

This work is licensed under a
Creative Commons Attribution-NonCommercial-
NoDerivs 3.0 Licence.

To view a copy of the licence please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>

RESERVE (832)

IDS/WP 342A.

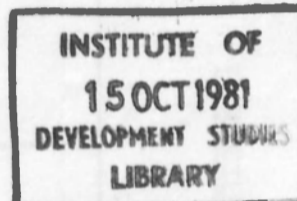
KENYA COMMERCIAL
BANK LOANS IN RURAL AREAS:
A SURVEY

By

Professor Martin David
Department of Economics
University of Wisconsin
Madison, Wisconsin, U.S.A.

and

Peter Wyeth
Department of Economics
University of Nairobi.
Nairobi, Kenya.



① UNIVERSITY OF NAIROBI

② Institute of Development Studies

(Working paper 342 A

August, 1978.

RECONCILIATION OF SAMPLE AND RESPONSE.

TABLE 1.1

BRANCH	A	D	C	F	E		B		TOTAL
					(a)	(b)	(a)	(b)	
A Number of accounts Sampled	89	43	46	33	59	66	33	47	416
B Less:-									
Number of Car Loans	8	12	1	1	5	8	-	0	35
Number of Loans to Bank Employees	1	3	1	0	0	0	1	1	7
Number of Customers with 2 Accounts	1	-	-	-	3	5	-	-	9
Total Subtracted	10	15	2	1	8	13	1	1	51
C Net Sample	79	28	44	32	51	53	32	46	365
D Proportion Interviewed	91%	82	89	81	86	77	81	85	85%
Number Interviewed	72	23	39	26	44	41	26	39	310
E Non Response:-									
No Address or in Prison	1	2	0	2	0	6	1	0	12
Not living in area	5	3	2	2	7	5	4	6	34
Deceased Case in Court	1	0	2	0	0	0	0	0	3
Refused Interviews	0	0	1	2	0	1	1	1	6
Total	7	5	5	6	7	12	6	7	55

RECEIVED
 12 OCT 1981
 FEDERAL BUREAU OF INVESTIGATION
 U.S. DEPARTMENT OF JUSTICE

RECONCILIATION OF SAMPLE AND RESPONSE.

TABLE 1.1

BRANCH	A	D	C	F	E		B		TOTAL
					(a)	(b)	(a)	(b)	
A Number of accounts Sampled	89	43	46	33	59	66	33	47	416
B Less:--									
Number of Car Loans	8	12	1	1	5	8	-	0	35
Number of Loans to Bank Employees	1	3	1	0	0	0	1	1	7
Number of Customers with 2 Accounts	1	-	-	-	3	5	-	-	9
Total Subtracted	10	15	2	1	8	13	1	1	51
C Net Sample	79	28	44	32	51	53	32	46	365
D Proportion Interviewed	91%	82	89	81	86	77	81	85	85%
Number Interviewed	72	23	39	26	44	41	26	39	310
E Non Response:--									
No Address or in Prison	1	2	0	2	0	6	1	0	12
Not living in area	5	3	2	2	7	5	4	6	34
Deceased Case in Court	1	0	2	0	0	0	0	0	3
Refused Interviews	0	0	1	2	0	1	1	1	6
Total	7	5	5	6	7	12	6	7	55

RECEIVED
 12 OCT 1981
 FEDERAL BUREAU OF INVESTIGATION

Table 2.1:

DISTRIBUTION OF TOTAL OUTSTANDING CREDIT:
BUSINESS, FARM & OVERALL*

<u>Total Credit Outstanding</u> <u>(thrs.)</u>	<u>Principal Purposes of</u> <u>Bank Loans.</u>		
	<u>Business</u> <u>(Percent</u>	<u>Farm</u> <u>of</u>	<u>Total</u> <u>Respondents)</u>
5,000 or less	27%	47%	38.2%
5,001 - 10,000	17	20	18.9
10,001 - 20,000	19	10	12.0
20,001 - 30,000	11	8	8.2
30,001 - 50,000	14	3	7.3
50,001 - 70,000	4	1	3.5
70,001 - 100,000	4	3	3.5
100,001 - 200,000	3	-	2.8
200,001 - 500,000	1	1	1.3
Over 500,000	-	-	0.6
Not Ascertained	1	7	4.1
Total:	<u>100%</u>	<u>100%</u>	<u>100.0%</u>

* The classification into business and farm loans is made according to the purpose of the bank loans, but total credit outstanding includes amounts owed on loans for all purposes.

Table 2.2:

SIZE DISTRIBUTION OF LOANS REPORTED: BANK AND OTHER

<u>Amount of Loan</u>	<u>Sources of Loan:</u>		
	<u>Bank</u> <u>(Percent</u>	<u>Other*</u> <u>of</u>	<u>Total</u> <u>Respondents)</u>
5,000 or less	27.2%	37.0%	29.9%
5,001 - 10,000	23.2	15.4	21.2
10,001 - 20,000	18.3	11.4	16.5
20,001 - 30,000	8.6	7.3	8.3
30,001 - 50,000	8.9	3.3	7.4
50,001 - 70,000	4.0	5.7	4.4
70,001 - 100,000	7.2	6.5	7.0
100,001 - 200,000	1.1	2.4	1.5
200,001 - 500,000	1.4	3.3	1.7
Over 500,000	0	2.4	0.6
Not ascertained	0	4.9	1.3
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Average size of loan (K.Shs.)	22,700	47,500	32,600

* This is not a random sample of credit given by sources other than bank as persons who do not have a loan from it are excluded from consideration.

Table 2.3:

MEAN VALUE OF LOANS REPORTED BY
BRANCH OFFICE (IN K. Shs.):*

<u>Branch Office</u>	<u>SOURCE OF LOAN</u>		<u>Total</u>
	<u>Bank</u>	<u>Other**</u>	
B	17,800	63,600	32,700
C	21,300	48,200	27,800
D	23,300	4,200	19,500
E	49,600	40,000	47,000
F	14,300	73,700	25,000
Average, all branches.	22,700	47,600	32,600

** Not a random sample of credit from other sources as persons who do not have a loan from the bank surveyed all excluded from consideration.

