

THE SMALL - FARMER DEVELOPMENT PROGRAMME IN SOUTH ASIA : A COMPARATIVE ANALYSIS

JAYANTHA PERERA*

Abstract

Literature on rural development in South Asia shows that government attempts to change the agricultural economy often neglect the small-farmers. However, any attempt to provide the small-farmers with autonomy and finances to decide their own affairs and to label the rural rich and landlords as undesirable elements in rural development is equally unproductive. A right combination of control from above and participation from below, and of supervision and autonomy is imperative in achieving an equity-oriented rural development. This paper describes a programme in South Asia which demonstrates a sustained attempt at arriving at this combination in different socio-economic and political contexts.

Introduction

An important phenomenon in the new states of South Asia is accelerated and enhanced government activity in rural areas. This has been reflected in the establishment of new government departments and agencies which deal with agricultural development and rural welfare, as the functions thought proper to central government continue to grow after World War II. Thus it is possible to observe a rapid process of bureaucratization of managerial and administrative activities in these countries at the national level and permeating to the village level which deals with rural people and their welfare.

However, South Asian countries have shown that although many of the services and inputs required by the small-farmers are "channelled and delivered by administrative agencies of the government, bureaucratic administration, especially when directed to weak and dispersed clients, is frequently impaired by rigidities and political influences which combine to disadvantage the small-farmer" (Esman and Uphoff, 1982:19). Thus the problem is how to combine governmental and local resources to improve productivity and the standard of living of small-farmers who constitute over 80% of rural population in the region. In this regard, the means by

* The author travelled extensively in Nepal and Bangladesh in 1985 as a member of a FAO team that studied Small-Farmer Development Programme (SFDP) firsthand. In 1984-5 he was the co-ordinator of the Small-Farmer Associations (SFA) Programme in Sri Lanka which was funded by the FAO. The author wishes to thank Shyamala Abeyratne for careful editorial help to improve the presentation of the paper, Sena Ganewatte and Ed Martin for their useful comments on an earlier draft of the paper.

which administration can be held responsible and accountable for rural development are important. The political system and the administration themselves may seek to enforce such accountability, but local organizations can provide the critical means for keeping checks on rural administration and also 'receiving mechanisms' to maximise the use of government services and subsidies by the small-farmer (Esman and Uphoff, 1982).

To activate this, many countries in South Asia have adopted a rural development strategy called the Small-Farmer Development Project (SFDP), with their own modifications to suit local conditions. The Food and Agricultural Organization of the United Nations initiated this programme and provided financial help to carry out pilot projects in several countries including Bangladesh, Nepal and Sri Lanka.

In this paper, I will outline the main features of the SFDP as implemented in these three countries. The main focus of the paper, however, will be on Sri Lanka. Also, I will attempt to compare and contrast Sri Lanka's experiences with those of Nepal and Bangladesh with a view to identifying some features that are salient to the operation of viable rural organizations meant specifically for small-farmers in South Asia.

Main Features of the Rural Economy in South Asia

Sri Lanka, Nepal and Bangladesh are predominantly agricultural countries and in each country, over 70% of population live in rural areas and earn their livelihood from agriculture. In each country, 80% of landholdings are less than 3 acres each. Such holdings can be considered as smallholdings. A "small-farmer" can then be defined as one who depends primarily on a piece of land, which is less than 3 acres, to earn his livelihood as an owner-cultivator, a tenant or a lease-holder. The emphasis is on operational-rights rather than on ownership-rights. However, this definition does not exclude rural people who are engaged in cottage industries and fishing. Also, the landless who earn their living as labourers or as tenants-cum-labourers are included in this definition of small-farmer.

The general features of the rural populations of the three countries are : (a) sixty to eighty percent of the rural population in each country can be classified as poor in absolute terms ; (b) the share of the poor in landownership and income has declined over time ; and (c) the landless, who are increasingly forced to depend on wage labour, have experienced a decline in their real wages over time.

In all three countries, the government provides supplies and services together with information and knowledge to rural areas through its agents at the local level. However, small-farmers do not have the opportunity to participate at the decision-making level which decides the distribution of such supplies and services. As a result, small-farmers fail to satisfy their needs and demands, although they are the intended beneficiaries of such services.

In rural areas, farmers do not present themselves as groups who have similar interests ; rather, they are competing individuals for scarce resources. Therefore, it is difficult for them to voice their needs and demands to the government agencies as collective bodies so that such agencies could be responsive to or, at least, take account of their needs.

