 1 hectare in the Hills. 'Small' farmers were identified and the programme was launched on the basis of this definition. However, the definition of small farmers was found to be unrealistic for the following reasons:

(i) Irrigated land was treated equally with non-irrigated land so that those small farmers who had irrigated land holdings of less than 2.7 hectares were much better off than those having non-irrigated land holdings of more than 2.7 hectares.

(ii) The small farmers of some areas, in both the Terai and Hills, had income from other than farming activities, e.g. wage earning as agricultural and industrial labourers. The definition of a 'small farmer', on the basis of land holdings alone, was thus not realistic and had to be modified by the inclusion of income. The modified definition of a 'small' farmer is as follows:

A small farmer is defined as one, who depends on the profession of agriculture and cottage industries at the Village level, whose land holding is small, who is a tenant, share cropper, fisherman, landless labourer or labourer engaged in rural cottage industry and other skilled labour, and whose annual income does not exceed Rs950 per capita (ADB/N, 1982:2).

3.3.4 Initiation of the Programme and Implementation of the Pilot Projects

To determine whether a Small Farmers' Development Programme was possible, a Workshop was held in Nepal in January, 1974. It was jointly sponsored by the Food and Agriculture Organization (FAO), the Asian Survey for Agrarian Reform and Rural Development (ASARRD), the Ministry of Agriculture, Nepal and the ADB/N. On the recommendation of this Workshop, the Small Farmers' Development Programme was launched on an experimental basis in two areas: Mahendra Nagar (Dhanusha) in August 1975, representing the Terai, and Tupche (Nuwakot) in
March 1976 representing the Hills. These two pilot projects were established as Action-research Projects where various services such as improved seeds, chemical fertilizer, agricultural implements, and other social services such as family planning, sanitation, drinking water, adult education, health, and veterinary services etc. were made available in a package form for small farmers through small farmers groups. The credit component was provided to the small farmers of these projects through ADB/N and other services through line agencies. The initiative for starting these two pilot projects came from the FAO through its support of ADB/N. FAO not only provided the initial funds to run the two projects but also technical guidance and training inputs for the farmers and project personnel (ADB/N, 1984:2). The income generating activities and extension work in these projects helped small farmers to become more conscious of development opportunities and to increase their income level.

3.3.5 Expansion of the Small Farmers' Development Programme

The evaluation of the two pilot schemes indicated that the programme was successful to a remarkable degree. The International Fund for Agricultural Development (IFAD) noted:

The SFDP of Nepal appears to be one of the best models of participatory rural development in South Asia. The Mission was impressed by the unusually well designed and implemented SFDP and recommends a project that would further expand its programme. (IFAD, 1979)

The Government and donor agencies became interested in pursuing such a scheme further. The Government instructed the ADB/N to expand the

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1 Line agencies are the government and semi-government agencies which provide various inputs and services to small farmers in order to attain the objective of the Small Farmers' Development Programme.
programme to other districts of the country. The yearly expansion of Small Farmer Development Projects is shown in Table 3.8. Since the inception of the pilot projects in FY1976, the total coverage of the Small Farmers' Development Programme, up to FY1984, was 121 projects in 46 districts. Altogether 2,403 small farmers' groups have been organized and a total of 25,799 farmers joined the project groups (ADB/N, 1984:10). The same source also indicates that credits of Rs71,209,000 were advanced to small farmers for various activities until mid-January 1984. Total loan repayments were Rs20,216,000, Rs50,984,000 was outstanding as of mid-January 1984. According to the ADB/N Quarterly Report (1984/85:1), the total amount outstanding was Rs73,810,000 and overdue loans were Rs9,405,000 up to the end of the first quarter of FY1985. The percentage of overdue loans to total loans outstanding was about 13 per cent. The ADB/N will disburse loans of Rs60 million in FY1985, under various bilateral and multilateral aid programmes.

Table 3.8

Expansion of Small Farmer Development Projects

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Number of projects established</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>2</td>
</tr>
<tr>
<td>1977</td>
<td>13</td>
</tr>
<tr>
<td>1978</td>
<td>2</td>
</tr>
<tr>
<td>1979</td>
<td>7</td>
</tr>
<tr>
<td>1980</td>
<td>5</td>
</tr>
<tr>
<td>1981</td>
<td>1</td>
</tr>
<tr>
<td>1982</td>
<td>24</td>
</tr>
<tr>
<td>1983</td>
<td>30</td>
</tr>
<tr>
<td>1984</td>
<td>37</td>
</tr>
<tr>
<td>Total</td>
<td>121</td>
</tr>
</tbody>
</table>

3.3.6 Future Strategy of the Programme

In the Sixth Five Year Plan (1980-85) high priority has been given to supporting the Small Farmers' Development Programme. By the end of the Sixth Five Year Plan, 154 projects will be in operation covering 48 districts. Services will be provided to about 60,000 farm households (ADB/N, 1984:11). Various economic and social programmes will be implemented by the groups themselves, and more emphasis will be given to the training component of the programme. Attention will also be paid to the use and promotion of local technology.

3.3.7 Major Activities Launched in the Small Farmers' Development Programme

With the provision of credit and other support from ADB/N and other line agencies, various economic, social and community level activities which contribute directly and indirectly to socio-economic benefits for small farmers have been implemented in SFDPs.

Economic Activities

These activities are intended to increase the income of small farmers. The following activities come under economic activities:

- cereal and cash crop production
- livestock development
- horticulture development
- farm mechanization
- irrigation projects
- group savings
- cottage and rural industries
- marketing of agricultural and cottage industrial products
- beekeeping and sericulture
- production of medicinal plants

Social Activities

Social activities are as important as economic activities undertaken by small farmers, as the objective is to raise both the social and economic status of small farmers and provide supplementary support for economic activities. The principal social activities introduced by the programme are:

- sanitation, health and nutrition improvement
- population education
- Women’s Development Programme
- adult education
- maternal welfare and child care programme
- compost pits and latrine construction

Community Activities

These activities are developmental efforts of the groups for the benefit of the community as a whole. They include:

- road, bridge, and culvert construction and maintenance
- construction and rehabilitation of community irrigation projects
- community water storage construction
- construction of school houses, and meeting halls and their maintenance
- construction of drinking water projects
- installation and management of agri-processing units
- community fish farming
- construction of community bio-gas plants
- community wood lot and fodder management and afforestation
Economic, social and community activities are further classified as follows:

- individual activities
- group activities
- inter-group activities

3.3.8 Group Approach in the Small Farmers' Development Programme

The basic philosophy behind the Small Farmers' Development Programme is the group concept: group projects, joint liability, group decision making, group savings, and group division of work and responsibility. The group approach in the programme is meant to increase the capacity of small farmers to raise their joint voices to obtain services provided by line departments. Loans are granted to the small farmers either in the group or individually, or both. If the loans are given to individual members of the group for his/her exclusive use, then the profit/loss from the loan activity will accrue solely to that particular member. If the loans are granted to the group the profit/loss from that enterprise will be shared by all members of the group. The inputs/assets purchased with the loan is jointly owned/used by the members of the group.

There is a division of labour among the members within the group for the activities undertaken with the loans. The meaning of joint liability is that members of the group stand as guarantors to each other to obtain the loan. If some members in the group offer securities as collateral, some other members of the group without collateral become eligible for loans. There is joint responsibility among all members in a group to repay all loans within the specified time. The failure to repay
loans by one member will affect other members; the SFDP will reject the new loan proposals of all members in the group. This approach, adopted by all SFDPs, has helped to enforce the proper use of loans and make repayment on time.

It is argued that there are two main advantages of group lending: one is the borrower's advantage in transacting a group loan, and the other is lower default risk. The former is a demand advantage, whereas the latter is a supply advantage. A group borrowing approach seems more beneficial for small and low income households than an individual approach. Krishna (1979) stated:

When the low income households attempt to enter the formal rural financial market they are considered risky and costly to serve. Even when interest rates are common for all types of clients, these households encounter higher non-interest costs of borrowing due to higher unit costs of providing innumerable documents, more visits and time in negotiating formal loans and the lower probability of success in these negotiations. Consequently, access of low income families to the formal rural financial market is not only skewed, but also shifts their unit costs of package inputs upward. This forces them to use inputs below social optima, though their private efficiency is maximized (Desai, 1981:154). On the supply side, scale economies are achieved by providing technical and other support services more efficiently by spreading scarce manpower to reach a large number of clients (Desai, 1981:157). The unit transaction costs would therefore be lower to the lender.

One of the conditions for the success of the group approach relies on the 'homogeneity' factor. 'Homogeneity' within the group is the essence of a group approach. 'Homogeneity' in the group can be obtained through location, religion, ethnic unity, occupation and economic status.
The 'homogeneous' group is more likely to have similar tastes and needs than the 'heterogeneous' group. The probability of failure is greater if a group consists of 'heterogeneous' members. Desai (1981:163) from the findings of a pilot empirical study in India has pointed out that lack of 'homogeneity' in respect of location and technology of group borrowers largely contributed to raising their unit costs of borrowing and also the default rate.

On the other hand, it must be noted that even in a highly homogeneous group, commercial activities are limited by the performance of the weaker members, e.g. China. In the process of their experience of rural development in China, in later years, they realized that the group approach in activities only (through collectives and communes), cannot provide incentives for the people to work hard. Every rational individual wants some sort of private incentive in performing things. This is why the Chinese government ultimately has changed its strategies and policies of rural development by making a liberal provision for a certain degree of self-interest (or private incentives) exercised by the farmers. The Chinese case is not directly comparable to the Nepalese case in the sense that the Chinese group activities through collective farms and communes had a wide political base with broad strategies of rural development, whereas the group activities (or approach) in the Small Farmers' Development Programme of Nepal is just an economic movement, although it is also again meant for the effective rural development in the country. The group approach now introduced in the country through the Small Farmers' Development Programme is to strengthen the poor single voices of individual farmers by organizing them into groups. However, the individuals in the group are totally free to exercise private initiative. One thing is common everywhere in group activities: groups will function and group
activities will be successful if all the rules and conditions of the group approach are followed and the assumptions and philosophy behind the group concept are realistic.

3.3.9 Role of Group Organizer in the Small Farmers' Development Programme

The ADB/N has assigned a full-time male employee to each SFDP. He is called the Group Organizer (GO). The GO is the Project Chief and his role is very crucial in implementing the SFDP successfully. He helps in organizing small farmers into groups, preparing the group plan and motivating them to achieve the objectives of the SFDP. The GO works as a banker as well as an extension agent. He is the intermediary between the small farmers and various line agencies involved in the programme. Apart from these tasks, he is responsible for maintaining records, conducting group meetings and implementing various programmes. The GO also conducts some of the research activities carried out in the SFDP.

3.3.10 Role of Co-operatives in the Small Farmers' Development Programme

The co-operative society has a crucial role to play in the success of the Small Farmers' Development Programme. The small farmers' groups are informal groups organized below the co-operative society level and all small farmers are also members of the local co-operative society. All the inputs and services required for small farmer groups are provided through the co-operative. However, if a co-operative society does not exist, the ADB/N provides loans directly to the groups. The manager of the co-operative society is also a member of the loan committee, and scrutinizes loan applications from the group and approves loans. The co-operative society
also provides a marketing facility for the small farmer groups in the project area. Since all the small farmers are members of the co-operative society and all the services and inputs to groups are channeled through the co-operative society, the progress achieved in SFDP correlates with the progress of the co-operative society. In other words, the Small Farmers' Development Programme is also attempting to strengthen the co-operative movement in Nepal.

3.3.11 Selection of Project Sites, Identification of Small Farmers and Formation of Small Farmers' Groups

The SFDP sites are selected on the basis of area surveys and on recommendation of the District Sub-project Implementation Committee. An area survey gives information on the topography, climate, land use patterns, availability of natural resources, farm family structure, income, and the composition of different ethnic groups in that area. It is benchmark information for that particular area. The next step is to conduct a household survey: a detailed study which provides information about households of the project area selected. On the basis of this information, the GO identifies small farmers. The small farmers are then organized into informal groups, each generally consisting of 5-10 members. An attempt is made to form homogeneous and cohesive groups.

3.3.12 Support for the Small Farmers' Development Programme

Two types of support are extended to this programme:

- Administrative support
- Financial support
Administrative Support

All the administrative support required for the implementation of this programme is extended by the ADB/N. However, other line agencies are also involved in providing the various services required to launch the economic and social programme of SFDPs. Co-ordination committees are formed at various levels (ADB/N, 1984:17-18):

(i) Central Co-ordination Committee

This Committee is at the central level, and the chairman of this Committee is the Secretary of the Ministry of Agriculture. The Committee is composed of members from different line agencies at the central level. The functions of this Committee is to formulate basic policies and guidelines for SFDPs, provide instructions to District Co-ordination Committees, co-ordinate the programme at the central level and evaluate the programme.

(ii) District Co-ordination Committee

This Committee is chaired by the District Local Development Officer and is commonly known as SPIC (Sub-Project Implementation Committee). This Committee is composed of members of various line agencies at the district level. The Committee formulates the Small Farmers' Development Programme, co-ordinates, inspects, supervises, and evaluates the programme both at the project and district levels.

(iii) Panchayat Level Co-ordination Committee

The chairman of this committee is the Pradhan Pancha, the elected chief of the panchayat. Its members are the small farmer group leaders, the Manager of the Co-operative Society, Ward Chairman, Junior Technical Assistants, and Group Organizer. This committee implements and co-ordinates...
the programme at the panchayat level and also integrates the group plans with the panchayat plans.

(iv) **Inter-group Co-ordination Committee**

This Committee consists of small farmer group members and is responsible for co-ordinating the activities of different groups. The co-ordinator of this Committee is selected by the group members themselves.

**Financial Support**

The Small Farmers' Development Programme in Nepal is financially supported by the following international agencies (ADB/N, 1982:9):

(i) FAO provided funds in the initial stages for a training programme and loan guarantees. This fund was very useful in initiating and implementing the two pilot projects at Mahendra Nagar and Tupche.

(ii) IFAD provides financial assistance to ADB/N for the extension of credit to small farmers for economic and training activities. It has also provided funds for the establishment of Regional Training Centres and for monitoring and evaluating the programme.

(iii) The United Nations Children's Emergency Fund (UNICEF) provides financial assistance for social activities being launched in SFDPs and also for training activities. This kind of assistance is used to support activities such as the operation of child care centres, distribution of vegetable seeds, nutrition improvement and the Women's Development Programme.

(iv) The United Nations Fund for Population Activities (UNFPA) funds the population education and the Women's Development Programme in SFDPs.
(v) The United States Agency for International Development (USAID) supports the Small Farmers' Development Programme within the Rapti Zone, under its Rural Development Programme. The assistance from this source is used to provide credit and training support to small farmers in the Rapti Zone.

(vi) The United Kingdom provides financial assistance to support various activities such as credit and training in the Koshi Hill Area Rural Development Programme.

3.4 Integration of the Women's Development Programme into the Small Farmers' Development Programme

Initially, when the two pilot projects were established, the Small Farmers' Development Programme itself went through a learning process. There was no experience in Nepal, and little elsewhere, about Women's credit programmes. Not only were the farmers uncertain and even confused but also the implementing agencies found themselves in difficulties. It was hard to imagine how the programme could be shaped. J. Joshi (1980:44) has indicated that the Small Farmers' Development Programme has evolved through various stages of operation and implementation. The activities of the programme were expanded in response to the aspirations and demands of the small farmers. The feedback of participatory evaluations and consultations played an important role in this process.

When the Small Farmers' Development Programme was successful, its expansion was rapid. Many groups were formed and many small farmers became members of these groups. The volume of transactions of the projects increased, both in terms of loans granted and other services provided to member farmers. However, the programme did not directly benefit women.
Women did not have access to loans, nor did they obtain other services. Women could not participate in the agricultural training programme for an example. At first the small farmers' groups were exclusively male. Later on, after a few years of working experience, especially in the pilot projects, it was realized that women should also be included in the groups. Some of the households in the villages were headed by women. Thus, an attempt was made by the projects to include some women in the groups as members. This seemed to be a token attempt to treat women equally to men, but it did not benefit the majority of women nor could it fulfil their needs. A number of women were left behind in the developmental activities of the project.

Then some projects, for example, Tupche SFDP made another attempt to form female groups as a sub-group of male groups. In doing this, the project would not have to face the conceptual and administrative problems of providing loans to women, even in the absence of security for loans, as the male groups were to provide guarantees for the loans granted to women. Initially women's groups were organized in only two pilot projects, and later gradually extended to other projects. Although the women's programme was incorporated into the Small Farmers' Development Programme in 1977, the Women's Development Programme, as a special programme for women, was only created in 1981 and has only been operating in a planned way since FY1982. The Women's Development Programme was introduced as one of the social activities in the Small Farmers' Development Programme, but it has wider economic implications. The Women's Development Programme has thus become an important component of the Small Farmers' Development Programme.

3.4.1 Objectives of the Women's Development Programme

The main objective of the Women's Development Programme is to raise the economic status of women by identifying and utilizing local
skills and resources to implement various income generating programmes. Other objectives of the programme are:

- to provide training for women in various aspects of skill development
- to encourage women to save money
- to involve women in various social activities such as adult education, population education, family planning, health and sanitation etc.
- to achieve the overall development of women

Income generating activities generally consist of crop production, livestock rearing, kitchen-gardening, beekeeping, sericulture, and cottage industries. But SFDPs can choose the particular types of income generating activities for women - depending on the feasibility of the activities, availability of the skills and resources of a particular project area. It is realized that the same type of activities may not be feasible in all project areas. Women members of small farm families are motivated and organized into groups at the village level. A group also consists of about 5-10 members, but there is no hard and fast rule about numbers. Group plans for various income generating activities are formulated according to the interest, skill, and potentialities of the group undertaking those plans.

3.4.2 Status of the Women's Development Programme

The Women's Development Programme has been operating since FY1982. In the first phase during FY1982, a uniform Women's Development Programme was launched in 12 SFDPs in 12 districts. By FY1984, 172 groups had been formed in these 12 SFDPs with a total membership of 1,601. A total of Rs5,782,021 was invested for income generating activities in these 12 SFDPs (Table 3.9a). The Women's Development Programme is operating
its first 8 projects with the assistantship of UNFPA. The remaining 4 projects are assisted by UNICEF. For the UNFPA assisted SFDPs, UNFPA pays the salary of a Woman Group Organizer (WGO), training and seminar expenses. The ADB/N grants the loans to women for income generating activities. For the 4 UNICEF assisted SFDPs, UNICEF pays the salary of a WGO, training and seminar expenses, but the loan component also comes from UNICEF.

Shrestha et al. (1984:7) noted:

In the second phase, the Agricultural Development Bank's strategy was slightly modified to focus on the Area Development Approach and thus consolidated different programmes in the selected project areas only. Under this strategy the above 12 SFDPs are included. It is also targeted to cover 14 additional projects and increase the coverage up to 26 projects.

However, in FY1983, the Women's Development Programme was extended to only 4 more SFDPs with assistance from UNICEF. In these four SFDPs, 38 women's groups were formed by FY1984 with a total membership of 387 women. Loans of Rs287,868 have been invested by these groups during this period (Table 3.9b). During FY1984, the Women's Development Programme has been implemented in three other SFDPs with the assistance of UNICEF.

Thus the Women's Development Programme has been launched in a total of 19 SFDPs covering 19 districts, both in the Tarai and the Hills. The total number of groups formed was 228, the total number of members 2,233, and the total amount of loans came to Rs6,157,715 (Table 3.10). In mid-FY1985 this programme was extended to another 7 SFDPs: Madan Pokhara, Palpa District; Korak, Chitwan District; Syaule, Sindhupalchowk District; Sundarpur, Udaypur District; Khairmara, Mahottari District; Notipur, Kapilbastu District; and Pang, Parbat District. Data about their activities is not yet available.