* Each average shown is the value of loans reported divided by the number of loans in that category.

Table 2.4:

SIZE DISTRIBUTION OF ALL LOANS REPORTED (BANK AND OTHER) ACCORDING
TO BRANCH OFFICE.

<u>Amount of Loan (K. Shs.)</u>	<u>BRANCH OFFICE</u>				
	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
	<u>(Percent of Loans)</u>				
5,000 or less	29%	31%	27%	28%	36%
5,001 - 10,000	20	21	27	13	27
10,001 - 20,000	25	18	13	13	12
20,001 - 30,000	10	6	7	7	12
30,001 - 50,000	5	13	3	8	3
50,001 - 70,000	1	5	3	6	6
Over 70,000	9	6	10	21	3
N/A	1	0	0	4	0
Total:	100%	100%	100%	100%	100%

Table 3.1:

DISTRIBUTION OF TOTAL INCOME BY TYPE OF LOAN:

<u>Total Income:</u> (K. Shs/Month)	<u>Purpose of Bank Loan</u>		
	<u>Business</u>	<u>Farm</u>	<u>Overall</u>
	(Percent of Respondents)		
Less than 500	6%	4%	4.4%
500 - 999	9	7	8.5
1,000 - 1,999	12	25	22.7
2,000 - 2,999	16	25	18.9
3,000 - 4,999	17	17	16.4
5,000 - 6,999	12	12	12.3
7,000 - 9,999	7	1	4.1
10,000 - or over	19	8	11.0
N.A.	4	-	1.6
Total:	100%	100%	100%

Table 3.2:

DISTRIBUTION OF TOTAL INCOME
BY BRANCH OFFICE.

Amount of total: income (K. shs month)	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
	(Percent of Respondents)				
Less than 500	7%	5%	0%	2%	7%
500 - 999	13	10	5	8	4
1,000 - 1,999	18	26	33	16	26
2,000 - 2,999	17	15	14	17	33
3,000 - 4,999	27	15	14	14	11
5,000 - 6,999	7	8	19	16	15
7,000 - 9,999	0	8	10	4	0
10,000 - or more	12	8	5	22	4
N/A.	0	5	0	1	0
Total:	100%	100%	100%	100%	100%

Table 3.3:

DISTRIBUTION OF SIZE OF HOUSEHOLD BY TYPE OF LOAN.

<u>No. of persons in Household:</u> <u>(Including Respondent)</u>	<u>Purpose of Bank Loan</u>		
	<u>Business</u> <u>(Percent)</u>	<u>Farm</u> <u>of</u>	<u>Overall</u> <u>Respondents)</u>
1	6%	10%	6.9%
2	1	-	1.0
3	6	3	4.4
4	4	2	4.7
5	9	6	8.2
6	4	12	8.5
7	6	12	8.5
8	9	9	8.5
9	8	13	9.5
10	10	6	8.5
11	8	10	7.3
12	4	4	6.0
13	4	5	3.2
14	-	2	1.0
15 +	19	4	12.0
N.A.	N.A.	3	2.0
Total:	100%	100%	100%

Table 3.4:

EDUCATION OF LOAN RECIPIENTS:

TYPE OF BANK LOAN:

<u>Formal Education:</u>	<u>Business</u> (Proportions of Respondents)	<u>Farm</u> of Respondents)	<u>Total</u>
None	8%	4%	4.1%
Primary	59	42	46.7
Secondary to Form IV	31	51	47.0
Completed "A" Levels, Form VI	1	2	1.6
N/A	1	1	0.6%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Additional Training.

None	27%	18%	18.6%
University, Teacher Training	16	35	26.5
Farmer training	2	4	3.5
Skills training course	53	42	48.9
On-the-job training, Other	2	1	2.5
	<u>100%</u>	<u>100%</u>	<u>100.0%</u>

Table 3.5:

RESIDENCE LOCATION BY TYPE OF BANK LOAN:

Residence Location:	TYPE OF BANK LOAN:		
	Business (Percent)	Farm of	Total Respondents)
<u>(A). In district served by branch:</u>			
Rural Location	47%	46%	44%
Small market centre	14	8	15
Major town	35	35	35
<u>(B). Not in district served by branch.</u>			
Rural	0	4	2
Major town or Nairobi	4	4	3
Other, N.A.	1	3	2
Total:	100%	100%	100%

Table 3.6:

DISTRIBUTION OF VEHICLES (OTHER THAN FOR TRANSPORT BUSINESS)

	Business (Percent)	Farm of	Overall Respondents)
None	51%	51%	56.2%
1	35	32	30.3
2	10	5	8.0
3	1	2	1.6
4	1	-	1.3
5	-	1	0.3
6	1	-	1.0
7	1	-	.6
8 or more	-	-	-
	100%	100%	100%

Table 3.7:

DISTANCE FROM NEAREST MAJOR TOWN AND BUS STOP: FARM LOANS

<u>Miles.</u>	<u>Nearest Town.</u> (Percent of Farmers)		<u>Bus Stop.</u>
0	2%	24%	
1	3	37	
2	5	7	
3	3	1	
4	5	} 2	
5	7		
6	3		
7	1		
8	7		
9	4		
10 - 14	24		
15 - 19	7		
20 - 29	17		
30 - 87	11		
88	-		
Doesn't use bus or matutu	-	27	
N/A	-	1	
	<u>100%</u>	<u>100%</u>	

Table 4.1:

DISTRIBUTION OF BUSINESS OWNERSHIP BY TYPE OF BANK LOAN:

	<u>TYPE OF BANK LOAN:</u>		
	<u>Business</u> (Percent	<u>Farm</u> of	<u>Total</u> Respondents)
<u>Respondent Owns:</u>			
1 Business	66%	22%	36.3%
2 or more businesses	34	7	17.7
No Business	-	71	46.0
	<u>100%</u>	<u>100%</u>	<u>100.0%</u>

Table 4.2:

TYPE OF BUSINESSES OWNED BY BANK LOAN RECIPIENTS:

Type of Business:	TYPE OF BANK LOAN		TOTAL
	Business (Percent)	Farm of Respondents)	
No business interest	0%	71%	46.1%
Business just being established	7		
Retail Trading	73	25	44.4
Wholesale	10	3	6.0
Transport Services	11	4	5.7
Vehicle or equipment repair	5	-	2.2
Food processing, posho mill, jaggery	9	1	3.8
Processing agricultural products	2	-	1.0
Manufacturing	6	1	2.5
Other	7	-	3.8
*Total	130%	105%	115.5%

*Adds to more than 100% because of multiple business ownership.