Assumptions and Rationale of the Small-Farmer Development Project

The SFDP has been greatly influenced by the Comilla Co-operative Project which showed some success during the period between 1963-1974 in Bangladesh (West Pakistan until 1971) under the eminent leadership of Ali Aktar Khan. The SFDP assumes, as the Comilla Co-operative project did, that if reasonable investment is made in several interrelated spheres of the rural society and economy, then the twin objectives of the Programme — raising agricultural production and providing benefits and participation to small-farmers— can be achieved. The main elements of the strategy for achieving these objectives can be summarised as follows. The first is that the central government should establish and manage a number of national development programmes and organizations, such as the Integrated Rural Development Programme and Agricultural Development Banks, which specifically cater to the demands and needs of the small-farmers. Second, that this administrative leadership must also set up a local organizational structure based at the local level. This will serve as the 'delivery mechanism' through which the government can disseminate knowledge, technology, credit and other inputs to farmer groups at the grass-roots level. It will also allow the government to eliminate the increasingly high cost of reaching small-farmers, as it could pass this cost to the local organizations. Third, a substantial investment of money, mainly in the form of credit and subsidies, is needed. Availability of credit from institutional sources, it is believed, would allow farmers to buy their required inputs and simple technology, without getting into the vicious circle of perpetual indebtedness in which private money lenders and traders dominate. However, the provision of credit from outside is a temporary phenomenon, as farmers will start to reinvest their profits through improved agricultural activities in co-operatives and banks. This will make these agencies self-sustaining. Fourth, it is necessary to train selected leaders and local people in managerial skills, so that they will be able to administer their local organizations effectively.

Objectives of the Small-Farmer Development Project

The main objective of the SFDP is to uplift the socio-economic status of small-farmers by providing the required inputs and services for their income-generating activities. Another objective is to make small-farmers self-reliant in planning and implementing rural development programmes. The third is to promote local technology.

Both in Sri Lanka and Bangladesh, the main emphasis is on agricultural development. In Nepal, the SFDP emphasises agriculture as well as other income-generating activities such as cottage industries. In Bangladesh, the SFDP specifically takes the rural poor as its target group. Bangladesh has the longest history of SFDP, and its objectives are much broader than that of Nepal and Sri Lanka. For example, it has as one of its objectives the desire to build a base for the rural poor which enables them to take part in Integrated Rural Development Project activities.

Formation of Small-Farmer Groups

In Sri Lanka, the Agrarian Services Act of 1979 provided for the selection of Farmer Representatives at the *yaya* (tract) level who were expected to assist the Cultivation Officers¹ in agricultural and irrigation matters at the village level. By 1983, a countrywide selection of Farmer Representatives (FRs) had been completed and thus, there were about 12,000 FRs all over Sri Lanka. The FRs provided the ideal core around which small-farmers could be organized into effective groups. The FRs were expected to be the vital link between farmers and the divisional level service agencies such as the Agrarian Services Centres.

The Act also created a divisional level organization called Agrarian Services Committee (ASC). Each Committee provided a forum for eight field-level officers who had been working formerly in isolation within the confines of their own offices and for six nominated Farmer Representatives to plan and execute agricultural development programmes (Sri Lanka, 1979:28-30).

The process of the formation of Small-Farmer Associations in Sri Lanka has several stages:

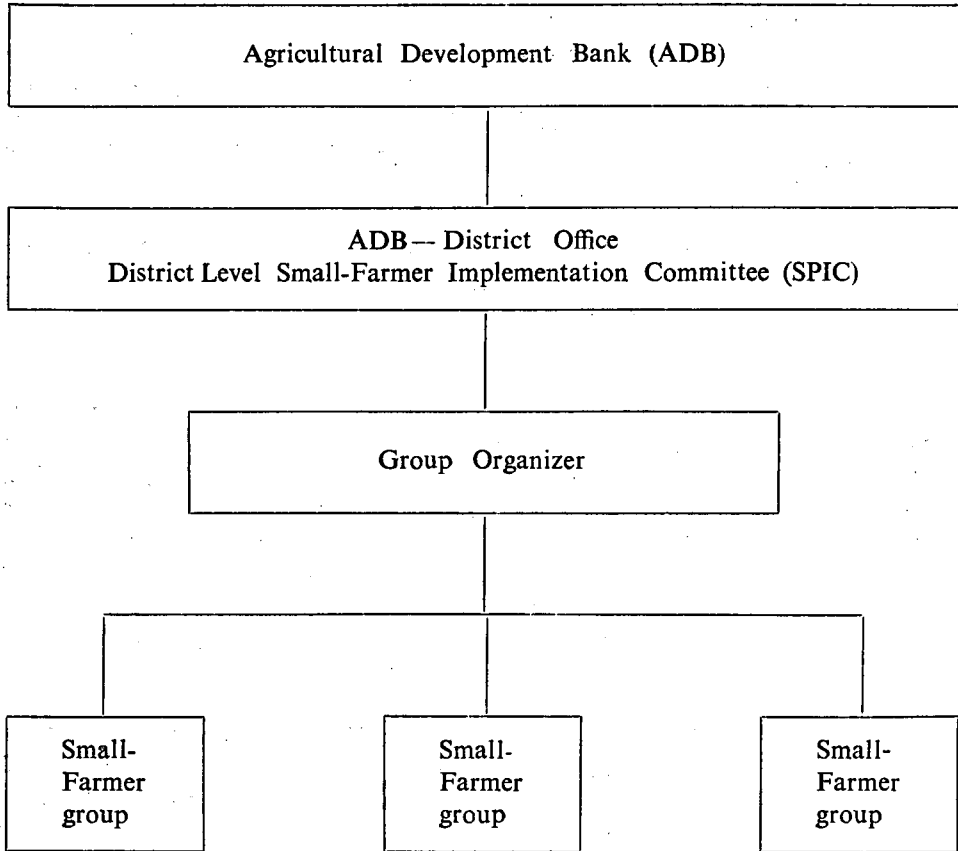
- (1) The implementing agencies of the Project — The Agrarian Research and Training Institute (ARTI) and the Department of Agrarian Services (DAS)—have chosen all the ASCs in the Kurunegala administrative district and one ASC from each district for the Project. The ARTI and DAS held training programmes which were designed to teach the FRs and field-level officials about the concepts, methodology and organization of small-farmer groups. One important feature of the training programme was that farmers and officials took part in training courses together.
- (2) The trained FRs discussed the SFAP with small-farmers in their *yayas*. In such discussions, the trained officials also participated to explain the concepts of the Project and its advantages.
- (3) The FRs together with officials carried out a survey to collect data on available resources in the *yaya* and the socio-economic conditions of the households.

