

chapter four

CHAPTER - 4

AGRICULTURAL FINANCE AND ECONOMIC DEVELOPMENT IN JORDAN

INTRODUCTION

There exists a situation in which it is felt that insufficient credit is available for certain agricultural purposes, or groups, who are considered unable to achieve an acceptable rate of progress without access to cheap credit. It is assumed that in such a situation commercial banks are hesitant about investing in rural lending.

In a developing economy like that of Jordan, the most basic and urgent problem is that of augmenting agricultural production for an increasing population and a rapidly expanding industrial base. The principal reason behind agriculture being the most depressed occupation appears to be the neglect from which it has suffered for achieving expansion in agricultural production, requires stepping up substantial investments over a fairly long period. The most important factor determining levels of investment in agriculture is the supply of adequate credit on reasonable rates. If the Jordanian farmer can be supplied or provided adequate credit, agricultural self-sufficiency would be ensured. Agriculture, being an important sector of the economy, needs finance to carry on day-to-day activities and also for growth and progress purposes.

It is worth to note that, most of the farmers, the

family budgets are chronically deficit budgets, and even for small farmers they hardly have any extra cash to save. For these reasons, the farmers hardly having any savings to depend upon at time when they are needed, and therefore they need finance for different purposes. These purposes can be summarised as follows :

- 1) For consumption Purposes
- 2) For Productive Purposes

We should note here that, it is not important to grant loans to farmers, rather the importance lies in the time when these loans are given. They should be given at the proper time and loans should carry a reasonable rate of interest and they should be given for different productive purposes.

The institutions who are involved in agricultural finance should have the ability and the trained staff to estimate the financial requirements of the agricultural sector. Agricultural sector is unlike the industrial sector, it is very difficult to estimate the financial needs of the former, but it is easy to do so for the later.

In a country like Jordan, many efforts have been made since the beginning of the second half of this century to encourage and to modernize the agricultural credit system.

It is recognized that there are two types of sources of agricultural finance.

- 1) Non-Institutional source : which includes suppliers of

inputs, purchases of outputs, land lords, middle men, money lenders and relatives and families.

- 2) Institutional Source : which includes the three specialized agencies existing in Jordan. They are - The Agricultural Credit corporation, The Jordan Cooperative Organization and Jordan Valley Farmers Association, we can add to the institutional source, Commercial banks. This chapter discusses only the A.C.C. as it is the only government Financial Institution in the kingdom which is specialized agriculture finance.

Tables 4.1 and 4.2 suggest a fall in agricultural production during 1966 in comparison with 1965, especially of products dependent on rain fall. Field crops experienced a drop in their production. The growth rates of 1966 all went minus. The year 1967 witnesses a record increase in the agricultural production, Total field crops grew at 148.7 percent over the preceding year of which wheat recorded a rise of 136.8 percent. Barley 240.7 percent. The table on growth rate shows other relevant figures for the year under study. The figures for the year 1968 clearly indicates the aftermath of 1967 June War. Two reasons were responsible for the fall in agricultural production one was the continuous military confrontation with the enemy resulted in a diminished production of the East Part of the Jordan valley. The second was the shortage of rain during that year.

The increase in field crops in 1969, with general declining in the rest of the items, was offset by the decline

in most field crops in 1970. Two reasons responsible for this sharp decline in the agricultural production during 1970, one was the prevalence of rainfed farming, the second was the September civil disturbances disrupted the marketing of agricultural products. In the year 1971, the production of various field crops, vegetables and fruits increased, especially grain production. Which rose substantially in 1971, wheat production grew by 202.8 percent, Barley by 403.8 percent. The only decline was registered in citrus output, which fell short of 15.8 percent. This general increase in production was mainly attributed to adequate rainfall.

Figures for agricultural production for 1972 show an increase in the production of various field crops, vegetables and fruits, wheat increased by 25.8 percent, barley by 28.8 percent, Tomatoes by 11.5 percent. The production of certain fruits particularly melons increased by 132.5 percent. This general rise in agricultural production in 1972 was due to favourable climatic conditions, as well as the restoration of law and order and stability in the Ghor area enabled the farmers to return home and exploit lands deserted since 1967 war and its aftermath. The supporting figures for 1972 as shown in the table.

Agriculture is an industry which is affected or influenced to a great extent by climatic conditions. This does not apply to industrial process, where climate has not to play a vital role, but even though, the Jordanian farmers

Tabel 4.1 : Agricultural Production in Jordan 1965 - 1972
(In thousands of Tons)

I t e m s	Years							
	1965	1966	1967	1968	1969	1970	1971	1972
Total Field Crops	438.7	151.0	375.6	162.2	235.1	73.3	231.3	282.4
Wheat	277.9	101.2	239.7	116.2	159.3	55.5	168.1	211.4
Barley	94.8	22.8	77.7	24.1	42.5	5.2	26.2	34.0
Tobacco	1.1	1.6	2.1	2.1	2.0	1.2	1.1	0.7
Others	64.9	25.4	56.1	19.8	31.3	11.4	35.9	36.3
Total Vegetables	423.0	411.2	541.9	238.5	219.2	207.6	226.8	246.1
Tomatoes	188.9	179.0	259.7	152.9	150.1	137.4	137.0	152.7
Others	234.1	232.2	282.2	85.6	69.1	70.2	89.8	93.4
Total Fruits	384.0	245.5	380.2	195.2	143.3	103.6	119.9	152.9
Olives	37.4	32.7	64.0	36.3	23.9	3.0	18.0	35.0
Grapes	79.2	61.9	71.6	19.3	14.2	6.4	18.6	18.2
Citrus	47.0	48.9	61.4	37.3	24.3	48.9	41.2	20.9
Melons	160.0	47.7	118.4	82.2	53.2	22.8	27.1	63.0
Others	60.4	54.3	64.8	20.1	27.7	22.5	14.5	15.8

Source : C.B.J. Annual Reports 1970-1972 Page 6,7 respectively.

Note : 1) Figures for the years 1969-70-71 & 1972 are for the East Bank on

2) Figures for the year 1970 pertain only to the Ghorarea

3) Other field crops include : Hay, Lentils, Kersennh, Dry broad be

Chickpeas, Sesame Maize etc.

4) Other Vegetables include : Eggplan, Onions, Garlic, Cucumbers, Cauliflowers, Cabbage and Potatoes.

5) Other fruits include : Apples, Pears, Plums, Peaches, Almonds, Apricots, Figs & Pomegrante.

Tabel 4.2 : Growth Rates of Principal Agricultural Products
1966 - 1972

I t e m s	Years						
	1966	1967	1968	1969	1970	1971	1972
<u>Total Field Crops</u>	(65.5)	148.7	(56.8)	44.9	(78.8)	215.5	27.1
Wheat	(63.6)	136.8	(51.5)	37.0	(65.2)	202.8	25.8
Barley	(76.0)	240.7	(69.0)	76.3	(87.8)	403.8	28.8
Tobacco	45.0	31.2	1.0	(4.8)	(40.0)	(8.4)	(36.4)
Others	(61.0)	120.8	(64.7)	58.0	(63.6)	214.9	1.1
<u>Total Vegetable</u>	(2.8)	31.7	(56.0)	(8.0)	(5.3)	9.2	8.5
Tomatoes	(5.3)	45.1	(41.2)	(1.9)	(8.5)	(0.3)	11.5
Others	(0.2)	21.5	(69.7)	(19.3)	1.6	27.9	4.0
<u>Total Fruits</u>	(36.1)	54.8	(48.7)	(26.6)	(27.7)	15.7	27.5
Olives	(12.6)	95.7	(43.3)	(34.2)	(87.5)	500.0	89.2
Grapes	(22.0)	15.6	(73.0)	(26.4)	(55.0)	190.6	(2.2)
Citrus	4.0	25.5	(39.2)	(34.9)	101.2	(15.8)	(49.3)
Melons	(70.2)	148.2	(30.6)	(35.3)	(57.2)	18.8	132.5
Others	(10.1)	19.3	(69.0)	37.8	(18.8)	(35.6)	9.0

Source : Calculated from Table 4.1

Note : Figures in Brackets indicate Minus.

are trying hard to overcome and to meet the challenge of the nature.

The question of how far commercial banks in Jordan can play a Prime role in financing agricultural development, is a long debated one, on no clear indications so far have come out to show the real involvement of commercial banks in agricultural finance in Jordan. Taking in consideration the huge amounts of deposits with commercial banks, and the variety of commercial activities they under take, one can say boldly that commercial banks may and can be a vital source of funds, but unfortunately not yet topped fully to provide capital requirements to enhance the agricultural production in the Kingdom.

Commercial banks are usually unwilling to finance or undertake the responsibility of being a source of finance to agriculture, for a very simple reason that they raise funds by way of a Short term deposits and therefore, they cannot involve themselves in a medium or long-term financing, and the funds required by the agricultural sector are for a periods longer than those for which the banks can safely lend. Commercial banks in Jordan, do not take agricultural finance as a part of their ordinary commercial business.

Having recognized that agricultural finance in Jordan has been the basic problem of agricultural development, the government has ordered the establishment of institutional financing organisations to undertake the

responsibility of supplying the necessary funds for agriculture, and because the commercial banks are profit motivated the specialized agricultural financing institutions do not work with making profit as their prime moto.

Looking at the table on credit to agriculture by commercial banks (Table 4.3) we can see clearly and beyond doubts the neglect of commercial banks in financing the agricultural activities in the Kingdom. In 1964 the share was only 2.9 percent and it ended in 1972 with 1.6 percent. In spite of the continuous efforts the consecutive governments have put to improve the agriculture and agricultural production, commercial banks did not react in such a manner towards the implementation of the agricultural programmes set up by the governments in Jordan throughout the period under review. In a country where a huge number of its population is engaged in agriculture and with total number of commercial banks branches reached to 28 in 1972, we notice a decline in the share of agriculture in the commercial banks credit, though the share remained through out the period (1964-1972) a very small share, rather neglected. There are many ways by which we can increase the involvement of the commercial banks in agriculture.

- 1) By participating in the paid up capital of the agriculture credit societies or corporations.
- 2) By purchasing the securities raised by these institutions.
- 3) By diverting a fixed percentage of their total deposits

Table 4.3 : Growth Rate of Credit to Agriculture in the
Total Outstanding Commercial Banks Credit
1964 - 1972

(Amounts In Thousands of JDs.)

Year	Total Commercial Banks Credit to Agriculture	Growth Rate of Comm. Banks Credit to Agriculture	Total Outstanding Comm. Banks Credit	% age of Share of Credit to Agriculture in the total Outstanding Comm. Banks Credit	Growth Rate of Comm. Banks Credit
1.	2.	3.	4.	5 = 2/4 * 100	6.
1964	860.0	-	29271.0	2.9	-
1965	678.0	(21.2)	33299.0	2.0	13.7
1966	613.0	(9.6)	38981.0	1.5	17.0
1967	767.0	25.0	38886.0	1.9	(0.3)
1968	654.0	(14.7)	40997.0	1.6	5.4
1969	717.0	9.6	45389.0	1.6	10.7
1970	583.0	(18.7)	45548.0	1.3	0.3
1971	799.0	37.0	46928.0	1.7	3.0
1972	804.0	0.6	50590.0	1.6	7.8

Source : C.B.J. yearly statistical series(1983) Tabel (13)

Column No. 5 = Column No.2 / column No.4 * 100

Figures in Parenthesis indicate minus

to agricultural loans, and these loans can be refinanced by the Central Bank of Jordan.

- 4) Underwriting the agricultural loans with Government guarantee.

The Agricultural Credit Corporation And Its Lending Policy During The Period 1964 - 1972

The Agricultural Credit Corporation was established in 1959 by the Law NO. 50 for the year 1959. A new law was passed under No.12 for the year 1963, which granted the corporation a full financial and administrative autonomy. The Board of Directors was reformed with the general manager as its chairman cum Managing Director, in addition to three Government representatives and five non-government representatives who are experts in agricultural and financial affairs. The Corporation, in its lending policy, follows the "Controlled lending" system. Where any Jordanian farmer can be given a loan, withing the cost of his agricultural project upto 60% of his mortgaged assets for the medium and long-terms loans, but in case of seasonal loans "short-term", the Corporation can grant upto 75 percent of his imposable mortgaged assets. Interest rate charged on long term loans is 7% percent, and on short terms loans in 0.7 percent. The Agricultural credit Corporation is the only government financial corporation in the Kingdom which is specialized in extending agricultural loans for various periods and different purposes, it plays an important role in supporting the process of agricultural

development.

The Agricultural sector though its one of the most vital economic sectors in Jordan, it is the most backward and less developed sector for a number of reason, most important one, which concerns this chapter is the lack of financial resources which this sector needs mostly.

The Three-Year Development Plan has stressed on the importance of agricultural development and laid down some guidelines to be followed in the course of implementation of the Plan. To achieve agricultural development, we have to increase the productivity in irrigated and rainfed areas. Participation of all producers should be deepend through organizing them and through the provision of adequate financial incentives and agricultural inputs.

We should emphasis on the factors which lead to production stabilization and growth. Agricultural production should be directed towards those crops in which Jordan enjoys economic and climatic advantages whether such crops were to meet domestic demand or for export purposes.

The Agricultural Credit Corporation has granted 1763 loans to 2223 borrowers amounted to JD 833.4 thousand, during 1964-1965.

Tables 4.4,4.5 show that the loans granted for the rehabilitation of rainfed lands amounted to JD 107.8 thousand or 12.9% of the total amounts, majority of these loans were utilized for the land reclamation, and to increase the fertility of the soil in addition to the

construction of supporting walls - Terraces and Sub soiling and the erection of Barbed wire fences. Part of the total amount granted above, was utilized for the planting of different types of trees specially Banana, Citrus, Vinyard and Olive trees.

Irrigation projects were of much importance with 17.5 percent of the total loan amounts or JD 145.0 thousand. These amounts were utilized for the purchase of motors, pumps, and construction of cement and earth canals and listerns. This indicates the extent of the encouragement which the corporation extends to the farmers on one side, and the awareness of the farmers on the other. The Corporation's policy in these types of loans is to pay directly the actual prices of these equipments to the suppliers to ensure the best utilization of the loan amounts.

Development of LiveStock and Poultry : The Corporation has extended JD 307.9 thousand or 36.9 percent of the total loan amounts at the end of the financial year, which indicates the importance of this sector to take the country to the self sufficiency stage in the production of paultry and the existing possibilities of exporting the extra production.

Agricultural Machinery : To purchase tractors, trollies, theresher, Sprinklers, the Corporation use to ensure that there does not exist more of these machinery in the same area, and the Corporation pays the price directly to the supplier and takes the responsibility to register the

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Table 4.5 : Percentage share of loans granted according to their purposes in the total Loans Granted by the R.C.C. 1964 -1965 to 1972

Year	1.	2.	3.	4.	5.	6.	7.	8.
	Rehabilitation of Rain-fed Land	Irrigation Projects	Development of live stock and poultry	Agricultural Machinery	Rural Construction	Seasonal Loans	Staff Housing	
1964-65	12.9	17.5	36.9	14.6	4.5	-	-	-
1965-66	7.3	19.1	39.0	16.4	5.7	-	1.4	3.9
1966	19.6	21.2	17.2	14.6	11.8	-	4.2	5.6
1967	16.2	29.0	12.6	20.9	16.0	-	2.9	4.2
1968	11.9	10.7	7.2	38.0	26.6	-	2.9	4.2
1969	15.6	14.8	10.9	39.2	15.7	0.9	4.2	5.6
1970	9.5	26.4	8.7	12.0	30.3	8.9	5.6	3.4
1971	14.2	15.2	11.4	22.9	20.6	10.1	3.4	
1972	13.3	32.6	10.8	17.4	15.7	6.8		

Source : Table 4.4

machine at the traffic department and to indicate that this particular machine negative pledged is mortgaged in the name of the Corporation and not to transfer the ownership of the machinery to another name without the prior permission of the Corporation.

Central Cooperative Union : The Corporation has given up to grant these short-term loans and gave the responsibility to the Central Cooperative Union, because the Corporation wants to encourage the cooperative movement in Jordan through extension of loans to the union.