Table 3.10 sums up the annual growth in the formation of women's groups, members involved, and the loans granted.
Table 3.9

Status of Women's Groups, Membership, and Loan Investment under the Women's Development Programme, FY1982-FY1984

A. Projects Inaugurated in FY1982

<table>
<thead>
<tr>
<th>Project</th>
<th>District</th>
<th>Number of groups formed</th>
<th>Number of members</th>
<th>Loans (rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Budhanilkantha</td>
<td>Kathmandu</td>
<td>9</td>
<td>106</td>
<td>178,428</td>
</tr>
<tr>
<td>2. Bokhim</td>
<td>Bhojpur</td>
<td>14</td>
<td>83</td>
<td>55,578</td>
</tr>
<tr>
<td>3. Birgaun</td>
<td>Dhankuta</td>
<td>8</td>
<td>78</td>
<td>105,781</td>
</tr>
<tr>
<td>4. Latikoili</td>
<td>Surkhet</td>
<td>10</td>
<td>86</td>
<td>25,500</td>
</tr>
<tr>
<td>5. Kahuvalam</td>
<td>Kaski</td>
<td>15</td>
<td>123</td>
<td>144,063</td>
</tr>
<tr>
<td>6. Anandaban</td>
<td>Rupendehi</td>
<td>14</td>
<td>150</td>
<td>178,649</td>
</tr>
<tr>
<td>7. Khopasi</td>
<td>Kavre</td>
<td>19</td>
<td>87</td>
<td>46,154</td>
</tr>
<tr>
<td>8. Chandranagar</td>
<td>Banke</td>
<td>12</td>
<td>148</td>
<td>165,610</td>
</tr>
<tr>
<td>10. Kakarvitta</td>
<td>Jhapa</td>
<td>13</td>
<td>107</td>
<td>112,743</td>
</tr>
<tr>
<td>11. Ramnagar</td>
<td>Parasi</td>
<td>29</td>
<td>342</td>
<td>4,391,370</td>
</tr>
<tr>
<td>12. Haripur</td>
<td>Sarlahi</td>
<td>18</td>
<td>167</td>
<td>291,812</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>172</td>
<td>1,601</td>
<td><strong>5,782,021</strong></td>
</tr>
</tbody>
</table>

Source: Institutional Division, Agricultural Development Bank, Kathmandu.
Table 3.9 continued

B. Projects Inaugurated in FY1983

<table>
<thead>
<tr>
<th>Project</th>
<th>District</th>
<th>Number of groups formed</th>
<th>Number of members</th>
<th>Loans (rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Kalena</td>
<td>Doti</td>
<td>4</td>
<td>33</td>
<td>21,893</td>
</tr>
<tr>
<td>2. Jyamire</td>
<td>Makwanpur</td>
<td>10</td>
<td>97</td>
<td>102,048</td>
</tr>
<tr>
<td>3. Nakatiraypur</td>
<td>Saptari</td>
<td>6</td>
<td>51</td>
<td>27,427</td>
</tr>
<tr>
<td>4. Mahendra Nagar</td>
<td>Dhanusha</td>
<td>18</td>
<td>206</td>
<td>136,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>38</strong></td>
<td><strong>387</strong></td>
<td><strong>287,868</strong></td>
</tr>
</tbody>
</table>

*Source: Institutional Division, Agricultural Development Bank, Kathmandu.*

C. Projects Inaugurated in FY1984

<table>
<thead>
<tr>
<th>Project</th>
<th>District</th>
<th>Number of groups formed</th>
<th>Number of members</th>
<th>Loans (rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tupche</td>
<td>Nuwakot</td>
<td>2</td>
<td>68</td>
<td>22,404</td>
</tr>
<tr>
<td>2. Durlari</td>
<td>Morang</td>
<td>10</td>
<td>87</td>
<td>-</td>
</tr>
<tr>
<td>3. Santapur</td>
<td>Rautahat</td>
<td>6</td>
<td>82</td>
<td>65,422</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>18</strong></td>
<td><strong>237</strong></td>
<td><strong>87,826</strong></td>
</tr>
</tbody>
</table>

*Source: Institutional Division, Agricultural Development Bank, Kathmandu.*
Table 3.10
Annual Growth in Group Formation, Membership and Loan Investment under the Women's Development Programme in 19 Small Farmer Development Projects during FY1982 to FY1984

<table>
<thead>
<tr>
<th>Activities</th>
<th>1982</th>
<th>1983</th>
<th>1984</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of groups formed</td>
<td>75</td>
<td>85</td>
<td>68</td>
<td>228</td>
</tr>
<tr>
<td>Number of members involved</td>
<td>670</td>
<td>802</td>
<td>761</td>
<td>2,233</td>
</tr>
<tr>
<td>Amount of loans invested (Rs)</td>
<td>137,833</td>
<td>4,797,446</td>
<td>1,222,436</td>
<td>6,157,715</td>
</tr>
</tbody>
</table>

Source: Computed from Table 3.9.

There was evidently a considerable pent up demand for the programme, and growth may be expected to continue as its coverage of new areas increases. However, as the existing demand is satisfied, growth may decelerate in the future.

3.4.3 Role of Woman Group Organizer in the Women's Development Programme

The Woman Group Organizer (WGO) is employed by the ADB/N in each SFDP where the Women's Development Programme has been implemented. One of the important criteria in selecting the WGO is to employ a person who comes from the same locality. Other factors in selection are work enthusiasm, service motive, and capability to build up effective public rapport. Educational levels are also considered.

There are two categories of WGO. They are determined by the level of education. One is above the School Leaving Certificate and the other is below the School Leaving Certificate. The basic salary differs with Rs970 per month for those who are above School Leaving Certificate, and Rs790 for those who are below School Leaving Certificate. However, the nature of work and responsibility of each category is similar.
The role of the WGO is crucial in executing the Women's Development Programme. They act as a bridge between the women farmers and the SFDP by communicating the problems and needs of women to the project, and reporting responses back to the women. Their duties and responsibilities are many and varied, including:

- to form women's groups;
- to motivate women to come into groups as members and initiate socio-economic activities appropriate to local conditions;
- to assist in identifying and planning income generating projects following the rural development principle of 'planning from below';
- to arrange training programmes for the group members in various topics such as population education, health, nutrition and cottage industries depending upon the place, potentialities, skill and needs of women members;
- to encourage women to participate actively in the population education programme, including other social activities;
- to conduct group meetings of women's groups regularly and assist all group members to participate in group discussion regarding their progress, problems and possibilities of further development;
- to arrange loans for women to implement various income generating activities by assisting in the preparation of the loan applications, forwarding these to the loan committee, and assisting women to obtain loans from the project/co-operative society;
- to supervise women's projects;
- to identify and obtain local resources and services for women's projects;
- to maintain information about women's groups and their activities in SFDP;
- to report monthly progress to the GO;
- to prepare and submit a monthly progress report on women's group activities to the Head Office of the ADB/N;
- to keep contact with various line agencies at the district level, either directly or through the GO, so as to obtain their co-operation in programme implementation.

When performing these duties, the WGO usually consult with the GO to obtain his opinion and approval. However, the WGO is solely responsible for all women's activities. The GO, as stated earlier, is responsible for the entire range of activities in the project.
Chapter 4

DESCRIPTION OF THE SURVEY AREA

Nepal is divided administratively, and geographically, into fourteen zones. Each zone is subdivided into districts and each district into town or village panchayats. Each panchayat comprises nine wards. This study was undertaken in two panchayats; Taklung in the Gorkha District and Budhanilkantha in the Kathmandu District.

4.1 Gorkha District

This district lies to the west of Kathmandu in one of the hill areas of Nepal. It is bounded by the following districts: the Dhading District on the east, parts of the Lamjung, Tanahu and Manang Districts on the west, Chitwan on the south and China to the north. Historically, this district has been of central importance to Nepal, and it has acquired international recognition in literature and history as the 'Gorkha' area because of the recruitment of 'Gurkha' troops for the Indian (and eventually the Imperial) army. 'Gurkha' soldiers, not necessarily from the Gorkha District alone, fought in the two World Wars. The ancestors of the present Shah King ruling Nepal came from the Gorkha District. The ancient palace of the kings of Gorkha, called the 'Gorkha Durbar', is treated as a holy place, visited by pilgrims on appropriate holy occasions. The district is thus relatively developed compared to other districts in the hill region of Nepal.

4.1.1 Climate and Rainfall

The altitude of the Gorkha District ranges from 1,300 to 4,600 feet above sea level. The climate is moderate, ranging from sub-tropical to
temperate, with a temperature range from 6 to 12 degrees centigrade. The average annual rainfall is 1,560 mm, with heavy rainfall coming in the monsoon season from June to August.

4.1.2 Population and Ethnic Groups

According to the census of 1981, the population of the Gorkha District was 232,091 (115,398 males and 116,693 females). The annual growth rate of population over the past 5 years (1977-1981) has been 3.7 per cent. This was higher than the national growth rate of 3.4 per cent during the same period. The 1971 Census estimated that the total economically active population (that is, those engaged in productive activity) of the district was 53,166 males and 25,867 females.\(^1\) Of the economically active males, 51,618 (97 per cent) were engaged in agriculture, and the proportion of females in agriculture was even higher at 99 per cent. The rest of the population were working in production and services, professional and technical workers, sales workers and clerical and service employees. The average family size was six.

The inhabitants of the district consist of several ethnic groups, including Brahmins, Chhetris, Newars, Magars, Gurungs, Sherpas, Prajas (Chepang) and others. The main religion of the Brahmin and Chhetri groups is Hinduism, but the others are Buddhists.

4.1.3 Land Characteristics

The district consists of two types of plain and upland land, locally known as khet and pakho bari respectively. The total land area of the district is 130,950 hectares. Only 750 hectares are irrigated throughout the year. Most of the land in the district is pakho, and pakho is generally unirrigated land. Data of cultivated pakho and khet are not available.

\(^1\)The 1981 Census has not yet been fully analysed. Most detailed data are thus from the 1971 Census.
4.1.4 **Farming Systems**

The crops produced depend on the type of land and the availability of water. Even in most of the *khét*, because of the lack of irrigation, farming is rain-fed. Paddy, maize, millet, wheat and potatoes are the major crops; paddy and wheat are cultivated on the *khét*, maize and millet are cultivated on the *pakho*.

4.1.5 **Education**

There are 153 primary, 41 lower secondary and 16 secondary schools in the district, and there is one institute for higher education, 'Gorkha Campus' which teaches Humanities and Social Sciences. There are 33,162, 3,517 and 3,146 students in the primary, lower secondary, and secondary schools respectively.¹

4.2 **Taklung Small Farmer Development Project Area**

One of the two surveys undertaken for this thesis was in Taklung, a village panchayat located in the southeastern part of the Gorkha District. The Taklung Small Farmer Development Project has been operating in the panchayat since April 1978. The extreme southern part of the project area is bordered by the river Budhi Gandaki and it is close to the Prithvi Highway. In the north of the panchayat, the land is hillier. Since the project office is situated on the opposite side of the highway, across the bridge over the river Budhi Gandaki, it is possible to walk to the project office in a few minutes, but transportation is difficult in the north, east and western parts of the panchayat. This panchayat is located about 41 km south-east

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¹The enrolment of students by sex is not known. Similarly, both the number of students and enrolment by sex at the tertiary level is not known.
4.2.1 Climate and Rainfall

Taklung Village panchayat is at an altitude of 1,330 to 4,550 feet above sea level. The climate is sub-tropical to temperate, with the temperature ranging from 6.6 to 32 degrees centigrade. The average annual rainfall is 744 mm, considerably lower than the average for the district.

4.2.2 Population and Ethnic Groups

In 1971 the total population of Taklung panchayat was 4,350 (2,224 females and 2,126 males). There were 741 farm families in the panchayat, out of which 667 were reported to be small farmer families. In this panchayat, reflecting the district's ethnic variety, there were Brahmins, Chhetris, Magars, Newars, Prajas, Damais, Kamis (blacksmith), Sarkis (shoe-makers) and Yogi. The main religions were Hinduism and Buddhism.

4.2.3 Land Holdings

The total land of the panchayat was 2,176 hectares, with only about 1,002 hectares of cultivated land, consisting of 149 hectares of irrigated khet and 853 hectares of unirrigated pakho. The rest of the land, 1,174 hectares, was covered by forest, rocks, streams and rivulets or was fallow.

4.2.4 Cropping Patterns

Cropping patterns are different in irrigated and non-irrigated fields. Paddy is the main crop in irrigated land, followed by wheat in the winter season as a second crop. In non-irrigated fields farmers intercrop maize-millet, maize-black or white beans and maize-oats. The crops
grown in this area are paddy, maize, millet, barley, oats, mustard, wheat, beans, and other oil seeds.

Cropping of irrigated land consists of paddy/wheat/maize or paddy/wheat. Cropping of unirrigated land runs along the following lines: maize/millet, maize/mustard, maize/wheat or barley, maize/black beans/mustard, maize/white beans/oil seeds or barley, or maize/oats.

4.2.5 Occupations and Local Resources

Farming and livestock are the major occupations of the people in the Taklung panchayat. Some part time activities include carpentry, small scale industries such as mat making and weaving, and small businesses such as cutting and selling wood for fuel. Most of the rural families keep either buffaloes or cows for milk and to manure their land. The main livestock raised in this area are buffaloes, cows, oxen, goats, pigs, and chickens. The number of livestock kept indicates the economic status of the farmers. As about half of the land of this panchayat is grassland, thick forest, streams and wild fruit trees, there is great potential for expanding activities such as beekeeping, livestock grazing and forest-based cottage industries.

4.2.6 Education

The Small Farmer Development Project office reported that 435 people (10 per cent of the total population of 4,350) are literate. This figure is lower than both Gorkha District and national level. Literacy figures for male and female separately in the panchayat are not available. The Taklung panchayat has one lower secondary school and seven primary schools.
4.2.7 Institutions and Agencies

The panchayat has a number of government and semi-government institutions and service agencies:

- Taklung Project
- Livestock Health Sub-Centre
- Agriculture Extension Centre (services available from one Junior Technical Assistant and four other staff).
- Family Planning and Health Centre (one staff member)
- Office of the Village Panchayat
- One Post Box

A Veterinary Centre was under construction when this survey was undertaken. The project office reported that, when the Taklung project was established, only the office of the Village Panchayat and four schools existed. The Taklung Small Farmer Development Project has developed close links with these local service agencies, from which it can seek services for its programmes. However, in practice, the panchayat service agencies are not adequate, and other services are made available from the District level agencies.

4.3 Kathmandu District

Kathmandu valley consists of three districts: Lalitpur, Bhaktapur and Kathmandu. The Kathmandu valley is surrounded by high peaks such as Shivpuri, Nagarjun and Chandragiri and the Mahabharat foothills which range from 4,428 to 8,962 feet. The Kathmandu District is thus hilly, ranging from 4,428 to 8,962 feet above sea level. To the north of Kathmandu District is the Shivpuri peak (8,962 feet), to the south Lalitpur District and to
the east Bhaktapur District. Kathmandu is not only the administrative regional headquarters of the Central Development Region,\(^1\) but also the political and cultural capital of Nepal. It is often called the 'City of Temples' because of its ancient temples and statues. It is the most developed area in the country.

4.3.1 Climate and Rainfall

The climate of Kathmandu District is mainly cool temperate, temperate, and sub-tropical. The temperature ranges from 1.2 to 30.5 degrees centigrade, with maximum temperatures in May and minimums in December. The rainfall comes with the monsoon winds. In 1970 average rainfall was 1,663 mm, but rainfall within the district varies greatly. The heaviest rainfall occurs in July and the lowest in December.

4.3.2 Population and Ethnic Groups

The Population Census 1981 estimated that the total population of Kathmandu District was 422,670 (220,403 males and 202,267 females). In 1971, the economically active population (that is, those engaged in productive activity) was 113,838 (44%); 91,618 (70%) males and 22,220 (18%) females. Of the economically active males, only 43,571 (38%) were engaged in agriculture. As in the Gorkha District, the proportion of females engaged in agriculture (out of the economically active female population) in the Kathmandu District is greater than that for males which was 77 per cent. Unlike Gorkha District, a greater percentage of the economically active population in Kathmandu District were engaged in occupations other than

\(^1\)Administratively Nepal is divided into five development regions: Central, Eastern, Western, Mid-western, and Far-western.
agriculture; this was especially true for males. The proportion of the total economically active people in occupations other than agriculture stands at 53 per cent; 19 per cent clerical/service workers, 17 per cent production or other labourers, 7 per cent sales workers and the rest (4 per cent) in other occupations. Living in or near Kathmandu, being in a relatively developed city, means there are more employment opportunities outside agriculture, generally men take greater advantage of these opportunities than women. The proportion of the economically active males categorized as being in clerical or other service activities was as high as 21 per cent, whereas for females it was only 12 per cent. In the Gorkha District, the employment opportunities in other sectors are limited and thus both males and females have to rely heavily on agriculture.

A large proportion of the population of the Kathmandu District have migrated from other parts of Nepal to seek education, jobs, business and other opportunities and the present population is, therefore, varied ethnically and culturally. Some of the ethnic groups, as in other parts of the country, are Brahmins, Chhetris, Thakuris and Newars. The principal religious groups are Hindu and Buddhist. The majority of the people speak the Nepali language, but a variety of dialects are still used.

4.3.3 Land Holdings

The total area of Kathmandu is 54,500 hectares, with 24,900 hectares, or 45 per cent of the total land in the district being cultivated. This is one of the highest levels of land utilization in Nepal where only 13 per cent overall of the total land is cultivated.
4.3.4 Farming Systems

As in other parts of Nepal, the land types are khet and pakho bari. The khet in Kathmandu is normally irrigated, and paddy, wheat, potatoes or other vegetables are usually cultivated. Paddy and wheat are grown in the non-irrigated areas. Maize, millet and beans are generally cultivated on the pakho land.

4.3.5 Education

Kathmandu is the centre of all educational facilities. There are 188 primary schools, 74 lower secondary schools and 40 secondary schools, and the only university of Nepal, Tribhuvan University, is located in Kathmandu.

4.4 Budhanilkantha Small Farmer Development Project Area

Budhanilkantha was the other area surveyed. Budhanilkantha Small Farmer Development Project covered two panchayats, namely Bishnu Village and Chapali Bhadrakali Village panchayats in the Kathmandu District. Project activities started in Bishnu in early March 1977, and were extended to Chapali Bhadrakali in June 1982. The project area lies to the north of Kathmandu at the foot of the Shivpuri Hill range, about 9 km from Kathmandu City. The altitude in the project area ranges from 4,500 to 6,000 feet above sea level. The project office and a portion of the project area are linked to the asphalt road network from Kathmandu City, and there is a public bus service to the project office from Kathmandu City. But otherwise, although the project area is in the Kathmandu District, not much infrastructural development has taken place.

The way of life in this area is still rural. Only a few people are influenced by city life. Those who are in the service sector and
have frequent contact with Kathmandu City follow urban life styles. The
people of Budhanikantha project area have access to two market centres;
the small local market in Budhanikantha itself, and the large market in
Kathmandu City. Most of the small farmer families seem to use the small
local markets to sell their produce and buy necessities, but life styles
and economic opportunities in this project area somewhat differs from the
completely rural Taklung area.

The Gorkha District in general and Taklung Panchayat in particular
are typical hill areas. In contrast, neither Kathmandu District nor
Budhanikantha project area can be considered as being typical of hill
areas. Some parts of the Budhanikantha project area are in the urban
outskirts so that life styles are neither urban nor rural, and the people
often do not respond to the facilities the project offers, being largely
concerned with individual financial advantage. It is natural that the Taklung
project area has lagged behind in government administrative and infrastructural
services, like other hill areas of the country. Topographically, the area
is difficult to develop. Yet quite surprisingly, the Budhanikantha
project area is not better off than Taklung in government administrative
and infrastructural development services. It seems that the government has
concentrated its effort and resources mostly on the development of Kathmandu
City. Thus areas like Budhanikantha, although close to Kathmandu City,
have been left behind. Also it is not surprising that the Budhanikantha
project area is backward; there are many other adjoining areas of Kathmandu
City very similar to Budhanikantha which are probably overlooked by the
government planning and administrative machinery.

4.4.1 Climate and Rainfall

The climate of the project area is generally sub-tropical. From
December to February, during the winter months, the temperature varies
between 0 to 18 degrees centigrade, while in summer it ranges between 10 to 33 degrees centigrade. The average annual rainfall in the project area is about 2,500 mm, and more than 80 per cent of the rainfall occurs with the monsoon winds which start blowing in June and end in October.

4.4.2 Population, Household Coverage and Ethnic Groups

The total population of the two project panchayats is 5,901 (3,050 males and 2,851 females). There are a total of 992 households in the project areas, of which 876 households (88%) are those of small farmers. The Small Farmer Development Project supports 441 small farmer households, 45 in Chapali Bhadrakali Panchayat and 396 in Bishnu Panchayat. The project's coverage of small farmer households is 50 per cent of the total households of the two panchayats, with a 66 per cent coverage in Bishnu Panchayat and 16 per cent in Chapali Bhadrakali Panchayat.

Chhetris, Brahmins, Newars, Tamangs, Magars, and Kamis constitute the main caste groups in the project area. The population is about 60 per cent Hindu and 40 per cent Buddhist.

Table 4.1

<table>
<thead>
<tr>
<th>Population and Household Coverage by Budhanilkantha Small Farmer Development Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bishnu panchayat</td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td>Population:</td>
</tr>
<tr>
<td>Number of males</td>
</tr>
<tr>
<td>Number of females</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Total households (number)</td>
</tr>
<tr>
<td>Small farmer households (number)</td>
</tr>
<tr>
<td>Small farmer household coverage by SFDP (number)</td>
</tr>
<tr>
<td>Percentage of small farmer household coverage</td>
</tr>
</tbody>
</table>

Source: Budhanilkantha Small Farmer Development Project.
4.4.3 Land Holdings

Only 341 hectares of the total 481 hectares of the Bishnu Panchayat is estimated to be under cultivation. The irrigated *khett* is estimated to be 205 hectares, or 60 per cent of the total cultivated land. The unirrigated *pakho* is 136 hectares, 40 per cent of the total cultivated land. The figures for Chapali Bhadrakali Panchayat are not available. The rest of the land is forest, fallow, and rivulets. Most of the land in the project area is composed of terraced fields with about 45 degree slopes and flat land near the famous temple of Bishnu. The average size of land holdings is very small and fragmented on the terraced slopes. The majority of farm households own less than 0.5 hectares.