- (4) At a meeting convened by the FR, survey findings were discussed by the farmers and they decided whether or not to establish their own group called the Small-Farmer Association (SFA). If they wanted, then they elected a chairman as the leader. Although in many places, especially initially, farmers tended to select the FR as the chairman, the latter was never appointed as the *ex-officio* chairman by the Project. All members signed an agreement voluntarily agreeing to help each other and to work together for their common good.
- (5) At a subsequent meeting, the farmers elected co-ordinators and committees for important functions of the association such as credit, irrigation, input supplies and marketing.

The membership of a small-farmer association (SFA) is open to any farmer if he/she has operational interests in agriculture, livestock or aquatic production in the *yaya*. The group is free to admit landless labourers as well as big farmers, i.e., owners of more than three acres of paddy, if they subscribe to the objectives of the SFA (Subasinghe, 1986). The average size of a SFA is 15 members ; the maximum is 25. If there were more than 25 farmers in one *yaya*, several SFAs were formed by taking adjacent blocks together. In such locations, the FR acts as the co-ordinator of all SFAs in the *yaya*. Decision-making is done through group consensus and voting is avoided as far as possible in SFA matters.

In Bangladesh and Nepal, the formation of SFAs² is somewhat different from that of Sri Lanka. In Nepal, the SFDP was started in 1976 by the Agricultural Development Bank (ADB). The villages were selected by the Sub-Project Implementation Committee (SPIC) which is the Co-ordinating Committee of the SFDP in a district (see Figure I). In Bangladesh, three agencies—Bangladesh Academy of Rural Development (BARD), Agricultural Academy of Bogra and the Janatha Bank under the directions of the Ministry of Rural Development supervise the SFDP (See Figure II). In Nepal and Bangladesh, the training and initiation of SFAs are done by a catalyst called a Group Organizer (GO), who is a salaried employee of the Project implementing agencies (e.g. ADB in Nepal ; BARD in Bangladesh³.) The GO possesses some experience in agricultural credit and marketing and a good knowledge of small-farmers' socio-economic conditions and urgent needs. In both countries, the GO undergoes some formal training prior to his appointment as a GO. The GO carries out the socio-economic survey of the selected area in two stages : general survey to identify the target group, i.e., small-farmers and the detailed survey to study the socio-economic characteristics of the target group.