East Ghor Canal Authority : The Law of the East Ghor Canal Authority states that all the farmers whom their lands have been condemned by the authority, their debts will be paid by the Authority to the Corporation with 4 percent annual interest.

Since the establishment of the Corporation in 1959, the seasonal loans were granted through the Central Cooperative Union or Jordan Cooperative Organization. During the period from 1960 to 1969, the Corporation has noticed that there were many irregularities in granting these loans, most important one, that many farmers are not registered in the cooperative societies, and the absence of control over the loans and their purposes. Therefore the corporation has decided to start giving seasonal loans from the beginning of 1970.

Seasonal loans are granted for Seeds, Fertilizers,

Fooders, pesticides and insecticides and labour wages to the farmers and the J.C.O. will give seasonal loans to the Agricultural Cooperative Societies, this was decided after the final settlement between the A.C.C. and the J.C.O. which was approved by the Board of Director decision No. 3198 dated 30.9.1969 and the Organisation Board of Director's decision No. 67 dated 19.10.1969. According to this settlement, the A.C.C. has deducted JD 356.8 thousand from its capital and considered as part of the J.C.O. capital on a condition that the responsibility of A.C.C. in providing¹ the Cooperative Societies with seasonal loans ends here.

Table 4.6 shows that A.C.C. has not achieved high percentage in collecting the over dues either from capital or from interest amounts fallen due. The highest percentage achieved in collecting the over dues from capital amounts was recorded in 1965-66 with 38 percent and that from interest was 41.6 percent in 1968. Rest of the ratios remained very low as indicated by the table.

In absolute terms, some years have witnessed a very huge over due amounts, capital as well as interest; but repayments were very low in comparison with the due amounts. One can ask a question as was there any reason to accumulate such a large over dues with no visible efforts to get them paid as we see from the ratios. One point to be clear here that the low ratios in 1970 are attributed to the regretfull disturbances which the country faced in the last quarter of the said year.

1. A.C.C. Annual Report 1969.

Table 4.6 : Agricultural Credit Corporation Over Dues and Repayments Amounts 1964-65 to 1972
(In Thousands of JDs)

Year	Over Dues		Repayments		%	
	Capital	Interest	Capital	Interest	Capital 4/2*100	Interest 5/3*100
1.	2.	3.	4.	5.	6.	7.
1964-65	1974.3	504.6	707.8	209.7	35.8	41.5
1965-66	1818.6	441.9	691.1	178.3	38.0	40.3
1966	2270.3	375.3	521.3	114.8	22.9	30.6
1967	1888.4	589.2	515.0	180.5	27.3	30.8
1968	2479.1	405.7	404.2	168.8	16.3	41.6
1969	2874.2	682.5	691.1	231.0	24.0	33.8
1970	2771.8	642.7	333.6	66.9	12.0	10.4
1971	2293.8	627.5	446.1	160.1	19.4	25.5
1972	1968.6	645.4	645.4	210.1	32.7	32.5

Source : A. C. Corporation - Annual Reports.

Note : The years 1964-1965 and 1965-1966 - each financial year commencing on First of April and terminating on 31 of March.

2) 1966 - Includes last nine months only (i.e.) 1.4.1966 to 31.12.1966

Column No. 6 = Column No. 4 / Column No. 2 * 100

Column No. 7 = Column No. 5 / Column No. 3 * 100

Repayment of the over dues are very vital as a source of internal finance which helps the Corporation in serving the farmers in an efficient manner.

It is worth noting here that, by surveying the literature on this issue we did not find any substantial reasoning or explanation for the huge accumulation of over dues during the period from 1964-65 to 1972.

THE THREE - YEAR DEVELOPMENT PLAN 1973-1975

The year 1973 witnessed the inability to achieve the plan objective of increasing GDP, owing mainly to the decline in income from Agriculture, which dropped from JD 42.5 million in 1972 to JD 28.5 Million in 1973 or 30.7 lower than plans target.

The Tables 4.7 and 4.8 clearly bring out an overall decrease in the production of various field crops, vegetables and fruits by 76.4 percent, 49.4 percent and 32 percent respectively. The most spectacular drop was in wheat and barley production which fell by 76.2 percent and 82.6 percent respectively. The Production of tomatoes dropped by 45.6 percent other vegetables dropped by 55.6 percent. Fruits did not fare better except for grapes whose production rose by 21.9 percent, the rest experienced various degrees of reduction. Figures for the year 1974, show that the Plan objective of raising GDP included all economic sectors of which agriculture is an important component. The plan envisaged an increase in agricultural

income at 1972 prices from JD 41.1 million in 1973 to JD 43.8 million in 1974, as a result of improved weather conditions and higher agricultural yield in 1974, agricultural income at current prices rose by 81.7 percent over 1973, it amounted to JD 43.8 million at constant prices. Thus, the Plan target was achieved.

The relevant data on agricultural production for 1974 indicates a sharp increase in the production of various field crops, vegetables and fruits as compared with 1973, reasons for this increase can be summed up as improved climatic conditions with increase in rainfall, and greater development efforts in the agricultural sector by the continued implementation of several agricultural projects of the Three-Year Development Plan.

The data on agricultural production for 1975 show a decrease in the production of field crops, vegetables and fruits as compared with the previous year. The rate of decrease was sharpest in field crops, wheat, production went down by 79.6 percent, while barley production went down by 70.6 percent, production of other vegetables increased by 60.9 percent, the figures of growth for other products indicate a sharp decline over the previous year. This adverse season led to a decrease in income realized by the agricultural sector which amounted to JD 50 million, as against JD 54.5 million in 1974.

Table 4.9 indicates a very serious situation in which there was a total neglect of agricultural sector in the investments of the plan. Year wise the share has

Table 4.7 : The Agricultural Production Three Year Plan
1973 - 1975

(In Thousands of JDs)

I t e m s	Years		
	1973	1974	1975
<u>Total Field Crops</u>	66.7	334.1	74.1
Wheat	50.4	244.0	50.0
Barley	5.9	40.0	11.8
Tobacco	1.1	1.9	1.1
Others	9.3	48.2	11.2
<u>Total Vegetables</u>	124.6	205.8	262.3
Tomatoes	83.1	133.0	145.1
Others	41.5	72.8	117.2
<u>Total Fruits</u>	104.0	156.7	91.7
Olives	5.2	40.0	4.7
Grapes	22.2	17.8	11.1
Citrus	15.4	34.2	12.8
Melons	56.0	46.0	50.3
Others	5.2	18.7	12.8

Source : C.B.J. Annual Report 1976 P. 17 Table (3)

Note : Figures for East Bank only

Table 4.8 : Growth Rates of Principal Agricultural
Production Three Year - Plan
1973 - 1975

I t e m s	(Percentage)		
	Years		
	1973	1974	1975
<u>Total Field Crops</u>	(76.4)	400.8	(78.0)
Wheat	(76.2)	384.1	(79.6)
Barley	(82.7)	577.9	(70.6)
Tobacco	57.1	72.7	(42.1)
Others	(74.4)	418.2	(76.8)
<u>Total Vegetables</u>	(49.4)	65.1	27.4
Tomatoes	(45.6)	60.0	9.1
Others	(55.6)	75.4	60.9
<u>Total Fruits</u>	(32.0)	50.6	(41.5)
Olives	(85.2)	669.2	(88.3)
Grapes	21.9	(19.9)	(37.7)
Citrus	(26.4)	122.0	(62.6)
Melons	(11.2)	(17.9)	9.3
Others	(67.1)	259.6	(31.6)

Sources : C.B.J. Annual Reports - Various Issues

declined from 9.1 percent in 1973 down to 5.5 percent at the end of 1975. In absolute terms, the share was over the plan period only 7.3 percent (Table 3.9). As we have discussed earlier in this chapter that cheap credit should be available for agriculture, but how one can expect this credit to be extended to this sector if the planners do not encourage such step by not granting agriculture the due share in the total investments of the Plan.

Table 4.9 : Share of Agriculture in The Total Investments of The Three Year Development Plan 1973 - 1975.
(In Thousands of JDs)

Year	Agricu- ltur	Economic Sector	Social Sector	Total	% Share of Agriculture In The Total Investments of The Plan
1.	2.	3.	4.	5. = (2+3+4)	6. = (2/5)*100
1973	5296.0	33245.0	19472.0	58013.0	9.1
1974	4415.0	34753.0	22112.0	61280.0	7.2
1975	3309.0	33008.0	23390.0	59707.0	5.5

Source : C.B.J. Annual Report 1972 P. 73.

Table 4.10 reflects the poor performance of the agricultural sector during the plan years which did not reach in no year nearer to the Plan targets. The income from this sector has been always below the targets, which may indicate that the assumptions of the Plan were unrealistic and the actual conditions for the growth of agricultural sector were not upto the expectations of the planners, adding to this that there were many projects which have not been completed during the Plan period. Although the planned figures indicate a progressive performance over the Plan

period, the actual figures constantly declining and this can be explained by the poor share of agriculture in the total investments of the Plan.

Table 4.10 : The Performance of The Agricultural Sector During The Three - Year Development Plan 1973-1975 (1972 Prices)
(In Million of JDs)

Planned Income			Actual Income		
1973	1974	1975	1973	1974	1975
41.1	43.8	46.9	28.9	41.1	33.6

Source : C.B.J. Annual Report 1975 P. 118 Table 35

Central bank in any developing economy is regarded as an essential factor in achieving a rapid economic growth. The promotional and developmental roles of a Central Bank are considered of a high significance in attaining economic development in an under developed or developing economy. The Central Bank of Jordan, as the central authority of the banking and monetary policies of the kingdom, has played an essential role in promoting a credit to agricultural sector. The financing of agriculture needs a special and preferential treatment from the C.B.J. in order to implement the programmes of the plans and to achieve the targets set up by the planners. C.B.J. does not involve in a direct finance to agriculture, but it has played a vital role in giving advances to Agricultural Credit Corporation through refinancing facilities which this institution enjoy at the C.B.J.

The functions of the C.B.J. are more directed

towards monetary stability and to create monetary conditions under which all other financial institutions can function under a controlled system and on a sound economic grounds and not to supply credit itself. In a country like Jordan, which has adopted planning as a way of expanding its economic growth, the Central Bank of Jordan is required to play an essential role to ensure the adequacy of credit channalization to various sectors. If the Central Bank can issue only directives and not giving dictations to commercial banks in Jordan as to how can they allocate their credit then, it is the responsibility of no one, but the Central Bank to see where there are gaps in the economy left without credit or which sector has no access to institutional credit, and to come out to bridge these gaps which have not been bridged by others. It is a well and universally accepted fact that in the early stages of economic development of any country, central bank has to play effeciently its promotional role to restructure and to strengthen the institutional facilities in order to finance the economic development programmes. The Table 4.11 indicates clearly that 26.3 percent of the C.B.J. advances to specialized credit institutions, have gone to A.C.C. which is by all means a high percentage and a good sign which supports our eralier statement that the Central Bank of Jordan has seriously tried to fill up the gaps left unfilled by other institutions in the sphere of agricultural finance. These advances which were granted to A.C.C. have grown up by 87 percent in 1974, after which it has

registered a negative growth rate of 28.6 percent, but even though the A.C.C. has enjoyed 17.7 percent of the total C.B.J. advances at the end of 1975.

Table 4.11 Ratio of C.B.J Advances For Specialised Credit Institutions to outstanding advances to Agricultural Credit Corporation Three - Year Development Plan 1973-1975
(In Thousand of JDs)

Year	C.B.J. Advances to S.C.Is.	C.B.J. Advances to A.C.C.	Ratio	Growth Rate of C.B.J. to A.C.C.
1	2	3	$4=3/2*100$	5
1973	2168.0	569.6	26.3	-
1974	3864.0	1065.6	26.9	87.0
1975	4295.0	761.2	17.7	(28.6)

Source : Column 2: C.B.J. Yearly Statistical Series - (1983) Table 6
Column 3: A.C.C. Annual Balance Sheets, Annual Reports Various Issues

Note : Figures in Brackets indicate minus.

The Table 4.12 brings out clearly that although there was remarkable growth rate in credit to agriculture by commercial banks, but there was also a huge rise in the total commercial banks credit which have brought the percentage share of credit to agriculture in the total commercial banks credit to 3.3 percent only, it has increased to 4.4 percent and it has come down to 2.8 percent in 1975, inspite of the rise in growth rate of commercial banks credit which recorded 49.2 percent.

This reduction in the share of credit to agriculture was due to the increase of credit to other sectors in the economy such as industry, commerce, and services. But by all means, the Commercial banks have no

reason, apparently, to keep such a low percentage share of agriculture in their total credit. Keeping in mind that due to the reduction in shares of agriculture investment in Three-Year Development Plan over the three years, the performance of this sector have recorded achievements, by comparing the planned income with the actual income achieved by the agricultural sector during the Three-Year Plan period.

Table 4.12 : Share of Credit to Agriculture in the Total Commercial Banks Credit Three-Year Development Plan 1973 - 1975.
(In Thousands of JDs)

Year	Total Comm. Banks Credit to Agriculture	Growth Rate	Total Comm. Banks Credit	Ratio	Growth Rate of Comm. Banks Credit
1	2	3	4	5=2/4*100	6
1973	2061	156.3	61817	3.3	22.2
1974	3745	81.7	84950	4.4	37.4
1975	3608	(3.7)	126744	2.8	49.2

Source : C.B.J. Yearly Statistical Series 1983 Table 13.

Note : 1. Bank Facilities Mean Loans, Bills And Bonds
2. Figures In Brackets Indicate Minus

**AGRICULTURAL CREDIT CORPORATION AND ITS LENDING
POLICY DURING THE THREE-YEAR DEVELOPMENT PLAN
1973-1975**

By studying the loans granted by A.C.C. classified by purposes, amounts and percentage, we can find out clearly that during 1973 the total value of loans reached JD 1843.5 thousand of which loans for rehabilitation of rain-fed lands stood first with JD 638.9 thousand followed by irrigation projects with JD 458.1 thousand and comes agricultural

✓
mechanery with JD 258.7 thousand.

For the year 1974 the Tables 4.13, 4.14 indicates that the number of loans reached to 1617 with total amount of JD 2139.4 thousand with a growth rates of 16 percent over the previous year what is remarkable about these loans, that they were givin on priority bases. The first priority was given to the rural construction (27.5 percent) in accordance with the Plan set up by the Corporation aiming at encouraging the settlement of the farmers in their own agricultural areas. It is worth mentioning here that the Corporation has licenced the consturction of rural houses within the villages where the necessary aminities such as social, health and postal services are available. This in turn has limited the migration from the villages to other, larger cities in the Kingdom. The second prority was granted to the irrigation projects (21.3 percent) and the third priority was given to the development of livestock and poultry. It is to note that the Kingdom was importing huge quantities of eggs from abroad, after which the government has decided to help the private sector in establishing layers and parent stock farms, for which the A.C.C. has extended a-considerable amounts of loans.

As far as the agricultural equipment loans are concerned, they have enjoyed the care of the Corporation specially for the establishment of the modern olives presses to suit the rapid expansion in the olive trees planting in the dry lands.

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Table 4.13 : Agricultural Credit Corporation, Loans Granted and Number of Borrowers
 During the Three-Year Development Plan 1973-1975
 (In Thousands of JDs)

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Year	Total No			Purposes and Amount of Loans					Rural Construction others
	No Of Loans	2	3	4	5	6	7	8	
				Rehabilitation of Rain-fed Lands	Irrigation Projects	Development of livestock and Poultry	Agricultural Machinery		
1973	2448	2448	3020	638.9	458.8	150.1	258.7	59.6	
1974	1617	1617	2122	660.6	391.6	420.1	380.1	67.7	
1975	1633	1633	2179	860.7	333.6	978.8	629.4	100.2	

Sources: A.C.C. Annual Reports - Various Issues

1974 - Column No. 8 Indicates Staff Housing Projects
 1975 - Column No. 8 Indicates Staff Loans For Staff Housing Projects.