Table 4.3:

COMBINATIONS OF ENTERPRISES OWNED BY RESPONDENTS WITH MORE THAN ONE BUSINESS

(Recipients of business loans with more than one business enterprise).

	Percent:
More than one retail trade outlet	10%
Wholesale and retail trade combination	20
Trade and transport combinations	15
Trade and processing food or agricultural products	20
Trade and vehicle repair	8
Trade and manufacturing	10
Processing and transport	5
Other combinations	13
Total:	100%

Table 4.4:*

SIZE OF BUSINESS OWNED COMPARED TO COMPETIORS

Size of Respondent's business relative of competitors:	Percent
Much smaller	16%
Smaller	28
About the same	31
Bigger	16
Much bigger	5
Not ascertained	4
Total:	100%

THE RESPONDENT WAS ASKED: How would you say this business compares in size with other businesses with which you compete?

* Unless otherwise stated, all remaining tables for Section 4 refer to respondents with bank loans for business purposes or for both farm and business purposes.

Table 4.5:

BUSINESS PREMISES USED:

	<u>Type of Business</u>		<u>Total</u>
	<u>Trading</u>	<u>Other</u>	
<u>Space available in main place of business:</u>			
One room	17%	20%	12%
Two rooms	23	12	22
3 - 4 rooms	19	20	19
More than 4 rooms	6	5	6
One building	28	1	25
Several buildings	4	4	5
Other (combinations)	2	2	3
Not ascertained	7	12	8
Total	100%	100%	100%
<u>Area available in main place of business:</u>			
Less than 300 Sq. ft.	16%	28%	20%
300 - 1199 Sq. ft.	52	16	44
1200 - 2399 Sq. ft.	10	24	12
2400 - Sq. ft. or more	14	12	13
Not Ascertained	9	20	11
Total:	100%	100%	100%

TABLE 4.6:

EMPLOYMENT REPORTED IN BUSINESSES RECEIVING BANK LOANS.

<u>Number of Employees:</u>	<u>Percent:</u>
Business being established	8%
None	9
1 - 2	24
3 - 4	23
5 - 9	20
10 - 19	9
20 Or more	6
Not ascertained	1
Total:	100%

TABLE 4.7:

MONTHLY GROSS TURNOVER OF BUSINESSES RECEIVING BANK LOANS.

<u>Turnover (K.Shs./month)</u>	<u>Percent:</u>
Business being established	8%
5,000 or less	49
5,001 - 10,000	12
10,001 - 20,000	8
20,001 - 50,000	14
50,001 -100,000	4
100,001 - or more	5
Total:	100%

TABLE 4.8:

PRODUCTS SOLD BY BUSINESSES REPRESENTED IN THE BANK LOAN SAMPLE

<u>Type of Product:</u>	<u>Percent</u>
Consumer goods:	
Perishable	77%
Durable goods, textiles, clothes and shoes	33
Farm inputs	1
Farm Equipment, spares	8
Building materials, hardware:	12
Other machinery and equipment	8
Vehicles	1
Other	4
Total	145%

*Total adds to more than 100% because several businessmen report more than one product.

Excludes those with transport enterprises and no other business.

TABLE 4.9:
SUPPLIERS OF BUSINESSES RECEIVING BANK LOANS.

<u>Suppliers</u>	<u>Percent</u>
Farmers	29 ¹ / ₂
Wholesalers	75
Factories, manufacturers	24
Importers	0
Other	11
Not ascertained	6
	<hr/>
Total*	145 ¹ / ₂

* Total adds to more than 100% because some respondents mention more than one supplier.

TABLE 4.10:
CUSTOMERS OF BUSINESSES RECEIVING BANK LOANS

<u>Customers:</u>	<u>Percent</u>
Consumers:	68 ¹ / ₂
Farmers	24
Wholesalers	18
Retailers	27
Constructors	3
Others	7
Not ascertained	2
	<hr/>
Total:*	150 ¹ / ₂

* Total adds to more than 100% because some businessmen mention several types of customers.

TABLE 4.11:
PRODUCT LINES HANDLED BY BUSINESSMEN WITH A TRADING, PROCESSING, OR MANUFACTURING ENTERPRISES.

Most Important Business activity	Principal Product Sold.						Total*
	Perishable Consumer Goods	Clothes, Consumer Durables	Farm Equipment, Spares	Building Materials, Hardware	Other Machinery	Other	
Trading	61%	7%	5%	3%	2%	4%	80%
Transport Service	2	0	0	0	0	0	2
Neither (repair services, manufacturing, processing)	10	3	4	1	0	0	18
Total*	71%	10%	7%	7%	2%	3%	100%

Totals may not agree with detail due to rounding.

TABLE 4.12:
CHANGE IN BUSINESS OVER THE PAST TWO YEARS BY SIZE OF BUSINESS AS COMPARED TO COMPETITORS:

Volume of business compared to two years ago.	Size of business relative to Competitors.			Total
	Smaller	About the Same	Larger	
Much bigger (Over 50% growth)	16%	16%	36%	20%
Bigger	14	25	36	24
About the same	35	8	21	15
Smaller	25	32	7	25
Much smaller	5	10	*	7
Not ascertained	5	8	*	5
Total:	100%	100%	100%	100%

* Less than 0.5 percent.

The respondent was asked Compared to two years ago, would you say the present volume of business is much bigger (over 50% above), bigger, smaller or much smaller?