Figure I-SFDP in Nepal

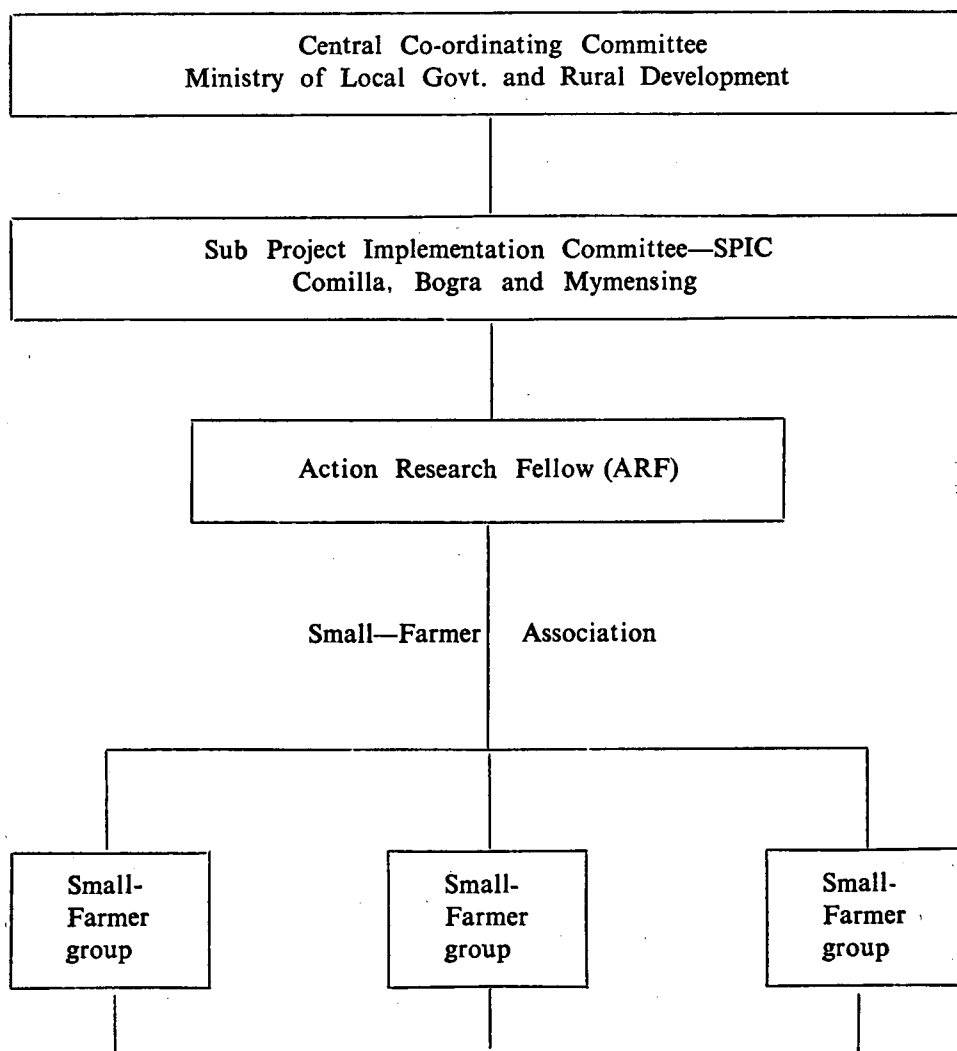


In both Nepal and Bangladesh, the GO tells the leaders of the villages chosen for the SFDP about the advantages of forming into small groups. There is no specific number of farmers for each SFA. The only criteria are that the members should be small-farmers and that they should be willing to work together. Thus like-mindedness, proximity, low income levels and specific professional skills are the bases for SFAs in Nepal and Bangladesh.

The GO's main role, after the identification of small-farmers is to motivate and encourage people to identify their problems and to come up with suggestions on how to increase their income. Group discussions lead to weekly meetings and weekly savings. Specifically, the SFDP insists that small-farmers should have the idea that they can do something to improve their own socio-economic status ; only when this is evident, the Banks step into the SFAs to provide help.

When farmers agree to form into a SFA, the GO generally becomes the chairman of the association for a year. In Nepal, the group selects its own chairman, but the *de facto* chairman is the GO. The role of the GO as the chairman of a SFA at the initial stages is justified on the grounds of the need to protect savings of the group members from misuse. The SFAs are recognized in both Nepal and Bangladesh upon the recommendation of the GO. Even after the recognition by the Bank and other agencies, the SFAs will continue to be informal and will not be recognized by law as registered companies for any legal activity.

Figure II—SFDP in Bangladesh



SFAs, however, gain more formality when they are linked with higher organizations. In Sri Lanka, the SFAs are still operating as individual groups, but are registered with the ASC of the area. In Nepal and Bangladesh, each GO supervises several hundreds of SFAs.⁴ The GOs, through their district level co-ordinating agencies, link up the individual SFAs into a larger network.

In Bangladesh, many SFAs began not as organizations under the SFDP. For example, in Joshpur (Kotbari), the SFDP was started in the late 1970s. In 1983, the Village Co-operative, which was established in 1965, showed interest in working with the SFDP as the latter had performed its functions well. Thus the SFDP and the village Co-operative were merged into a farmers' Co-operative.