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Table 4.14 : Distribution of Agricultural Credit Corporation, Loans utilized According to Agricultural projects and their percentage in the total loans granted during the Three Year Development Plan. (1973 - 1975)

Year	1	2	3	4	5	6	7	8	9	10	11
	Rehabili- tation of Rain-fed lands.	Irrigation Projects	%	Development of live stock and Poultry	%	Agricul- tural Machinery	%	Rural Construction	%		
1973	173.1	402.6	23.4	161.7	9.4	172.4	10	533.3	31		
1974	158.9	403.8	21.3	399.1	15.7	301.7	16	521.9	27.5		
1975	135.2	290.4	9.1	967.9	30.3	629.4	19.7	879.8	27.5		

Sources: R.C.C. Annual Reports - various issues

Note : Figures in Column No.(10) for the year 1973 includes the following

- a) Rural Construction JD 425.3 Thousand
- b) Other Loans JD 58.0 Thousand
- c) Products Marketing Corp. JD 50.0 Thousand.

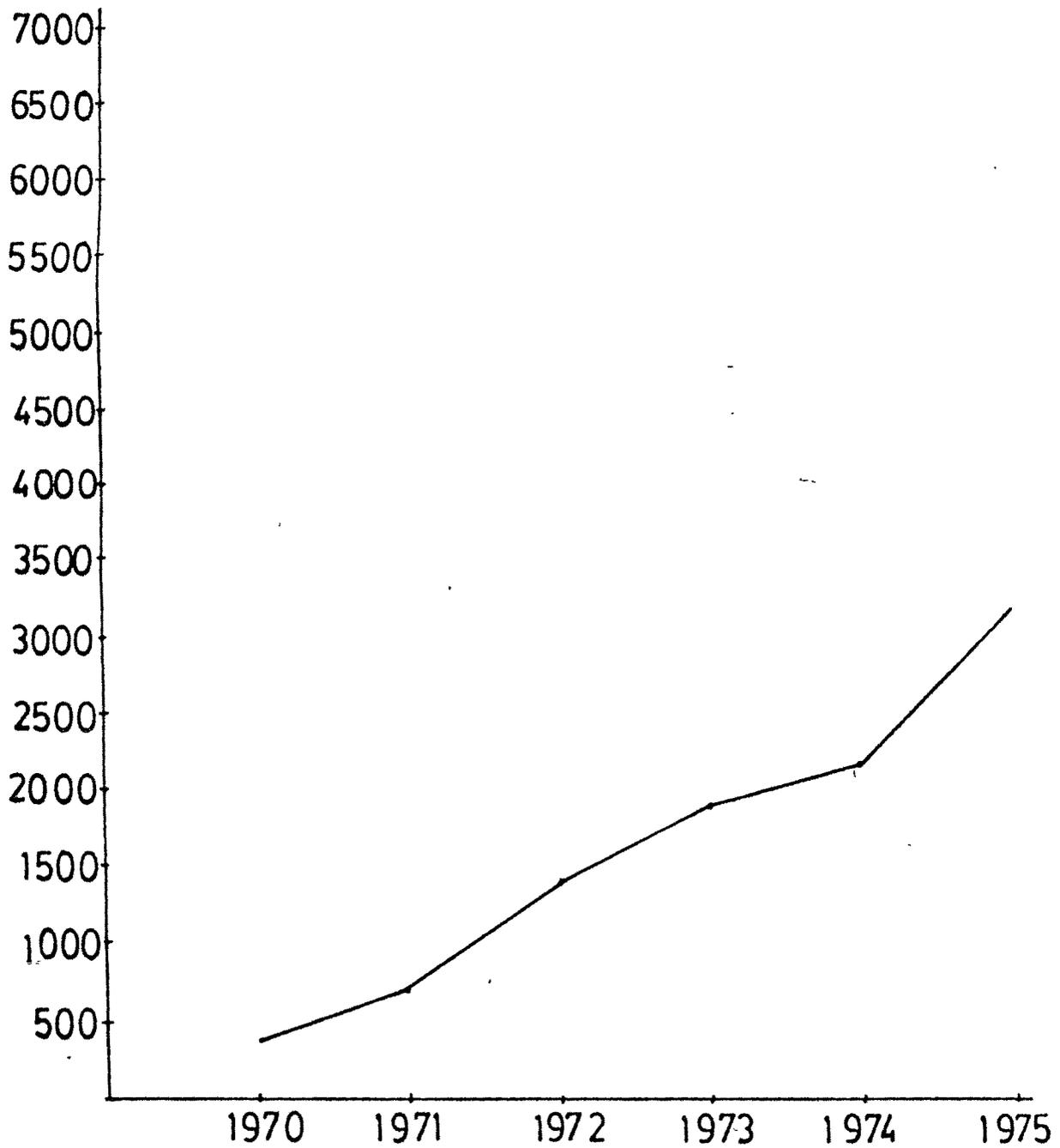
Figures in Column (10) for the year 1974 includes.

- a) Rural Construction JD 448.2 Thousand
- b) Staff Housing JD 73.7 Thousand

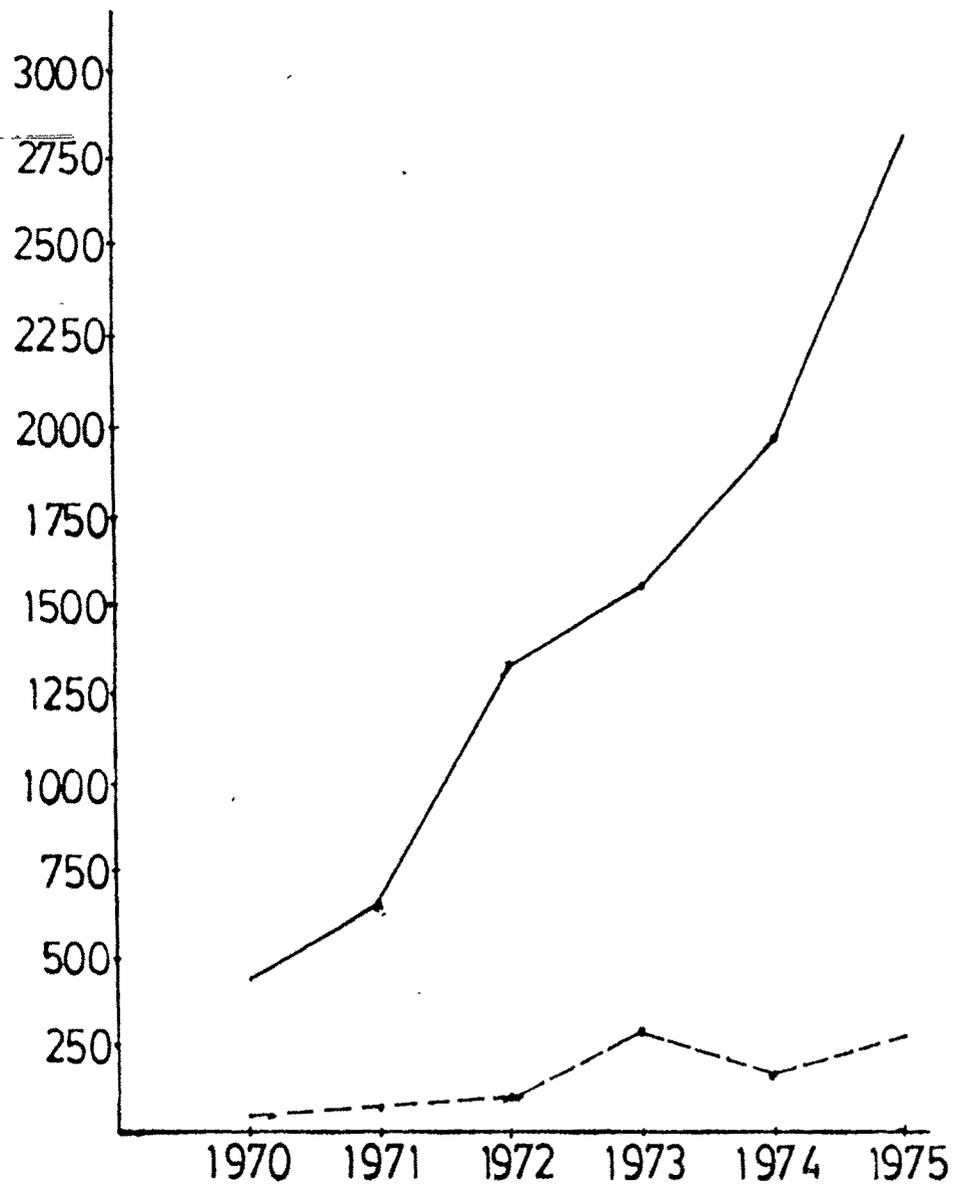
For the year 1975 includes.

- a) Rural Construction JD.779.5 Thousand
- b) Staff Housing JD 100.3 Thousand

N.P. For the year 1973,1974
Total figures indicates the
actual amounts utilized out of
Total loans granted.



A.C.C.
LOAN MOVEMENT
(AMOUNTS IN THOUSANDS OF JDs.)



A. C. C.
LOAN MOVEMENTS OF
—— MEDIUM TERM LOANS
----- SEASONAL LOANS
AMOUNTS IN THOUSANDS OF JDs..

Seasonal loans which use to be given to finance the seeds and fertilizers purchases or animal feed and poultry and broilers, the Corporation has continued to grant loans for the above mentioned projects specially in the irrigated lands. For the last year of the Three-Year Plan (1973-1975) we can see that the total number of loans reached to 1622 plus 11 loans for staff housing projects with total value fo JD 3090.1 thousand and JD 100.2 thousand respectively. These figures represent a grwoth of 49.1 percent over the previous year. It is worth mentioning that the table does not provide a separate column for rural construction, nevertheless, these loans were distributed among rehabilitation of rainfed lands projects, irrigation projects and development of livestock and poultry projects. Although the number of loans granted at the end of 1975 have increased only by 16 loans, the value of these loans have added to the 1974 figure an amount of JD 1050.9 thousand.

This increase is attributed to the increase in the average amount of loan in general and to the increase in the number of loans for the financing of some large agricultural projects such as poultry and modern olive presses in particular.

From the Tables 4.13 and 4.14 we can conclude the following tendencies.

1. There is a rising demand for poultry projects with 30.3 percent out of the total loan amounts.
2. Continuous demand from the farmers for rural construction

in the most of the rainfed lands. There did exist a direct relationship between the fruit trees projects which were executed in these lands and the rural construction projects, on one hand, and due to the policy which is followed by the Corporation which aimed at encouraging this type of loans to put an end to the emigration phenomenon from the rural areas to the urban ones on the other. The ceiling limit was fixed with JD 1.5 thousand for each house.

3. There was an expansion in the agricultural machinery projects.
4. Irrigation projects loans enjoyed only 9.1 percent of the total amounts of loans granted.
5. Agricultural machinery and equipment loans have almost doubled, major part of this was directed towards buying the modern olive presses and agricultural tractors.
6. Loans for the irrigation projects have declined from JD 403.8 thousand in 1974 down to JD 290.4 thousand at the end of 1975. The reason for this sharp decline was that some government agencies have taken the full responsibility to execute the irrigation projects in some areas in the Kingdom.
7. There was a decline in the value of loans directed towards rehabilitation of rainfed lands. It is attributed to the temporary halting of the planting and maintenance of olive trees on one hand, and due to the unfavourable rainy season which have prevailed during 1975-1976 on the other.

Table 4.15 indicates that the total due capital amounts were JD 1770.9 thousand and due interest amounts were JD 456.7 thousand in 1973 which have reached to JD 2090.2 and JD 681.9 in 1975 respectively.

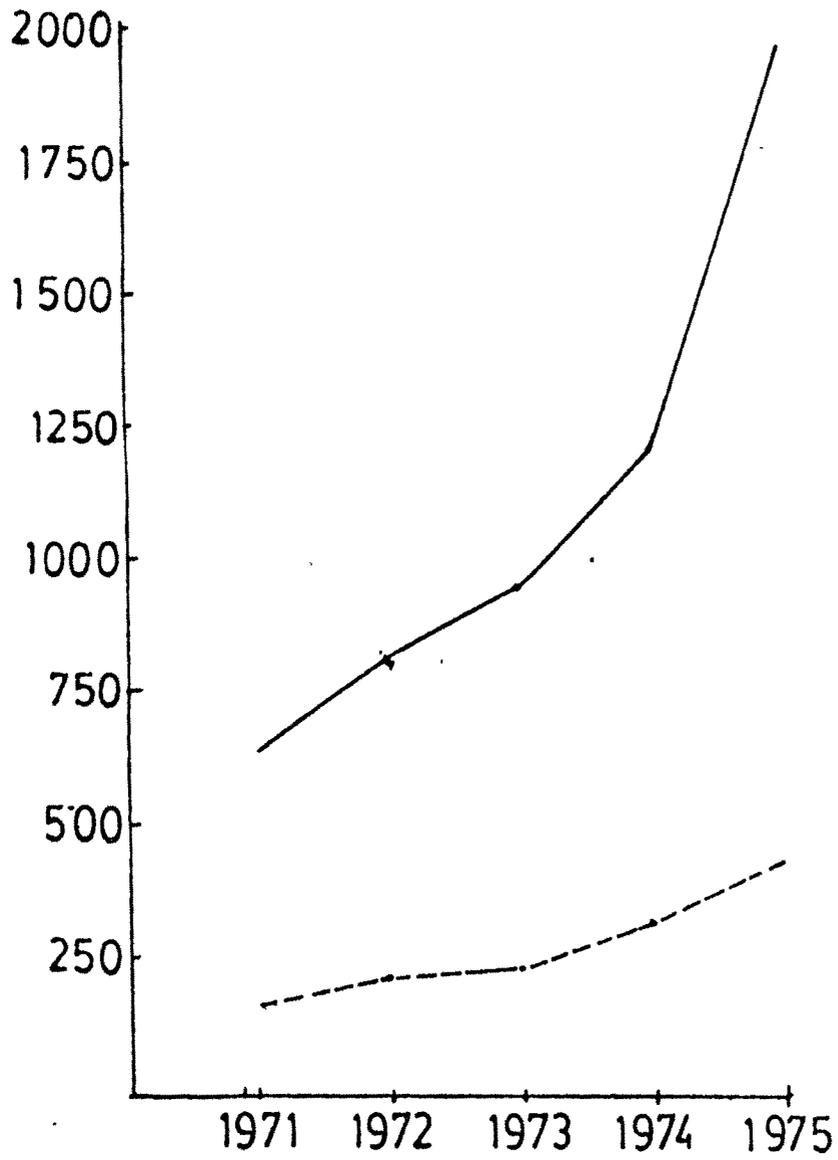
General look at the Table can bring out clearly that the policy which is followed in collecting the due amounts of capital or interest is not very much effective, and had to be revised and enriched with new methods of collecting quantitatively as well as qualitatively. There is no clear justification to what was the reason for the reduction in the percentage between the capital due and capital collected amounts in 1974, and the decline in this percentage in 1975 in comparison with 1973. Generally speaking there was clear breakthrough in the collected amounts (capital and interest) during the Three Year Development Plan.

Table 4.15 : Over Dues and Repayments to A.C.C. During The
Three Year Development Plan 1973-1975
(In Thousands of JDs)

Year	Over Dues		Repayments		Percentage	
	Capital	Interest	Capital	Interest	Capital	Interest
1.	2.	3.	4.	5.	6.	7.
1973	1770.9	456.7	871.4	221.0	49.2	48.4
1974	2031.1	557.6	672.3	310.9	33.1	55.7
1975	2090.2	681.9	932.6	412.1	44.6	60.4

Source : Agricultural Credit Corporation-Annual Reports
Various Issues.

This puts a question mark on the ability of the A.C.C. to meet the urgent and continuous demand of the Jordanian farmers if this would have continued. Funds should



A. C. C.

LOAN COLLECTIONS

— CAPITAL

- - - INTEREST

AMOUNTS IN THOUSANDS OF JDs .

be available in the hands of the Corporation and the farmers should always find an access to these funds.

FIRST FIVE YEAR DEVELOPMENT PLAN 1976-1980

The First Five-Year Development Plan (1976-1980) projected that the income from Agriculture will increase by 40 percent related to 1975, or at an average rate of 7 percent over the Plan period.

To achieve this target, the productivity should increase resulting from the development of agricultural methods and practices in rainfed and irrigated areas.