TABLE 4.13:
REASONS GIVEN FOR CHANGE IN THE VOLUME OF BUSINESS

Business volume is larger than two years ago due to:	Percent
A. Availability of credit	31%
B. Specific activities of the manager or improved services	89
C. Growth of population and markets	4
D. Inflation	4
E. Other reasons: N/A	24
Total*	151%
Business volume is smaller than two years ago due to:	
A. Lack of credit	33%
B. Specific activities of the enterprise or change in services	5
C. Lack of growth in markets	43
D. Inflation	71
E. Other reasons	7
Total *	159%

* Percentages add to more than 100% as some respondents gave several reasons.

TABLE 4.14

EXPECTED GROWTH IN BUSINESS VOLUME COMPARED TO PAST GROWTH EXPERIENCE.

<u>Expected growth in the future.</u>	<u>Business volume compared to two years ago.</u>			<u>Total:</u>
	<u>Bigger</u>	<u>About the Same</u>	<u>Smaller</u>	
Rapid growth	32%	16%	2%	18%
Moderate growth	61	48	64	61
No growth	5	20	31	16
Decline	2	16	-	4
Other	-	-	2	1
Total:	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Table

TABLE 4.15

PLANS RELATED TO EXPANSION OF BUSINESS ESTABLISHMENTS TO PROVIDE FOR EXPECTED GROWTH*

<u>Nature of plan:</u>	<u>Percent</u>
Obtain loan, financing.....	47%
Add to stock; extend product lines, extend services offered.....	41
Construction, expansion of buildings.....	31
Purchase equipment.....	22
Plans not ascertained; other	13
TOTAL	<u>153%</u>

* Respondents with bank loans for business purposes who anticipate growth in their enterprise in the next year or two.

TABLE 4.16:

PROFITABILITY OF BUSINESS ENTERPRISES.

	Percent of Business Loan Recipients
Business is More profitable than competitors	22%
About as profitable as competitors	52
Less profitable than competitors	25
Other, N/A	2
Total:	<u>100%</u>

TABLE 4.17:

DISTRIBUTION OF REASONS GIVEN FOR PROFITABILITY OF BUSINESS ENTERPRISES.

<u>Business is more profitable than competitors because of:</u>	<u>Percent</u>
Market situation, better customers, or more customers	36%
Monopoly franchise	7
Better quality goods, selection of goods or better services than the competition	35
Inventory control or management	18
Other	4
	<u>100%</u>

Business is less profitable than competitors because of:

Market situation, worse or fewer customers	19%
Inability to provide quality of goods, selection, or range of services of competitors	38
Inventory control or management problems	30
Other reasons	12
	<u>100%</u>

TABLE 4.10:

FACTORS CITED AS IMPORTANT TO SUCCESS IN BUSINESS COMPARED TO PROFITABILITY.

<u>Factor responsible for success in business</u>	<u>Business is:</u>		<u>Difference</u>
	<u>More Profitable than competitors</u>	<u>The same or less profitable than competitors.</u>	
A. Growth in the number of local customers	100%	94%	6%
B. Hard Work	100	93	7
C. Availability of loans	96	86	10
D. Careful accounting of profit and loss	93	86	7
E. Careful control of stocks	89	86	3
F. Development of new products, processes or services.	75	70	5
G. Special ability to hire people you can trust	71	76	-5
H. Personal contacts in government	57	36	19
I. Government contracts	36	56	-20

TABLE 5.1:

DISTRIBUTION OF FARM SIZE

<u>ALL LAND IN FARM (Acres)</u>	<u>Percent of Farmers</u>
5 or less	33%
6 - 10	34
11 - 20	13
21 - 40	9
41 - 100	5
101 - 500	3
<u>Over 500</u>	<u>3</u>
Total	100%

Unless otherwise stated, all tables for section 5 refer only to borrowers of bank loans for farm purposes and farm and business purposes combined.

TABLE 5.2:

RELATIVE SIZE OF FARM BY COMPARISON WITH OTHERS NEAR-BY:

	Percent of Farmers.
Much bigger	13%
Bigger	15
About the same	38
Smaller	28
N.A.	6
	<u>100%</u>

TABLE 5.3:

ACREAGE DISTRIBUTION OF PERMANENT CROPS

Acres:	Total:	Tea:	Coffee:	Fruit:	Pyrethrum:	Passion Fruit:	Sugar:
(Percent of farmers)							
0	40%	82%	61%	82%	99%	90%	93%
1	17	3	22	15	1	7	2
2	13	10	6	1	-	2	1
3	14	2	4	-	-	-	2
4	3	-	2	-	-	1	-
5	3	2	-	-	-	-	1
6	2	-	1	-	-	-	-
7	-	-	-	-	-	-	-
8 - 9	1	-	-	-	-	-	-
10 -19	1	-	-	-	-	-	-
20 -49	4	1	2	1	1	-	1
50 -87	-	-	-	-	-	-	-
88 or more	1	-	-	-	-	-	-
N.A.	-	-	1	1	-	-	1
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Note:

No pineapple or pyrethrum were found in this sample.

Sometimes respondents gave total acres in permanent crops without giving breakdowns into acreages under individual crops.

TABLE 5.4:

ACREAGE DISTRIBUTION OF CROPS GROWN DURING LONG RAINS AND TOTAL FOR SHORT RAINS

Acres	Total Long Rains	(Percent of farmers)								Total Short Rains
		Local Maize	Hybrid Maize	Other Grains	Beans	Roots	Vegetables	Cotton	Tobacco	
0	14%	89%	36%	90%	48%	56%	82%	96%	97%	25%
1	9	3	18	4	29	31	12	1	-	13
2	10	3	12	-	10	10	5	1	-	18
3	18	1	6	-	1	-	-	-	-	14
4	15	3	10	1	1	1	-	1	-	10
5	3	-	2	-	1	-	-	-	1	5
6	5	-	3	-	3	-	-	-	-	1
7	5	-	1	-	1	-	-	-	-	3
8 - 9	4									3
10-19	10									5
20-49	5	-	10	2	2	-	-	-	-	3
50-87	-									-
88 or more	1									1
N/A	-	1	3	3	3	1	1	1	2	1
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: Acreages may be available overall but not for individual crops.