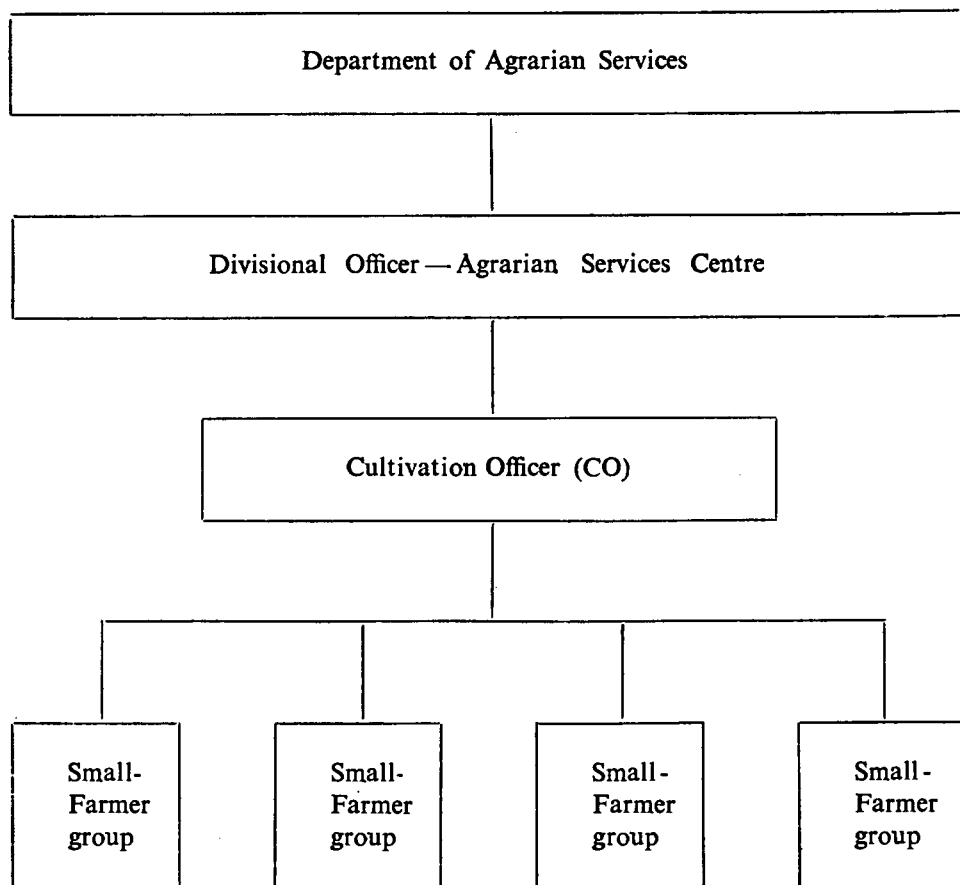
In both Nepal and Bangladesh, many small-farmers requested the Project to establish SFAs in their villages with the view to obtaining credit and other facilities. This poses a problem for the implementing agencies of the Project, as they lack personnel to appoint as GOs and capital to provide credit at the rate that small farmers request of them. In Sri Lanka, however, since the credit component is not built into the Project and no special GOs are appointed to deal with SFAs, the expansion of the Project practically to all *yayas* in the island is possible. The already appointed COs can play the catalyst role without an extra cost to the implementing agencies (See Figure III).

GOs have many good reasons in Nepal and Bangladesh to increase the number of SFAs in their areas of operation. Chief among them is the opportunity they have to become popular as efficient workers, which may influence their promotions. A GO's promotion depends on many things: seniority, work experience and the assessment of his performance by the Bank manager and to some extent, by the farmers.⁵ In Nepal, GOs with excellent performance records have the opportunity to win both local and foreign scholarships. In Bangladesh, a GO's motivation comes from his academic and personal interests in the Project as a researcher and social worker.

Functions of SFAs

In Sri Lanka, the main function of a SFA is to prepare the "Agricultural Production Plan" for each cultivation season with the assistance of the extension officials of the ASC.⁶ Initially, the SFA concentrates on paddy production, the main source of livelihood for nearly all group members. When members are confident about their strength as a group, they are encouraged by the ASC to diversify their activities to include livestock and aqua culture. SFAs take action to obtain agricultural loans for cultivation purposes from commercial banks—Bank of Ceylon and the People's Bank. The members of each SFA as a group guarantee each other's credit worthiness and the Banks hold the SFA responsible for the repayment of the loan. This programme is commonly known as the "Group-Credit Programmes".⁷ However,

Figure III—SFAP in Sri Lanka (Proposed)



there is no assured credit provision for SFAs from the Banks like in Nepal and Bangladesh. The close liaison with the ASC through the FRs facilitates the SFAs, activities in the areas of credit, extension, inputs, irrigation, marketing and crop insurance.

A sample agenda of a SFA which illustrates the different activities the SFA does in a given cultivation season is given below. The example is for a Dry Zone village in Sri Lanka:

- (1) Review of the Agricultural Production Plan and its implementation ;
- (2) Review of credit, inputs, marketing, crop insurance, irrigation requirements;
- (3) Meeting/training sessions with government and bank officials ;
- (4) Discussion on income-generating activities—progress evaluation of existing ones or suggestions for new ones : and
- (5) Discussion on group savings, community level activities etc. (Quoted in Subasinghe, 1986).