By examining the achievements of the Plan in the field of agricultural production, we can conclude that agricultural income in current prices increased from JD 37.3 million in 1976 to JD 60 million in 1980 or at an annual rate of 18.2 percent. In real terms the annual rate of increase was 5.7 percent as against a target rate of 7 percent.

Tables 4.16, 4.17 and 4.18 indicate that the overall improvement in the agricultural production in 1976 was mainly caused by the increase in the total field crops by 35.9 percent of which wheat contributed 33.2 percent followed by barley with 11.8 percent, other field crops increased by 84.8 percent. Olives have achieved a remarkable growth rate of 378.7 percent, which made the growth of total fruits to decrease only by 9 percent. Tomatoes, also it is one of the most important vegetable item for Jordan, has suffered a decline of 39.5 percent. The

astonishing figures for 1977 which indicate a general decline in the agricultural production, have shown a growth of 62.7 percent in the production of grapes and 121.2 percent in citrus production. Tobacco which has decreased by 81.8 percent in 1976, has achieved a 100 percent growth rate in 1977. Tomatoes production has improved over the previous year, but it has a negative growth of 2.5 percent.

Figures for the year 1978 show clearly a major improvement in the agricultural production. Total vegetables have increased by 100.6 percent over the previous year. Tomatoes production have made a great leap and increased by 143.6 percent from a negative level in 1977. Same case with olives production which registered a growth of 345.7 percent against a negative growth of 63.2 percent in the previous year. Production of citrus have decreased by 9.9 percent but production of other fruits have increased by 332.1 percent, this have made the growth of total fruit production to achieved a rate of 345.7 percent.

Now we will compare and discuss the last two year of the Plan, namely 1979 and 1980. By looking at the figures of these two years we can conclude that 1980 was a year of bumper crop and have achieved a high growth rate over the previous year. total field crops have grown up by 530.8 percent as a result of the growth in the production of wheat, barley and tobacco by 709.7 percent, 922.9 percent and 650 percent respectively.

Table 4.16 : Agricultural Production First Five Year Plan 1976 - 1980
(In Thousands of Tons)

Item	Year				
	1976	1977	1978	1979	1980
Total field crops	1007	93.8	92.8	32.4	204.4
Wheat	66.6	62.5	53.3	16.5	133.6
Barley	13.2	12.0	15.6	4.8	49.1
Tobacco	0.2	0.4	0.4	0.4	3.0
Others	20.7	18.9	23.5	10.7	18.7
Total Vegetables	201.8	204.4	410.0	353.3	375.7
Tomatoes	87.9	85.7	208.8	171.8	162.9
Others	113.9	118.7	201.2	181.5	212.8
Total fruits	83.4	103.6	177.1	89.7	161.4
Olives	22.5	8.3	37.0	6.8	44.5
Grapes	13.7	22.3	30.7	23.0	18.2
Citrus	16.5	36.5	32.9	29.9	48.5
Melons	23.1	28.1	40.3	15.5	40.3
Others	7.6	8.4	36.3	14.5	9.9

Source : C.B.J. Annual Reports - Various Issues

For the year 1976 to 1979 C.B.J. Annual Report 1979 P.8 Table 3
For the year 1980, C.B.J. Annual Report 1981 P.9 Table 3

Table 4.17 : Growth Rate of Principal Agricultural Products
First Five Year Plan 1976 - 1980.
(Percentage)

Item	Year				
	1976	1977	1978	1979	1980
Total field crops	35.9	(-6.9)	(-1.1)	(-65.0)	530.8
Wheat	33.2	(-6.2)	(-14.8)	(-69.0)	709.7
Barley	11.8	(-9.1)	30.0	(-69.3)	922.9
Tobacco	(-81.8)	100.0	1.0	1.0	650.0
Others	84.8	(-8.7)	24.3	(54.5)	74.7
Total Vegetables	(-23.0)	1.2	100.6	(-14.0)	6.3
Tomatoes	(-39.5)	(-2.5)	143.6	(-17.7)	(-5.2)
Others	2.8	4.2	69.5	(-9.8)	17.2
Total fruits	(-9.0)	24.2	70.9	(-49.4)	79.9
Olives	378.7	(-63.2)	345.7	(-81.7)	554.4
Grapes	23.4	62.7	37.6	(-25.0)	(-21.0)
Citrus	28.9	121.2	(-9.9)	(-9.2)	62.2
Melons	(-54.0)	21.6	43.4	(-61.6)	160.0
Others	(-40.7)	10.5	332.1	(60.0)	(-31.8)

Source : Calculated from Table 4.16

Note : Figures in Parantheses Indicate Minus

Table 4.18 : Index Number of Agricultural Production First
Five - Year Plan 1976 - 1980

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(1975 = 100)

Year	(A) Plant Production	Cereal and pulses	Vegetable	Fruit trees without olives	Olives	(B) Animal production	Meat
1	2	3	4	5	6	7	8
1976	143.2	128.7	80.6	109.2	478.7	114.9	82.3
1977	122.1	116.0	88.3	186.4	175.1	140.7	98.7
1978	262.7	117.1	164.4	300.8	788.0	142.8	96.2
1979	135.5	41.5	137.4	193.3	145.6	162.2	89.9
1980	295.8	261.5	157.6	281.9	945.0	213.9	102.5

Source : Central Bank of Jordan Monthly Statistical Bulletin Various Issues.

Table 4.19 shows a positive shift towards better allocation of plan investments as regard to agriculture. One can predict that the planners in Jordan with the inception of the First Five-Year Development Plan (1976-1980) have realized at the proper time and learned from past experiences that more attention should be given to this sector, and more allocation of funds should be directed to it.

Year wise analysis of the table clearly brings out the rising trend in share of agriculture in the total investments of the Plan (i.e.) from 3.9 percent in 1976 to 6.6 percent in 1980 and there was a good rise in the amounts allocated to agriculture from JD 5929 thousand in 1976 to JD 8245 thousand in 1980.

Table 4.19 : Share of Agriculture in The Total Investments of The First Five - Year Development Plan 1976 - 1980

(In Thousands of J.Ds.)

Year	Agriculture	Economic Sector	Social Sector	Total	Share of Agriculture in The Total Investments of The Plan
1	2	3	4	5	6=(2/5)100
1976	5929	111573	32964	150466	3.9
1977	8355	133837	38766	180958	4.6
1978	9320	116414	40592	166326	5.6
1979	8162	96672	37774	142608	5.7
1980	8245	81946	34451	124642	6.6

Source : Ministry of Planning - Five Year Plan 1976-80
P. 99

Note : Col. 5=Cols. 2+3+4

The over all improvement in the share of agriculture in the plan investment is reflected also in

(Table 4.20) which shows the positive performance of agricultural sector during the same period except for the last two years of the Plan. The improvement in the performance indicates that the actual conditions for the growth of agricultural sector and the assumptions of the Plan were realistic and upto the expectations of the planners.

There did exist a healthy situation where the planned and actual figures recorded progressive performance for the first three years of the Plan.

Table 4.20 : Performance of The Agricultural Sector During The First Five-Year Development Plan 1976-1980 (at 1975 prices)

	(In Million of JDs)				
	1976	1977	1978	1979	1980
Planned Income	32	34	36	39	42
Actual Income	32.7	34.2	39.7	35.1	37.4

Source : Department of Statistics, Year Book 1987 P.114 and Other Annual Reports - Various Issues.

Table 4.21 clearly indicates the rising trend in the net agricultural income (Value added) during the Plan period 1976-1980. Value added is an important measure to judge the efficiency of any sector. It indicates the net value generated by the sector during a specified period.

Value added is a concept which profit forms an integrated part of it, therefore, value added is a term which is broader than profit.

We can see from the Table under study that the

generation of the value added ranged from JD 37.27 million in 1976 to JD 69.38 million in 1980, with constant rising during the plan years except for 1979 which recorded a decreasing trend as indicated by a negative growth rate of 25.8 percent. Same trend prevailed in the total value of Production.

The result is that the generation of value added ranged from 11.9 percent in 1976 to 59.2 percent in 1980. It increased in 1977 and 1978 but showed a decreasing trend in 1979. Again it increased in 1980 as compared to 1979.

Table 4.21 : Outstanding Agricultural Income and Expenditure at Current Prices First Five Year Plan 1976 - 1980

(In Millions of JDs)

Year	Total Value of Production	Total Value of Expenditure	Net Agricultural Income (Value Added)	Growth Rate of Net Agricultural Income
1	2	3	4=(2-3)	5
1976	52.77	15.50	37.27	-
1977	57.96	16.26	41.70	11.9
1978	80.09	21.40	58.69	40.7
1979	72.56	28.99	43.57	(25.8)
1980	106.59	37.21	69.38	59.2

Source : Sources of Table 3.20

Note : Figures in Brackets Indicate Minus

It is obvious that the C.B.J. does not deal directly with individual farmers but, it provides finance to them through Agricultural Credit Corporation in the form of advances and rediscount of bills and bonds, which indirectly help to improve the financial position of the Corporation as well as the farmers. From the Table 4.22 we

can see clearly that the C.B.J. has extended a good amount of advances to A.C.C. out of its total advances to specialized credit institutions. The ratio has gone up from 9.7 percent in 1976 to 10.11 percent in 1979 after which it has declined to 6.4 percent. The growth of such advances have jumped from 16.3 percent in 1976 to 49.1 percent and 35.9 percent in 1977 and 1978 respectively. The negative growth rates which were experienced during the last two years of the Plan can be explained by looking at Table 4.26 which clearly shows that the A.C.C. has improved its capabilities of collecting its past dues, which have resulted in accumulation of huge amounts which prevented it from approaching the C.B.J. for advances as the Corporation has met the needs of the farmers from its internal sources.

Table 4.22 : Ratio of C.B.J Advances For Specialised Credit Institutions to Outstanding Advances to Agricultural Credit Corporation First Five-Year Development Plan 1976-1980.
(In Thousand of JDs)

Year	C.B.J. Advances to S.C.Is.	C.B.J. Advances to A.C.C.	Ratio	Growth Rate of C.B.J. to A.C.C.
1	2	3	$4=3/2*100$	5
1976	9152	885.2	9.7	16.3
1977	13643	1319.6	9.7	49.1
1978	17990	1794.5	10.0	35.9
1979	16428	1712.2	10.4	(4.6)
1980	21424	1370.3	6.4	(20.0)

Source : Col.2 : C.B.J. Yearly Series (1983) Table 6
Col.3 : A.C.C. Annual Reports - Various Issues

Note : Figures In Brackets Indicate Minus

A general look at the Table 4.23 reveals that the

Table 4.23 : Percentage Share of Credit to Agriculture in the Total Outstanding Commercial Banks Credit During the First Five-Year Development Plan 1976 - 1980
(In Thousands of JDs)

Year	1	2	3	4.	5	6
	Total commercial Banks credit to Agriculture	Growth rate of comm. banks credit to Agriculture	Total outstanding Commercial Banks Credit	Share of credit to Agriculture in the Total outstanding Comm. Credit Banks	Growth of Commercial Banks Credit	
1976	5162.0	43.1	207091.0	2.5	63.4	
1977	8311.0	61.0	244055.0	3.4	17.8	
1978	12706.0	52.8	332799.0	3.8	36.3	
1979	17361.0	36.6	465059.0	3.7	39.7	
1980	17205.0	(-1.0)	563856.0	3.0	21.2	

Source : C.B.J. Yeraly Statistical Series (1983) Table (13)

share of credit to agriculture in total commercial banks credit has risen from 2.5 percent in 1976 to 3.8 percent in 1978 and down to 3.0 percent in 1980. But the growth of credit to agriculture has declined as evident from column No.3 of the table which is an indication that the commercial banks were catering to other sectors mainly Industrial, trade and commerce leaving a large and vital area of agricultural economy uncovered and shows that Commercial Bank were and unwilling to enter this venturesome field of activity. By the decline in the growth of commercial banks credit one can see this effect on the credit to agriculture.

Commercial banks could have entered in the field of agricultural finance without hesitation, by looking at the share of this sector in the total investments of the Plan which has increased from 3.9 percent in 1976 to 6.6 percent in 1980.

**AGRICULTURAL CREDIT CORPORATION AND ITS LENDING POLICY
DURING FIRST FIVE-YEAR DEVELOPMENT PLAN
1976-1980**

From Tables 4.24 and 4.25 we can see that the Corporation has approved 1029 agricultural projects which were extended to 1412 borrowers amounted JD 2799.2 thousand in 1976. Distribution of these loans according to their purposes and the average loan amount was JD 1977 to each borrower in 1976 against JD 1500 during 1975. This increase was due to the continuous escalation of the project costs specially in regard to major increase in the prices of the agricultural equipment and machinery during 1976, on one

hand, and because the A.C.C. has financed some of the vital and large scale projects in the poultry sector on the other. It is noticeable that while there was an increase in the total loan amounts, there was a reduction in the number of agricultural projects from 1633 at the end of 1975 down to 1029 in 1976.

The average loan amount increased by almost 30 percent. Loans for the purposes of capital formation in agricultural productive projects, except for rural construction, maintained a high level during 1976 with total of JD 1995 thousand. As a result, demand for rehabilitation and rainfed land loans remained at low level due to the drought years meanwhile there was an increase in the development of livestock and poultry loans and agricultural machinery which reflects the contribution of the private sector's investment in agriculture which is considered to be relatively of high economic rewards.

Loans for rural construction came down by 45 percent, this was a result of the new policy adopted by the A.C.C which does not permit the construction of rural constructions except if there is a necessity for it and will add to the improvement of the produce.

It is worth to note that loans for the development of livestock and poultry continued to enjoy the first position with 34.6 percent which reflects the increasing demand on this industry and to continuous encouragement from the government as well as from the A.C.C. which is in accordance with the First Five-Year Plan target of attaining

Table 4.24 : Agricultural Credit Corporation Loans Granted and Numbers of Borrowers
 During First Five Year Plan 1976 - 1980 287
 (In Thousands of JDs)

Year	Total No. of Loans	Total No. of Borrowers.	Purposes and Amount of Loans				Agricultural Machinery
			Rehabilitation of Rainfed Land	Irrigation Projects	Development of Live stock & Poultry	7.	
1976	1029	1412	489.6	294.0	966.0	657.6	
1977	815	1166	102.6	406.0	998.0	219.6	
1978	705	1078	136.3	1034.8	1195.0	186.3	
1979	1450	1766	101.1	1444.0	697.0	93.4	
1980	740	1085	144.0	3131.0	584.0	290.0	