4.4.4 Cropping Patterns and Farming Systems

Generally, two crops are cultivated in a year: on the *khett* land paddy and wheat; and on the *pakho* land maize and millet or maize and upland paddy. In some of the irrigated *khett* land, some of the small farmers have started growing potatoes and vegetables after paddy. These vegetables are easily marketed in Kathmandu and the income generated is relatively high. Small farmers follow an integrated crop-livestock farming system. Almost all the small farmer families have a few head of poultry, goats and cattle. Livestock raising is a major source of family income for small farmers.

4.4.5 Occupations

As in the Taklung area, agriculture is the main occupation. Besides farming and livestock raising, one or two members of each farm family are engaged in non-agricultural activities such as carpentry, labour on construction and low-level employment in government. Some small farmers make a supplementary income through selling fuelwood in the markets of Kathmandu.
4.4.6 Potential Resources

The two panchayats covered in the project area have abundant water resources from the Mahadev Khola and the Bishnumati Khola. These streams are the main source of water for irrigation and drinking in the area. There seems to be considerable potential for irrigating more land if unutilized water resources could be harnessed. This would improve the cropping system and increase production. Drinking water for some areas of Kathmandu City is supplied from these sources. Forests were an important resource for this area in the past, but excessive cutting of trees for fuel and other purposes in and around the Shivpuri Hill range, have caused rapid forest depletion. A reforestation programme has been launched within the 'Shivpuri Watershed and Forest Management Project'. The Budhanilkantha Small Farmer Development Project is playing a vital role in raising awareness among the small farmers of the necessity of protecting the remaining forest areas and motivating farmers to plant fast growing trees for fuel and fodder on their waste land.

4.4.7 Education

There are two primary schools and one secondary boarding school in the area. The famous Budhanilkantha Boarding School is also located in this project area. However, there has been no survey of literacy.

4.4.8 Institutions and Agencies

A number of government and semi-government institutions are located in the project area. All are, directly or indirectly, linked to the Budhanilkantha Small Farmer Development Project. They include:

1Detailed data of the number of people involved in the administration of these programmes is not available.
The Budhanilkantha Small Farmer Development Project mainly uses the services of these local agencies. Sometimes, if local services are inadequate, the project also uses services from the District level institutions and from other agencies located in the Kathmandu District.
AN OVERVIEW OF PROJECT ACTIVITIES

The Budhanilkantha Small Farmer Development Project was established in February 1977, about a year before the Taklung Small Farmer Development Project was established in April 1978. However, both projects started their actual operation one fiscal year after their establishment date. Thus, the project activities discussed in this chapter cover FY1978 to mid-FY1985 for Budhanilkantha and FY1979 to mid-FY1985 for Taklung.

5.1 Group Formation

As shown in Table 5.1, 47 and 44 groups were formed in Taklung and Budhanilkantha respectively. In Taklung there were 35 male and 12 female groups in mid-FY1985, and 31 male and 13 female groups in Budhanilkantha. The growth of groups in Budhanilkantha was not gradual. Eighteen male groups were formed in the first year. This was followed by a low increase over the subsequent years. In Taklung growth was more even.

Table 5.1

<table>
<thead>
<tr>
<th>FY</th>
<th>Taklung</th>
<th>Budhanilkantha</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of male groups</td>
<td>Number of female groups</td>
</tr>
<tr>
<td>1978</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1979</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>1980</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>1981</td>
<td>16</td>
<td>1</td>
</tr>
<tr>
<td>1982</td>
<td>20</td>
<td>6</td>
</tr>
<tr>
<td>1983</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>1984</td>
<td>30</td>
<td>12</td>
</tr>
<tr>
<td>1985</td>
<td>35</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Project data.

1In this and all subsequent tables, the figures reported for FY1985 are only for 6 months from July 1984 to December 1984 (in Nepali, 1 Srawan 2041-30 Paush 2041).
In Budhanilkantha, one women’s group was started in FY1979 and one in FY1980 on the initiative of the Project Manager; but the Women’s Development Programme was formally introduced in FY1981 leading to the formation of female groups in both projects. The average number of members in a group was 10.2 in Taklung with the same number for males and females; whereas in Budhanilkantha it was 10.5 overall: 9.9 for females and 10.7 for males.

5.2 Group Membership

The group membership in both projects has increased during their period of operation. However, the rate of growth of total membership is substantially greater in Taklung than in Budhanilkantha with 99 per cent average annual growth rate in Taklung from FY1979 to mid-FY1985, compared to 38 per cent average annual growth rate in Budhanilkantha during the same period. The total number of members reached 472 and 462 in Taklung and Budhanilkantha projects respectively in mid-FY1985 (Table 5.2). In Taklung the average annual rate of growth of female members was substantially greater than that of male members; 230 per cent per annum (for the period between FY1981 and mid-FY1985) for females and 75 per cent per annum for males (for the period between FY1979 to mid-FY1985). The average annual growth rate of female members was also substantially higher in Budhanilkantha than it was for male members; 195 per cent for females and 23 per cent for males from FY1978 to mid-FY1985. The annual growth trend in the membership, especially in the Budhanilkantha Project, seems very uneven with 222 members enrolled in a single year at the beginning, and none in the next two years. Being a member of a group does not necessarily mean participating actively in either the economic, mainly loan activities, or the non-economic activities of the project. However, being a member is
Table 5.2

Membership of Males and Females in the Small Farmer Development Projects, Taklung and Budhanilkantha, FY1978-FY1985

<table>
<thead>
<tr>
<th>FY</th>
<th>Male Taklung</th>
<th>Female Taklung</th>
<th>Total Taklung</th>
<th>Male Budhanilkantha</th>
<th>Female Budhanilkantha</th>
<th>Total Budhanilkantha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>222</td>
<td>-</td>
<td>222</td>
</tr>
<tr>
<td>1979</td>
<td>87</td>
<td>-</td>
<td>87</td>
<td>262</td>
<td>12</td>
<td>274</td>
</tr>
<tr>
<td>1980</td>
<td>121</td>
<td>-</td>
<td>121</td>
<td>262</td>
<td>27</td>
<td>289</td>
</tr>
<tr>
<td>1981</td>
<td>186</td>
<td>14</td>
<td>200</td>
<td>262</td>
<td>27</td>
<td>289</td>
</tr>
<tr>
<td>1982</td>
<td>233</td>
<td>71</td>
<td>304</td>
<td>284</td>
<td>68</td>
<td>352</td>
</tr>
<tr>
<td>1983</td>
<td>309</td>
<td>98</td>
<td>407</td>
<td>310</td>
<td>86</td>
<td>396</td>
</tr>
<tr>
<td>1984</td>
<td>336</td>
<td>113</td>
<td>449</td>
<td>318</td>
<td>108</td>
<td>426</td>
</tr>
<tr>
<td>1985</td>
<td>359</td>
<td>113</td>
<td>472</td>
<td>333</td>
<td>129</td>
<td>462</td>
</tr>
</tbody>
</table>

Source: Project data.

A prerequisite for starting to participate by taking advantage of the training and other services provided by the Project. In Taklung the female members were from families where males first became members, whereas in Budhanilkantha, the practice was different, with males and females, from different families. There appear to be two principal explanations for the uneven annual growth of group formation and group membership in Budhanilkantha: the people of the Budhanilkantha Project area were at first curious to see how the small farmers groups worked and wanted to take advantage of loans and other services provided by the Project. So both small and large farmers tried to join groups; the Project management at the beginning, took the view that the more groups were formed and members enrolled, the better their performance. Thus, the project tried to form as many groups as quickly as possible and accept as many members as possible within the first year. Small farmers could not be identified in a short time, thus enabling large farmers also to become group members. In later years, more restrictive policies were imposed by the ADB/N on the selection of farmers.
A second increase came in FY1982 when a second panchayat Chapali, came into the project. Poor selection of farmers in Budhanilkantha disturbed the spirit and atmosphere of the project from the beginning and had long-term repercussions on the project. Some groups are not functioning well. Much conflict was reported in the opinions of group members, and some have already left the groups. This situation applies more to male than female groups. Some members in the male groups are job holders, either in the project area or in Kathmandu City, and they do not rely only on agricultural occupations for their income. They did not become fully involved in the activities of the project and, accordingly, did not have a good understanding of the spirit of the programme.

5.3 Group Saving

One of the objectives of the Project is to cultivate the saving habit. Group members deposit a part of their income each month in their group saving fund. The group fund can be utilized for emergency purposes such as medical expenses, funeral ceremonies and other social needs of the group members. This saving fund is also utilized for lending among the group members to meet a proportion of their production costs, such as the costs for land preparation and sowing. Group saving is also collected in kind (i.e., in the form of grain) which is often utilized during the food deficit period.

The Taklung and Budhanilkantha Projects had total, male and female, saving funds of Rs37,776 and Rs43,219 respectively by FY1984. In Taklung the total number of people involved in savings was 415, of these 332 were males and 83 were females, representing 92 per cent and 76 per cent of total male and female members respectively. In Budhanilkantha the total number of
people involved in saving activities was 419; 321 males and 98 females, or 96 per cent and 76 per cent of the total male and female members. Monthly savings contributions in both project areas ranged from 5 to 10 rupees per person per month. The money was usually deposited in a commercial bank near the project area in the group's accounts.

5.4 Loan Disbursements, Collection and Arrears

Total loan disbursed in Taklung equalled Rs1,675,000; for males Rs1,595,451 and for females Rs79,549 in mid-FY1985; in Budhanilkantha it was Rs1,026,553 in total, Rs735,313 for males and Rs291,240 for females during the same period (Table 5.3). Although Taklung started loan activity only in FY1980, two years after Budhanilkantha, the annual growth of loan disbursements was higher in Taklung (228 vs. 159 per cent) than in Budhanilkantha. However, loan disbursement for female borrowers were higher in Budhanilkantha with Rs291,240 in mid-FY1985 (with an abnormally high growth rate in each of the previous fiscal years) than in Taklung where the total was only Rs79,549 during the same period. Loan disbursement to female borrowers in Taklung even declined during the latter years. The average disbursement of loans per member farmer was Rs887 in Taklung and Rs629 in Budhanilkantha in FY1984. One of the reasons for the relatively lower annual growth of loan disbursement in Budhanilkantha was that in the case of males, as explained earlier, most of the groups were formed and loans were made at the beginning. There was little scope to expand loan activities within the same farm families in later years. Relatively larger amounts of loans were disbursed to women in Budhanilkantha than Taklung, because more women were enrolled in the groups. Moreover, the women of Budhanilkantha Project were more 'business conscious' than the women of
Taklung and thus were able to take advantage of the loan services provided by the Project. From the Project side in Budhanilkantha, loans to women were essential as the Project could not rely only on the male groups once males were borrowed up.

Table 5.3
Loan Disbursements to Male and Female Borrowers,
FY1978-FY1985
(руpees)

<table>
<thead>
<tr>
<th>FY</th>
<th>Taklung</th>
<th></th>
<th></th>
<th>Budhanilkantha</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td>1978</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>99,525</td>
<td>-</td>
<td>99,525</td>
</tr>
<tr>
<td>1979</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>124,244</td>
<td>-</td>
<td>124,244</td>
</tr>
<tr>
<td>1980</td>
<td>163,000</td>
<td>-</td>
<td>163,000</td>
<td>30,055</td>
<td>-</td>
<td>30,055</td>
</tr>
<tr>
<td>1981</td>
<td>100,000</td>
<td>-</td>
<td>100,000</td>
<td>5,670</td>
<td>-</td>
<td>5,670</td>
</tr>
<tr>
<td>1982</td>
<td>220,761</td>
<td>19,239</td>
<td>240,000</td>
<td>48,496</td>
<td>1,998</td>
<td>50,494</td>
</tr>
<tr>
<td>1983</td>
<td>374,250</td>
<td>32,750</td>
<td>407,000</td>
<td>135,598</td>
<td>35,986</td>
<td>171,584</td>
</tr>
<tr>
<td>1984</td>
<td>387,740</td>
<td>19,260</td>
<td>407,000</td>
<td>138,278</td>
<td>129,576</td>
<td>267,854</td>
</tr>
<tr>
<td>1985</td>
<td>349,700</td>
<td>8,300</td>
<td>358,000</td>
<td>153,452</td>
<td>123,680</td>
<td>277,132</td>
</tr>
<tr>
<td>Total</td>
<td>1,595,451</td>
<td>79,549</td>
<td>1,675,000</td>
<td>735,313</td>
<td>291,240</td>
<td>1,026,553</td>
</tr>
</tbody>
</table>

Source: Project data.

Once a loan is disbursed, the regularity of loan collection is critical for a lending institution. The total loan collected during the operation of the Taklung and Budhanilkantha projects was Rs927,610; Rs472,000 for Taklung and Rs455,610 for Budhanilkantha (Table 5.4); ratio of total loan collection to loan disbursement was 28 per cent and 44 per cent respectively. In both projects, the ratio of loan collection to loan disbursement was higher for female than for male borrowers.
Table 5.4
Collection from Male and Female Borrowers, FY1978-FY1985 (rupees)

<table>
<thead>
<tr>
<th>FY</th>
<th>Taklung</th>
<th>Budhanikantha</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Male</td>
</tr>
<tr>
<td>1978</td>
<td>-</td>
<td>-</td>
<td>1,845</td>
</tr>
<tr>
<td>1979</td>
<td>-</td>
<td>-</td>
<td>19,925</td>
</tr>
<tr>
<td>1980</td>
<td>8,000</td>
<td>-</td>
<td>8,000</td>
</tr>
<tr>
<td>1981</td>
<td>41,000</td>
<td>-</td>
<td>41,000</td>
</tr>
<tr>
<td>1982</td>
<td>56,357</td>
<td>643</td>
<td>57,000</td>
</tr>
<tr>
<td>1983</td>
<td>110,958</td>
<td>6,042</td>
<td>117,000</td>
</tr>
<tr>
<td>1984</td>
<td>150,356</td>
<td>15,644</td>
<td>166,000</td>
</tr>
<tr>
<td>1985</td>
<td>74,023</td>
<td>8,977</td>
<td>83,000</td>
</tr>
<tr>
<td>Total</td>
<td>440,694</td>
<td>31,306</td>
<td>472,000</td>
</tr>
</tbody>
</table>

Source: Project data.

Loans outstanding were much higher in Taklung than Budhanikantha during mid-FY1985, being Rs1,207,000 and Rs570,944 respectively (Table 5.5).

In Taklung more loans were committed and repayments were lower than in Budhanikantha. Arrears rate ranged from 39 to 51 per cent in Taklung and 52 to 74 per cent in Budhanikantha during the period between FY1982 and mid-FY1985 (Table 5.6). However, the arrears rate was declining in both projects up to FY1984, but rose again in mid-FY1985. The arrears rate is an important indicator of the health of a credit institution. The lower the arrears rate, the better the performance, that is, the better the loan repayment situation. In the same context, Maharjan et al. (1982:2) noted:

The history of many credit programs warns us that if we are unable to have control over the rising loan delinquency rate, it might engulf the program itself.
Table 5.5
Male and Female Loans Outstanding, FY1978-FY1985 (rupees)

<table>
<thead>
<tr>
<th>FY</th>
<th>Taklung</th>
<th>Budhanilkantha</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>1978</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1979</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1980</td>
<td>155,000</td>
<td>-</td>
</tr>
<tr>
<td>1981</td>
<td>214,000</td>
<td>-</td>
</tr>
<tr>
<td>1982</td>
<td>382,404</td>
<td>18,956</td>
</tr>
<tr>
<td>1983</td>
<td>645,696</td>
<td>45,304</td>
</tr>
<tr>
<td>1984</td>
<td>883,080</td>
<td>48,920</td>
</tr>
<tr>
<td>1985</td>
<td>1,158,757</td>
<td>48,243</td>
</tr>
</tbody>
</table>

Source: Project data.

Table 5.6
Repayment Patterns — FY1982 to FY1985

<table>
<thead>
<tr>
<th>FY</th>
<th>Taklung1</th>
<th>Budhanilkantha1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unpaid amount (Rs)</td>
<td>Required repayment (Rs)</td>
</tr>
<tr>
<td>1982</td>
<td>56,000</td>
<td>113,000</td>
</tr>
<tr>
<td>1983</td>
<td>77,000</td>
<td>194,000</td>
</tr>
<tr>
<td>1984</td>
<td>105,000</td>
<td>271,000</td>
</tr>
<tr>
<td>1985</td>
<td>86,000</td>
<td>169,000</td>
</tr>
</tbody>
</table>

1For breakdown of arrears rate between males and females, see Chapter 7.
2The arrears rate is the percentage of the unpaid amount measured against the required repayment. Mathematically, it is expressed as:

\[
\text{arrears rate} = \frac{\text{unpaid amount}}{\text{required repayment}} \times 100
\]

where, the unpaid amount is the balance of the required repayment and the repaid amount for a particular period. It is also termed as a delinquent loan. Required repayment is the amount of the loan which is to be paid back to the lender in a particular period. It includes the current due and overdue loan amounts along with the current due and overdue interest amounts for a particular period of time.

Source: Computed from the Project data.
From the same study of group loan delinquency problems in Nepal in six Small Farmer Development Projects (including Budhanilkantha), Maharjan et al. further concluded that the higher arrears rates for Budhanilkantha could be attributed to a poor selection of farmers and the weak functioning of the organized groups. Credit was made available as soon as groups were formed, once the loans became overdue the project's functioning seemed to stop. One of the conditions in group lending is that the failure of loan repayment by even one member in the group makes it impossible for the whole group to borrow further. As there were higher arrears rates in Budhanilkantha, there was also less disbursement than in Taklung.

With regard to loan disbursement by purpose, both Taklung and Budhanilkantha granted loans for various purposes such as production of cereal and cash crops, livestock rearing, farm mechanization, irrigation, horticulture, cottage industry and petty trade. The cereal crops mainly consisted of rice, wheat, maize, and millet. The cash crop was mainly potato. Loans were provided for fertilizer, improved seeds, insecticides etc., under the production loan category which is for a short term not exceeding 18 months. Livestock loans consist of loans for buffaloes, cattle, goats, pigs, chickens and beekeeping. The duration of loans is medium term, from 18 months to 7 years. Loans for farm mechanization were for seed bins, threshers, draft bullocks etc. Cottage industry loans mainly consisted of loans for sewing, weaving, pickle and dried food preparation. Loans for farm mechanization, irrigation and cottage industries were also for the medium term. Horticultural farming and purchase of land by tenants came under the long term category of 7-20 years.

The bulk of loans in Taklung were for livestock which accounted for more than 65 per cent of all loans in the years studied (Table 5.7). The
amount of loans for other purposes such as horticulture, cottage industry and irrigation, fluctuated a great deal. Loans for crop production did not seem very attractive in Taklung, never exceeding 3 per cent of total loans during the years considered. In Budhanilkantha, loans for livestock ranged from 31 per cent in FY1982 to 81 per cent in mid-FY-1985 (Table 5.8), constituting the highest percentage of loans disbursed in all the years considered. Unlike Taklung, the production loans for crops were more popular in Budhanilkantha, constituting the largest share (57 per cent), even higher than for livestock in FY1982. Loans were not granted for horticultural farming in Budhanilkantha.