In Nepal and Bangladesh, unlike in Sri Lanka, the external agencies play a vital role in deciding the SFA's functions. However, as in Sri Lanka, SFAs in Bangladesh and Nepal take the preparation of the "Group Production Plan" as their primary function. The identification of farmer needs and possible profitable employment opportunities within the village are to be done by the small-farmers. SFAs prepare such plans for the whole year. These are to be prepared before credit is negotiated. In the preparation of the Production Plans, each SFA meets with the GO and other Bank officials and decides a credit target for the whole year. The SPIC in Nepal and the BARD in Bangladesh scrutinise the "Group Production Plans" and decide whether they are reasonable for credit disbursement.

In Nepal, SFAs are involved in many activities other than land cultivation. For example, in Birendranagar, the SFAs operate several income-generating programmes for their members : a bio-gas plant, several cottage industries and a farm. The ADB has leased in 25 acres for the farm from a school for six years and operates 31 pump-sets to irrigate the land. The operation and maintenance of pump-sets are the responsibility of the SFAs. One or two members from each SFA have been trained specially to maintain these pump-sets.

The SFDP has trained 220 small-farmers so far in various income-generating activities : cottage industries (11), crop production (43), vegetable gardening (24), livestock (10), pump-set maintenance (08), adult education (15), bee-keeping (20), record keeping/accounts (17), savings and group credit supervision (19) and inter-project observations (10). Such activities are well co-ordinated and financially supported by the SPIC at the district level. The SPIC allocates a percentage of its training time for the training activities of the SFDP.

In Bangladesh, the SFDP has recognized 18 types of activities for credit disbursement. Cattle fattening is the most popular and nearly 70% of the total credit is given for this. The next most popular activity for which credit is provided is rice cultivation. The Janatha Bank and the BARD encourage women too to start their own groups for some special projects. For example, in Bogra, three special SFAs were started for destitute women. The Bank has given loans to start income-generating activities such as straw-business, cow fattening, weaving and firewood business.

A special feature of the SFDP in all three countries is the "Group Savings Programme". Each SFA is encouraged from the inception to start its own saving programme. Thus in each SFA meeting, members contribute some money to the group deposit. This allows them to develop their own capital and good saving habits. In Sri Lanka, for example, several SFAs have managed to collect several thousands of rupees over several years as group savings. Generally, in every weekly SFA meeting, the secretary collects the contributions of the members and deposits them in the SFA's bank account with the Bank of Ceylon. The secretary and another member of the SFA have authority to withdraw money from the account for the

purposes that have been approved by the SFA. Usually, the SFAs use such savings to buy pesticide sprayers or to provide credit to their members. In all three countries, there are instances when the secretary cheated the SFA over its savings. Therefore it is necessary that members check the accounts regularly. In Bangladesh, if a SFA fails to check its savings and how it is spent thoroughly, the GO will report the SFA to the BARD and the Janatha Bank as being inefficient. If the Bank is convinced that the SFA is not doing checks regularly, the bank may defer the disbursement of credit until the SFA regains its credibility.

Lessons Learned : Pre-requisites for Viable Farmer Associations

The main strength of the Small-Farmer Development Project is its flexibility. The Programme encourages small-farmers to form into informal groups on identifiable bases—hydrological, administrative or physical. Membership is kept open, although some minimum criteria such as residence, low income, operation of small land holding etc, are emphasised to avoid the infiltration of big landlords into the Programme. However, in Sri Lanka and Nepal, big landlords are also allowed to become members of SFAs, provided they agree to abide by associations' rules.

The SFDP regularly reviews its own experience to correct mistakes, if any. For example, the SFDP of Bangladesh learned a painful lesson in the early 1970s when it failed despite the FAO/ASARRD⁸ financial support. The Programme did not realise until its collapse that the main bottleneck was inadequate finance—capital. The Janatha Bank intervened to correct this situation and agreed to provide capital in the form of group credit and technological help.

This brings us to the most important pre-requisite for viable farmer associations in South Asia—the need for initial external help mainly in the form of capital but also in terms of official recognition. The presence of these two encourages small farmers to organize into groups in order to obtain tangible benefits from their group activity. In Sri Lanka, the Galgamuwa ASC area was notorious in the late 1970s for its high rate of defaulting of agricultural credit. A large number of farmers in the area were not eligible for any loans. However, after the formation of SFAs, the Bank of Ceylon agreed to grant agricultural loans to individual farmers on the recommendation of their SFAs. In Nepal, group credit is used as the 'prime mover' of small-farmers to organize themselves into groups.