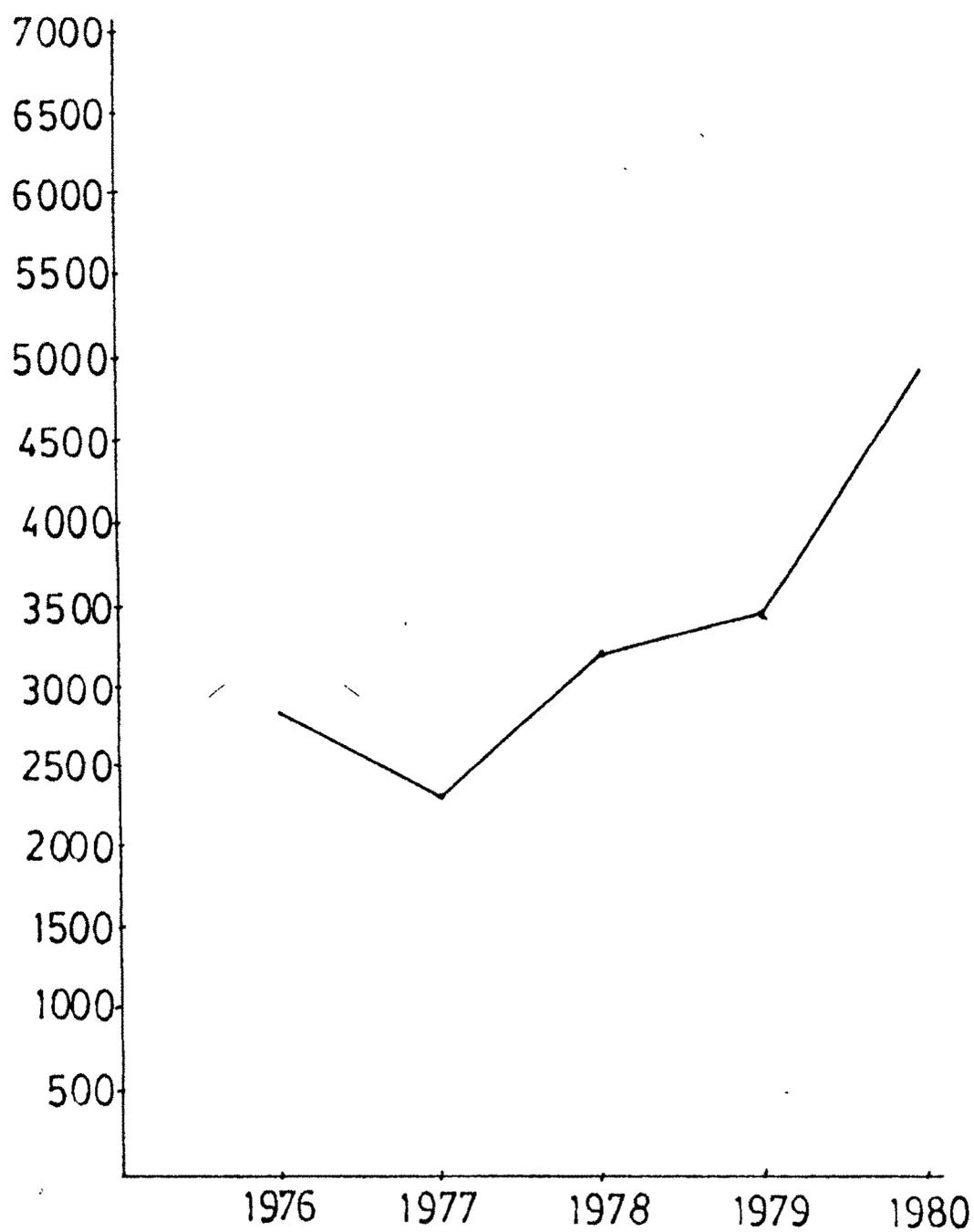
Sources : Agricultural Credit Corporation - Annual Reports

- Figure in Parenthesis indicate Minus.
 1) Figure in column No. 8 of 1976 indicates the employee housing project
 2) Rural construction was distributed in the above projects which are included in the Table

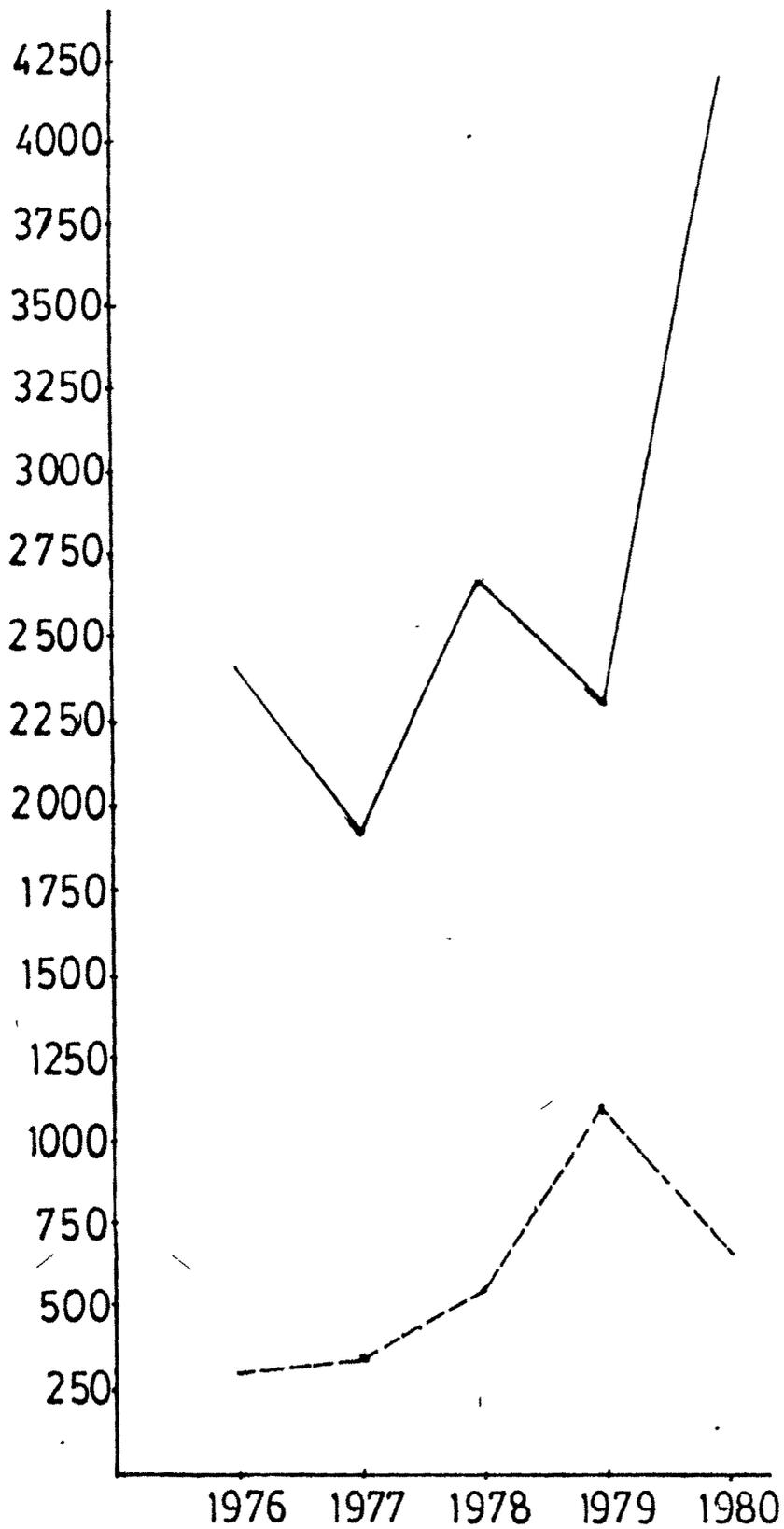
Table 4.25 : Agricultural Credit Corporation, Distribution of Agricultural Loans According to Agricultural Projects and their Percentage in the Total Loans Granted During the First Five - Year Development Plan 1976 - 1980 (Amount in Thousand of JDs)

Year	Rehabilitation of Rain-fed Lands	%	3	4	5	6	7	8	9	10	11	12	13	14	15
		Irrigation Projects	Development of live stock and poultry	Agricultural Machinery	Rural Construction	Seasonal Loans	Total Amounts of agricultural projects	Total Percentage							
1976	89.3	3.3	282.4	10.1	966.0	34.6	657.6	23.5	411.6	14.7	365.3	13.9	2792.2	100	
1977	102.6	4.3	406.0	17.1	998.0	42.1	219.6	9.2	252.7	10.6	988.0	16.7	2367.0	100	
1978	136.3	4.2	1034.8	32.0	1195.0	37.0	186.3	5.7	119.5	3.7	552.8	17.4	3224.7	100	
1979	101.1	2.8	1444.0	41.6	697.0	20.1	93.4	2.6	8.5	0.2	1122.0	32.7	3466.0	100	
1980	144.0	2.9	3131.0	64.4	584.0	12	290.0	5.9	36.0	0.7	670.0	14.1	4855.0	100	

Source : Agriculture Credit Corporation - Annual Report - Various Issues.



A. C.C.
LOANS MOVEMENTS
(AMOUNTS IN THOUSANDS OF JDs.)



A.C.C.

LOAN MOVEMENT OF

— MEDIUM TERM LOANS

- - - SEASONAL LOANS

AMOUNTS IN THOUSANDS OF JDs

a self sufficiency in eggs and poultry.

In 1977, inspite of the reduction in the number of loans, there was an increase in the average loan amount by 47 percent. Value of loans extended to agricultural projects reached JD 2114.3 thousand and that of rural construction was JD 252.7 thousand which indicates a reduction of 15 percent in comparision with the previous year. Seasonal loans increased by 0.7 percent over the previous year, rural construction was cut down by 43 percent. Loans for rehabilitation of rainfed land, have risen by 15 percent at the end of 1977 over the pevious year. Most of these loans were granted for the purpose of terraces and supporting walls and for vineyard and fruits trees plant projects. The reason behind the high increase in the loans, for irrigation projects was because major parts of these loans were concentrated on water wells and utilization of irrigated land farming in addition to the construction of drip farming projects in Jordan valley. Agricultural machinery loans have noticeably decreased by about 66 percent as well as its share in total loans granted was only 9.2 percent. It is worth noting that the volume of loans has come back to its normal level an extra ordinary rise in its level in 1976 caused by financing the installation of modern olive presses and the modernization of tomato paste factory. Above all comes the loans for paultry layers projects which have increased by 42.1 percent.

Last comes the loans for rehabilitation of rainfed land projects, not becasue of the reducing importance of

such projects but because the ministry of agriculture has given the adequate assistance for such projects through the comprehensive development of rainfed agricultural projects.

In 1978, rural construction and staff housing loans reached to JD 119.5 thousand at the end of the year against JD 252.7 thousand in 1977, a reduction of 52 percent. The reason for this sharp fall was that these loans will be granted from The Housing Bank in each area in accordance with the new arrangements set up by the Higher Council for Credit. Other purposes have recorded a good growth over the previous year as indicated by the table. Loans for the development of poultry and egg continued to enjoy the highest rank for the fourth consecutive year.

The average value of the loan for 1979, reached to JD 6 thousand for medium term loans and JD 1.5 thousand for seasonal loans. 32.4 percent of the total loans went for the seasonal loans, because the Corporation has started for the first time granting loans to buy necessary feeds for the cattles and to assist in overcoming the drought conditions which hit the country. Major Part of the medium term loans granted, went to irrigation projects investments, through irrigated land farming and sprinklers projects or the construction of the cement canals and drip irrigation. The total value of these loans amounted JD 1444.0 thousand or 61.6 percent and that of medium term loans reached to 41.6 percent.

The reason for this increase is that, Jordan Valley Authority has started distributing the agricultural

units in Southern region of the Valley and the desire for the acquiring of new agricultural technology.

The reduction in the loans for development of livestock and poultry projects is that the Corporation has stopped giving these types of loans in accordance with decision taken by a Special Ministerial Committee to stop these loan untill the solution of the marketing problem is reached. It is to mention here that the reduction in total value of loans granted for the development of rainfed lands and rural construction is because the Ministry of Agriculture has started giving direct financial support to the supporting walls projects and the installation of Barbed wire fences and the digging of 69 cistern and a construction of 30 farm houses.

The final year of the plan under review shows a growth rate of 40.1 percent over the previous year. Loans for irrigation projects got 64.4 percent of the total loan amounts at the end of 1980, which represent a growth rate of 116.8 percent. Other projects maintained more or less a constant share level. The major and most noticeable decline was recorded in the seasonal loans. Loans for irrigation projects were utilized in financing the irrigated land farming projects, such as wells, utilization of surface waters through the introduction of modern irrigation farming, such as drip irrigation, sprinklers and green houses.

Table 4.26 brings out clearly that the A.C.C. has put more efforts to improve the collections of its due

amounts as indicated by the table. The ratio between the capital and interest dues and collected stood at 57.3 and 70.0 percent respectively. This percentage increased to 67.3 and 82.6 at the end of 1978. A noticeable decline has been recorded in 1979 which is attributable to the moratorium declared on some loans. The year 1980 has brought about a slight improvement in the collections as the percentage increased to 58.8 percent for the capital amounts and 76.2 percent for the interest amounts due.

Over the Plan period the efforts made to improve the collections were not upto the expectations, inspite of the year wise achievements. Ratio between repayments and due amounts was 57.3 percent in 1976 and reached only to 58.8 percent in 1980, same thing can be said about the ratio of interest repayments and dues which recorded 70 percent in 1976 and reached to 76.2 percent at the end of 1980.

Table 4.26: Amount Over Dues and Repayments - First Five Year Development Plan 1976-1980
(In Thousands of JDs)

Year	Over Dues		Repayments		Percentage	
	Capital	Interest	Capital	Interest	Capital	Interest
1976	2893.1	594.9	1657.6	416.7	57.3	70.0
1977	2876.0	685.2	1755.5	511.6	61.0	74.7
1978	3316.7	677.1	2235.1	559.4	67.3	82.6
1979	3698.7	751.6	2139.4	567.6	57.8	75.5
1980	4798.3	853.6	2822.5	650.9	58.8	76.2

Source : A.C.C. Annual Reports - Various Issues

Regional distribution of loans, as indicated by Table 4.27, by different branches of the A.C.C. through out the country, during the First Five-Year Plan 1976-1980 shows

clearly that the Corporation has catered to the financial needs of the Farmers in their respective areas by extending the required loans for different purposes (i.e.) medium and seasonal. Since the medium term loans are given for the purposes of improving the ranified lands, irrigated lands, poultry and livestock projects, agricultural machinery and rural construction, we see that the Corporation has given each area its essential financial requirements for the purposes mentioned up. Survaying the medium terms loans given in the Table. We find that Salt Governarate has got the major share of this type of loans through out the plan started with 28.7 percent in 1976 and Kept on increasing to 36.8 percent in 1980. Followed by Amman other figures can be seen from the table for other Governarates. The Table reveals that salt Governerate has also enjoyed the highest share of the seasonal loans among other Governerates. It began with 29.3 percent in 1976 and ended at 60.3 percent out of total seasonal loans granted in 1980.

General look at the Table 4.27 shows the role played by the A.C.C. in the regional development of Jordan with regard to Agriculture and its readiness to assest in the implementation of the Plan targets without making any regional disparities in regard to its lending policy on one hand, and to improve and augment the agricultural Production on the other to attain the self suffeciency in food production.

Table 4.27 : Loans movement in the A.C.C. Branches and types of Loans During the First Five-year Development plan 1976-1980

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Year	AMMAN			IRBID			SALT			KARAK			JERASH		
	Medium	Seasonal	Medium	Medium	Seasonal	Medium	Medium	Seasonal	Medium	Medium	Seasonal	Medium	Medium	Seasonal	
1976	592.9 (24.3)	113.6 (32.2)	170.0 (7.0)	700.9 (28.7)	41.1 (11.6)	89.0 (25.3)	195.4 (8.0)	32.0 (9.0)	52.3 (2.1)	1.6 (0.4)					
1977	389.5 (19.7)	28.5 (15.0)	141.7 (7.1)	555.2 (28.0)	10.0 (2.5)	215.6 (55.6)	210.4 (10.6)	22.0 (5.6)	100.9 (5.1)	0.3 (0.1)					
1978	540 (18.8)	63.5 (11.5)	116.6 (4.0)	1028.8 (35.7)	1.9 (0.3)	349.7 (63.3)	192.7 (6.7)	27.2 (5.0)	51.2 (1.7)	-					
1979	242.4 (10.3)	304.4 (27.1)	46.3 (2.0)	1087.7 (46.4)	26.2 (2.3)	424.0 (37.8)	219.6 (9.3)	31.0 (2.7)	45.0 (2.0)	6.3 (0.5)					
1980	699.7 (16.7)	50.1 (7.5)	53.9 (1.3)	1543.4 (36.8)	8.8 (1.3)	404.0 (60.3)	693.5 (15.1)	19.4 (3.0)	60.4 (1.4)	-					

Source : Agricultural Credit Corporation-Annual Reports Various Issues

Note : As per Table 4.41

Table 4.27

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Year	RAMTHA			MATABA			TAFILEH			HADIYABIS			MAIAN			E
	Medium	Seasonal	Medium	Medium	Seasonal	Medium	Medium	Seasonal	Medium	Medium	Seasonal	Medium	Seasonal	Medium	Seasonal	
1976	32.9 (1.3)	4.8 (1.3)	149.4 (6.1)	3.8 (1.2)	142.2 (5.8)	2.1 (0.6)	136.0 (5.5)	36.5 (10.3)	97.0 (3.9)	3.1 (0.9)						
1977	68.5 (3.4)	1.9 (0.5)	110.6 (5.6)	5.4 (1.4)	41.8 (2.1)	3.0 (0.7)	152.0 (7.6)	32.8 (8.4)	20.9 (1.4)	4.8 (1.6)						
1978	43.7 (1.5)	0.4 (0.1)	176.9 (6.3)	11.9 (2.1)	70.4 (2.4)	-	123.0 (4.3)	56.5 (10.2)	35.4 (1.3)	14.0 (2.5)						
1979	13.9 (0.7)	52.4 (4.6)	69.8 (3.0)	56.5 (5.0)	38.9 (1.7)	17.3 (1.5)	367.4 (15.6)	54.2 (4.8)	31.2 (1.7)	23.1 (2.4)						
1980	46.1 (1.2)	10.8 (1.6)	58.2 (1.4)	10.9 (1.6)	33.1 (0.8)	7.5 (1.2)	427.4 (10.2)	45.8 (6.8)	18.6 (0.5)	9.7 (1.4)						

THE SECOND FIVE-YEAR DEVELOPMENT PLAN 1981-1985

The Second Five-Year Plan aimed at increasing the G.D.P. at 1980 prices by average annual rate of 11 percent. Income from agricultural sector was planned to increase by 43.6 percent or at an average of 7.5 percent annually. By the end of the plan the growth rate of G.D.P. was below the planned target and reached only 31.2 percent or at average annual rate of 2.7 percent. The growth of agricultural sector exceeded the target rates, contribution of agriculture to GDP reached 8.3 percent in 1985.