TABLE 5.6:

MECHANISATION

<u>Type of Cultivation Used:</u>	<u>Percent of Farmers</u>
Hand Only	47%
Ox-plough	10
Tractor	22
Tractor and Ox	18
N.A.	3
	<u>100%</u>

TABLE 5.7:

FARMERS COMPETENCE AS JUDGED BY THEMSELVES IN COMPARISON WITH NEIGHBOURS

	<u>(Percent of Farmers)</u>
Much better	35%
Better	14
About the same	39
Other	3
N.A.	9
	<u>100%</u>

REASON FOR BEING BETTER:

No reason given	50%
Uses fertiliser	12
Type, quality or quantity of crops	36
Fertility of soil higher	2
Has more land	2
Has more or better labour	10
Has more or better livestock	20
Has more or nearer water supply	3
Other	5
	<u>140%</u>

Note: Total comes to more than 100% because some farmers gave two reasons.

TABLE 5.8
HUSBANDRY PRACTICES

(Note: It is not suggested by this table that all these practices are always appropriate).

Practice:	Not	Always	Sometimes	Never	N.A.	Total
	Aware	Use	Use	Use		
		(Percent of Farmers)				
Crop rotation	3%	52%	26%	20%	-	100%
Terracing	3	33	22	41	-	100
Contour plough	6	39	5	49	-	100
Leave land fallow	6	39	22	32	1	100
Compost	3	56	12	29	-	100
Boma Manure	3	49	21	25	2	100

TABLE 5.9:

USE OF CHEMICAL FERTILISER

<u>SOURCE OF INFORMATION ON FERTILISER APPLICATION:</u>	<u>Percent of Farmers</u>
Doesn't use fertiliser	18%
Own guess	10
Neighbour	-
Seller	13
Agricultural extension	57
Soil test	-
Other	3
N.A.	1
	<u>100%</u>

TABLE 5.10:

FARM EQUIPMENT OWNED

TYPE OF EQUIPMENT	RESPONDENT OWNS				Total	
	None	1 of each		2 or more of each		
		Condition				
		Good/Fair (Percent of Farmers)	Poor	Good/Fair	Poor	
Wheel-barrow	43%	35	4	18	-	100%
Ox-Cart	94	4	-	2	-	100%
Ox-Plough	99	1	-	-	-	100%
Tractor	97	2	-	1	-	100
Tractor plough	83	13	-	4	-	100
Milk separator	97	2	1	-	-	100
Spray pump	45%	33	1	20	1	100%

TABLE 5.11

LARGEST MOTOR VEHICLE OWNED*

TYPE OF VEHICLE.	(Percent of Farmers)
No motor vehicle	61%
Land Rover/Cruiser	3
Passenger Car	23
Motorcycle	4
Van	1
Pick-up, under 1,000 Kg.	4
Pick-up, over 1,000 Kg.	3
Lorry, under 2,000 Kg.	-
Lorry, over 2,000 Kg.	1
	<u>100%</u>

* Not including those for transport business, if any.

TABLE 5.12:

QUALITY OF FARM HOUSE

<u>Type of Construction:</u>	<u>Proportion of Farmers</u>
No house on farm	10%
Stone walls, corrugated/tile roof	31
Wood Walls, corrugated roof	1
Mud Walls, thatch roof	9
N.A.	1
	100%

None	<u>Number of Rooms:</u>									N.A.	Total
	1	2	3	4	5	6	7	8 or more			
10%	3%	7%	21%	22%	27%	4%	3%	5%	3%	100%	

TABLE 5.13:

FARM HOUSE POSSESSIONS

<u>House Furnishings/ Personal Possessions:</u>	<u>Number Owned:</u>						N.A.	Total
	None	1	2	3	4	or more		

(Percent of Farmers)

Lamp	22%	10%	35%	15%	15%	5%	100%
Paraffin/gas Stove	47	40	7	1	-	5	100%
Radio	32	54	8	1	-	5	100%
Watch	27	29	24	10	5	4	100%
Sewing machine	82	10	3	-	1	5	100%

TABLE 5.14:
SOURCES OF ELECTRIC POWER AND WATER

<u>Source of Electricity</u>	<u>Percent of Farmers</u>
Mains	5%
Generator	1
None	87
N.A.	6
Total	100%

<u>Source of Water:</u>	<u>Percent of Farmers</u>
Piped	27%
Well on premises	30
Fetches from within 3 Km.	1
7 to 10 Km.	1
N.A.	41
Total:	100%

TABLE 5.15:
DISTRIBUTION OF NON-FARM INCOME BY SOURCE

<u>Amount:</u> <u>(Rs. per month)</u>	<u>Type of Non-farm income:</u>				<u>Total</u> <u>Income.</u>
	<u>Head's</u> <u>Earnings</u>	<u>Other</u> <u>Earners</u>	<u>Business</u> <u>Income</u>	<u>Other</u>	
	<u>(Proportion of Farmers)</u>				
No income reported from this source	30%	61	76	46	-
Less than 500	5	6	14	20	4
500 - 999	22	14	3	7	7
1,000 - 1,999	29	7	1	12	25
2,000 - 2,999	10	6	3	7	25
3,000 - 4,999	3	1	1	2	17
5,000 - 6,999	1	1	-	1	12
7,000 - 9,999	-	-	-	1	1
10,00- or over	-	-	2	2	8
N.A.	-	4	-	-	-
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

TABLE 5.16:

FARMERS' RANKING OF DIFFERENT SOURCES OF INCOME

<u>Source of Income:</u>	<u>In Order of Importance</u>		
	<u>1st</u>	<u>2nd</u>	<u>3rd</u>
	(Percent of Respondents)		
Farm	24%	53%	18%
Business	16	12	11
Own Salary	58	14	3
Others' Salaries	1	6	4
Other Sources	1	7	9
No 2nd or 3rd source	-	5	55
<u>Special cases:</u>	1	2	1
	<u>100%</u>	<u>100%</u>	<u>100%</u>

TABLE 5.17:

BUSINESSES RUN BY FARMERS

<u>Business Ownership:</u>	(Percent of Farmers)
No business	71%
One business	22
Two or more businesses	7
<u>Total:</u>	<u>100%</u>

<u>Type of Business:</u>	<u>1st Bus</u>	<u>2nd Bus</u>
Retail trading	25%	-%
Wholesale and retail	1	2
Transport	3	1
Agricultural production/food processing	-	1
Manufacturing	1	1
N.A.	-	2
<u>All farmers owning businesses:</u>	<u>30%</u>	<u>7%</u>

TABLE 5.18:

FARMERS' AND OTHER SALARY EARNERS' JOBS

	Farmers	Other Earners
	(Percent of respondents)	
No job	29%	61%
Teaching	37	19
Government	12	5
Clerical, sales	8	9
Artisan	6	-
Unskilled	3	1
Trading	-	1
Other	4	-
N.A.	1	3
	<u>100%</u>	<u>100%</u>

TABLE 5.19:

CHARACTER OF OTHER SOURCES OF INCOME

Type of Income:	Percent of Farmers
None reported	59%
Rent land or building	18
Remittances	8
Rent + remittances	1
Other	10
N.A.	3
	<u>100%</u>

NOTE: No farmer reported renting out equipment.

TABLE 5.20:

SIZE OF INCOME SOURCE COMPARED TO 2 YEARS AGO:

<u>Compared to 2 years ago,</u> <u>source brings in:</u>	<u>Importance of Income Source:</u>		
	<u>1st</u> <u>(Percent</u>	<u>2nd</u>	<u>3rd</u> <u>of Respondents)</u>
Much more	48%	12	6
Little more	44	58	15
Little less	5	14	18
Much less	1	6	3
No 2nd or 3rd source	-	5	54
N.A.	1	5	3
	<u>100%</u>	<u>100%</u>	<u>100%</u>

TABLE 5.21:

PLANS TO ENLARGE OR IMPROVE FARM:

<u>Type of Plan:</u>	<u>Percent of Farmers</u>
Has no plans	36%
Buy or rent more land	1
Cultivate more crops	18
Cultivate other crops	3
Raise more animals	33
Raise other animals	1
Building	1
Equipment, irrigation	5
Other	1
	<u>100%</u>

TIME WHEN PLAN WILL BE CARRIED OUT

Has no plans	36%
Within a year	13
Specific time, over 1 year	21
Vague or uncertain	26
Other, N.A.	4
	<u>100%</u>

TABLE 5.22:

MAJOR PURCHASES REQUIRED TO CARRY OUT IMPROVEMENT PLANS

<u>Purchases required:</u>	<u>Percent of Farmers</u> <u>with improvement Plans</u>	
None	11	11%
More land	-	-
Equipment	14	14
Fencing, building	55	55
Fertiliser	5	5
Seeds, splits, trees	9	9
N.A.	5	5
Total:	100	100%

TABLE 5.1:
EXPERIENCE WITH CREDIT AMONG BANK LOAN RECIPIENTS

Purpose for which respondent borrowed	All Respondents		Respondents with a business loan from bank		Respondents with a farm loan from bank		
	Often	Seldom Never	Often	Seldom Never	Often	Seldom Never	
A. To buy consumable supplies (Stock) for his farm (or business)	10.7%	43.8%	14%	55%	7%	47%	46%
B. To buy equipment	3.2%	26.8%	3	37	4	27	66
C. To buy land	1.6	24.3	*	13	3	33	61
D. To buy or construct buildings	0.6	30.9	*	27	1	24	74
E. To make permanent improvements on the land (terraces, water impoundments, etc.)	1.0	30.6	*	15	2	54	43
F. To help pay school fees, funeral expenses or other household costs.	1.0	6.0	1	5	1	3	96
G. To pay for household items purchased on shop credit or hire purchase	1.9	12.3	3	12	1	12	86
H. To buy a car, bicycle, or truck	5.4	17.7	7	20	5	15	79
		77.0		73		73	79

* Less than 0.5 percent.

TABLE 6.2 NUMBER OF LOANS FOR EVERY 100 RESPONDENTS:
BY SOURCE OF LOAN AND BRANCH OFFICE

	BRANCH					TOTAL
	B	C	D	E	F	
BANK SURVEYED	97	121	114	114	100	110
OTHER BANKS	3	8	-	5	4	4
COOPERATIVES	13	15	10	1	7	9
SHOPS	5	-	-	13	-	4
SUPPLIERS (incl. KFA)	5	3	-	5	-	3
PERSONAL FRIENDS OR RELATIVES	-	5	10	5	-	4
AFC	20	8	3	10	11	11
OTHER	2	-	5	10	-	3
TOTAL	145	160	144	163	122	148

TABLE 6.3 PREFERRED SOURCE (IN GENERAL) FOR LOANS.

Of all the possible sources from which you can borrow money which would you prefer to go to if you needed a loan?

	Purpose of Bank Loan:		
	Business	Farm	Overall
	(Percent of Respondent)		
Commercial Banks in General	90%	86%	86.1%
Co-operatives	4	3	5.1
Shops	-	-	-
Suppliers	1.5	1	1.3
Personal Friends/Relatives	-	1	0.6
A.F.C.	4	8	6.0
N.A.	1.5	1	1.0
	<u>100%</u>	<u>100%</u>	<u>100.0%</u>

(Table 6.4 omitted)

TABLE 6.5 REASON FOR PREFERRED SOURCE

<u>Reason:</u>	<u>Purpose of Bank Loan</u>		
	<u>Business</u>	<u>Farm</u>	<u>Overall</u>
	<u>(Percent of Respondents)</u>		
Speed in administration	31%	24%	28%
Loan given in cash (not kind)	8	11	7
Collateral released quickly on repayment	2	-	2
Lender understands respondents position	7	8	7
Respondent has deposit with lender; convenience	55	55	56
Repayment flexible	6	1	3
Type of collateral required	1	-	1
Other	18	28	25
No reason given	6	2	4
<u>Total*</u>	<u>134%</u>	<u>129%</u>	<u>133%</u>

Figures add to more than 100% because some respondents gave more than one reason.