In a small Nepalese village called Makwanpur in Jamir area, for example, the village leader said that soon after they formed small-farmer associations in the village, they were supported by the ADB to obtain all the necessary agricultural inputs. The leader believed that without such strong incentives in the form of credit, it would be difficult to organize farmers into small groups. He quoted a good example for this from his own village. Soon after the establishment of SFAs, 65 farmers decided to build a canal from a weir about half a mile up the river to irrigate about 100 acres in the village. The farmers formed into four SFAs for the

convenience of management and allowed big landlords also to become members of their SFAs. However, the latter had to contribute financially to the canal construction, if they wanted to use the canal to irrigate their fields. When questioned as to why they had not attempted such an effort earlier, the farmers replied that they could not build a canal only with their labour. Capital is a pre-requisite for such an endeavour. Now capital has come from the ADB as a loan of Rs. 76,000/-. Repayment of the loan commences only when the farmers start the cultivation of the 100 acres with irrigation water. For this purpose, a water charge has been introduced - 50 Kg. of wheat per hectare a year.

Less competition with other farmer organizations in the area has enhanced the viability of the SFAs. In Bangladesh, this is clearly demonstrated in the spheres of credit disbursement and liaison with village co-operatives. In Bogra, the SFDP's credit programme clashed with the Private Money Suppliers' Association over interest rates. The Janatha Bank's annual interest rate was 16% whereas the private money lenders charged 64% or more for their loans. The SFDP had taken steps not to 'encroach' all the avenues in which private money lenders could invest. In Comilla area, every attempt was made to merge the SFAs with village co-operatives, as rich farmers tended to become hostile towards the SFDP. The SFDP knew from its past experience that tension, conflict and hostility would eventually lead to the collapse of both small-farmers' and rich farmers' associations. In a village called Shab Gram in Bogra, the formation of SFAs had created a "labour crisis," for rich farmers. The SFDP provided loans for various income-generating activities which employed most of the traditional bond-labourers in the area. The rich farmers began to criticise the SFDP and spread allegations against the SFA leaders about their corruption, etc. The Bank averted a direct confrontation between the two groups by installing tube wells in the village from which the rich also could obtain water for cultivation. The SFDP 'sells' water to the rich landlords, and in return the small-farmers and artisan groups receive co-operation from the landlords who now import labourers from outside. In Sri Lanka, too, the SFAs attempt to avoid confrontations with other farmer organizations. For example, in a large-scale irrigation-based settlement scheme in the Gal Oya Left Bank, the SFAs intentionally leave irrigation matters to field channel-level farmer organizations which feel threatened by the SFAs' presence in the area (see Perera, 1986 and Subasinghe, 1986).

SFAs under the SFDP are multi-functional, and this allows them to survive in difficult situations. If a SFA fails to perform one function, it can still do several other functions, and this helps to keep the association going. In the Galgamuwa ASC area, for example, the farmers could not obtain credit for several cultivation seasons due to some administrative difficulties. The SFAs, however, did not collapse because they had already started several other useful activities, such as obtaining inputs etc., according to the 'Agricultural Production Plan.'

One of the most important elements in any organization is its leadership. In forming the SFAs, a catalyst's role from outside has been emphasised in all three countries. The Group Organizer in Nepal and Bangladesh not only forms the SFAs but also acts as the chairman for a year or two of the newly established SFAs with a view to consolidating its activities and links with the government agencies. As the Banks invest in the activities of SFAs, it is reasonable to appoint their officials to lead the associations until the farmers take over the leadership. This practice has several advantages. It allows the Association to sustain its external links during the crucial period of formation and consolidation. Second, during this interim period, the farmers can observe their own colleagues and choose genuine leaders to lead the associations. Third, the presence of the GO as the supervisor of SFAs links the latter with a larger network which facilitates the regular meeting of officials and farmers.

In Sri Lanka, the GO's role can be played by the Cultivation Officer who is the official at the bottom of the administrative hierarchy of the Department of Agrarian Services.

In fact, the Agrarian Services Act of 1979 empowers him to obtain FR's assistance "in matters relating to the protection of irrigation works and for the conservation of water supplied therefrom and any other matters relating to cultivation as may arise from time to time..." (Sri Lanka 1979:27). The use of GO's services in the formation as well as in the operation of SFAs will strengthen SFA's sustainability, especially at their initial stages and link them into the larger network of governments's delivery mechanism.

As the GO's role as a catalyst is temporary, the viability of a SFA depends on the leadership that emerges within the group over the years. In this context, to label the elites in the village, i.e., big landlords and the rich as undesirable elements and to keep them away from the SFAs is unproductive. They too can play a vital role in the development process as they possess several attributes which could facilitate the activities of SFAs. For example, their links with the outside agencies can profitably be tapped for the benefit of the farmers in the tract. The salient factor that contributes to the emergence of strong leadership is the accountability of the leaders to their constituency, and *vice versa*. The success of a farmer organization as well as its viability depend largely on the continued interest of its members in group action, as in the case of the Group Savings Programme.