In the year 1981 agricultural production of certain crops declined compared with the previous year.

Tables 4.28, 4.29, 4.30 show the decline in field crops which reached to 58 percent due to decrease in wheat and barley harvests by 62.2 percent and 60.9 percent respectively. Total vegetable production decreased by 13.5 percent. Total fruit production declined by 5.4 percent mainly due to reduction in olives production. Fruits like Grapes, Citrus and Melons recorded a positive increase. Total production of fruits have registered a negative growth of 5.4 percent. Figures for other items also available from the Tables 4.28, 4.29.

There have been a common factors for the seasonal decline in agricultural production, chiefly the shortage and bad distribution of rain over the kingdom and the delay in the implementation of some agricultural projects.

The year 1982 witnessed a slight improvement in

the agricultural production. The increase in the total field crops was only 1.9 percent over the previous year and mainly due to the increase in wheat and barley harvests which increased by 3.3 percent and 2.6 percent respectively.

The most remarkable achievement was in the production of olives which amounted 40.4 thousand tonnes in 1982 or a growth rate of 113.7 percent. Production of other items experienced a negative growth rates as indicated by the table.

For the year 1983, the quantities of various agricultural crops registered remarkable increase over 1983. This was mainly due to good harvest and to cultivating more area for field crops. Total field production grew by 103.6 percent and is attributed to the growth of wheat, barley and Tobacco which have registered a growth rate of 149.9 percent and 43.1 percent and 70.5 percent respectively. The decline in the production of total fruits was mainly due to the negative growth rates of olives by 45 percent, grapes by 3.8 percent and citrus by 27 percent.

The agricultural sector achieved slight progress in absolute terms in 1984, but suffered a decline in terms of growth rates as indicated by the table, this was a result of drought and late rainfall season. The hardest hit were field crops, the production of wheat, barley and tobacco which fell by 62 percent, 57.8 percent and 56.9 percent respectively. Production of vegetables also suffered a set back, production of Olives shot up by 125.2 percent due to biennial factors, other fruits grew at a rate of 80.2

Table 4.28 : Agriculture Production Second Five-Year Plan
1981 - 1985

(In Thousand of JDs)

Item	Year				
	1981	1982	1983	1984	1985
Total field Crops	85.9	87.6	179.1	69.3	93.3
Wheat	50.6	52.3	130.7	49.7	62.8
Barley	19.2	19.7	28.2	11.9	19.7
Tobacco	3.4	3.4	5.8	2.5	2.8
Others	12.7	12.2	14.4	5.2	8.0
Total vegetables	325.0	315.4	328.4	331.1	398.8
Tomatoes	204.5	195.3	212.3	208.7	251.1
Others	120.5	120.1	116.1	122.4	147.7
total Fruits	152.3	189.6	154.7	145.9	159.9
Olives	18.9	40.4	22.2	50.0	19.7
Grapes	25.8	26.8	25.8	8.6	11.0
Citrus	52.3	68.7	50.2	48.3	81.3
Melons	46.9	45.9	48.4	24.4	38.9
Others	8.4	7.8	8.1	14.6	11.0

Source : C.B.J. Annual Reports Various Issues
For the Years 1981 to 1983 C.B.J. Annual Report 1985
P. 91 Table (3)

For the Years 1984 and 1985 C.B.J. Annual Reports 1986
P. 93 Table (3).

Table 4.29 : Growth Rates of Agricultural Production Second Five
Five - Year Development Plan 1981 - 1985
(Percentage)

Item	Year				
	1981	1982	1983	1984	1985
Total field Crops	(58.0)	1.9	103.6	(61.3)	34.6
Wheat	(62.2)	3.3	149.9	(62.0)	26.3
Barley	(60.9)	2.6	43.1	(57.8)	65.5
Tobacco	13.3	1.0	70.5	(56.9)	12.0
Others	(32.1)	(4.0)	17.2	(63.7)	53.8
Total vegetables	(13.5)	(3.0)	4.1	0.8	20.4
Tomatoes	25.5	(4.5)	8.7	(1.7)	20.3
Others	(43.4)	(0.4)	(3.4)	5.4	20.6
total Fruits	(5.4)	24.5	(18.4)	(5.7)	9.5
Olives	(57.5)	113.7	(45.0)	125.2	(60.6)
Grapes	41.7	3.8	(3.8)	(66.7)	27.9
Citrus	7.8	31.3	(27.0)	(3.8)	68.3
Melons	16.3	(2.2)	5.4	(49.6)	51.2
Others	(15.2)	(7.2)	3.8	80.2	(24.7)

Source : C.B.J.

Note : Figures in Paranthesis Indicate Minus

For the Years 1984 and 1985 C.B.J. Annual Reports 1986
P. 93 Table (3).

Table 4.30 : Agricultural Production Index
1981 - 1985

Year	(A) Plant Production	Cereal and pulses	Vegetables	Fruit trees without olives	Olives (B) production	Meat	Poultry	Milk	Eggs	Overall Percentage Index	Change	
1	2	3	4	5	6	7	8	9	10	11	12	13
1981	235.0	140.6	168.5	380.6	402.9	238.1	107.6	294.8	102.7	405.1	236.3	(-9.6)
1982	291.0	150.2	165.6	374.2	858.9	169.9	71.0	149.2	118.3	432.3	240.2	1.7
1983	241.0	283.2	170.0	257.2	472.3	208.7	36.4	232.5	114.9	489.6	227.4	(-5.3)
1984	294.3	110.6	179.0	248.3	1062.8	188.0	41.6	200.0	108.6	451.4	249.6	9.8
1985	278.0	145.6	212.8	465.5	419.1	269.8	72.9	288.0	177.3	601.9	274.6	10.0

Source : Central Bank of Jordan Monthly Statistical Bulletin Various Issues.

percent, while grapes citrus and Melons registered a negative growth rates as shown by the table.

The year 1985 indicates a good agricultural production compared with the previous year. Mainly due to good harvest and to an increase in average and in the productivity of land brought about by modern cultivation techniques.

The encouraging start which has been shown by the positive performance of the first three years of the previous plan, has also prevailed through out the years of the Second Five-Year plan (except 1984) looking at the share of agriculture in the total investment of the second plan as indicated by the Table 4.31 we see that this sector has been allocated JD 234.5 million out of the total plan investments of JD 3300 million which represents 7.11 percent, comparing this with the previous plan where this sector got around JD 40 million or 5.2 percent of the total investments. This shift in favour of the agricultural sector is reflected in its performance in the first three years of the Plan under study which proves that the planned, and actual figures are positively progressing and the actual income is matching with the Plan targets. In 1981 the actual to planned income recorded 6.1 percent and in 1983 this percentage jumped to 15.6 percent, but suffered a set back of a negative rate of 5.1 percent in 1984, again it performed positively and recorded almost 1 percent in 1985.

Table 4.31 : Performance of The Agricultural Sector During
Second Five Year Development Plan (1981 -
1985) (in 1980 prices)

(In Millions of JDs)

Planned Income					Actual Income				
1981	1982	1983	1984	1985	1981	1982	1983	1984	1985
65	69	75	80	112	69	72.4	86.7	75.9	113.1

Source : C.B.J. Annual Reports - Various Issues

1) Department of Statistics (for actual Income)

2) Five - Year Plan 1986-1990 (for planned Income)

Table 4.32 reveals the rising trend in absolute terms in the C.B.J. advances to specialized credit institutions. From JD 33161.0 thousand in 1981 to JD 101552.0 thousand in 1985. By discussing the C.B.J. advances to A.C.C., we conclude the declining trend in such advances from 7.1 percent in 1981 down to 2.6 percent in 1984, which have negative affect on the growth of C.B.J. advances to A.C.C. from 16.4 percent in 1981 to a negative growth rate of 25 percent. But in 1985 the ratio of the C.B.J. advances to S.C.Is to advances for A.C.C. have increased to 3.4 percent. The year 1985 has witnessed a remarkable growth rate of advances from C.B.J to A.C.C. which stood at 48.4 percent, which in our opinion is a recognition from the C.B.J. to the vital role that the A.C.C. is playing in, and contributing to the economic development of Jordan, on one hand, and to implement the targets of the Plan and to complete the agricultural projects under taken by the A.C.C., on the other.

Table 4.32 : Ratio of The C.B.J Advances For Specialised Credit Institutions to Outstanding Advances to Agricultural Credit Corporation Second Five-Year Development Plan 1981-1985
(In Thousand of JDs)

Year	C.B.J. Advances to S.C.Is.	C.B.J. Advances to A.C.C.	Ratio	Growth Rate of C.B.J. to A.C.C.
1	2	3	4=3/2*100	5
1981	33191	2347.9	7.1	-
1982	58312	2734.9	4.7	16.4
1983	91603	3132.1	3.4	14.5
1984	88483	2351.8	2.6	(25.0)
1985	101552	3491.6	3.4	48.4

Source : Col.2 : C.B.J. Monthly Bulletin Nov. 1988 P.15
Col.3 : A.C.C. Annual Reports - Various Issues

Note : Figures In Brackets Indicate Minus

From our earlier discussion in this chapter, we strongly confirm that farming like any other industry, needs money at the required time in order to maximise production. Furthermore, the financial needs of the farmers have increased to such an extent where cannot be suitably met by a government or co-operative without deep involvement and assistants of commercial banks. It's therefore, the duty of the commercial banks to widen their scope of activities by way of extending the needed financial assistance to the agricultural sector.

Unlike the previous Plan period, where the share of the agricultural sector in the total commercial banks credit increased from 2.5 percent in 1976 to 3.0 percent in 1980, the share of this sector during the Second Plan period in the total commercial banks credit has been adversely effected as indicated by the Table 4.33. It's share has come

Table 4.33 : Percentage Share of Credit to Agriculture in the Total Outstanding Comm. Banks Credit During the Second Five-Year Development Plan 1981-1985
(In Thousands of JDs)

Year	1	2	3	4.	5 = 2/4*100	6
	Total Commercial Banks Credit to Agriculture	Total Commercial Banks Credit to Agriculture	Growth rate of credit to Agriculture	Total outstanding Commercial bank credit	Share of credit to Agriculture in the Total outstanding Commercial Bank Credit	Growth of Commercial Banks Credit
1981	19386.0	19386.0	12.6	721317.0	2.6	27.9
1982	24630.0	24630.0	27.0	887171.0	2.7	22.9
1983	25626.0	25626.0	4.0	1030922.0	2.5	16.2
1984	25659.0	25659.0	0.1	1184825.0	2.2	14.9
1985	26298.0	26298.0	2.5	1274416.0	2.0	7.5

Source : C.B.J. Monthly Statistical Bulletin November 1988 Table 19, P.31

down from 2.7 percent in 1981 to 2.0 percent in 1985 and also the growth of total commercial bank credit to agriculture has recorded noticeable decline from a rate of 12.6 percent in 1981 down to 2.5 percent in 1985. Growth rate of commercial banks credit has gradually decline from 27.9 percent in 1981 to 7.5 percent in 1985.

**AGRICULTURAL CREDIT CORPORATION AND ITS
LENDING POLICY DURING THE SECOND
FIVE- YEAR DEVELOPMENT
PLAN 1981-1985**

In 1981, the Corporation has granted 889 loans with total value of JD 6793.8 thousand or 39.9 percent over the previous year. Irrigation projects got 41.9 percent of the total loan amounts. They were utilized for the purchase of modern irrigation systems such as drip irrigations and sprinklers and green houses. Loans for rehabilitation projects have reached JD 1398.3 thousand or 20.6 percent of the total loans amounts at the end of 1981.

Tables 4.34 and 4.35 indicate that the development of livestock and poultry have got 16.6 percent of the total loan amounts. In this respect the Corporation has put more efforts to improve this sector in order to increase the production of meat according to the targets of the Second Five-Year Development Plan, which would be continued on the light of the encouraging results which have been achieved so far. For the year 1982 there was a decline of about 7.4 percent in the total loan amounts and 2.2 percent in the number of borrowers. But there was an increase in the number

of loans by 5.4 percent, resulted in the decrease of the average loan amount by 12.2 percent.

The data provided by the Tables gives us a clear picture about the distribution of the loans. Irrigation projects got the major share of 50.5 percent of the total loan amounts granted. Most of these loans were utilized for the introduction of modern agricultural means and other related installations.

In the case of rainfed lands loans, these loans were used to finance the utilization of water projects in the north and middle eastern regions of the Kingdom.

To shift the agriculture from the traditional stage to a more advanced one, the Corporation has granted loans for the purchase of agricultural machinery which totaled JD 252.6 thousand. Once again, there was a negative growth of the total loan amounts granted at the end of 1983 which reached to 11.0 percent.