Out of Rs19,283 disbursed to female borrowers in Taklung during FY1982, loans for goat rearing were largest (56 per cent), followed by loans for cottage industry. Loans for goats had the highest share for all the years considered except in FY1983 (Table 5.9). The female group members apparently started to borrow for potato and vegetable production only in FY1985. Few loans were granted to women for poultry, duck and buffalo enterprises. These do not seem to be regular nor major enterprises for which loans were taken. In both Taklung and Budhanilkantha women borrowed in relatively small amounts compared to men, and for different purposes than men. Women usually borrowed for goats, chickens, pigs, cottage industries, petty trade or tea shops and vegetable production to increase their own income. They did not borrow for farm mechanization, irrigation, horticulture and crop production. However, there was an exception, in the Budhanilkantha Project where women also borrowed large amounts for cereal crop production. This came to 19 per cent of the total loan disbursement during FY1984 (Table 5.10). The purposes of loans for women in the Budhanilkantha Project were not the
Table 5.7
Loan Disbursement by Purpose in Taklung, FY1982-FY1985
(rupees)

<table>
<thead>
<tr>
<th>Purpose</th>
<th>FY1982</th>
<th></th>
<th>FY1983</th>
<th></th>
<th>FY1984</th>
<th></th>
<th>FY1985</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Cereal crop</td>
<td>1,000</td>
<td>0.41</td>
<td>8,000</td>
<td>1.97</td>
<td>11,000</td>
<td>2.70</td>
<td>8,000</td>
<td>2.23</td>
</tr>
<tr>
<td>Cash crop</td>
<td>-</td>
<td>-</td>
<td>6,000</td>
<td>1.47</td>
<td>5,000</td>
<td>1.23</td>
<td>4,000</td>
<td>1.12</td>
</tr>
<tr>
<td>Livestock</td>
<td>187,000</td>
<td>76.64</td>
<td>266,000</td>
<td>65.36</td>
<td>295,000</td>
<td>72.48</td>
<td>178,000</td>
<td>49.72</td>
</tr>
<tr>
<td>Farm mechanization</td>
<td>12,000</td>
<td>4.92</td>
<td>16,000</td>
<td>3.93</td>
<td>12,000</td>
<td>2.95</td>
<td>4,000</td>
<td>1.12</td>
</tr>
<tr>
<td>Irrigation and water mill</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,000</td>
<td>3.44</td>
<td>12,300</td>
<td>34.36</td>
</tr>
<tr>
<td>Horticulture</td>
<td>32,000</td>
<td>13.11</td>
<td>72,000</td>
<td>17.69</td>
<td>32,000</td>
<td>7.86</td>
<td>17,000</td>
<td>4.75</td>
</tr>
<tr>
<td>Cottage industry</td>
<td>8,000</td>
<td>3.28</td>
<td>30,000</td>
<td>7.37</td>
<td>3,000</td>
<td>0.74</td>
<td>3,000</td>
<td>0.84</td>
</tr>
<tr>
<td>Petty trade</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>24,000</td>
<td>5.90</td>
<td>19,000</td>
<td>5.31</td>
</tr>
<tr>
<td>Miscellaneous (purchase of land by tenants)</td>
<td>4,000</td>
<td>1.64</td>
<td>9,000</td>
<td>2.21</td>
<td>11,000</td>
<td>2.70</td>
<td>2,000</td>
<td>0.55</td>
</tr>
<tr>
<td>Total</td>
<td>244,000</td>
<td>100.00</td>
<td>407,000</td>
<td>100.00</td>
<td>407,000</td>
<td>100.00</td>
<td>358,000</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Project data.

Table 5.8
Loan Disbursement by Purpose in Budhanilkantha, FY1982-FY1985

<table>
<thead>
<tr>
<th>Purpose</th>
<th>FY1982</th>
<th></th>
<th>FY1983</th>
<th></th>
<th>FY1984</th>
<th></th>
<th>FY1985</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Cereal crop</td>
<td>28,994</td>
<td>57.42</td>
<td>30,652</td>
<td>17.86</td>
<td>59,973</td>
<td>22.39</td>
<td>13,683</td>
<td>4.94</td>
</tr>
<tr>
<td>Cash crop</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>535</td>
<td>0.20</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Livestock</td>
<td>15,500</td>
<td>30.70</td>
<td>89,232</td>
<td>52.01</td>
<td>177,146</td>
<td>66.14</td>
<td>224,779</td>
<td>81.11</td>
</tr>
<tr>
<td>Farm mechanization</td>
<td>6,000</td>
<td>11.88</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Irrigation and water mill</td>
<td>-</td>
<td>-</td>
<td>19,500</td>
<td>11.36</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Horticulture</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cottage industry</td>
<td>-</td>
<td>-</td>
<td>30,500</td>
<td>17.78</td>
<td>29,700</td>
<td>11.09</td>
<td>32,670</td>
<td>11.79</td>
</tr>
<tr>
<td>Petty trade</td>
<td>-</td>
<td>-</td>
<td>1,700</td>
<td>0.99</td>
<td>500</td>
<td>0.18</td>
<td>6,000</td>
<td>2.16</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>50,494</td>
<td>100.00</td>
<td>171,584</td>
<td>100.00</td>
<td>267,854</td>
<td>100.00</td>
<td>277,132</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Project data.
<table>
<thead>
<tr>
<th>Purpose</th>
<th>FY1982</th>
<th>FY1983</th>
<th>FY1984</th>
<th>FY1985</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Potato production</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vegetable production</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goat rearing</td>
<td>10,800</td>
<td>56.01</td>
<td>13,100</td>
<td>40.05</td>
</tr>
<tr>
<td>Piggery</td>
<td>2,300</td>
<td>11.93</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buffalo (calves)</td>
<td>-</td>
<td>-</td>
<td>2,700</td>
<td>8.26</td>
</tr>
<tr>
<td>Poultry</td>
<td>600</td>
<td>3.11</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Duck</td>
<td>44</td>
<td>0.23</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cottage industry</td>
<td>5,539</td>
<td>28.72</td>
<td>15,406</td>
<td>47.10</td>
</tr>
<tr>
<td>Tea shop</td>
<td>-</td>
<td>-</td>
<td>1,500</td>
<td>4.59</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19,283</td>
<td>100.00</td>
<td>32,706</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Project data.
### Table 5.10

**Loan Disbursement by Purpose for Female Groups in Budhanilkantha, FY1982-FY1985 (rupees)**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>FY1982</th>
<th></th>
<th>FY1983</th>
<th></th>
<th>FY1984</th>
<th></th>
<th>FY1985</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Cereal crop</td>
<td>1,998</td>
<td>100.00</td>
<td>6,766</td>
<td>18.80</td>
<td>25,266</td>
<td>19.49</td>
<td>6,590</td>
<td>5.33</td>
</tr>
<tr>
<td>Potato production</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>535</td>
<td>0.41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buffalo</td>
<td></td>
<td></td>
<td>2,000</td>
<td>5.56</td>
<td>45,500</td>
<td>35.11</td>
<td>33,790</td>
<td>27.32</td>
</tr>
<tr>
<td>Poultry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>42,875</td>
<td>33.09</td>
<td>62,900</td>
<td>50.86</td>
</tr>
<tr>
<td>Goat rearing</td>
<td></td>
<td></td>
<td>7,200</td>
<td>20.01</td>
<td>6,100</td>
<td>4.71</td>
<td>8,400</td>
<td>6.79</td>
</tr>
<tr>
<td>Cottage industry</td>
<td></td>
<td></td>
<td>17,000</td>
<td>47.24</td>
<td>8,200</td>
<td>6.33</td>
<td>5,400</td>
<td>4.37</td>
</tr>
<tr>
<td>Beekeeping</td>
<td></td>
<td></td>
<td>1,320</td>
<td>3.67</td>
<td>600</td>
<td>0.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petty trade</td>
<td></td>
<td></td>
<td>1,700</td>
<td>4.72</td>
<td>500</td>
<td>0.39</td>
<td>6,600</td>
<td>5.33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,998</td>
<td>100.00</td>
<td>35,986</td>
<td>100.00</td>
<td>129,576</td>
<td>100.00</td>
<td>123,680</td>
<td>100.00</td>
</tr>
</tbody>
</table>

*Source: Project data.*
same as in Taklung. For example, pig and duck raising had not yet been introduced in Budhanilkantha Project. Loans for poultry and milking buffalo constituted the major proportion of the total loan granted to women farmers in Budhanilkantha, especially in FY1984 and FY1985.

5.5 Training

Training is an important objective of the Projects. Priority is given to training small farmers to create consciousness of the Small Farmers' Development Programme and to develop the knowledge and skill necessary for undertaking a variety of socio-economic activities. Provision was made in each Project for the organization of different types of training for small farmers. Examples are improved agricultural and livestock production techniques, group concept, cottage and rural industries, family planning and public health. The Small Farmers' Development Programme in Nepal had trained 13,398 small farmers to January 1984 (ADB/N, 1984:12).

Tables 5.11-5.14 give detailed data on training for small farmer group members in the Projects studied. Table 5.11 indicates that 438 members typically participated in training in Taklung.

Training was mainly in cereal and cash crop production, vegetable farming, livestock, horticulture, cottage industries, record-keeping, group concept, beekeeping and public health. The highest number of people trained was in beekeeping (17 per cent) followed by group concept, crop production, record keeping and public health (Table 5.11). Special training programmes have been organized for female members under the Women's Development Programme since FY1982 in Taklung, with 19, 80 and 21 women trained in the three years (Table 5.12). Women thus represented 27 per cent of total numbers participating in training programmes in Taklung.
Although training activities were initiated in Budhanilkhantha in FY1980, not much was achieved until FY1983. As Table 5.13 indicates, 101 and 30 members participated in various training programmes in FY1983 and FY1984 respectively. In contrast to Taklung, most people in Budhanilkhantha were involved in family planning and population education training programmes, not in areas related to production. As in Taklung, some women have participated in various training programmes, notably under the Women's Development Programme, since FY1982. Altogether 166 women were trained between FY1982 and mid-FY1985 (Table 5.14).

Table 5.11
Training Activities in Taklung, FY1981-FY1984

<table>
<thead>
<tr>
<th>Subject</th>
<th>Numbers participating in training programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereal crop production</td>
<td>-</td>
</tr>
<tr>
<td>Cash crop production</td>
<td>-</td>
</tr>
<tr>
<td>Vegetable farming</td>
<td>-</td>
</tr>
<tr>
<td>Horticulture</td>
<td>-</td>
</tr>
<tr>
<td>Livestock</td>
<td>14</td>
</tr>
<tr>
<td>Cottage industry</td>
<td>16</td>
</tr>
<tr>
<td>Record keeping</td>
<td>-</td>
</tr>
<tr>
<td>Group concept</td>
<td>34</td>
</tr>
<tr>
<td>Carpentry</td>
<td>2</td>
</tr>
<tr>
<td>Beekeeping</td>
<td>38</td>
</tr>
<tr>
<td>Compost pit</td>
<td>-</td>
</tr>
<tr>
<td>Group marketing management</td>
<td>-</td>
</tr>
<tr>
<td>Public health</td>
<td>-</td>
</tr>
<tr>
<td>Inter-project visit</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>113</strong></td>
</tr>
</tbody>
</table>

Source: Project data.
Table 5.12
Training for Women under the Women's Development Programme in Taklung, FY1982-FY1984

<table>
<thead>
<tr>
<th>Subject</th>
<th>Numbers participating in various training programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY1982</td>
</tr>
<tr>
<td>Cereal and cash crop production</td>
<td>-</td>
</tr>
<tr>
<td>Various income generating activities</td>
<td>14</td>
</tr>
<tr>
<td>Cottage industry</td>
<td>-</td>
</tr>
<tr>
<td>Group principle</td>
<td>5</td>
</tr>
<tr>
<td>Population education</td>
<td>-</td>
</tr>
<tr>
<td>Family planning</td>
<td>-</td>
</tr>
<tr>
<td>Nutrition and health</td>
<td>-</td>
</tr>
<tr>
<td>Inter-project visit</td>
<td>-</td>
</tr>
<tr>
<td>Beekeeping</td>
<td>-</td>
</tr>
<tr>
<td>Group saving</td>
<td>-</td>
</tr>
<tr>
<td>Kitchen garden</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19</strong></td>
</tr>
</tbody>
</table>

Source: Project data.

Training, in terms of the number of group members involved differs between the two projects, with more participation in Taklung than Budhanilkantha. The subjects of training also differ. Training depends on various endogenous and exogenous factors, such as efficiency and initiative of the Project Manager, the willingness and responses of the farmers, and the plans and programmes of the various institutions concerned with providing training facilities to small farmers. The small farmers of Budhanilkantha were not very interested in training, they were more concerned with the financial advantages of the loans offered than the social and educational aspects of the project.

Both the Small Farmer Development Projects at Taklung and Budhanilkantha took advantage of the services of various institutions concerned
### Table 5.13
**Training Activities in Budhanilkantha, FY1980-FY1984**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Community leadership</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Population education</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>25</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Home management</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Income generating activities</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Horticulture</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Cereal crop production</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Cottage industry</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>Mushroom cultivation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Use of agricultural implements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Grain storage</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Running water mill</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Beekeeping</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Family planning</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31</td>
<td>-</td>
<td>31</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>5</td>
<td>-</td>
<td>101</td>
<td>30</td>
<td>139</td>
</tr>
</tbody>
</table>

*Source: Project data.*

### Table 5.14
**Training for Women under the Women's Development Programme in Budhanilkantha, FY1982-FY1985**

<table>
<thead>
<tr>
<th>Subject</th>
<th>FY1982</th>
<th>FY1983</th>
<th>FY1984</th>
<th>FY1985</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cottage industry</td>
<td>9</td>
<td>17</td>
<td>10</td>
<td>5</td>
<td>41</td>
</tr>
<tr>
<td>Beekeeping</td>
<td>-</td>
<td>12</td>
<td>13</td>
<td>13</td>
<td>38</td>
</tr>
<tr>
<td>Population education</td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>Family planning</td>
<td>-</td>
<td>33</td>
<td>-</td>
<td>3</td>
<td>36</td>
</tr>
<tr>
<td>Vegetable cultivation</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Horticulture</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Fish farming</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Inter-project visit</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Grain storage</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Vegetable seedlings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>86</td>
<td>36</td>
<td>35</td>
<td>166</td>
</tr>
</tbody>
</table>

*Source: Project data.*
with providing training facilities to small farmers. Some of these institutions were: UNICEF, The Agriculture Department, HMG/N, the Family Planning and Maternity Child Welfare Centre, Women's Training Centre and Community Project Nepal. The duration of training ranged from 1 day to 3 months depending upon the subject of the training programme.

Table 5.15
Social and Community Activities in Taklung, FY1980-FY1984

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Family planning service</td>
<td>No. of people</td>
<td>-</td>
<td>14</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Adult education</td>
<td>No. of people literate</td>
<td>114</td>
<td>69</td>
<td>39</td>
<td>88</td>
<td>48</td>
<td>358</td>
</tr>
<tr>
<td>Distribution of smokeless stoves</td>
<td>No. of stoves</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21</td>
<td>60</td>
<td>81</td>
</tr>
<tr>
<td>Distribution of beehives</td>
<td>No. of beehives</td>
<td>-</td>
<td>38</td>
<td>-</td>
<td>-</td>
<td>20</td>
<td>58</td>
</tr>
<tr>
<td>Distribution of seed bins</td>
<td>No. of bins</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Drinking water</td>
<td>No. of units</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Construction of pits</td>
<td>No. of pits</td>
<td>-</td>
<td>50</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>55</td>
</tr>
<tr>
<td>Construction of child care centres</td>
<td>No. of centres</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Construction of village centre</td>
<td>No. of centres</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Construction of school houses</td>
<td>No. of houses</td>
<td>1</td>
<td>-</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Project data.

5.6 Social and Community Activities

Social and community activities are also important objectives of the Small Farmers' Development Programme.
In Taklung Project a number of social and community activities was undertaken (Table 5.15). Family planning services were provided to 27 small farmers. Altogether 358 farmers enrolled in the adult education programme and became literate. Smokeless stoves were distributed to 81 people, these reduce fuel consumption by about 50 per cent and thus lighten the fuel collection and cooking jobs of women. This was emphasized by some women interviewed. Four drinking water units were established where people did not have easy access to fetch water.

Various social and community activities were also being launched in Budhanilkantha, as in Taklung, but details on a yearly basis were not available. However, 32 smokeless stoves were distributed in FY1984, 22 being for female and 10 for male group members. In the same year 13 and 5 beehives were distributed to males and females respectively. Family planning services were provided to 11 males and 16 females in FY1984. The adult education programme brought literacy to 233 in Budhanilkantha.
Chapter 6

THE SURVEY

The purpose of the survey was to collect detailed information regarding family income, incomes made from loans by women borrowers, and various reactions to the programme. Some other problems of women's projects were observed from secondary data. The last section of the chapter presents the selected characteristics of the sample.

6.1 Selection of Sample Projects

The starting point for the selection of the sample SFDPs was to list the name and location of SFDPs implementing the Women's Development Programme in various districts of the country: a total of 19 SFDPs in 19 districts. Since the objective of this study was to concentrate on the study of the hill areas, the next step was to identify those in the hill areas. The list of SFDPs implementing the Women's Development Programme in the hill areas is as follows:

Table 6.1

<table>
<thead>
<tr>
<th>Name of Small Farmer Development Project</th>
<th>Name of District</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Budhanilkantha</td>
<td>Kathmandu</td>
</tr>
<tr>
<td>2. Bokhim</td>
<td>Bhojpur</td>
</tr>
<tr>
<td>3. Bhirgaun</td>
<td>Dhankuta</td>
</tr>
<tr>
<td>4. Latikoili</td>
<td>Surkhet</td>
</tr>
<tr>
<td>5. Kahuvalam</td>
<td>Kaski</td>
</tr>
<tr>
<td>6. Khopasi</td>
<td>Kavre</td>
</tr>
<tr>
<td>7. Taklung</td>
<td>Gorkha</td>
</tr>
<tr>
<td>8. Kalena</td>
<td>Doti</td>
</tr>
<tr>
<td>9. Jyamire</td>
<td>Makwanpur</td>
</tr>
<tr>
<td>10. Tupche</td>
<td>Nuwakot</td>
</tr>
</tbody>
</table>
Of the 19 SFDPs implementing the Women's Development Programme, 10 were from the Hills and 9 from the Tarai area. Each SFDP in both the Hills and Tarai was from a separate district. The relevant SFDPs were then placed in two groups.

(i) those which started the Women's Development Programme during the first phase in FY1982, and

(ii) those which started the Women's Development Programme later than FY1982.

Among the 10 SFDPs from the hill areas, the first 7 started the Women's Development Programme during the first phase. Since this study intended to analyse the functioning of the Women's Development Programme in the projects selected, it was essential to select projects that had a relatively long experience with the programme.

Considering the time and resources available for this study, two projects of the 7 which began to operate during the first phase were selected. Of the 7 projects, some such as Bokhim, Bhirgaun and Latikoili were located in remote areas far from Kathmandu. The lack of time, resources and technical difficulties precluded their inclusion. Khopasi was easily accessible and not far from Kathmandu, but was not selected because some studies, though not in the area of the Women's Development Programme, of that project had already been carried out by other research institutions. Two projects — Budhanilkantha in Kathmandu District and Taklung in Gorkha District — were thus selected for the study. Their contrasting location, Budhanilkantha on the urban outskirts and Taklung in a typical hill district, were selected to make comparisons of two projects interesting for policy purposes.

6.2 Sample Size

Before the field visits to the projects selected, some information about the female groups, female group members, and their economic and social
activities in the projects selected was available from the Head Office of the ADB/N in Kathmandu. Secondary data consisting of summary statistics for the Women's Development Programme for the 19 SFDPs was first collected from the Institutional Division of the ADB/N Head Office. The officials concerned with the project in the Head Office were interviewed informally to gauge their perception of and reaction to the problems of the progress of the Women's Development Programme.

Since this study aimed mainly to analyse the credit aspect of the Women's Development Programme, the sample had to be drawn from the female members of the Women's Development Programme.

A sample of 30 women members was chosen to provide sufficient data and yet be manageable in the time available. To obtain complete and accurate information about each member, a relatively small sample was necessary. A visit was first made to Taklung; during that visit a list of women group members in each group was obtained from the project office. At the time of this field visit to Taklung, this Project had 12 female groups with a total of 113 members. To ensure that the sample was representative of all the female groups in the project, 2 members were randomly chosen from each of the 12 groups. For the remaining 6 respondents, 6 groups were randomly selected from the 12 groups and one member randomly selected from each of these 6 groups. The sample of 30 members in Taklung represents 27 per cent of the total female members of the group.

The same procedures were adopted in Budhanilkantha Project. At the time of field visit to Budhanilkantha Project, there were 13 female groups with a total of 129 members. The sample size of 30 women members in this project represents 23 per cent of the total female members. Concerning the representativeness of the sample for women in other projects located
in the hill districts: Taklung will be more representative than Budhanilkantha, as some of the major characteristics of Taklung, being more remote and having lower literacy and more agricultural dependence, is representative of similar characteristics of other projects in the hill districts.

6.3 Survey Technique

The design of the survey and questionnaires were prepared in Canberra, and translated into Nepali and reproduced in Kathmandu. Two weeks were also spent collecting secondary information from the Head Office of the ADB/N. The field survey was undertaken in January-February, 1985, with January being spent in Taklung and February in Budhanilkantha.

The field survey was first conducted in Taklung. The first step was a briefing from the Project Manager. After a review of the project in general and the Women's Development Programme in particular, the required information was collected. As this was the time of the half-yearly closing of FY1985 accounts, loan statements and other project information could be obtained up to MID-FY1985. Loan statements and other information were not readily available in the form required, but were eventually obtained after several days effort by the project staff. The preparation of loan details for the 30 individuals selected was very time-consuming. This task had to be undertaken because it was thought that individual respondents would not be able to answer correctly about their loan details from memory.