TABLE 6.6: USE MADE OF BUSINESS AND FARM LOANS

<u>Use Reported:</u>	<u>Type of Bank Loan</u>		
	<u>Business</u>	<u>Farm</u>	<u>Total</u>
	<u>(Percent of Loans)</u>		
Supplies, stock in trade	56%	17%	32.6%
Equipment, tractors, machinery	8	2	4.9
Land or land with buildings	7	22	15.0
Building or construction	14	10	17.4
Improvements to land terracing, fencing drainage	5	31	14.2
Purchase of Livestock	3	8	4.9
Vehicles	3	4	3.6
Other	3	4	5.5
N.A.	0	2	1.9
<u>Total</u>	<u>100%</u>	<u>100%</u>	<u>100.0%</u>

TABLE 6.7: USE MADE OF LOAN BY SOURCE OF LOAN

<u>Use reported:</u>	<u>Source of Loan:</u>	
	<u>BANK</u>	<u>OTHER</u>
Supplies, stock in trade	33.8%	23.8%
Equipment, tractors, machinery	4.3	6.8
Land, or land with buildings	16.6	11.0
Building or construction	18.9	13.6
Improvements to land: terracing, fencing, drainage	15.2	10.2
Purchase of livestock	3.2	9.3
Vehicles	2.3	7.6
Other	4.0	10.2
N.A.	1.7	2.5
	<u>100.0%</u>	<u>100.0%</u>

TABLE 6.8: PROFITABILITY OF BANK LOANS AND LOANS FROM OTHER SOURCES

<u>Profitability of Loan*</u>	<u>Source of Loan:</u>		
	<u>Bank</u>	<u>Elsewhere</u>	<u>Total:</u>
	(Percent of Loans)		
Loan improved profits:			
substantially	21%	12%	18%
somewhat	59	59	59
Loan made no difference to profit	10	20	12
Not ascertained	10	12	11
Total:	<u>100%</u>	<u>100%</u>	<u>100%</u>

* The Question asked: Would you say the loan substantially improved your profit, or did it make little difference to your income after expenses ?

TABLE 6.9

PROFITABILITY OF BANK LOANS ACCORDING TO USE

USE OF LOAN PROCEEDS

Supplies, stock in trade	Equipment, tractors, machinery	Land purchases (including building)	Construction	Fencing, water, or farm im- provements	Others (live- stock, vehicles and misce- llaneous)	Total
-----------------------------	-----------------------------------	---	--------------	---	---	-------

(Percentages of Bank Loans reported)

Loan improved profits:	(Percentages of Bank Loans reported)						
Substantially	29%	27%	12%	14%	23%	7%	21%
To some extent	53	60	64	65	68	43	59
Loan made no difference to profit	8	13	19	5	8	11	10
Not ascertained	9	--	5	14	2	39	10
TOTAL	100%	100%	100%	100%	100%	100%	100%
Percent of Bank Loans	34%	4%	17%	19%	15%	11%	100%

The question asked was:

To what use or purchase did you put the loan?

TABLE 6.10

PROFITABILITY OF THE FIRST LOAN REPORTED*
WEIGHTED ACCORDING TO THE SIZE OF LOAN, BY BRANCH OFFICE

PROFITABILITY OF LOAN	BRANCH OFFICE						ALL
	B	C	D	E	F		
Loan improved profit:							
Substantially	8%	12%	32%	14%	53%	15%	
To some extent	35	78	18	65	44	56	
Loan made no difference to profit	56	10	36	9	4	25	
New business commencing operations; loan not for business or farm use; loan status not ascertained	1	0	14	12	0	4	
	100%	100%	100%	100%	100%	100%	

* 96% of these are bank loans.

TABLE 6.11 INTEREST RATES ON LOANS

	<u>1st Loan</u>	<u>2nd Loan</u>	<u>3rd Loan</u>
	(Percent of Respondents)		
No 2nd or 3rd Loan	-	66.3%	90.5%
Less than 9%	3.8	2.2	0.3
9% to less than 10%	14.5	3.2	1.3
10% exactly	59.3	7.9	1.9
Over 10% less than 11%	0.6	-	-
11% or over	-	-	-
N.A.	21.8	20.5	6.0
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

TABLE 6.12 IMPACT OF HIGHER INTEREST

IF INTEREST RATES WERE MUCH HIGHER, SAY 50% HIGHER, WOULD THAT MAKE ANY DIFFERENCE TO YOU?	<u>TYPE OF BANK LOAN</u>		
	<u>Business</u>	<u>Farm</u>	<u>Overall</u>
	(Percent of Respondents)		
No difference	48%	45%	45.9%
Would produce loss, or less profit	44	39	40.4
Would borrow less	-	1	1.3
Would change business	-	1	1.6
Other	6	11	11.4
N.A.	2	3	1.6
	<u>100%</u>	<u>100%</u>	<u>100.0%</u>

TABLE 6.13 IMPACT OF LOWER INTEREST

IF INTEREST RATES WERE MUCH LOWER - SAY ONLY HALF AS GREAT AS THEY ARE NOW, WOULD THAT MAKE ANY DIFFERENCE?	TYPE OF BANK LOAN		
	Business	Farm	Overall
	(Percent of respondents)		
No difference	27%	36%	30.6%
Would increase profit	40	24	33.8
Respondent would borrow more	18	16	17.0
Respondent would change business	1	1	1.3
Other	13	20	15.5
N.A.	1	3	1.9
	<u>100%</u>	<u>100%</u>	<u>100.0%</u>

TABLE 6.14 RESPONSE TO BOTH HIGHER AND LOWER INTEREST RATES

	Lower Interest (Percent of Respondents)						TOTAL
	No difference	Would increase profit	Would borrow more	Would change business	Other	N.A.	
<u>Higher Interest</u>							
No difference	22%	11%	4%	*	6%	-	44%
Would produce loss or less profit	7	19	8	1	4	2	40
Would borrow less	-	1	-	-	*	-	1
Would change business	1	1	1	-	-	-	2
Other	2	2	3	-	5	-	11
N.A.	-	1	1	-	-	-	1
TOTAL	<u>40%</u>	<u>34%</u>	<u>17%</u>	<u>1%</u>	<u>16%</u>	<u>2%</u>	<u>100%</u>

* Less than 0.5 percent.