The loans granted for the rehabilitation and development of rainfed lands were reached to JD 566.6 thousand or 10.1 percent of the total loan amounts. The demand for these loans remained very limited because the ministry of agriculture has taken the responsibility of developing the high lands in collaboration with the International Food Programme, through extending the required financial and technical facilities to all the participant farmers in the programme. Rest of the figures also available for 1983. During 1985, which is also the final year of the second five-year Development Plan, the corporation has

Table 4.34 : Agricultural Credit Corporation Loans Granted and Numbers of Borrowers
During Second Five Year Development Plan 1981 - 1985
(In Thousands of JDs)

Year	Total No. of Loans	Total No. of Borrowers.	Purposes and Amount of Loans								Percentage Growth rate
			Rehabilitation of Rainfed Land	Irrigation Projects	Development of Live stock & Poultry	Agricultural Machinery	Rural Construction	Seasonal Loans	Total of Loan Amounts	(4+5+6+7+8+9)	
1981	889	1433	1398.3	2844.3	1125.4	390.2	176.2	859.4	6793.8	39.9	
1982	937	1401	1117.1	3176.5	607.1	252.6	139.4	994.5	6287.3	(7.5)	
1983	956	1352	566.6	2648.9	559.0	217.3	294.4	1319.2	5605.4	(11.0)	
1984	1438	1921	361.8	2407.8	393.9	196.8	351.7	1755.4	5467.4	(2.5)	
1985	1910	2599	648.5	3004.8	533.0	497.0	389.4	2857.3	7930.0	45.0	

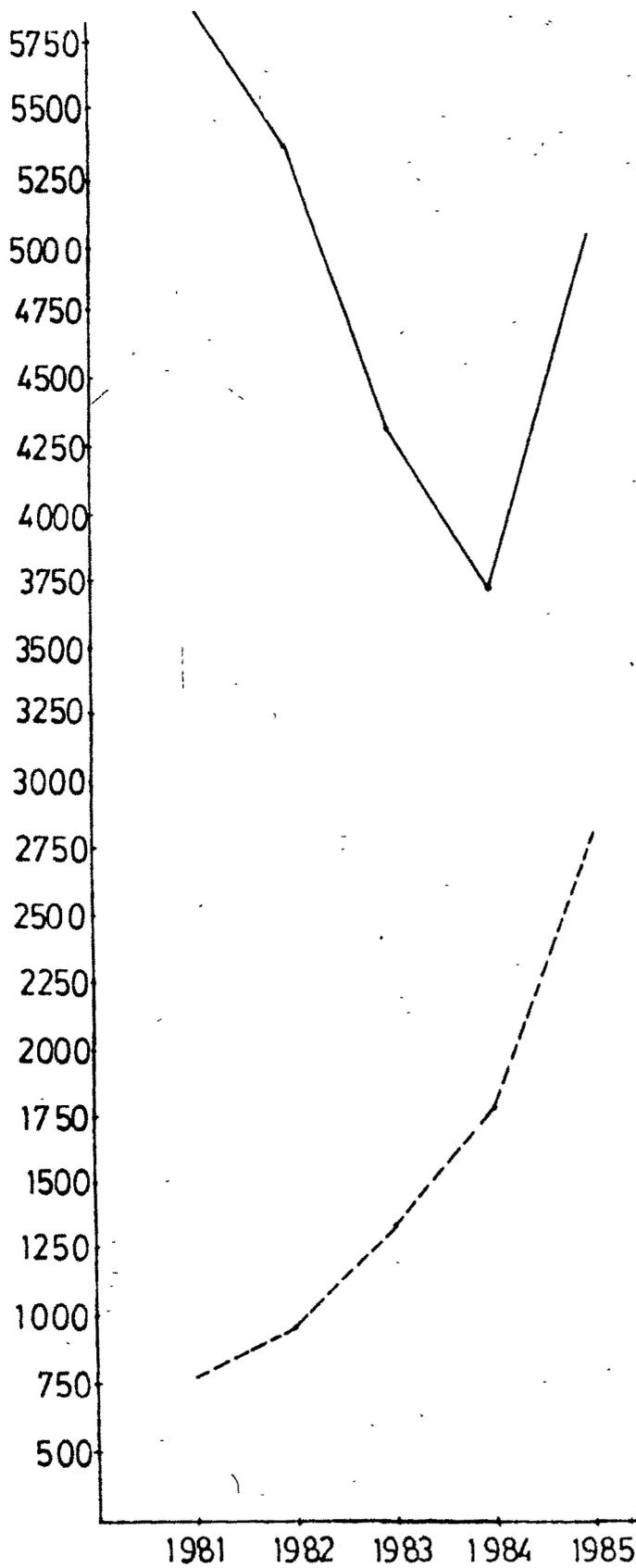
Sources : Agricultural Credit Corporation - Annual Reports
Figure between indicate Minus.

Table 4.35 : Distribution of Loans According to Agricultural Projects and their percentage in the total loans granted during the Second Five Year Development Plan 1981 - 1985

3/0

Year	Rehabilitation of Rain-fed Lands	%	3	4	5	6	7	8	9	10	11
			Irrigation Projects	Development of live stock and poultry	Agricultural Machinery	Rural Construction					
1981	1398.3	20.5	2844.3	41.8	1125.4	16.5	390.2	5.7	176.2	2.6	
1982	1117.1	17.7	3176.5	50.5	607.1	9.6	252.6	4.0	139.4	2.2	
1983	566.6	10.1	2648.9	47.2	559.0	10.0	217.3	3.8	294.4	5.2	
1984	361.8	6.6	2407.8	44.0	393.9	7.2	196.8	3.6	351.7	6.4	
1985	648.5	8.1	3004.8	27.9	533.0	6.7	497.0	6.2	369.4	4.9	

Source : Agriculture Credit Corporation - Annual Report - Various Issues.



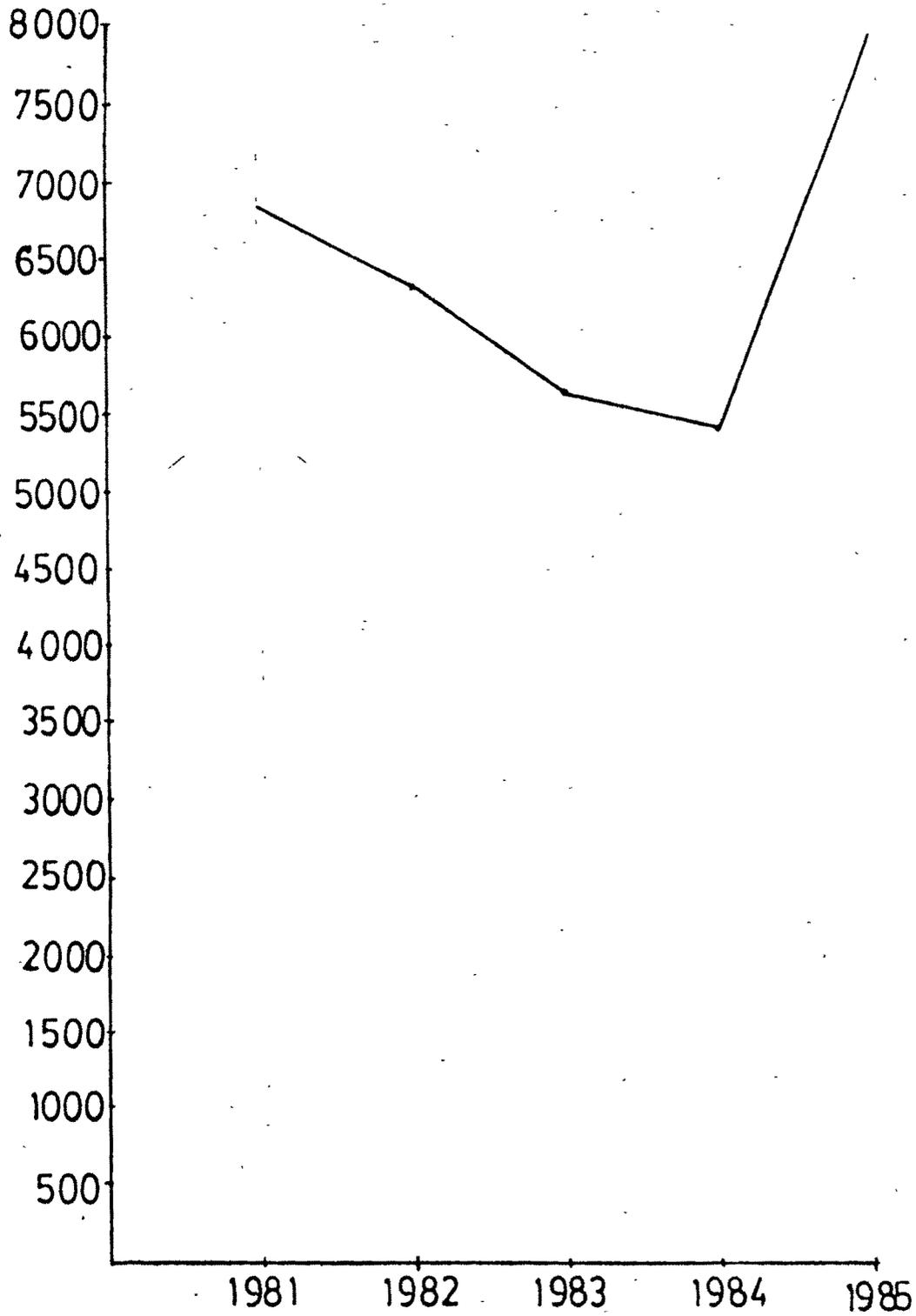
A. C. C.

LOAN MOVEMENT OF

— MEDIUM - TERM LOANS

--- SEASONAL LOANS.

AMOUNTS IN THOUSANDS
OF JDs.



A.C.C.
LOAN MOVEMENT
AMOUNTS IN THOUSANDS OF JDs..

approved 1910 loans with total value of JD 7930.0 thousand. By comparing these figures with those of the previous year, we conclude that these loans, have increased by 45 percent and 35.5 percent in number of borrowers.

We can conclude with confidence that there was a general rise in the amounts of loans classified by purpose during 1985. All the projects have enjoyed a general rise in their loans amounts which indicate the vital role played by the A.C.C. in the sphere of agricultural finance in Jordan, and to augment agricultural production in order to attain a self-sufficiency in food production.

Table 4.36 shows that total collected amounts at the end of 1982 have grown up by 4.3 percent over the previous year. It is worth mentioning here that the percentage share of capital amounts and interest amounts collected in the total due amounts have come down compared with previous year. Reasons for this reduction are attributed to the decision taken by the council of ministers for a moratorium on Ghor farmers indebtedness as a result of the cold waves which have destroyed their crops and production, and to the steps taken by the Corporation to give chance to the farmers to collect their due amounts as a price of tomatoes which have been sold to the government factories. In addition to the above mentioned reasons there were steps taken to re-scheduling of a number of loans to enable the farmers to overcome these difficulties. At the end of 1983, the Corporation has achieved a 5 percent increase in the collections from capital dues which reached

60 percent and a 2 percent increase in the collection from interest dues which reached 71 percent. Figures for the year 1984 and 1985 are seen in the table, but it is to note that the Corporation could not calculate the amounts due in 1985 because of the Government decision to pay the interest due on behalf of those farmers who pay regularly the loans installments of 1985, therefore the actual figures of the capital and interest due amounts could not be traced.

Table 4.36 : Over Dues and Repayments to A.C.C. During
The Second Five-Year Development Plan 1981-1985.
(In Thousands of JDs)

Year	Over Dues		Repayments		Percentage	
	Capital	Interest	Capital	Interest	Capital	Interest
1.	2.	3.	4.	5.	6.	7.
1981	5289.1	1072.0	3392.1	849.5	64	79
1982	6420.4	1322.0	3513.7	913.1	54	69
1983	6711.7	1702.9	4022.9	1212.7	60	71
1984	7102.2	1828.2	4479.7	1238.9	63	67
1985	N.A	N.A	4818.4	1097.9	-	-

Source : A.C.C Annual Reports Various Issues.

Tables 4.37 and 4.38 show that the value of the loans granted by the A.C.C. in 1980s kept on increasing due to the increase in the cost of construction and the resortation of the farmers to borrow from the A.C.C. to finance large projects which they need huge investment. It is clear from the table that about 45.9 percent of the total value of the medium-term loans granted went for projects with value more than JD 20.0 thousand, but the highest number of borrowers was in category of JD 5.0 thousand to JD 10.0 thousand inspite of the reduction in total value of

Table 4.37 Medium Term Loans Granted by Agricultural Credit Corporation, Distributed According to Amounts Categories During The Five-Year Development Plan 1981-1985

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Year	Below JD 500 Loans	No. of Loans	From JD 500 to 1000	No. of Loans	JD 1001 to 3000	No. of Loans	JD 3001 to 5000	No. of Loans	JD 5001 to 10000	No. of Loans	JD 10001 to 20000	No. of Loans	ABOVE 20000 JD	No. of Loans
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
1981	-	-	31.4	54	168.1	80	345.4	80	1267.0	181	1400.0	92	2722.2	75
1982	-	-	37.8	62	121.3	56	316.3	75	760.7	105	1105.3	70	2451.3	78
1983	-	-	-	-	267.5	169	471.3	108	843.5	119	734.5	49	1543.1	51
1984	-	-	61.2	82	285.3	133	533.7	125	606.4	77	910.8	63	1254.5	40
1985	-	-	100.9	123	1010.8	400	779.2	181	979.1	127	1015.9	65	1187.0	40

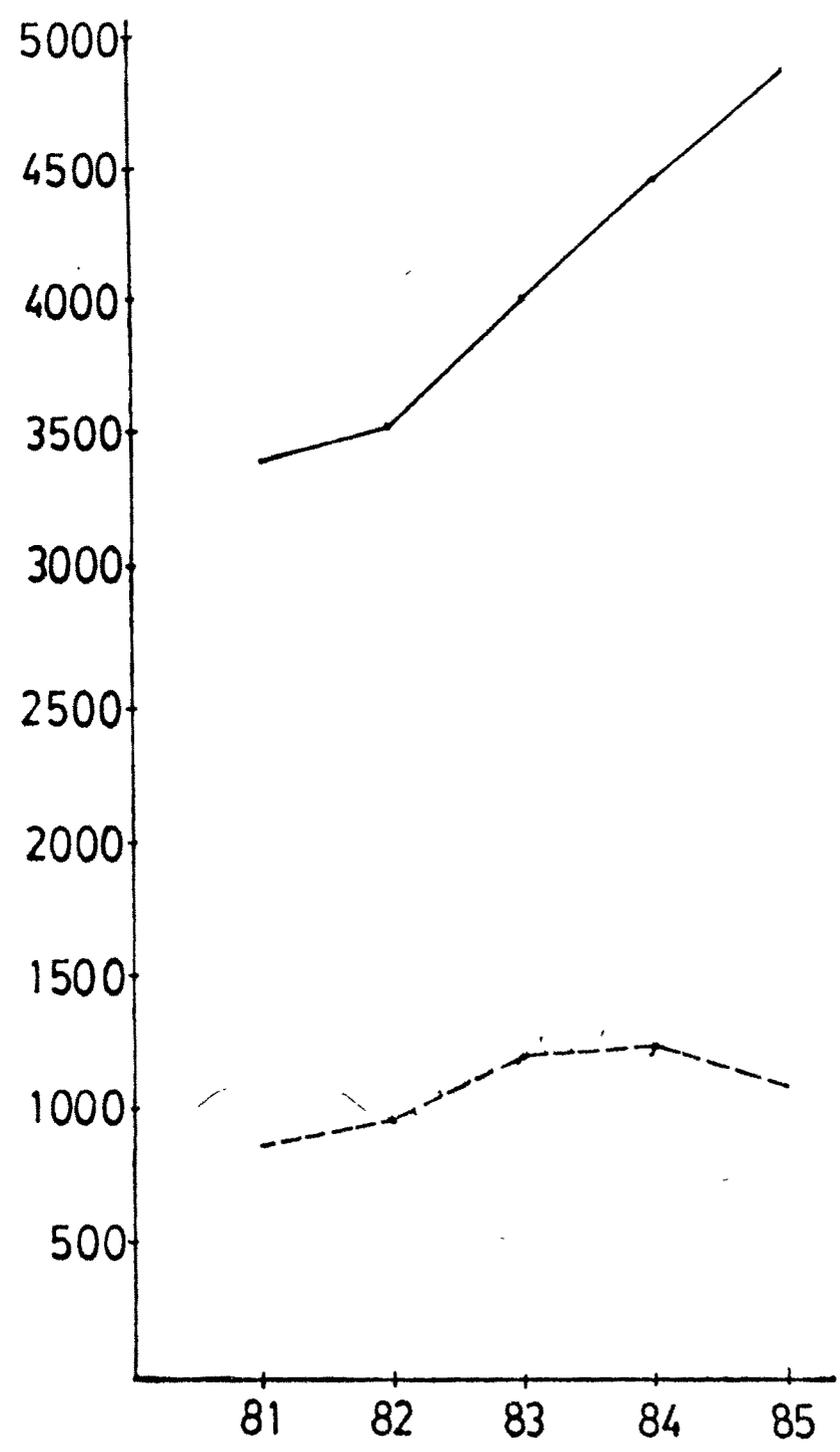
Source : Agricultural Credit Corporation - Annual Reports - Various Issues.

Table 4.38 : Seasonal Loans granted by Agricultural Credit Corporation, Distributed According to Amounts
 Categories During The Five-Year Development Plan 1981-1985

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Year	Below JD 500 Loans	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
	No. of Loans	No. of Loans	No. of Loans	No. of Loans	No. of Loans	No. of Loans	No. of Loans	No. of Loans	No. of Loans	No. of Loans	No. of Loans	No. of Loans	No. of Loans	No. of Loans
	From JD 500 to 1000				JD 1001 TO JD 3000	JD 3001 TO JD 5000	JD 5001 TO JD 10000	JD 10001 TO JD 20000	JD 20001 TO JD 30000	JD 30001 TO JD 40000	JD 40001 TO JD 50000	JD 50001 TO JD 60000	JD 60001 TO JD 70000	JD 70001 TO JD 80000
1981	-	-	69.9	192	138.1	77	101.5	24	154.7	21	53.5	4	341.6	9
1982	-	-	160.9	315	200.1	104	115.4	27	251.6	35	86.5	6	180.0	4
1983	-	-	141.2	266	183.6	89	180.3	43	369.2	46	85.5	6	205.0	4
1984	-	-	372.2	607	381.0	186	251.1	58	362.6	46	186.4	13	202.0	4
1985	-	-	312.5	532	539.3	277	277.4	64	562.6	70	249.5	17	716.0	13

Source : Agriculture Credit Corporation Annual Report Various Issues.