The pre-testing of questionnaire was done in Taklung by interviewing three respondents. Some adjustments and improvements were made as a result. Respondents were visited in their houses for interview. The female groups were scattered over the Taklung Panchayat, and the rocky, steeply slope and forest covered areas in the Panchayat, meant that it took up to five hours
just to walk from one to another group. The approximate time taken for an interview with one respondent ranged from 2.5 to 3.0 hours depending on the response ability of the particular interviewee. Except for questions concerning the whole family, responses from other family members were avoided. Some respondents were suspicious at first, but all eventually became fully co-operative. On the first day of the field visit to Taklung, there happened to be a monthly group meeting of women group leaders and assistant group leaders in the project office. Before the meeting was over, the project staff helped to explain the purpose of the visits and the possible outcome of the study in the future. Those women present at the meeting were likely to communicate with other colleagues in the group.

The same survey techniques were adopted in Budhanilkantha as in Taklung. Each respondent was interviewed by visiting her house. But visiting houses was less difficult in Budhanilkantha than Taklung. Less time was usually taken in an interview with one respondent in Budhanilkantha than in Taklung, ranging from 2.0 to 2.5 hours. Nevertheless, it was clear that the questionnaire was long and some parts were difficult to answer, notably questions about family income and costs of crop raising. A considerable amount of time was required, especially for those who did not have a good memory.

The women of both survey areas were normally occupied in household and cooking work, in addition to child care. Interviewees were requested and an appointment made for a particular day, otherwise the women would have gone out to work in the fields, graze livestock or for other tasks.

6.4 Survey Questionnaires

Four types of questionnaires were designed; one type for the sample women members as the main target group, the second type for the WGO, the
third type for the Project Manager, and the fourth type to obtain information on the project as a whole. All four questionnaires are reproduced in Appendix B.

The questionnaire for the sample women members consisted mainly of such questions as:

(i) individual characteristics of respondents - age, marital status, educational status;

(ii) family characteristics - family size, occupation of family head, educational level, land holdings, details of crops grown in the last 12 months, details of livestock kept, and livestock products in the last 12 months;

(iii) Loan details - purpose of loan and annual amount of loans, income generated from the use of loans by purpose and year, cost incurred in the loan operations, the present bank interest rates, loan service quality, loan transaction costs, problems in relation to utilization and repayment of loans, borrowings from non-institutional sources;

(iv) miscellaneous - opinions about group borrowing, group functioning and decision-making, attitude and feelings towards the functioning of the project, group saving activity, training.

The questionnaire for the WGO consisted of such questions as: the number of women groups in the project, the procedures followed in forming the groups, difficulties in forming the groups, frequency of field visits to the villages and women's groups, involvement in survey work, assistance to women in preparing loan schemes, supervision plans and schedules for women's loan projects, guidance and co-operation by the Project Manager, successful and unsuccessful women groups, opinion about her job, problems of performing
the job at present, suggestions for the more effective functioning of the Women's Development Programme.

The questions asked of the Project Manager were about the problems he was facing as a Project Manager, difficulty in the procedure of loan disbursement, problems of loan repayment (from women and men borrowers), utilization of loans by women's groups, expected returns to the project from funding women's groups, problems of launching the Women's Development Programme reaction about the working efficiency of the WGO, and suggestions for the more effective functioning of the Women's Development Programme.

There was also information related to the project that was collected from the Project Office. For instance: coverage of panchayat area and households by the project, number of male and female groups, number of male and female members, detailed loan statements by year and purpose (disbursement, outstanding, collection, and overdue) of male and female borrowers, and social activities of the project.

The respective questionnaires were filled in by the Project Manager and the WGO after completing the interview with the sample of women members. The questionnaires completed by various types of respondents, such as the sample of women members, the Project Manager, and the WGO, had the intention of gathering as much information as possible from them about the Women's Development Programme. Individual loan information, which was first collected from the sample of women members, were later checked against the project loan statement records to ensure that the information was accurate.

6.5 Estimating Procedures and Operational Definition of Main Variables and Terms Used

(i) Gross and Net Agricultural Income refers to income from crops and livestock. Gross income from crops and livestock of the sample of women
members during year 1984 was estimated. The quantities of various types of crops harvested in the 1984 crop-year by each family in the sample of women members were obtained. The types of crops considered in the study were rice, maize, wheat, millet and others. The total quantity of each crop was then valued at the local market price at the time of the survey. The prevailing market price for almost all types of grains was found to be about average; neither the low prices that usually prevail during harvesting time around October, nor the high prices during the off-harvesting season around May-June.

Prices used in the study are shown in Appendix C. Gross income from livestock of the sample families was estimated by valuing the products of livestock kept by the family in year 1984. For instance, income from milk/ghee and calves in respect of milking animals, and income from eggs and chickens in respect of poultry. The livestock included in the study were cows, buffaloes, oxen, goats, sheep, chickens and pigs.

The net income from crops and livestock was the amount of gross income from an activity minus variable costs. In principle, fixed costs should also be deducted from the gross income in computing net income, but for the cases considered in this study, there were no fixed costs as such. The variable costs for crops were expenditures on seeds, chemical fertilizer, pesticides, hiring labour and bullock power. The variable costs for livestock were grain feed, fodder (if purchased), medical expenses etc. In estimating variable costs for crop activities, the cost of own family and animal labour, and home produced manure were not taken into account. Similarly, in estimating variable costs for livestock, the cost of own family labour was not taken into account.
The sum of gross income from crops and livestock equalled gross agricultural income; the sum of net income from crops and livestock was equal to net agricultural income.

(ii) Non-agricultural Income refers to the income from sources other than agriculture such as service, pension, construction, trade and wages. Non-agricultural income in this study was regarded as cash income. The non-agricultural income of each family in the sample was the sum of all the non-agricultural income of family members, irrespective of source.

(a) Income from trade was the amount earned from the activities such as production and selling of pounded rice, making and selling local wine, cutting and selling fuel wood.

(b) Income from construction was mainly the wages earned as a contract amount by working on the construction of houses and walls in agricultural fields. This was usually done in the off-season.

(c) Income from wages was the amount earned by working as agricultural labourer, especially during the peak agricultural season.

(iii) Net Family Income was the total of net-agricultural income and non-agricultural income of the family.

(iv) Net Income and Net Rate of Return to Women from the Loans. Net income (NI) is defined as gross income (GI) from the loan activity minus the operating costs (OC) and the costs of borrowing (CB). Mathematically expressed as:

\[ NI = GI - (OC + CB) \]

Where, OC were the variable costs of the activity and CB, in this case, was the interest only on the loan to be repaid to ADB/N. In principle the costs of borrowing should include other costs such as opportunity costs.
of the time spent on borrowing and other transaction costs. However, these costs are excluded from this study for two reasons:

(a) With some exceptions, the opportunity costs of the time (if valued at the local prevailing market wage rate) of respondents spent on borrowing would be more or less the same among the respondents within the particular project. Moreover, even if the opportunity cost is included this cost would be a negligible proportion of total costs. Thus this cost was ignored in the profitability (i.e. financial) analysis.

(b) Transaction costs are the expenses incurred by the borrower in the process of obtaining a loan and might include components such as application fees, travel expenses and gifts and bribes (if any). However, transaction costs were reported as non-existent in both projects.

The net rate of return to women is the net income expressed as a percentage of the loans borrowed for a particular period. Mathematically, expressed as:

\[
\text{Net Rate of Return} = \frac{\text{Net Income}}{\text{Loans}} \times 100
\]

(v) Net Rate of Return from the Loans to the Project was computed from the returns to and costs of lending for the project in a particular year. The return to the project was the interest earned from the loans invested. The interest earnings were the total amount payable on loans each year, the sum of interest paid plus interest due.

The costs of lending were mainly the administrative and supervision costs of loan investment. The details of costs for each year studied were obtained from both projects: Taklung and Budhanilkantha. Some of these costs were recorded separately for female and male members in the project.
For instance, the salary and allowances of the WGO, a certain proportion of training expenses for the WGO and female group members and other expenses, exclusively related to the Women's Development Programme, were recorded separately for the female members in both the projects; accordingly they were treated as lending expenses for female members in the study. But other costs, such as salary and allowances of other project staff and office overheads were kept jointly for both male and female members. For the purpose of this study 20 per cent of the salaries and allowances of project staff in each year studied were arbitrarily allocated to female members, as other project staff, besides the WGO, were also occupied in the administration and supervision of loans to female members. Office overhead costs were allocated to all male and female members in proportion to the number of borrowers of each sex. The office overhead costs were mainly, rent of the office building, electricity, stationery, petrol and public relations. In this study, the cost of lending does not include the cost of funds (e.g. interest) borrowed by the ADB/N.

The net rate of return per rupee of loan investment is the percentage of net return to loan investment. Mathematically expressed as:

\[
\text{Net Rate of Return} = \frac{\text{Net Return} \times 100}{\text{Loan Investment}}
\]

6.6 Statistical Measures

The analyses of the study have been done using basic description statistics such as frequencies, percentages, means, standard deviations etc. Special model and test statistics are not used in this study because the samples are too small for detailed statistical analysis. Also the study is more policy oriented. It is primarily directed to the policy implications that suggest future modifications in the credit programme.
6.7 Sample Characteristics

As the aim of this study was to study the credit aspects of the Women's Development Programme, in particular, to examine the net financial benefits of this credit programme to the borrowing members of groups and lenders, the sample selected consisted of women borrowers from the two projects studied.

6.7.1 Selected Individual Characteristics of Respondents

Age of Respondents

A large proportion of the respondents in both projects — Taklung and Budhanilkantha — were aged 20 and above. There were no respondents at all under the age of 20 in Budhanilkantha, but there were 3 in this age group in Taklung. The mean age of the respondents in Taklung was lower than that of Budhanilkantha with 32 and 36 years respectively (Table 6.2). There was not much difference in the maximum age of the respondents in the two projects, with 56 years in Taklung and 57 years in Budhanilkantha. The minimum ages were 18 and 22 years for Taklung and Budhanilkantha respectively.

Marital Status of Respondents

In both projects, 90 per cent of the respondents were married. This reflected early marriage in Nepal where girls usually marry at the age of 16 or so, especially in rural areas. (They would marry at even lower ages than 16 if this were allowed legally.)

In Taklung, 7 per cent of the respondents were unmarried and aged under 20, whereas in Budhanilkantha there were no unmarried respondents (Table 6.3).
Table 6.2

Age of Respondents

<table>
<thead>
<tr>
<th>Age group</th>
<th>Taklung (N=30)</th>
<th>Budhanilkantha (N=30)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of people</td>
<td>Per cent</td>
</tr>
<tr>
<td>&lt;20</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>20-29</td>
<td>11</td>
<td>37</td>
</tr>
<tr>
<td>30-39</td>
<td>10</td>
<td>33</td>
</tr>
<tr>
<td>&gt;40</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Mean age</td>
<td>32 (9)^1</td>
<td>36 (9)^1</td>
</tr>
</tbody>
</table>

^In this and all subsequent tables, figures in parenthesis are standard deviation

Source: Survey data.

Table 6.3

Marital Status of Respondents

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Taklung</th>
<th>Budhanilkantha</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of people</td>
<td>Per cent</td>
</tr>
<tr>
<td>Unmarried</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Married</td>
<td>27</td>
<td>90</td>
</tr>
<tr>
<td>Widowed</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey data.

Educational Status of Respondents

The educational status of the respondents has been divided into only two groups: literate^1 and illiterate. Formal education for the latter was

^Literate is defined as those who claimed to be able to read and write the national language.
found to be almost non-existent. Two respondents in Taklung reported that they had primary schooling.

The total rate of literacy among the women respondents was slightly higher in Budhanilkantha than in Taklung, with 17 per cent in Budhanilkantha, as against 13 per cent in Taklung (Table 6.4). In Taklung, even those respondents under 20 years of age were illiterate. This shows the poor educational status of women, even of the lower age groups, in Taklung. However, the literacy rates for women in both Taklung and Budhanilkantha were greater than the national average. The Population Census of 1981 estimated that the female literacy rate at the national level was 12 per cent as against 34 per cent for males (National Planning Commission, 1984). No doubt this was because of the relative proximity of both projects to Kathmandu.

Table 6.4

<table>
<thead>
<tr>
<th>Age group</th>
<th>Taklung</th>
<th>Budhanilkantha</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Literate</td>
<td>Illiterate</td>
</tr>
<tr>
<td>&lt;20</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>20-29</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>30-39</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>&gt;40</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>26</td>
</tr>
<tr>
<td>Percentage of total</td>
<td>13</td>
<td>87</td>
</tr>
</tbody>
</table>

Source: Survey data.

6.7.2 Family Characteristics of the Sample

Family Size

The average family size of the sample of 5.17 in Taklung was slightly larger than the average family size of 5 in Budhanilkanka; however, this
Taklung figure was smaller than the average family size of 6 in Gorkha District as a whole (Table 6.5). The average number of male and female members per family was almost the same in Taklung, whereas in Budhanilkantha the average number of males of 2.73 is greater than the average number of females of 2.27. The average numbers of both male and female children in Taklung was slightly larger than in Budhanilkantha.

Table 6.5

<table>
<thead>
<tr>
<th>Age group</th>
<th>Taklung</th>
<th>Budhanilkantha</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>&gt;59</td>
<td>0.17 (0.38)</td>
<td>0.13 (0.35)</td>
</tr>
<tr>
<td>15-59</td>
<td>1.30 (0.79)</td>
<td>1.43 (0.68)</td>
</tr>
<tr>
<td>6-14</td>
<td>0.43 (0.68)</td>
<td>0.60 (0.89)</td>
</tr>
<tr>
<td>&lt;6</td>
<td>0.67 (0.61)</td>
<td>0.43 (0.73)</td>
</tr>
<tr>
<td>Total</td>
<td>2.57 (1.41)</td>
<td>2.59 (1.54)</td>
</tr>
<tr>
<td>Grand total</td>
<td>5.17 (2.05)</td>
<td>5.00 (1.68)</td>
</tr>
</tbody>
</table>

Source: Survey data.

Occupation of Family Head

In Taklung, the main occupation\(^1\) of 80 per cent of family heads\(^2\) of the respondents was reported as agriculture, followed by service\(^3\) and

\(^1\)Main occupation is defined as person spending more than half of working hours in doing that work or activity.

\(^2\)Head of the family is the person who manages and controls the family's affairs. In this case, the family head for married respondents is the husband, parents for unmarried and usually the son for the widowed respondents. In Nepal, a son automatically holds the right over the parental property after the death of a father.

\(^3\)Service refers to those who are employed in government or non-government services.
business. In Budhanilkantha only 50 per cent of family heads were in agriculture, 40 per cent in service and the rest were self-employed, that is running some sort of businesses (Table 6.6).

Table 6.6
Occupation of Family Head of Respondents

<table>
<thead>
<tr>
<th>Project</th>
<th>Agriculture</th>
<th></th>
<th>Business</th>
<th></th>
<th>Service</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Per cent</td>
<td>Number</td>
<td>Per cent</td>
<td>Number</td>
<td>Per cent</td>
</tr>
<tr>
<td>Taklung (N=30)</td>
<td>24</td>
<td>80</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Budhanilkantha (N=30)</td>
<td>15</td>
<td>50</td>
<td>3</td>
<td>10</td>
<td>12</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Survey data.

The family head involved in service activities did not live on the farm. In the case of Taklung, they lived either in India or in other districts of Nepal. That is why the family burden of agricultural tasks and responsibilities has fallen largely on women. In Budhanilkantha, those who lived outside home were living usually within the country either in Kathmandu City or in other parts of the country. The percentage of family heads living outside the project area was exactly the same — 13 per cent — in both Taklung and Budhanilkantha (Table 6.7).

Table 6.7
Living Situation of Family Head of Respondents

<table>
<thead>
<tr>
<th>Living situation</th>
<th>Taklung</th>
<th></th>
<th>Budhanilkantha</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Per cent</td>
<td>Number</td>
<td>Per cent</td>
</tr>
<tr>
<td>Live at home</td>
<td>26</td>
<td>87</td>
<td>26</td>
<td>87</td>
</tr>
<tr>
<td>Live outside</td>
<td>4</td>
<td>13</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>100</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey data.

1Business in this case refers to activity such as contract services in construction, selling fuel woods, making and selling local wine, and preparation and selling beaten rice.
Educational Level of Family

There were 122 and 121 family members in the sample of age 6 and above in Taklung and Budhanilkantha, respectively. Of these, only 45 per cent were literate in Taklung and 50 per cent in Budhanilkantha (Table 6.8). Among the 50 per cent literate family members of the sample in Budhanilkantha, 2 per cent had completed School Leaving Certificate (S.L.C.), but there was no person having completed the S.L.C. in Taklung. Thus the educational level of families was better in Budhanilkantha than in Taklung. But both Taklung and Budhanilkantha are far ahead of the national average in literacy rates. The Population Census of 1981 estimated that only 23 per cent of the total population (age 6 and above) were literate in Nepal (National Planning Commission, 1984).

Table 6.8
Educational Level of Family Members of Respondents

<table>
<thead>
<tr>
<th>Projects</th>
<th>Completed S.L.C.</th>
<th>Not completed S.L.C.</th>
<th>School not attended but literate</th>
<th>Illiterate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number per cent</td>
<td>Number per cent</td>
<td>Number per cent</td>
<td>Number per cent</td>
</tr>
<tr>
<td>Taklung (N=122)</td>
<td>-</td>
<td>42</td>
<td>13</td>
<td>67</td>
</tr>
<tr>
<td>Budhanilkantha (N=121)</td>
<td>2</td>
<td>36</td>
<td>22</td>
<td>61</td>
</tr>
</tbody>
</table>

Source: Survey data.

Land Holding

In Taklung, the average holding of khet and pakho land was 0.33 and 0.32 hectares respectively, whereas in Budhanilkantha they were 0.21 hectare khet and 0.28 hectare pakho (Table 6.9). Although the average land holding
size of both pakho and khet was larger in Taklung than Budhanilkantha, the quality of land (especially khet land) was poor in Taklung with more terraces and slopes, and thus lower per unit land productivity. The size of the land owned varied considerably among the sample families reported in both project areas.

Table 6.9

Average Land Owned per Household

<table>
<thead>
<tr>
<th>Project</th>
<th>Average land owned per household (in hectares)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>'Khet' land</td>
<td>'Pakho' land</td>
<td></td>
</tr>
<tr>
<td>Taklung</td>
<td>(N=17)</td>
<td>(N=29)</td>
<td>0.33</td>
</tr>
<tr>
<td></td>
<td>0.33</td>
<td>0.32</td>
<td>(0.28)</td>
</tr>
<tr>
<td>Budhanilkantha</td>
<td>(N=24)</td>
<td>(N=21)</td>
<td>0.21</td>
</tr>
<tr>
<td></td>
<td>0.21</td>
<td>0.28</td>
<td>(0.16)</td>
</tr>
</tbody>
</table>

Source: Survey data.
Chapter 7

RESULTS AND DISCUSSIONS

The results presented in this chapter are based on the survey data collected through a specially designed questionnaire to 30 participating females in each of the two project areas namely Taklung and Budhanilkantha regions. The survey data is in the nature of a benchmark and the comparisons between the two groups are tentative. Simple statistical techniques of comparisons of means by "t" test are used wherever the sub samples size was adequate. Given the nature of the data base "causation" is not explored through statistical techniques. Analysis is restricted to plausible explanations and patterns of differences.

7.1 Family Income of Respondents

To evaluate the contribution women made through the credit programme to family income it was necessary to assess that income.

Incomes of the sample families were reported for both agricultural and non-agricultural sources. The agricultural income consisted of income from crops and livestock. For income from crops, the income of the sample families was derived by valuing the quantities of various types of crops grown by these families at the prevailing local unit prices for each type of crop. The detailed description in this respect was presented in Chapter 6. The average quantities of crops harvested by families in the sample, in the year immediately before the period of field work, are presented in Table 7.1. The size of the harvest for each type of crop varied considerably among the sample families in both Taklung and Budhanilkantha.

The average net income from crops\(^1\) was slightly larger in Taklung than Budhanilkantha but the variation in income size among families was much

\(^1\) Difference in net income from crops between the sample families of the projects resulted from differences in output and input prices as well as the variation in quantities of crops harvested.
greater in Taklung than in Budhanilkantha, with a minimum of Rs285 and the maximum of Rs4,606 (Table 7.2). The crop income reported in both areas was only for 29 farm families, as one family in each case was a landless family, relying on sources of income other than crops.

The average net income from livestock — Rs2,849 — was also larger in Taklung than the Rs988 in Budhanilkantha (Table 7.2). Net income from livestock varied considerably more among families reporting livestock income in Taklung than in Budhanilkantha. Sample families in Taklung reported a higher number of livestock kept for family use and income purposes than in Budhanilkantha. The livestock raised in Taklung were mainly cows, buffaloes, oxen, goats, pigs and chickens; in Budhanilkantha they were mainly cows, buffaloes, goats, sheep and chickens.