Group responsibility over credit and subsidies is also important as the provision of credit to improve the incomes of small-farmers is predicated on this group responsibility. Successful credit management reported in Sri Lanka is a good example of this. In the first three cultivation seasons after the establishment of SFAs in Galgamuwa, the rate of repayment of agricultural credit was reported as 100%. Some of the reasons attributed to this successful credit management were: (1) strict selection of farmers by the SFAs for loans ; (2) the collective responsibility of the SFAs for the repayment ; and (3) the group pressure on each credit receiver to settle the loan early.

However, in Nepal, Bangladesh and Sri Lanka, the default of loan repayment is quite widespread. This is due either to wilful default or, inevitable default for reasons beyond their control such as drought, soil erosion or bad weather. In Nepal, the default rate in 1984 was as high as 30%. In Anandawan SFDP in Nepal, for example, of the total of Rs. 4.5 million disbursed as credit to small-farmers and artisans, only Rs. 2.6 million (58%) had been recovered. This happened, according to a GO, simply because of the disbursement of credit without a proper study of market potential and skills of the people. The bulk of Rs. 4.5 million was given to promote cottage industries. But many of the products could not be sold, as the market was flooded with cheap goods from India. In many places, small-farmers showed very little mastery of skills and know-how, and as a result, the cost of production was high. Many artisans were full-time farmers, and their primary work was in agriculture. They, thus, had little time and devotion to be engaged in cottage industries. Quite often, irregularity of labour supply also hampered local industries.

A quick solution to the problem of default would have been to prosecute the defaulters. But the SFDP has opted for a long and painful process to recover its credit. The SFDP tries to enhance the skills of farmers/artisans in cottage industries through various training programmes and the provision of technical support. Women are now being trained in knitting and mat-weaving; men in blacksmithery and brick-making. The cost of such training is borne by the ADB.

In Bangladesh, if a SFA member fails to repay his loan, the GO asks the entire group to resolve the problem. If it is a wilful default, then the other members may press for the repayment; otherwise the SFA faces the threat of receiving no credit for the next cultivation season. If the default is due to genuine reasons, then the other members are expected to repay at least a portion of the defaulter's loan. In case of cattle death and crop failure, the SFDP has its own cattle and crop insurance schemes to help the farmers.

Conclusion

The above discussion highlights the need for the right combination of control from above and participation from below, and of supervision and autonomy to organize small-farmers effectively to help themselves. Supervision from above is needed for at least two reasons. First, unless there is some regular supervision from above, it is difficult to minimise the corruption that must be expected. Such supervision also allows small-farmers to hold administrators accountable for SFAs' efficiency. Second, such supervision from above can prevent the rich in rural areas from capturing the power of SFAs and benefits which come to the village in the form of credit and subsidies.

On the other hand, there are several good reasons for having a measure of autonomy at the local level. On a practical level, any rural development programme simply will not work if decision-making is too remote and top-heavy. Furthermore, distant decision-making cannot deal with the ever present problems of local variability. For example, fluid 'emic' definitions of categories of people such as 'small-farmer' and 'landless' and traditional measurements of land, income level etc. make administrators' tasks impossible unless they depend on local knowledge in identifying the target groups for their programme. Matching the two—supervision and autonomy—is a difficult and persistent problem in rural development in South Asia. The SFDP has been successful to achieve, at least, some balance between the two over the last several years.

Notes

1. The village-level officer of the Department of Agrarian Services. He is responsible for all matters connected with the cultivation of agricultural land and minor irrigation in his area of authority which usually covers several village *yayas* (tracts).
2. In Nepal and Bangladesh, the primary level small-farmer organization is simply called a "Group". In Bangladesh, a collection of several "groups" usually within a village is called an "Association". For clarity of discussion, Small-Farmer Association (SFA) is used to mean the primary-organization of small-farmers which is formed by the villagers themselves.
3. In Bangladesh, the GO is generally a post-graduate student of the BARD. The GO's official title is "Action Research Fellow".
4. Small-Farmer Association at the village level brings several "groups" together to form a secondary-level organization. Such an "Association" is run by a Managing Committee and is assisted by a full-time, salaried manager.
5. The SFAs send petitions and letters about their GOs to the Bank. Such correspondence is carefully scrutinised by the Bank Manager and is sent to the head office for necessary action.
6. This activity incorporates the traditional *kanna* (seasonal) meeting which is held at the beginning of each cultivation season at the tract level. Agricultural Production Plans prepared by the SFAs are forwarded to the divisional and district Agricultural Production planning Committees by the Agricultural Instructor (officer of the Department of Agriculture) who is an *ex-officio* member of the ASC.
7. This programme was carried out as a pilot project only in the Galgamuwa ASC area with the help of the Bank of Ceylon. Although the repayment of loans was reported to be 100% successful, the Bank was reluctant to extend it into other areas because of legal and financial constraints.
8. A project sponsored jointly by the Government of Bangladesh and the FAO's ASARRD (Asian Survey of Agrarian Reform and Rural Development) six-village development programme.

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