A.C.C.
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medium term loans, the most part of loans was centralized in the category of JD 10 thousands and below which formed 66.8 percent of the total values of loans. Loans above JD 20 thousand formed only 11.5 percent. For 1983, medium term loans were distributed as Loans above twenty thousand Dinars ranked first with 36 percent average loan amount was JD 30.0 thousand and the reason for this increase is that because these loans represent relatively agricultural projects of a large scale type. For 1984, same situation prevailed as the previous year, were loans above twenty thousand dinars got the first position with 33.8 percent of the total seasonal loan amounts for the financing of tube wells and the utilization of the ground water. Loans fallen between JD 10.0 thousand the JD 20.0 thousand get the second rank with 24.5 percent. In 1985, again the loans above JD 20.0 thousand each got the same position as in the previous year with 23.4 percent of the total medium-term loans other categories were almost near to the same percentage except category of one thousand Dinar or less which got 2 percent share.

Table No. 4.39 gives us a clear indication that through out the Plan period (1981-1985) the farmers holding above 200 dunums home enjoyed more or less the lion share in the distribution of loan amounts. This bring out clearly that the amounts of loans go side by side with the size of holdings as the larger land needs larger amount of loan.

Loans granted for the category ranging between 1 to 10 dunums have increased from 2.2 percent in 1981 to 13.9

Table 4.39 : Agricultural Credit Corporation Medium Term Loans According to size of Ownership Holdings and Their Percentage. During the Second Five Years Development Plan 1981 - 1985

(Amounts in Thousands of JDs)

Year	1 to 10	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
	Dunums	Dunums	Dunums	Dunums	Dunums	Dunums	Dunums								
	101 to 200	201 to 300	301 to 400	401 to 500	501 to 600	601 to 700	701 to 800	801 to 900	901 to 1000	1001 to 1200	1201 to 1500	1501 to 2000	2001 to 3000	3001 to 4000	4001 to 5000
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
1981	129.2	2.2	405.0	6.8	735.1	12.4	577.6	9.7	1228.5	20.7	2859.0	48.2	5934.4	100	
1982	113.8	2.1	331.7	6.3	1459.7	27.6	414.4	7.8	770.5	14.5	2202.7	41.7	5292.8	100	
1983	595.5	13.9	376.0	8.8	641.8	13.1	560.4	10.6	488.8	11.4	1623.7	42.2	4286.2	100	
1984	329.6	8.9	382.9	10.3	425.4	11.4	514.3	13.8	590.0	15.9	1470.6	39.7	3712.8	100	
1985	309.8	6.1	1477.8	29.1	662.1	13.0	533.5	10.5	705.5	13.9	1384.2	27.4	5072.0	100	

Source : Agriculture Credit Corporation - Annual Reports - Various Issues.

percent at the end of 1983 after which it has declined to 6.1 at the end of 1985.

At the end of 1981, 21.4 percent of the total loans granted was for those farmers with less than 60 dunums holdings with interest rate of 6 percent as Preferential treatment against the ordinary rate charged by the corporation which is 7 percent. If we take the category of holding less than 60 dunums we find that this group enjoyed a considerable percentage during the plan period from 36.1 percent in 1982, to 48.2 percent at the end of 1985. Which is a healthy sign that the farmers are making the best use of their land and availed the opportunity of enjoying less interest rate.

Looking at the holding of more than 200 dunums, we can conclude that the loans granted under this category has kept on declining through out the Plan years. From 48.2 percent in 1981 down to 27.4 percent to the end of 1985. Which indicates that the farmers are unable to serve the land for which the loans were granted and it might have incurred a high cost which was beyond their financial ability and for the land was not fully utilized which made the corporation to revise its policy and to cut down the loans granted for this category.

Table No. 4.40 on movement of loans by different branches of the A.C.C. during the Second Five Year Plan, shows all the Fourteen branches have allocated their loans adequately away from any preferential treatment for any respective areas over the others. South Shouneh area has

Table 4.40 : Loans movement in the A.C.C Branches and types of Loans During the Second Five-year Development Plan 1981-1985

Year	AMMAH		IRBID		SALT		KARRAK		JERRASH		RILJOUN		MAFRAD	
	Medium	Seasonal	Medium	Seasonal	Medium	Seasonal	Medium	Seasonal	Medium	Seasonal	Medium	Seasonal	Medium	Seasonal
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
1981	607.1 (10.2)	55.8 (6.5)	164.2 (2.7)	12.2 (1.4)	254.8 (4.3)	71.3 (8.3)	647.5 (10.9)	51.8 (6.0)	88.8 (1.5)	1.4 (0.2)	61.8 (1.0)	-0.5 (0.1)	1259.7 (21.2)	106.8 (12.4)
1982	259.4 (23.8)	64.5 (6.5)	115.4 (2.2)	17.8 (1.8)	151.0 (2.8)	18.7 (1.9)	422.6 (8.0)	127.7 (12.8)	223.2 (4.2)	1.2 (0.1)	44.9 (0.8)	4.5 (0.4)	899.9 (17.0)	221.3 (22.2)
1983	1230.6 (28.7)	60.0 (4.5)	160.8 (3.7)	21.7 (1.6)	350.0 (8.1)	34.6 (2.6)	381.0 (8.8)	178.2 (18.5)	197.0 (4.6)	0.8 (0.1)	65.2 (1.5)	17.6 (1.3)	336.0 (7.8)	227.2 (17.2)
1984	611.3 (16.4)	180.7 (10.3)	131.0 (3.5)	26.8 (1.5)	142.1 (3.8)	42.8 (2.4)	164.0 (4.4)	218.9 (12.4)	121.0 (3.2)	12.5 (0.7)	110.0 (2.9)	4.0 (0.2)	825.1 (22.2)	395.1 (22.5)
1985	709.8 (14.0)	147.8 (5.1)	369.1 (7.2)	110.0 (3.8)	375.4 (7.4)	134.6 (4.7)	855.0 (16.8)	351.0 (12.3)	273.3 (5.4)	65.8 (2.3)	294.0 (5.8)	40.7 (1.4)	973.6 (19.2)	444.5 (15.5)

Source : Agricultural Credit Corporation-Annual Reports various issues

Note : Medium Term Loans include Development of rainfed Lands, Irrigated Lands, Poultry and livestock Projects, Agricultural machinery, and Rural Construction.

Seasonal Loans include : Irrigated Land Farming, Poultry Projects, Feeds for Development of livestock and Cows, others (Purchasing of Seeds, Cultivation of field crops and fruit trees).

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Table 4.4)

(In Thousands of '00s)

Year	RAMTHA			MADABA			TAFILEH			MADRYABIS			MAR'AN		
	Medium 16.	Seasonal 17.	Seasonal 18.	Medium 18.	Seasonal 19.	Seasonal 18.	Medium 20.	Seasonal 21.	Seasonal 21.	Medium 22.	Seasonal 23.	Seasonal 23.	Medium 24.	Seasonal 24.	Seasonal 25.
1981	190.0 (3.2)	16.2 (1.9)	7.2 (0.8)	229.4 (3.8)	119.4 (2.0)	7.8 (0.9)	187.5 (3.1)	81.6 (9.5)	48.7 (1.0)	9.8 (1.1)					
1982	128.5 (2.4)	49.8 (5.0)	34.5 (3.4)	201.2 (3.8)	94.5 (1.8)	33.0 (3.3)	196.5 (3.7)	23.2 (2.3)	6.8 (0.1)	26.9 (2.7)					
1983	147.7 (3.4)	22.6 (1.7)	30.9 (2.3)	200.4 (4.6)	83.8 (1.9)	49.7 (3.3)	172.2 (4.0)	60.3 (4.5)	56.8 (1.3)	35.2 (2.6)					
1984	51.3 (1.4)	35.2 (2.0)	157.4 (2.9)	164.0 (4.4)	94.3 (2.5)	81.2 (4.6)	227.3 (6.1)	74.6 (4.2)	185.0 (5.0)	70.7 (4.0)					
1985	104.6 (2.0)	64.2 (2.2)	143.1 (5.0)	133.2 (2.6)	53.2 (1.0)	68.3 (2.4)	93.4 (1.8)	130.3 (4.5)	231.6 (4.5)	28.4 (1.0)					

KROJYABIS			PARIK			SOUTH SHOUNEH			MIDDLE GHOR			TOTAL			PERCENTAGE			
Medium 32	Seasonal 33	Medium 34	Seasonal 35	Medium 36	Seasonal 37	Medium 38	Seasonal 39	Medium 38	Seasonal 39	Medium 38	Seasonal 39	Medium 38	Seasonal 39	Medium 38	Seasonal 39	Medium 38	Seasonal 39	
187.5 (3.1)	81.6 (9.5)	48.7 (1.0)	9.8 (1.1)	1729.1 (29.1)	364.6 (42.4)	346.3 (6.0)	71.9 (8.5)	5934.4	858.9	100	100	5934.4	858.9	100	100	5934.4	858.9	100
196.5 (3.7)	23.2 (2.3)	6.8 (0.1)	26.9 (2.7)	1369.5 (25.9)	312.6 (31.4)	179.4 (3.5)	59.1 (6.2)	5292.8	994.3	100	100	5292.8	994.3	100	100	5292.8	994.3	100
172.2 (4.0)	60.3 (4.5)	56.8 (1.3)	35.2 (2.6)	734.0 (17.0)	464.1 (35.2)	170.7 (4.6)	122.0 (9.6)	4286.2	1318.9	100	100	4286.2	1318.9	100	100	4286.2	1318.9	100
227.3 (6.1)	74.6 (4.2)	185.0 (5.0)	70.7 (4.0)	565.4 (15.2)	286.0 (16.3)	321.0 (9.0)	170.3 (9.7)	3712.8	1755.4	100	100	3712.8	1755.4	100	100	3712.8	1755.4	100
93.4 (1.8)	130.3 (4.5)	231.6 (4.5)	29.4 (1.0)	327.5 (5.4)	485.5 (17.0)	279.2 (5.9)	643.0 (24.8)	5072.9	2857.3	100	100	5072.9	2857.3	100	100	5072.9	2857.3	100

enjoyed the lion share out of the total medium and seasonal loans. In the year 1981 south shouneh got 21.2 percent and 12.4 percent out of the medium and seasonal loans respectively, and maintained this trend through out the years of the Plan. Nevertheless, other branches of the A.C.C. have contributed positively in the agricultural development by granting the necessary loans for farmers in their respective areas as shown by the Table. It is clear from this Table that the policy of the Corporation is to give equal treatment to all farmers by meeting their financial requiremnts in order to bring about a general increase in the agricultural production through out the country. Being the only agricultural specialized financial institution in the kingdom, the Corporation is able to serve the farmers and catering to their financial needs and going hand by hand with the agricultural policy of the government to bring about a full utilization of the agricultural lands in the kingdom.

Table 4.41, represents the repetition of the same trend which had prvailed during the years of the First Five-Year plan 1976-1980. There was a rising trend in the net agricultural income from 1981 to 1985 with one exception, that of 1984 which have recorded a decline in the net income from agriculture. The generation of the value added ranged from JD 75.05 million in 1981 to JD 114,5 million in 1985 except for the year 1984 which recorded a decreasing trend as indicated by the negative growth rate of 13 percent. Same trend can be seen in the total value of

production. To conclude, we can say that the generation of the value added ranged from 8.2 percent in 1981 to 34.3 percent in 1983, but showed a decreasing trend in 1984, which again it rose in 1985 to 19.5 percent.

Table 4.41 : Outstanding Agricultural Income and Expenditure at Current Prices. First Five-Year Development Plan 1981-1985.

(In Million of JDs)

Year	Total Value of Production	Total Value of Expenditure	Net Agricultural Income (Value Added)	Growth rate of Net Agricultural Income
1.	2.	3.	4 = (2-3)	5.
1981	115.75	40.70	375.05	8.2
1982	119.63	37.73	81.90	9.1
1983	143.90	33.90	110.00	34.3
1984	140.31	44.50	95.80	-13.0
1985	156.10	41.60	114.50	19.5

Source : Department of Statistics, Year Book 1986 P. 99 Table 84 and Other Annual Reports.

INTERACTION OF INTEREST RATES AND THE ACCESS TO CHEAP CREDIT

The credit for agricultural projects should be provided at a reasonable rate of interest for the farmers who have no other alternative but to resort to credit to meet their financial needs.

When the farmers approach other than the institutional financing agencies, they have to pay a high rate of interest and then, it becomes the responsibility of the monetary authority to fix a reasonable and low rate of interest to be charged by agricultural organisations or corporations on loans to farmers in order to compensate the

later for losses which they may face caused by climatic and weather conditions which may prevail during any particular season.

If we suggest the necessity of a low rate of interest then we should ensure the safety atmosphere in which we can achieve this goal.

To achieve this, we must reduce the risk of the lender to a minimum level and to ensure the liquidity of his investment at any time, and we should maintain with strict means that no monopoly can emerge in the capital market.

Commercial banks depend only on short-term deposits and they cannot finance agriculture freely as this involves the freezing of their assets for a longer period, meanwhile, the shortest period needed for agricultural credit is considered too long for commercial banks to invest in agricultural projects.

Taking the case of Agricultural Credit Corporation where it charges about 7 percent on its loans and compare it with the rate of interest being charged by commercial banks which is about 9 percent, we do not find any substantial difference between the two rates of interest as indicated by Table 4.42.

The Table reveals also that the Central Bank charges about 4 percent on its advances to specialized credit institutions "of which A.C.C. is one of them".

This alarming situation brings out clearly and beyond doubts that the farmers can not find as access to cheap credit on one hand and the corporation can not be

induced to raise funds from Central Bank with 4 percent interest being a developmental corporation which shoulder the responsibilities of the agricultural development in the kingdom, it becomes the responsibility of the C.B.J. to encourage the lending activities of the Corporation by giving it a preferential rate of interest to be charged from its clients on one hand, and to charge the corporation a lower rate of interest to be paid on advances from the C.B.J. on the other in order to put emphasis on the developmental role of the A.C.C. rather than on the profitability aspect.

Although the Corporation is functioning on non-profit basis, yet it has to realize some profit margin in order to serve the public in an effecient way and to meet its day to day expenses.

If the Corporation does not get any preferential treatment from the monetary authorities in Jordan, the farmers will not have access to the funds or to credit available and the credit should be given for a longer period as the ordinary farmer does not bother himself with the maturities of his installments as other people may do. Agricultural development is a vital and important objective towards achieving it since it involves the bread and butter of the masses which they need it three times a day. Our people may not pay much interest to industrial development as they do with agricultural growth. Even no industrial development can take place without a proper and a sound agricultural development, since the later is a vital source

of inputs to the former.

Table 4.42: Term Structure of Lending Rates

(In Percentage)

Year	C.B.J. Advances to S.C.Is.	Commercial Banks Loans	Agricultural Credit Corp. Loans
1972	4.00	9.00	6.00
1973	4.00	9.00	6.00
1974	4.00	9.00	6.00
1975	4.00	9.00	6.00
1976	4.00	9.00	6.00
1977	3.50	9.00	6.00
1978	3.50	9.00	7.00
1979	3.50	9.00	7.00
1980	3.50	9.00	7.00
1981	3.50	9.00	7.00
1982	3.50	9.00	7.00
1983	3.50	8.81	7.00
1984	3.50	8.75	7.00
1985	4.00	8.75	7.00

Source : From 1972 to 1983, C.B.J. Yearly Statistical Series 1983 Table 15
 For The Year 1984 C.B.J. Monthly Statistical Bulletin May 1985 Table 13
 For The Year 1985 C.B.J. Monthly Statistical Bulletin July 1988 P.35