The average net agricultural income for the sample families in 1984 was higher in Taklung (Rs3,181) than in Budhanilkantha (Rs2,243). Correspondingly, the average income from non-agricultural sources among the sample families in 1984 in Budhanilkantha was much higher than in Taklung (Table 7.3).

As 40 per cent of the family heads of respondents were employed in various services, the major source of non-agricultural family income in Budhanilkantha also came from services, followed by trade, construction and wages. In Taklung, the major source of non-agricultural income was also from services, followed by construction, wages, trade and pensions. Some families reported gaining income from more than one non-agricultural source and the income from non-agricultural sources in all cases was cash income.

The variation in the amount of non-agricultural income among the sample families was quite high in both areas, and greater in Budhanilkantha than Taklung. The amount of total non-agricultural income ranged from Rs1,200 to Rs16,800 in Budhanilkantha as against Rs200 to Rs9,600 in Taklung. There are different family income characteristics in these two areas.

---

1 Because of the availability of more forest areas and fallow land in Taklung, more livestock raising was possible than in Budhanilkantha.
Table 7.1

Quantities of Grain Harvested by the Sample Families in 184 (crop year)

<table>
<thead>
<tr>
<th>Project</th>
<th>Paddy</th>
<th></th>
<th></th>
<th>Maize</th>
<th></th>
<th></th>
<th></th>
<th>Wheat</th>
<th></th>
<th></th>
<th></th>
<th>Millet</th>
<th></th>
<th></th>
<th></th>
<th>Others</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Av</td>
<td>Max</td>
<td>Min</td>
<td>Av</td>
<td>Max</td>
<td>Min</td>
<td>Av</td>
<td>Max</td>
<td>Min</td>
<td>Av</td>
<td>Max</td>
<td>Min</td>
<td>Av</td>
<td>Max</td>
<td>Min</td>
<td>Av</td>
<td>Max</td>
</tr>
<tr>
<td>Takhung</td>
<td>N=27</td>
<td>302</td>
<td>750</td>
<td>70</td>
<td>N=29</td>
<td>312</td>
<td>1,784</td>
<td>48</td>
<td>N=4</td>
<td>160</td>
<td>206</td>
<td>108</td>
<td>N=19</td>
<td>158</td>
<td>402</td>
<td>32</td>
<td>35</td>
</tr>
<tr>
<td>Budhanilkantha</td>
<td>N=25</td>
<td>324</td>
<td>643</td>
<td>70</td>
<td>N=19</td>
<td>233</td>
<td>624</td>
<td>46</td>
<td>N=24</td>
<td>173</td>
<td>401</td>
<td>32</td>
<td>N=18</td>
<td>130</td>
<td>789</td>
<td>48</td>
<td>26</td>
</tr>
</tbody>
</table>

Av = Average; Max = Maximum; Min = Minimum.
Source: Survey data.

Table 7.2

Average Agricultural Net Income of the Sample Families in Year 1984 (rupees)

<table>
<thead>
<tr>
<th>Projects</th>
<th>Crop</th>
<th></th>
<th></th>
<th>SD</th>
<th></th>
<th></th>
<th>SD</th>
<th></th>
<th></th>
<th>SD</th>
<th></th>
<th></th>
<th>SD</th>
<th></th>
<th></th>
<th>SD</th>
<th></th>
<th></th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average</td>
<td>Maximum</td>
<td>Minimum</td>
<td></td>
<td>Average</td>
<td>Maximum</td>
<td>Minimum</td>
<td></td>
<td>Average</td>
<td>Maximum</td>
<td>Minimum</td>
<td></td>
<td>Average</td>
<td>Maximum</td>
<td>Minimum</td>
<td></td>
<td>Average</td>
<td>Maximum</td>
<td>Minimum</td>
</tr>
<tr>
<td>Takhung</td>
<td>N=29</td>
<td>1262</td>
<td>4,606</td>
<td>285</td>
<td>1324</td>
<td>N=12</td>
<td>2,849</td>
<td>6,500</td>
<td>60</td>
<td>2232</td>
<td>N=29</td>
<td>2441</td>
<td>10,760</td>
<td>285</td>
<td>2871</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budhanilkantha</td>
<td>N=29</td>
<td>864</td>
<td>2,696</td>
<td>298</td>
<td>874</td>
<td>N=12</td>
<td>988</td>
<td>4,000</td>
<td>200</td>
<td>1092</td>
<td>N=30</td>
<td>1231</td>
<td>5,389</td>
<td>298</td>
<td>1334</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey data. 
F = 1.823
P = 0.1824
F = 6.730
P = 0.0166
F = 4.359
P = 0.0413
### Table 7.3

Average Income of the Sample Families from Non-agricultural Sources in Year 1984 (rupees)

<table>
<thead>
<tr>
<th>Projects</th>
<th>Service Av</th>
<th>Service Max</th>
<th>Service Min</th>
<th>Pension Av</th>
<th>Pension Max</th>
<th>Pension Min</th>
<th>Construction Av</th>
<th>Construction Max</th>
<th>Construction Min</th>
<th>Trade Av</th>
<th>Trade Max</th>
<th>Trade Min</th>
<th>Wages Av</th>
<th>Wages Max</th>
<th>Wages Min</th>
<th>Total Av</th>
<th>Total Max</th>
<th>Total Min</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taklung</td>
<td>SD 3151</td>
<td>SD 971</td>
<td>SD 4,067</td>
<td>SD 933</td>
<td>2,000</td>
<td>100</td>
<td>SD 2,210</td>
<td>4,800</td>
<td>300</td>
<td>SD 1,531</td>
<td>3,600</td>
<td>200</td>
<td>SD 2,244</td>
<td>SD 2,434</td>
<td>N=20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budhanikantha</td>
<td>SD 3070</td>
<td>SD</td>
<td>SD</td>
<td>SD</td>
<td>2254</td>
<td>783</td>
<td>SD</td>
<td>5,050</td>
<td>8,100</td>
<td>SD 5,170</td>
<td>9,280</td>
<td>3,000</td>
<td>SD 6,153</td>
<td>SD 6,502</td>
<td>N=28</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: Avg = Average; Max = Maximum; Min = Minimum

Source: Survey data

F = 2.820
P = 0.1087
F = *
P = *

### Table 7.4

Average Net Family Income of the Sample Families in 1984 (rupees)

<table>
<thead>
<tr>
<th>Agricultural</th>
<th>Non-agricultural</th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>Average</td>
<td>Average</td>
<td>Maximum</td>
</tr>
<tr>
<td>Taklung</td>
<td>N=29 2,441</td>
<td>N=23 2,801</td>
<td>N=30 4,507</td>
</tr>
<tr>
<td>Budhanikantha</td>
<td>N=30 1,231</td>
<td>N=28 6,502</td>
<td>N=30 7,299</td>
</tr>
</tbody>
</table>

Source: Survey data.  
F = 9.954  
P = 0.0025
Table 7.4 summarises average net agricultural, non-agricultural and total net family income of the sample families in 1984. Overall, average family income of Budhanilkantha families was much larger than that of Taklung families. The variation in income among the families was high in both areas.

The average non-agricultural income of the Budhanilkantha families was about three times their agricultural income, indicating Budhanilkantha is not greatly dependent on agriculture, and thus was not typical of the national economy which was heavily dependent on agriculture. In Taklung, the average net agricultural income of the sample families was larger (but not much) than their average non-agricultural income. This could be partly explained by under reporting of net agricultural income (over-reporting of costs and under-reporting of gross income) by the sample families. The net agricultural income of sample families would have been higher if all the minor crops had been taken into account. Under and over reporting of non-agricultural income is likely to be smaller. The project families could be the better off and more outward looking families in the area. Project families by taking advantage of credit and other services of the government are more commercially oriented.

7.2 Net Financial Benefits to the Women Borrowers from Loans

One of the objectives of this study was to examine the profitability of the loans from the point of view of women borrowers. Each borrower, whether a man or a woman, wants to profit from the use of a loan. Credit assists people to start commercial activities they could not otherwise undertake. Theoretically, farmers borrow funds when their own capital has a high marginal productivity and continue borrowing up to the point where the marginal
product of the last unit of credit is equal to its cost. The cost of credit refers to effective interest and other expenses associated with the process of borrowing.

7.2.1 Loan Disbursement to the Sample Women Borrowers

After the Women's Development Programme was implemented, the loans were disbursed to women group members for several purposes in both projects. The average amounts of loans granted for various purposes (one person may borrow for more than one purpose) during FY1982 to mid-FY1985 are presented in Table 7.5. In both projects, the average amount of loan varies a great deal among various purposes. In Taklung, a large number of borrowers were interested in goats, but the bulk of borrowing was for cottage industries. In Budhanilkantha, most borrowers were interested in crop production but the bulk of loans was for poultry. The loans were thus highly concentrated. The interesting thing in Budhanilkantha was that large amounts of the loans for poultry went to only three borrowers, this was very unlikely to maintain the principle of equity in the project.

The reasons that many women borrowed for goats, especially in Taklung, was that goat rearing was relatively easy in combination with other livestock owned by the family. Not much extra time was involved in looking after goats. Moreover, children between 10 and 16, and sometimes even younger, helped in the herding of goats. Thus, not much extra cost was involved in feeding and keeping goats. The other reason, as reported by the respondents, was that there was always a good market for goats. The reason for less interest in goats in Budhanilkantha was the lack of sufficient land for livestock grazing.

The second highest average amount of loans in Budhanilkantha was for buffalo. In Taklung loans for buffaloes were not encouraged at first, partly because loans were usually for male borrowers of the same family.1

---

1See above, Chapter 5, p.85.
Table 7.5

Average Loan Disbursement to the Sample Women Borrowers (FY1982-FY1985)\(^a\) - by Purpose

(rupees)

<table>
<thead>
<tr>
<th>Project</th>
<th>Production Av</th>
<th>Production Max</th>
<th>Production Min</th>
<th>Goat Av</th>
<th>Goat Max</th>
<th>Goat Min</th>
<th>Trade Av</th>
<th>Trade Max</th>
<th>Trade Min</th>
<th>Buffalo Av</th>
<th>Buffalo Max</th>
<th>Buffalo Min</th>
<th>Cottage Industry Av</th>
<th>Cottage Industry Max</th>
<th>Cottage Industry Min</th>
<th>Poultry Av</th>
<th>Poultry Max</th>
<th>Poultry Min</th>
<th>Piggery Av</th>
<th>Piggery Max</th>
<th>Piggery Min</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taklung</td>
<td>SD 556</td>
<td>SD 235</td>
<td>N=4</td>
<td>724</td>
<td>1,500</td>
<td>200</td>
<td>458</td>
<td>1,300</td>
<td>200</td>
<td>1000</td>
<td>750</td>
<td>1,000</td>
<td>500</td>
<td>1,312</td>
<td>3,000</td>
<td>260</td>
<td>200</td>
<td>375</td>
<td>600</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N=26</td>
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<td>N=1</td>
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<td></td>
<td></td>
<td>N=5</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budhanil-</td>
<td>n=20</td>
<td>SD 349</td>
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<td>438</td>
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<td>163</td>
<td>1033</td>
<td>5000</td>
<td>200</td>
<td>1700</td>
<td>2900</td>
<td>500</td>
<td>3286</td>
<td>5000</td>
<td>1500</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>kantha</td>
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<td>SD 2722</td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>n=3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>F = 1.857</td>
<td>F = 3.545</td>
<td>F = 0.113</td>
<td>F = 7.733</td>
<td>F = 0.988</td>
<td>F = 1.364</td>
<td>F = *</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>P = 0.1868</td>
<td>P = 0.0686</td>
<td>P = 0.7932</td>
<td>P = 0.0273</td>
<td>P = 0.3534</td>
<td>P = 0.3682</td>
<td>P = *</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\)In this and all subsequent tables, the figures reported for FY1985 are only for 6 months from July 1, 1984 to December, 1984.

Notes:  
Av = Average  
Max = Maximum  
Min = Minimum

Source: Project and survey data.
and partly because the women did not want to take the risk of being involved in large debts for buffalo. The size of the loan required, especially for milking buffaloes was large. In Taklung only two respondents borrowed for buffalo, and these loans were for buffalo calves, not for milking buffalo. In Taklung women borrowed for potato and vegetable production. In Budhanilkantha women borrowed for the production of major crops, such as rice and wheat on their family owned land, such loans being to buy agricultural inputs, especially chemical fertilizers. It seems that this was a way of extending the men's borrowing capacity, rather than helping women to raise their income. It did however, help to raise family income.

The average size of loan made per respondent in each year was larger in Budhanilkantha than in Taklung, and it was more than 4 times greater in total than in Taklung (Table 7.6). There was also greater variance among respondents indicating greater disparity of income. Of the 30 sample women members in each project, all reported borrowing in Taklung, but only 26 respondents reported borrowing in Budhanilkantha.

The maximum loan in Budhanilkantha was Rs24,275 while the minimum was Rs163. In Taklung, the maximum and the minimum amounts were only Rs3,200 and Rs300 respectively. Women of Budhanilkantha seemed greater risk takers than women in Taklung.

7.2.2. Net Income from Loans

The net income from each loan was analysed. The incomes from loans may not have, necessarily, been generated in the same year that the loan was made. For instance, a goat loan takes at least one year to generate income. However, the operating costs and the interest on loans has to be funded each year as costs. Thus loans taken out just prior to the fieldwork
Table 7.6
Average Loan Disbursement for all Purposes to the Sample Women Borrowers – by FY1982-FY1985 (rupees)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Av</td>
<td>Max</td>
<td>Min</td>
<td>Av</td>
<td>Max</td>
<td>Min</td>
<td>Av</td>
<td>Max</td>
<td>Min</td>
<td>Av</td>
</tr>
<tr>
<td>Taklung</td>
<td>SD 41</td>
<td></td>
<td></td>
<td>SD 860</td>
<td></td>
<td></td>
<td>SD 140</td>
<td></td>
<td></td>
<td>SD 387</td>
</tr>
<tr>
<td></td>
<td>N=11</td>
<td></td>
<td></td>
<td>N=17</td>
<td></td>
<td></td>
<td>N=12</td>
<td></td>
<td></td>
<td>N=9</td>
</tr>
<tr>
<td></td>
<td>218</td>
<td>300</td>
<td>200</td>
<td>782</td>
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<td>300</td>
<td>422</td>
<td>700</td>
<td>200</td>
<td>533</td>
</tr>
<tr>
<td>Budhanilkantha</td>
<td>SD*</td>
<td></td>
<td></td>
<td>SD 1769</td>
<td></td>
<td></td>
<td>SD 2779</td>
<td></td>
<td></td>
<td>SD 4051</td>
</tr>
<tr>
<td></td>
<td>N=1</td>
<td></td>
<td></td>
<td>N=8</td>
<td></td>
<td></td>
<td>N=16</td>
<td></td>
<td></td>
<td>N=13</td>
</tr>
<tr>
<td></td>
<td>1000</td>
<td></td>
<td></td>
<td>1,345</td>
<td>4,615</td>
<td>200</td>
<td>2,327</td>
<td>9,975</td>
<td>163</td>
<td>3,594</td>
</tr>
</tbody>
</table>

F = 342.41
P = 0.0000

Notes:  Av = Average
Max = Maximum
Min = Minimum

Source: Project and survey data.
Table 7.7
Additional Average Net Income from the Loans of Sample Women Borrowers during FY1982-FY1985 — by Purpose
(rupess)

<table>
<thead>
<tr>
<th>Projects</th>
<th>Production</th>
<th>Goat</th>
<th>Trade</th>
<th>Buffalo</th>
<th>Cottage Industry</th>
<th>Poultry</th>
<th>Piggery</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Av</td>
<td>Max</td>
<td>Min</td>
<td>Av</td>
<td>Max</td>
<td>Min</td>
<td>Av</td>
<td>Max</td>
</tr>
<tr>
<td>Taklung</td>
<td>SD 236</td>
<td>SD 708</td>
<td>SD*</td>
<td>SD 1121</td>
<td>SD 450</td>
<td>SD*</td>
<td>SD 157</td>
<td>SD 900</td>
</tr>
<tr>
<td>N=4</td>
<td>N=25</td>
<td>N=1</td>
<td></td>
<td>N=2</td>
<td>N=4</td>
<td>N=1</td>
<td>N=4</td>
<td>N=30</td>
</tr>
<tr>
<td>164 331 (-3)</td>
<td>226 3,554 (-99)</td>
<td>1,800</td>
<td>1,303</td>
<td>2,096</td>
<td>510</td>
<td>249</td>
<td>897</td>
<td>(-97)135</td>
</tr>
<tr>
<td>190 332 (-3)3</td>
<td>410 3,554 (-99)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budhanilkancha</td>
<td>SD 146</td>
<td>SD 251</td>
<td>SD 754</td>
<td>SD 479</td>
<td>SD 2450</td>
<td>SD 1913</td>
<td></td>
<td>SD 1716</td>
</tr>
<tr>
<td>N=20</td>
<td>N=9</td>
<td>(-)</td>
<td>N=2</td>
<td>N=7</td>
<td>N=4</td>
<td>N=3</td>
<td>(-)</td>
<td>N=27</td>
</tr>
<tr>
<td>176 736 36</td>
<td>75 597 105</td>
<td>869</td>
<td>1,736</td>
<td>375</td>
<td>157</td>
<td>891</td>
<td>454</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,373</td>
<td>5,605 130 (-2,320 687)4,425</td>
</tr>
<tr>
<td></td>
<td>F = 0.005</td>
<td>F = 0.388</td>
<td>F = 1.146</td>
<td>F = 5.870</td>
<td>F = 0.798</td>
<td>F = 1.235</td>
<td>F = *</td>
<td>F = 0.097</td>
</tr>
<tr>
<td></td>
<td>P = 0.9456</td>
<td>P = 0.5378</td>
<td>P = 0.3965</td>
<td>P = 0.0417</td>
<td>P = 0.4015</td>
<td>P = 0.3821</td>
<td>P = *</td>
<td>P = 0.7566</td>
</tr>
</tbody>
</table>

Notes: Av = Average
Max = Maximum
Min = Minimum

Source: Computed from the survey data.
period in mid-FY1985 were not included in the calculation of net income, although they are shown in the average loan disbursement per respondent. The average sizes of net income from various enterprises were positive for the sample women of both projects, except for an average loss of Rs2,320 in a poultry enterprise in Budhanilkantha (Table 7.7).

Table 7.8 clearly shows the relationship between the various types of loans and the net income from each type of loan by rate of return (that is net income as a percentage of the loans). For each type of loan, the numbers of respondents were too small and the period of analysis was too short to generalize about profitability. However, the data indicate whether loans were profitable or not, and to what extent they were profitable. The net rate of return from trade loans was 180 per cent in Taklung and 51 per cent in Budhanilkantha. Similarly, the net rate of return for buffalo enterprises was 174 per cent in Taklung but only 5 per cent in Budhanilkantha (Table 7.8). The rate of return from all types of livestock was higher in Taklung than in Budhanilkantha. Taklung seems to be a better area for raising livestock. The net rate of return from goat rearing in Taklung (48%) was about 7 times the net rate of return in Budhanilkantha (7%). Similarly, in Taklung
net rates of return from poultry and piggery were 68 per cent and 51 per cent respectively. Whereas in Budhanilkantha, the poultry enterprise was the worst (negative return) of all (Table 7.8). The rates of return from crop production and cottage industry were higher in Budhanilkantha than Taklung. The reason was that the return from a production loan depends on the availability of other inputs such as improved seeds, pesticides, extension services and irrigation facilities which were more available in Budhanilkantha because of its close proximity to Kathmandu City. Similarly, the higher rate of return from cottage industry in Budhanilkantha was due to the easy accessibility to input and output markets in Kathmandu and other nearby cities. One of the serious problems reported by the respondents in Taklung was the lack of markets for their hosiery products such as cotton materials and knitwear. As reported by the WGO, in Taklung, one woman borrower closed her weaving activity after a few years because of inability to get adequate prices for her products. The local market is not large enough to run many enterprises at levels that will achieve economies of scale and distant markets such as Kathmandu, Khairini, Gorkha and Pokhara which are neither accessible nor are their products able to compete with other products in these markets. On the other hand prices of inputs are high in the local market. Neither the project office could solve their problems regarding output markets, though some attempts were made, nor did the officials concerned with the project activities in the ADB/N Head Office formulate effective policies and concrete measures in this respect. Despite greater interest in cottage industry by women of Taklung, they were affected by family factors. As reported by the WGO, two women members had to close their hosiery activities owing to the shift of family agricultural work burdens from their husbands to them when their husbands left home for employment outside the country. For
the people of Budhanilkantha, the market problem for poultry products was the frequent and big fluctuation in their prices, especially in the Kathmandu market. For example, within one year the price of eggs varied from Rs0.80 to Rs1.20 per egg. As reported by the respondents in Budhanilkantha, they were never able to sell their poultry products at better prices in the Kathmandu markets and the local market was not large enough. However, the huge loss in poultry as reported by the respondents in Budhanilkantha resulted from diseases that had spread to grown chickens. It appears that both project staff and those women borrowing for poultry in Budhanilkantha were risk takers as they had borrowed huge amounts a second time for poultry, after they had failed the first time.