(Tables 6.15 to 6.17 omitted).

TABLE 6.18 DISTRIBUTION OF BORROWERS ACCORDING TO WHETHER THEY
HAVE PLANS FOR ADDITIONAL LOANS

	<u>Percent of Respondents</u>
Has plans	71.3%
Has no plans but could use more funds.	19.6
Has no plans	7.9
N.A.	0.3
	<hr style="width: 10%; margin: 0 auto;"/>
	100.0%

TABLE 6.19

AMOUNTS OF ADDITIONAL MONEY RESPONDENTS COULD PROFITABLY USE.

<u>LOAN FUNDS THAT COULD BE</u> <u>PROFITABLY EMPLOYED</u>	<u>TYPE OF BANK LOAN</u>		
(K. Shs.)	<u>Business</u>	<u>Farm</u>	<u>Overall</u>
None	7%	4%	5.7%
Less than 5,000	1	4	3.2
5,000-9,999	4	4	4.4
10,000-19,999	9	21	16.7
20,000-49,999	32	31	28.7
50,000-99,999	21	18	17.7
100,000-499,999	18	10	16.4
500,000- Or more	4	2	2.8
N.A.	4	6	4.4
	<hr style="width: 10%; margin: 0 auto;"/>	<hr style="width: 10%; margin: 0 auto;"/>	<hr style="width: 10%; margin: 0 auto;"/>
	100%	100%	100.0%
	====	====	====

TABLE 6.20

ADDITIONAL FUNDS RESPONDENT COULD PROFITABLY USE ACCORDING TO TOTAL CREDIT OUTSTANDING

Loan funds that could be profitably employed (K. \$)	Total Outstanding Credit. (K. \$s.)										Total
	5,000 or less	5,001-10,000	10,001-20,000	20,001-30,000	30,001-50,000	50,001-70,000	70,001-100,000	100,001-200,000	200,001-500,000	Over 500,000	
None	1.3%	2.2	0.3	0.5	0.5	0.3	0.9	-	-	-	5.6%
Less than 5,000	2.8	-	-	-	-	0.3	-	-	-	-	3.1
5,000-9,999	1.9	0.9	-	-	1.6	-	-	-	-	-	4.4
10,000-19,999	12.3	2.5	0.6	0.3	0.3	-	-	-	-	0.6	16.6
20,000-49,999	12.9	4.4	6.0	1.9	2.5	0.3	-	0.3	-	0.3	28.6
50,000-99,999	2.5	5.4	3.8	4.1	-	0.6	-	0.3	0.3	0.6	17.6
100,000-499,999	3.2	3.5	0.9	1.6	1.3	1.3	1.9	1.3	-	1.6	16.6
500,000- or over	-	-	-	-	0.6	-	0.6	0.6	0.6	0.3	2.7
N.A.	1.3	-	0.3	-	0.6	0.6	-	-	0.3	1.3	4.4
TOTAL	38.2	18.9	11.9	8.2	7.2	3.4	3.4	2.5	1.2	0.6	100.0%

(Percent of Respondents)

TABLE 6.21

AVAILABILITY OF CREDIT TO SAMPLED RESPONDENTS BY TYPE OF CREDIT NEED.

<u>RESPONDENTS REPORTS:-</u>	<u>All</u>	<u>Respondents with plans to obtain loan*</u>
<u>Sufficient Credit for Business or Farm Purposes*</u>	<u>42.0%</u>	<u>43%</u>
Sufficient credit for personal needs	34.1	33
Insufficient credit for personal needs	7.9	10
<u>Insufficient credit for business or Farm Purposes.</u>	<u>56.5</u>	<u>55</u>
Sufficient credit for personal needs	36.9	39
Insufficient credit for personal needs.	19.6	16
Report not ascertained	1.6	2
	<u>100.0%</u>	<u>100%</u>

* The Respondent was asked: Do you have plans at present for taking any additional loans from any source? Do you find that you can get all the loans you want for your farm or business needs? Are you able to get all the loans or credit you want for your personal or family needs?

TABLE 5.22

PLANNED USE OF ANY ADDITIONAL LOANS ACCORDING TO ADDITIONAL FUNDS
RESPONDENT COULD PROFITABLY USE

(Percent of Respondents)

LOAN FUNDS THAT COULD BE PROFITABLY EMPLOYED

<u>Use of Additional Funds</u>	<u>None</u>	<u>Less than 5,000</u>	<u>5,000-9,999</u>	<u>10,000-19,999</u>	<u>20,000-49,999</u>	<u>50,000-99,999</u>	<u>100,000-499,999</u>	<u>500,000- or over</u>	<u>N.A.</u>	<u>Total</u>
Change in nature of business	-	1.9	-	5.7	8.5	5.0	0.9	-	-	22.0%
Increase stocks, inputs	-	-	0.3	2.8	6.3	6.3	6.3	1.3	0.3	23.6
Purchase of item of equipment	-	-	-	0.9	-	1.3	2.2	0.9	-	5.3
Building	-	0.3	1.3	2.8	5.4	1.9	3.8	-	0.6	16.1
Vehicles	-	-	-	-	-	-	-	-	-	-
Other	-	0.3	0.3	0.6	0.6	-	0.9	-	0.3	3.0
N.A.	5.7	0.6	2.5	3.8	8.2	3.4	2.2	0.6	3.2	30.2
TOTAL	5.7	3.1	4.4	16.6	29.0	17.9	16.3	2.8	4.4	100.0%

TABLE 6.23 PLANNED SOURCE OF ADDITIONAL LOANS FOR THOSE WHO HAVE PLANS TO BE BORROW MORE

<u>Planned Source</u>	<u>Percent of Respondents</u>
Banks in general	86.3%
K.F.A.	2.2
Savings Societies	4.4
Cooperatives	2.2
Supplies	0.4
Personal Friends/Relatives	1.8
Other	0.4
N.A.	2.2
	<u>100.0%</u>