There is no evidence that the larger the average size of the loan, the higher the average net rate of return. The overall net rate of return on loans made to the women in Taklung was 48 per cent, 6 times the net rate of return of 8 per cent in Budhanilkantha (Table 7.8). The low net rate of return in Budhanilkantha was mainly the result of huge losses in the poultry enterprise. If the poultry loans and losses are removed, the net rate of return on the loans made in Budhanilkantha increases to 27 per cent (still lower than Taklung). This shows that net returns to the sample women borrowers of both projects were positive and thus the loans were profitable for them.

Some of the reasons that women did not generate income as expected were:

(i) project failure - some respondents in Taklung reported that goats were lost owing to attacks by wild animals. Some respondents of both Taklung and Budhanilkantha reported that goats died owing to diseases. Similarly, some respondents in Budhanilkantha reported that buffalo died
and in some cases milking buffalo did not provide expected amounts of milk during the lactation period. Poultry loans in Budhanilkantha were a total failure.

(ii) Misutilization of loans - There were many instances that loans were used for purposes other than those stated in the applications. For example, two respondents in Taklung reported that goat loans were used for repaying parts of earlier buffalo loans to their husbands instead of buying goats. This seems one of the weak aspects of the practice of preferring both husband and wife as borrowers from the same family in Taklung, though it is likely that the wife will get full support from the husband for participating in the women's programme. One respondent in Taklung reported that the goat loan was used for the marriage ceremony of her son; while another reported that the goat loan was used for the funeral of her daughter-in-law.

However, in some cases, women were economically rational in using money although loans were not used for the purposes they were borrowed for. As reported by one respondent in Taklung, a goat loan of Rs200 generated income of Rs1,200 by trading seasonal fruits in the distant markets instead of investing in goats, and that income was spent for repaying a husband's loan from the project. Similarly, in Budhanilkantha as reported by one respondent, a goat loan was invested in local brand wine-making and selling activity instead of buying goats, as she expected higher income from wine than goats. She said that she made Rs400 profit from the loan of Rs200 and the loan was repaid on time. One of the reasons for higher demand for livestock loans, especially for goats, was due to the practice of providing cash loans and thus creating greater chances of misutilization of the loans.

7.3 Net Financial Returns to the Agricultural Development Bank

The objective of the ADB/N is not to make profits but to provide better agricultural credit services to the people so as to achieve agricultural
development. However, being an autonomous financial institution, if the ADB/N is to survive in the long run, it must operate at least at the break-even point where expenses equal income. Thus projects like Taklung and Budhanilkantha have to operate at least at break-even point to maintain their financial viability.

In this context the following aspects of Taklung and Budhanilkantha projects are examined.

1. The cost of lending per rupee of loan investment for male, female, and all borrowers.
2. The net return per rupee of loan investment from male, female and all borrowers.

The costs aspect of lending for any financial institution is of more concern, as it is one of the principal factors determining the net rate of return from lending operations. Tables 7.9 and 7.10 present the lending expenses of Taklung and Budhanilkantha Projects respectively for male, female and all borrowers, expressed in terms of the cost per rupee of loan investment.

During the years studied, the cost per rupee of loan investment for females showed a downward trend and was lower in Budhanilkantha than in Taklung (Tables 7.9 and 7.10). This is partly explained by the fact that the total amount lent to females was much larger in Budhanilkantha than in Taklung, with a consequent spread of overhead costs in the former. The cost per rupee of loan investment for males in both projects does not show a particular trend during the years studied. The cost for every rupee investment in the case of all borrowers in each year was lower in Taklung than Budhanilkantha, owing to the larger size of the loans committed each year in Taklung compared to Budhanilkantha.
### Table 7.9

**Interest Earnings, Lending Expenses and Net Return for Taklung Project during FY1982-FY1985 (rupees)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest earnings (a)</th>
<th>Lending expenses (b)</th>
<th>Net return (a-b)</th>
<th>Loan investment</th>
<th>Cost per rupee of loan investment</th>
<th>Net rate of return per rupee of loan investment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td>1982</td>
<td>12,707</td>
<td>394</td>
<td>13,301</td>
<td>22,076</td>
<td>13,924</td>
<td>36,000 (-)</td>
</tr>
<tr>
<td>1983</td>
<td>34,195</td>
<td>2,430</td>
<td>56,625</td>
<td>52,395</td>
<td>20,865</td>
<td>73,260</td>
</tr>
<tr>
<td>1984</td>
<td>72,756</td>
<td>4,888</td>
<td>77,644</td>
<td>62,038</td>
<td>23,432</td>
<td>85,470</td>
</tr>
<tr>
<td>1985</td>
<td>50,470</td>
<td>2,912</td>
<td>53,382</td>
<td>20,982</td>
<td>17,558</td>
<td>38,540</td>
</tr>
</tbody>
</table>

1. Cost incurred per rupee of loan investment in the case of females refers not only the pure costs of administration and supervision of loans, but also certain amounts for training and other costs exclusively related to the Women’s Development Programme, which could not be taken out of the estimation of the cost of lending to females. The same condition applies to the case of Budhanikantha in Table 7.10.

2. Cost per rupee of loan investment (Rs2.1) and net rate of return [(--) 176 per cent] from female borrowers seemed quite abnormal, and occurred because of the small size of investment and continual high costs.

Source: Computed from the project data.

### Table 7.10

**Interest Earnings, Lending Expenses and Net Returns for Budhanikantha Project during FY1982-FY1985 (rupees)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Interest earnings (a)</th>
<th>Lending expenses (b)</th>
<th>Net return (a-b)</th>
<th>Loan investment</th>
<th>Cost per rupee of loan investment</th>
<th>Net rate of return per rupee of loan investment (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
</tr>
<tr>
<td>1982</td>
<td>16,937</td>
<td>25</td>
<td>17,962</td>
<td>24,917</td>
<td>2,350</td>
<td>27,267 (-)</td>
</tr>
<tr>
<td>1983</td>
<td>23,502</td>
<td>1,864</td>
<td>25,366</td>
<td>27,120</td>
<td>13,649</td>
<td>40,769 (-)</td>
</tr>
<tr>
<td>1984</td>
<td>31,180</td>
<td>5,653</td>
<td>36,833</td>
<td>44,269</td>
<td>19,127</td>
<td>63,376 (-)</td>
</tr>
<tr>
<td>1985</td>
<td>22,450</td>
<td>7,267</td>
<td>29,727</td>
<td>23,018</td>
<td>12,382</td>
<td>35,400 (-)</td>
</tr>
</tbody>
</table>

1. Cost per rupee of loan investment (Rs2.18) and net rate of return [(--) 116 per cent] from female borrowers in the first year came into being due to a very small amount of loans invested in females given the considerable amount of overhead costs that had to be borne by the project.

Source: Computed from the project data.
Given the fixed overhead costs of the project for lending, the larger the size of the loan the smaller the cost per rupee of loans and *vice versa*. In other words, economies of scale apply. This is why the cost per rupee investment for females was much higher than for males in Taklung. Thus, the lending activity in the case of female borrowers was costlier than for male counterparts in Taklung. In Budhanilkantha the cost per rupee of loan investment was higher for females than males in the beginning (i.e. FY1982 and FY1983), but the situation was reversed in the later two years (i.e. FY1984 and mid-FY1985), when the total amount of loans made to female borrowers increased substantially in the latter two years in Budhanilkantha. However, on the whole, the lending activity for women borrowers was relatively costlier than for males.

The net rates of return per rupee of loan investment from the female borrowers in both projects were negative during the years studied. However, the degree of negativeness in the rate of return between the two projects differs substantially. The net rate of return from the females ranged from (-)116 per cent in FY1982 to (-)4 per cent in mid-FY1985, showing a downward trend in Budhanilkantha (Table 7.10). In Taklung, the net rate of return from the females was worse than Budhanilkantha, ranging from (-)176 per cent to (-)56 per cent during the years studied and shows no particular trend (Table 7.9).

The net rates of return per rupee investment from male borrowers in each year in Taklung were positive except in FY1982 (Table 7.9). Whereas in Budhanilkantha they were all negative (Table 7.10).

In the case of all borrowers (male and female) the overall net rate of return in Taklung was quite encouraging, although negative in the first three years studied, showing an improvement in all the years and
eventually a positive net rate of return of 4 per cent in mid-FY1985 (Table 7.9). Even a positive 4 per cent net rate of return is likely to lead to an overall loss unless costs of financial resources is very low. In Budhanilkantha, in the case of all borrowers, the overall net rate of return per rupee invested rose to (-)2 per cent in mid-FY1985 from (~)20 per cent in FY1982 (Table 7.10), indicating improvement in the financial performance of the project.

Even without taking into account the cost of the financial resources of the ADB/N, the net return to the ADB/N was negative. Although most of the financial resources of the ADB/N were grants, aid and nominal interest rate loans from various national and international agencies, every resource has its opportunity cost. The lending expenses of the ADB/N were high and the incomes from interest earnings were low. The interest rates were fixed at a rate which hardly covered the opportunity cost of the capital at the prevailing market rate. Some economists are of the opinion that an economic rate of interest should cover the opportunity cost of capital, the administrative costs and the cost of risk and default.

To sum up, the overall lending operation in Taklung reached the breakeven point after the FY1984, whereas the lending operation in Budhanilkantha had not yet reached the breakeven point. Lending activities for women were costly in both projects, and were more costly in Taklung.

7.4 Loan Repayment

The loan repayments are another crucial aspect of the lending activity of any financial institution. If the loans are not paid on time, it will not only affect the turnover capacity of the financial institution but also disturb the borrowing and lending environment between the financial institution and borrowers and among the borrowers themselves.
An analysis of loan arrears, according to the purpose of loans, was made, as it was important to the lender for policy formation. For the sample of women borrowers, during the years studied, the loan arrears rate for various purposes ranged from 24 to 80 per cent in Taklung, whereas in Budhanilkantha the arrears rate ranged from 37 to 56 per cent (Table 7.11).

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Taklung Unpaid amount (Rs)</th>
<th>Taklung Required repayment (Rs)</th>
<th>Taklung Arrears rate (%)</th>
<th>Budhanilkantha Unpaid amount (Rs)</th>
<th>Budhanilkantha Required repayment (Rs)</th>
<th>Budhanilkantha Arrears rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,096</td>
<td>8,348</td>
<td>37</td>
</tr>
<tr>
<td>Goat</td>
<td>1,560</td>
<td>6,474</td>
<td>24</td>
<td>1,902</td>
<td>3,402</td>
<td>56</td>
</tr>
<tr>
<td>Trade</td>
<td>1,050</td>
<td>2,050</td>
<td>51</td>
<td>-</td>
<td>5,900</td>
<td>-</td>
</tr>
<tr>
<td>Buffalo</td>
<td>1,000</td>
<td>1,250</td>
<td>80</td>
<td>3,814</td>
<td>9,454</td>
<td>40</td>
</tr>
<tr>
<td>Cottage Industry</td>
<td>3,805</td>
<td>8,512</td>
<td>45</td>
<td>5,108</td>
<td>12,548</td>
<td>41</td>
</tr>
<tr>
<td>Poultry</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,651</td>
<td>25,049</td>
<td>39</td>
</tr>
<tr>
<td>Piggery</td>
<td>-</td>
<td>600</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,415</td>
<td>1,8886</td>
<td>39</td>
<td>23,571</td>
<td>64,701</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: Computed from the project data.

The total loan arrears (irrespective of the purpose of loans) from FY1983 to mid-FY1985 for the sample of women borrowers in Taklung ranged from 29 to 42 per cent with an upward trend in these years; whereas in Budhanilkantha it ranged from 25 to 61 per cent, and showed no specific trend (Table 7.12). The arrears rate of the sample of women of both projects in mid-FY1985 was exactly the same, 42 per cent. The arrears rate in Taklung for males (ranging from 40 to 52 per cent) was found to be greater than for females (ranging from 22 to 42 per cent) in all years studied (Table 7.13). Similarly, in Budhanilkantha, the arrears rate for males (ranging
from 66 to 74 per cent) was greater than for females (ranging from 11 to 58 per cent) in all years studied (Table 7.13).

Table 7.12

<table>
<thead>
<tr>
<th>FY</th>
<th>Taklung</th>
<th>Budhanilkantha</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unpaid amount (Rs)</td>
<td>Required repayment (Rs)</td>
</tr>
<tr>
<td>1983</td>
<td>400</td>
<td>1,400</td>
</tr>
<tr>
<td>1984</td>
<td>3,320</td>
<td>8,780</td>
</tr>
<tr>
<td>1985</td>
<td>3,699</td>
<td>8,707</td>
</tr>
</tbody>
</table>

Source: Computed from project data.

Comparing the arrears rates between male borrowers of two projects the arrears rate of males in Budhanilkantha was greater than in Taklung (Table 7.13). The reason for higher arrears for males in Budhanilkantha is not precisely known. The arrears rate for female borrowers in both projects did not show a particular pattern (Table 7.13).

There is evidence that women are better than men in the utilization and repayment of loans. From the interview with the Project Managers of Taklung and Budhanilkantha both managers reported that the loan repayment was better by women's than by men's groups. The Project Manager of Budhanilkantha said that women were more sincere as well as disciplined than men. Regarding the utilization of loans by the women's groups, the Project Manager of Budhanilkantha thought that it was very satisfactory and the Project Manager of Taklung remarked that it was satisfactory. In cases where women were using loans for unproductive purposes the Taklung Project Manager said that it was owing to the use of loans to meet household expenses; and the Budhanilkantha Project Manager said it was owing to the money being spent by the husband. Both Project Managers
### Table 7.13

**Loan Arrears in Taklung and Budhanilkantha Projects by Male and Female Borrowers — (FY1982-FY1985)**

(rupees)

<table>
<thead>
<tr>
<th>FY</th>
<th>Unpaid amount</th>
<th>Required repayment</th>
<th>Arrears rate (%)</th>
<th>Unpaid amount</th>
<th>Required repayment</th>
<th>Arrears rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>1982</td>
<td>56,000</td>
<td>-</td>
<td>112,357</td>
<td>643</td>
<td>50</td>
<td>142,009</td>
</tr>
<tr>
<td></td>
<td>190,872</td>
<td>-</td>
<td>74</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>73,000</td>
<td>3,901</td>
<td>184,057</td>
<td>9,943</td>
<td>40</td>
<td>147,149</td>
</tr>
<tr>
<td></td>
<td>211,034</td>
<td>15,584</td>
<td>70</td>
<td>58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>100,491</td>
<td>4,509</td>
<td>250,847</td>
<td>20,153</td>
<td>40</td>
<td>137,718</td>
</tr>
<tr>
<td></td>
<td>209,317</td>
<td>73,088</td>
<td>66</td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>79,496</td>
<td>6,504</td>
<td>153,519</td>
<td>15,481</td>
<td>52</td>
<td>154,217</td>
</tr>
<tr>
<td></td>
<td>209,092</td>
<td>81,585</td>
<td>74</td>
<td>24</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Computed from the project data.
concluded that women's groups were better than men's groups at investing money in productive projects and making repayments on time.

There were three main reasons for loan arrears by the sample women in Taklung and Budhanilkantha: failure of the projects, high family expenses and misutilization of the borrowed funds. Of the sample, 8 respondents in Budhanilkantha and 4 respondents in Taklung reported that the failure to make loan repayments on time was due to the failure of the projects undertaken. In many cases the income generated from the loans was spent on family expenses instead of repaying the loan to the project. These family expenses included unproductive social ceremonial expenses such as marriage, festivals, etc. Misutilization of the borrowed funds was observed for some respondents in both the projects, causing a delay in undertaking proper activities and thus a delay in repayments.

The repayment problem arises sometimes owing to causes beyond the borrower's control and sometimes is caused by the poor quality of loan services, such as lack of timely loan disbursement, inadequate amounts of credit, lack of other necessary inputs and lack of adequate and timely supervision. On top of all these causes, bad intentions or attitudes of borrowers causing unnecessary delays in loan repayment is the worst cause. However, as far as women borrowers are concerned, from my general observation, they usually do not have bad intentions.

7.5 Reactions and Problems

During the survey, some reactions and problems on various aspects were collected from the sample women, the NGOs and the Project Managers in both projects.
7.5.1 Reactions

Feeling Towards the Project

The general feeling of most respondents in both projects was that they were fortunate to have the SFDP operating in their areas. When asked if there were any likes and dislikes with the functioning of the project, 90 per cent of respondents in Taklung expressed good, 7 per cent bad and 3 per cent indifferent reactions. Whereas in Budhanilkantha, these expressions were 80 per cent good, 13 per cent bad and 7 per cent indifferent. In both projects, 7 per cent of respondents had some complaints about the project staff regarding loan policies and procedures. In response to the question: How did they know about the existence of the project?: 17 per cent of the respondents said that they found out by themselves, 50 per cent found out from the project staff and 33 per cent from their neighbours in Taklung. But in Budhanilkantha, 33 per cent of respondents found out by themselves, 47 per cent from the project staff and 20 per cent from neighbours.

All respondents in both projects reported that they could not fill in the loan application form by themselves. In 87 per cent of the cases in Taklung, the loan application form was filled in with the help of the project staff and 13 per cent of the cases with the help of relatives and friends. In Budhanilkantha, in 81 per cent of the cases, they were helped by the project staff and 19 per cent were helped by their friends and relatives.

The reactions of respondents were collected regarding the current rate of interest for loans from the project. In Taklung, 53 per cent of respondents stated that the current interest rate was about right, 23 per cent low, 4 per cent high and 20 per cent had no comments. Whereas in Budhanilkantha, 20 per cent of respondents said that the current interest rate was about right, 23 per cent low and 57 per cent did not make any comment.
Group Plan and Functioning

In principle, plans for group work should be formulated by the group members. But according to 50 per cent of respondents in Taklung and 60 per cent of respondents in Budhanilkantha, the group was not capable of preparing their group plan. Some respondents in both projects still had the feeling that it was the plan of the project office rather than the group members regarding their activities. However, most of them were of the opinion that a group plan was necessary and not too difficult to formulate. Only 63 per cent of respondents in Taklung and 67 per cent of respondents in Budhanilkantha reported having participated in group decision making. The degree of participation of many respondents in both projects was reported as low. There did not seem to be an effective division of work and responsibility among the group members in either project.

As reported by 43 per cent of respondents in Taklung and 50 per cent of respondents in Budhanilkantha, they have future plans to propose loans for the project. The purposes of loans that they are interested in future in both projects are mainly goats, poultry and buffalo.

The role of group leader is crucial for the successful operation of a group. Group members take advice from the group leader. Sixty-seven per cent of respondents in Taklung and 60 per cent of respondents in Budhanilkantha said that they used to take advice from the group leader whenever they wanted to do certain things. In rural areas, the practice is to take advice from friends and relatives; 27 per cent of respondents in both projects reported that they took advice from friends and relatives. Some respondents, 6 per cent in Taklung and 13 per cent in Budhanilkantha, reported that they took advice from the project staff. The group leader
also plays an important role from the point of view of the project, it was reported that group leaders were insisting members repay loans in most of the cases in both projects.

Non-institutional Borrowing

The practice of borrowing from sources other than the project was still existed among women in both project areas. Only 10 per cent of respondents in Taklung reported borrowing from money lenders and 7 per cent from friends and relatives. In Budhanilkantha, only 7 per cent reported borrowing from money lenders and 23 per cent from friends and relatives. The main reason for borrowing from informal sources, according to respondents of both project areas, was the strict conditions that bank money be spent only for the stated purposes for which the money was borrowed; whereas they were frequently in need of money for family expenses. Among respondents of both areas, it was reported that borrowing activities had taken place among friends of similar economic status. The amounts of money borrowed from each other were usually small and for a short term. Unless they had to face very critical conditions, they had not borrowed money from money lenders.

As reported by respondents in both projects, the rate of interest in the case of money lenders ranged from 25 to 60 per cent, and it ranged from 0 to 20 per cent in the case of friends and relatives. Close friends and relatives usually did not charge interest for small amounts lent for a short term.

When asked what they would do if they needed money for family expenses, there were various types of answers from respondents of Taklung. Twelve respondents said that they would borrow money from their group saving funds and 2 respondents said that they would borrow from the bank. Some
respondents said they would borrow either from friends or money lenders. One respondent said she would sell her goat to meet the family needs. Whereas another two respondents said their husbands would manage. Respondents of Budhanilkantha had only two types of answers—they would either borrow from banks or friends.

**Group Saving**

Most respondents of both projects had participated in raising their group saving fund by contributing certain amounts on a monthly basis. It was reported that 87 per cent of respondents in Taklung and 90 per cent of respondents in Budhanilkantha had been contributing to the group saving fund. Of the respondents contributing to the group saving fund, only 31 per cent of respondents in Taklung and 7 per cent of respondents in Budhanilkantha had ever used their group saving fund.

**Training**

Only 47 per cent of respondents in Taklung reported that they had ever participated in training programmes. The subjects of training were mainly: cottage industry, kitchen gardening, horticulture, beekeeping and health. Similarly, in Budhanilkantha, only 30 per cent (which was lower than Taklung) of respondents had participated in training. The distribution of training opportunities among the women borrowers in Budhanilkantha was not equal and fair. For example, one respondent reported that she had participated in training four times in four different subjects. Similarly, another respondent reported that she had participated in training three times in three different subjects. On the other hand, 70 per cent of respondents had no training opportunities at all. The subjects of training
in Budhanilkantha were mainly cottage industry, beekeeping, poultry and family planning.

7.5.2 Problems

Some of the problems that were faced by women members were mentioned in the earlier section. Some other problems reported by the sample women, the WGO and the Project Manager are presented here.

Loan Procedure

There were some comments from respondents of both projects regarding the loan procedures, especially from respondents of Budhanilkantha who reported that it was a cumbersome procedure to obtain loans from the project. This was because after the loan was sanctioned by the Project's loan committee, the loan had to be taken from the co-operative society of Budhanilkantha, this was usually time consuming. According to their reactions, the functioning of the co-operative society was not efficient, making the disbursement of loans (sometimes) delayed and untimely. But respondents of Taklung had not faced this problem owing to the non-existence of a co-operative society in that area. The project itself had to perform that part of the job usually handled by a co-operative society.

Among respondents who had borrowed loans, 50 per cent in Budhanilkantha reported that the loan procedure was cumbersome, this proportion was 17 per cent in Taklung. Some respondents in Taklung reported that they sometimes had to remain overnight at the Taklung Project Office to obtain loans from the project. This was owing to the long distance from home, and they were not able to return home on the same day. As reported by respondents, the average amounts of time taken to obtain loans (from filling in the loan application to loan disbursement) was three full days per loan in Budhanilkantha and 2.5 full days per loan in Taklung. However, the amount of time
taken to obtain loans ranged from 2 to 5 days in Budhanilkantha and 1 to 5 days in Taklung, depending on the types of loans granted.

Among the respondents reporting borrowing, 83 per cent in Taklung and 85 per cent in Budhanilkantha said that they received the amount of credit they had requested. Those who did not get the amount requested did not know the reason.

**Security for Loans**

Individual or group security is essential to obtain loans from the project. However, in Taklung, because women members were from the families where males were also members and where male borrowers already offered security, the project did not require extra security from women. Thus, no women in Taklung reported a problem of security to obtain loans. But two respondents in Budhanilkantha reported that they were unable to obtain loans from the project because of lack of security. All members in their group did not own any property of their own which could be offered as group security for loans. Their family's property was not allowed by the family to be used as security. In Taklung 93 per cent of the borrowing respondents were able to borrow loans without security of their own. Whereas in Budhanilkantha only 54 per cent of the borrowing respondents were able to borrow without security of their own, but they had group security.

The WGO of both projects reported that they had some problems in forming the women's groups at first. This was because women did not fully realise that the programme was launched for their betterment and welfare. They said that they spent considerable amounts of time with village women trying to convince them of the worth of the programme. They had to visit each and every home. The WGO of Budhanilkantha reported that men of that
area initially did not support women joining the programme and becoming members. However this situation was almost over, and both men and women support the programme now. The WGO of both projects reported that women could not prepare loan schemes by themselves. The WGO in consultation with the Project Manager had to prepare loan schemes for women. Some women did not make the approach for a loan themselves. They were especially dependent on the WGO and other project staff for almost everything. Both WGOs reported that their Project Managers were helpful and had a good understanding in working with them.

There were some unsuccessful women groups in both projects. The reasons for this lack of success, as reported by the WGO of Taklung, were mainly: the group was not homogeneous owing to group members being of different castes and ethnicity; and the husbands of group members were not in the male groups so the wives could not get full support from their husbands. The reasons for lack of success, as reported by the WGO of Budhanilkantha, was the poor selection of group leaders in these groups. The numbers of unsuccessful groups were 2 each in both projects.

When the Project Managers of both projects were asked whether they were facing any problems as a Project Manager, the Project Manager of Taklung reported inadequate staff in the Project Office and lack of supporting services from government departments. Neither of the Project Managers cited problems of inadequate funds or difficulty in the procedure of loan disbursement. The Project Managers of both projects reported that they had problems in loan repayment owing to failure of borrowers, inadequate follow-up action by the project and social difficulties from the elite groups. As reported by both Project Managers they expected both financial and social returns from funding women groups. The Project Manager of Taklung cited lower
educational levels and overinvolvement of women in household affairs as the two main problems hindering the functioning and performance of the project. Giving suggestions for the improvement of the Women's Development Programme, the Project Manager of Budhanilkantha emphasized the training needs of the WGO in future, although she was working efficiently now. The Project Manager of Taklung made suggestions that women borrowers should be well supervised and there should be a manageable size of women groups to be handled by a WGO,
Chapter 8
CONCLUSION

Women play a crucial role in the agricultural development of Nepal as in other countries. Yet their contributions seem to be almost unrecognized in development policies. This sector of the community tends to be ignored. If proper attention is given to women by providing them with more educational and training opportunities with equal treatment for extension, research and other government services as provided to men, they will contribute more to agricultural output. However, in the past, women were not given proper attention or special treatment. To be truthful, women are still the disadvantaged group in Nepal—economically, socially and politically. Women's voices should be recognized and they should be encouraged to participate fully in agricultural development. This is primarily because they could contribute to higher agricultural productivity and growth.

Women are handicapped by lower educational levels. At the national level, in most families, women are economically dependent and highly dominated by men, because men are regarded as the bread-winners.

Economic uplifting of women is a growing and essential concern. There are several ways of solving the economic problems of women. Agricultural credit along with other necessary inputs helps to raise the economic status of rural women and their families, and provides them with a sense of economic independence. Apparently the special credit programme for women which was introduced in Nepal appears to be an effective measure for the development of agriculture in general and women in particular.

A pilot study of two Small Farmer Development Projects, Taklung and Budhanilkantha, indicated that the credit activities of women helped to
generate income and make a substantial contribution to their family incomes. From the women's side, this credit programme can be considered successful, as those who borrowed money, with some exceptions, made incomes and profits. For those who did not borrow there were additional benefits from the other social components of the Women's Development Programme. From the projects' side, the labelling of the programme as a success or failure requires a considerable amount of judgment. From the purely financial point of view, the ADB/N is incurring losses rather than making profits by extending loans to women. However, if the losses are incurred only for a short period and the programme indicates a return to the project in the long run, it should be considered a success.

From the point of view of the net return to the project, the high lending expenses for women (especially in Taklung) were not favourable, but from the point of view of the net financial benefits to women from loan activity, the net incomes generated from the loans were substantial in Taklung; and higher than in Budhanilkantha. If the economic status of women is to rise there may be a question of the trade-off between financial loss to the lender and financial benefits to the borrower for the initial few years. It seems that the ADB/N would be wise not to expect a positive financial return for the first few years from the Women's Development Programme as the programme has wider socio-economic objectives. A programme such as the Women's Development Programme will have a long gestation period to achieve positive financial rates of return; and, whatever the non-financial achievements of this programme at present, although difficult to quantify precisely, these will also benefit women economically in the long run.
The profit for the ADB/N depends not only on the cost of making loans but also the cost of loan arrears. The evidence shows that the arrears rate for males was greater than for females in both projects studied. However, the problem of loan defaults is still apparent in the case of female borrowers in both projects, although relatively they have lower default rates than men. This suggests that more women should be encouraged to participate in the loan programme.

This study would recommend that the Women's Development Programme should be expanded gradually to other districts of Nepal and should be administered on a nationwide scale. The credit policy of the ADB/N should be encouraging women to use available credit facilities. But it is apparent there is the need for some thinking on the part of the authorities as to whether the loans and losses that are subsidized to women at the cost of the institution, will reach only those women who are honest and dedicated borrowers with the project. The defaulters in any case cannot be subsidized. There should be steps taken by the projects to minimize loan misutilization and defaults by women. The types of loans which have usually been found to have high arrears should not be encouraged for the time being. Project staff should be made aware of these points.

The loans which provide higher net returns to women (for instance, livestock and trades loans in Taklung, and cottage industries and trades loans in Budhanilkantha) should be more fully encouraged in future.

The loans should not have been made for some activities (for example, hosiery in Taklung) which had severe market problems. There also needs to be some flexibility in the future regarding the purposes of loans; loans should be extended for additional activities (for example, seasonal fruit trading) where the borrowers can realize higher returns.
While disbursing loans and other opportunities, the project should try to maintain the equity and the welfare of the majority of women, rather than concentrating on only a few women. For example, Budhanilkantha presents a rather gloomy picture where a few women had the undue financial advantages of large loans. Women should be encouraged to take small loans, as large loans did not show evidence that they were more profitable.

For the survival of the projects in the long run, the only way to reduce the high lending expenses for the loan investment is to expand the volume of loan transactions to women so that there will be a spread of overhead costs.

Finally, the policies and guidelines of the ADB/N and other authorities regarding women's loans in the projects should be clear cut and uniformly followed in all projects. At present, the projects seem to exercise too much trial and error in performing activities related to women.

The project was undertaken as a "hench mark" study and analysis of secondary and survey data has been undertaken not with a view to rigorously establish "Causation" but to explore plausible explanations for slow and differential impact of women focused rural credit programmes in Nepal.
Appendix A

MALE/FEMALE CONTRIBUTION TOWARDS HOUSEHOLD INCOME

OUTSIDE INCOME

HOUSEHOLD PRODUCTION

TOTAL HOUSEHOLD INCOME

Key
Male
Female
Boys
Girls

40%
54%
71%
27%
50%
44%
Appendix B
QUESTIONNAIRES

I. Women Group Members

1. Name of the Member ................. Village ............. Group number ....

2. Marital Status:
   Married □        Widowed □
   Unmarried □     Divorced □

3. Age .................

4. Level of Education:
   No education at all □
   Did not attend school but literate □
   Primary school □
   Secondary school □
   Higher education □

5. Details of Family Members:
   Name ................. Sex ............ Occupation ............ Age .......
   Relation to Interviewee ............. Living at home .... Yes/No
   Level of education ..........................................................

6. Family Farm Details: (Land in hectares)
   Owned and farmed: Khet ......... Pakho .........
   Rented in: Khet ......... Pakho .........
   Rented out: Khet ......... Pakho .........

7. Rent Details in Previous Year (in rupees):
   Received ............. Paid .............

8. Family Income:
   (1) Details of crops grown in the last 12 months
<table>
<thead>
<tr>
<th>Name of crop</th>
<th>Land used (hectares)</th>
<th>Month planted</th>
<th>Month harvested</th>
<th>Size of harvest (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Paddy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Wheat</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) Maize</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv) Millet</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v) Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2) Details of livestock kept in the last 12 months, home consumption and sales:

<table>
<thead>
<tr>
<th>Name of animal</th>
<th>Number</th>
<th>Home consumption (measurement in local unit)</th>
<th>Sales (animal or its products) (Measurement in local unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Cows</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Buffaloes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) Oxen</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv) Goats</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v) Chickens</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vi) Pigs</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3) Horticulture Production and Sales in Previous Year:

<table>
<thead>
<tr>
<th>Types of fruit</th>
<th>Production (kg)</th>
<th>Home consumption (kg)</th>
<th>Sales (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4) Income from other than agriculture:

<table>
<thead>
<tr>
<th>Sources</th>
<th>Number of members involved</th>
<th>Income (rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) pension</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(iii) portering
(iv) construction work
(v) business
(vi) agricultural labouring

(5) Costs incurred for family activities:

<table>
<thead>
<tr>
<th>Activities</th>
<th>Labour (number)</th>
<th>Material (kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) crops</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) livestock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) horticulture</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. Credit Information:

(1) When did you get in touch with the project office or staff?

(2) How did you know about the existence of the project?

   by yourself    
   by project staff
   by neighbour 
   by others

(3) Did you borrow money from the project?

   If yes, (a) When?

   (b) How much?

   (c) What for?

(4) Was any security used against the loan?

   If yes, land
   house
   other

(5) Did you find the procedure cumbersome in obtaining your loan?

   If yes, give your comments ................................
(6) What other costs did you incur in borrowing money?
   Transport  
   Filling in application form  
   Other  

(7) How many days did you spend on borrowing the money?

(8) How frequently did you visit the project office after you borrowed money?

(9) Who had helped you in following all the difficult borrowing procedures?
   Project staff  
   Husband  
   Relatives/friends  
   Others  

(10) Did you get the amount of credit you wanted?
   If no, why?
   Insufficient collateral  
   Had no idea  
   No need  
   Project staff partiality  
   Other  

(11) Did you borrow money from sources other than the project?
   If yes, from whom did you borrow and at what interest rate?
   Money lenders  interest rate ............
   Relatives/friends  interest rate ............
   Other banks  interest rate .............

(12) When you received the loan from the project office, how did you start to use that loan?  State ..................
(13) Was the loan disbursed in a lump sum or in instalments?

(14) Did you repay the loan?

If yes, when ....... how much ........
If no, why? .................

(15) Who tells you to pay off the loan?

Group leader □
Treasurer □
Staff □
Others □

(16) Do you like the functioning of this project?

Yes □ No □ Indifferent □

If yes, comment ..............................................
If no, comment ..............................................

(17) Did you borrow on a group or individual basis?

Group □ Individual □ Both □

(18) Was the group able to prepare a group work plan?

If not, why? ....................................................
No idea □ No need □ Other □

(19) Do you participate in group decision making?

If yes, to what extent (low 1, 2, 3, 4, 5 (high))

(20) Is there an effective division of work and responsibility among the group members? Yes □ No □

(21) Is there intergroup communication and help among the groups and members? Yes □ No □

(22) From whom do you usually take advice?

Group leader □ Treasurer □ Friends □ Relatives □ Others □
(23) Have you participated in any training?
If yes, in what subject ................. Duration ..................

(24) Have you contributed money to the group saving fund?
Yes □ No □

(25) Have you used that saving fund for your own purposes?
If yes, why? ..........................................................

10. Income generated from the use of loans:

<table>
<thead>
<tr>
<th>Name of activity</th>
<th>Gross income (year-wise)</th>
<th>Operating costs (year-wise)</th>
<th>Interest paid (year-wise)</th>
<th>Net Income (year-wise)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Crop produc- tion</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Goats</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) Buffaloes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv) Cottage industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v) Poultry</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>(vi) Piggery</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vii) Others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. Problems:

(1) What problems have you faced in relation to the loan?
Lack of initiative from the project □
Long borrowing procedures □
Untimely disbursement of loan □
Other (specify) □

(2) What problems have you faced in relation to utilization of loans?
No idea □ Lack of required inputs □ Lack of extension service □
Others (specify) □
(3) What problems have you faced in relation to repayment of loans?
   No idea □  No income □  Project failure □  Other (specify) □

(4) Do you have any problems with the work performance and attitude of
   the project staff? If yes,
   Project Manager □  WGO □  Other staff □

(5) Are there any of the following problems?
   Lack of markets □  Low prices of outputs □  High prices of inputs □
   Problems with transportation □  Late delivery of inputs □  Others
   (specify) □

12. Miscellaneous:
   (1) How much credit would you require for future activities? State .........
   (2) If you need money for family expenses, what will you do? ..............
   (3) What do you think about the present interest rate for the loans?
       High □  About right □  Low □  No comment □

II. Woman Group Organizer

1. Name of the project ..........................................................

2. Name of the Woman Group Organizer ..................................

3. Age ..........  Level of Education ..........  Place of Birth .............

4. Training .....................................................................

5. Years of Service in the Project ........................................

6. How many women's groups have been formed with your assistance? .........

7. How many women's groups are there in the project? .........................

8. Which are the groups you have formed? ...................................

9. What procedures did you follow in forming the groups? ....................

10. What difficulties did you face in forming the groups? .....................

11. Did you visit the villages before forming the groups? ....................

12. How often did you visit village women? ...................................

13. Did you conduct a baseline survey?  Yes □  No □
14. How did the women approach you for a loan?
   In a group [ ] Individually [ ]

15. Did they make the approach by themselves?  Yes [ ] No [ ]

16. Did they prepare the loan scheme by themselves?  Yes [ ] No [ ]
   If no, who helped to prepare it?

17. How often do you visit the women's activities after the disbursement of the loan?
   Once a week [ ] Once a month [ ]
   Once a year [ ] No regularity [ ]

18. Do you have your own loan supervision schedule?  Yes [ ] No [ ]

19. On what issues do you seek the help and guidance of the Project Manager?

20. Is the Project Manager:
   Very helpful [ ] Understanding [ ] Negative attitude [ ]

21. How do you especially assist the women's groups?
   Project formulation [ ]
   Writing minutes of the group meetings [ ]
   During the time of group conflicts [ ]
   Other (specify) [ ]

22. Do you find your job:
   Easy [ ] About right [ ] Difficult [ ]

23. Which are the successful and unsuccessful women's groups in your opinion?

24. What are the reasons for lack of being a success?

25. What actions do you think necessary to make unsuccessful groups successful?

26. Do you intend to continue in this job in the future?

27. What are the problems you consider important at present?

28. Give suggestions, if any:
III. **Project Manager**

1. Name of the Project.................................................................

2. Name of the Project Manager...................................................

3. Age .................................................................

4. Level of Education ...........................................................

5. Training: Subject ................ Duration ............................

6. When did you start working in this Project? ..............................

7. What problems are you facing as a Project Manager .................

   Inadequate funds □   Inadequate staff □

   Lack of support from the Bank Head Office □

   Lack of support from the Bank District Office □

   Lack of supporting services from government departments □

   Local political constraints □

   Other (specify) □

8. Are there any difficulties in the procedure of disbursement of loans?  
   If yes, why?

9. Are there any problems in the repayment of loans?  
   If yes, why?

   Inadequate follow-up action by the project □

   Failure of borrowers □

   Social difficulties □

   Other (specify) □

10. Is the repayment better or worse in women's groups than male groups? 

    Better □    Worse □

    If better, why? 

    If worse, why?
11. What returns do you expect by funding women's groups?

Rank in order of priorities:

- Financial returns
- Social returns
- Community development
- All the above

12. What do you think of the utilization of loans by the women's groups?

- Very satisfactory
- Satisfactory
- Not satisfactory
- Unproductive or misused

If women's groups are using loans for unproductive purposes, why?:

- To meet household expenses
- Money being spent by husband
- Other (specify)

13. Do you think that women's groups are better or worse at investing money in productive projects than male groups?

- Better
- Worse
- About equal

14. How frequently is the loan supervised?

15. Is there any supervision schedule in the project?

16. If the loan is not being paid on time, do you take any legal action?

- Yes
- No

17. Would you like to cite some problems hindering the functioning and performance of the project in relation to the launching of the Women's Development Programme?

18. How do you feel about the assistance of the Woman Group Organizer in the operation of the Women's Development Programme?
19. Is the Woman Group Organizer:

- Very efficient [ ]
- Efficient [ ]
- Satisfactory [ ]
- Inefficient [ ]

20. Do you have any suggestions for improvement?

IV. Information from the Project Office

1. Zone ............ District ............... Village Panchayat ............
2. Name of the Small Farmer Development Project ............................................
3. Date of Establishment ......................................................................................
4. Employees Number: Male ............... Female .........................
5. Panchayat or Area Coverage ...........................................................................
6. Total Household Number in the Project Area ............................................
7. Total Household Number Covered by the Project ........................................
8. Total Number of Groups Formed (year-wise): Male .......... Female ...........
9. Total Number of Members Served (year-wise): Male ........ Female ..........
10. Loan Details:
    (1) Loan disbursement to male and female borrowers (purpose-wise and year-wise).
    (2) Loan collection from male and female borrowers (purpose-wise and year-wise).
    (3) Loan outstanding for male and female borrowers (purpose-wise and year-wise).
    (4) Loans overdue for male and female borrowers (purpose-wise and year-wise).
11. Interest Earnings from Male and Female Borrowers (year-wise).
12. Details of Project's Lending Costs: for total, male and female.
13. Number of Members (male and female) involved in Group Saving Fund.
14. Details of Training and Other Social Activities of the Project.
### Appendix C

**Local Unit Prices of Grains in Taklung and Budhanilkantha**  
(Rs per kg)

<table>
<thead>
<tr>
<th></th>
<th>Taklung</th>
<th>Budhanilkantha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>3.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Maize</td>
<td>3.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Wheat</td>
<td>5.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Millet</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Others (beans and oil seeds)</td>
<td>9.0</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Date: January-February, 1985.
BIBLIOGRAPHY


Ware, H., 1981. Women, Demography and Development, Development Studies Centre, Australian National University, Canberra.