

There is at least a 6-month lapse from the time the application for the formation of a credit society is submitted until the Central Office makes a decision. The Bank does provide, however, for the provisional establishment of a society under unusual circumstances and at the request of the manager of the Branch Bank.

After the formation of a credit society has been authorized, the field inspector holds a meeting, in the *ejido*, of all the *ejidatarios* who wish to become members and receive credit from the Ejidal Bank. At this meeting, the *ejidatarios* elect one member of their group, the delegate, to represent the society in all transactions involved in arranging for credit. Once established, the credit society can function indefinitely. New members can be accepted on approval of the membership of the society. The Ejidal Bank is fairly flexible in its relationships with the society and permits it to continue operating even though there are changes in its membership.

The procedure followed by the credit society in arranging for loans from the Ejidal Bank involves several steps: (a) during September preceding the cropping season, the field inspector, with the assistance of the delegate, prepares a list of the credit requirements of each member; (b) the Puebla Branch consolidates the requests from the several societies, prepares a Plan of Operations, and sends it to the Central Office; (c) the Central Office approves all or part of the request and returns it to the Branch Bank; at least one month before planting time, the Branch Bank notifies the agencies of the amount of credit approved for their areas; (d) the field inspector prepares a final list for each society, showing the credit requested by each member (last-minute changes in members requesting credit is permissible); (e) the field inspector, assisted by administrative personnel of the Bank, prepares a contract that specifies the amount of credit requested by the society, both for fertilizers and in cash. A new contract is necessary each year for each type of credit. The *ejidatarios*, however, do not participate in the preparation and registration of the contracts. This is done by the Bank, which pays the registration fee from a special fund collected from society members for administrative expenses; (f) the field inspector draws up a multiple promissory note showing the amount of each member's loan, the interest, and other deductions; (g) the Bank then sends a delivery order to the delegate—with this order, the society members obtain their fertilizers and cash from the Bank; and (h) each member, on receipt of materials or cash, signs the promissory note. In 1972, the average time between the preparation of the final list (step d) and receipt of the delivery order was 28 days.

In an attempt to make the credit-granting process more dynamic, the National Ejidal Credit Bank introduced a series of administrative reforms in 1973. The central feature of these reforms is the creation of Control Boards with an assistant bookkeeper and secretaries, to relieve field inspectors of most of their paper work. It is hoped that this will enable the field inspectors to devote more time to field activities.

In early 1973, by presidential decree it was stipulated that debts contracted by ejidal credit societies between 1940 and 1965 would be pardoned at the rate of 20 percent for each year that the *ejidatarios* repay new loans on time. Thus, in 5 years, all *ejidatarios* with debts from that period could liquidate the old loans simply by repaying all new loans promptly. The presidential decree further specified that debts contracted between 1966 and 1972 would be combined into one account and repaid gradually without interest. The Bank suggested that each indebted *ejidatario* apply 10 percent of his harvest each year toward paying off his account until it was settled. This new policy for reinstating members of the credit societies should increase the amount of credit granted in 1974 to enable *ejidatarios* to use Project recommendations.

### Outlook for Greater Credit for Ejidatarios From the Ejidal Bank

Taking into account the 90-percent rate of loan repayment since 1971 by *ejidatarios* using Project recommendations, it seems likely that the Ejidal Bank will be interested in expanding its credit operation in the Puebla area. To accomplish this, however, the Bank must examine a series of problems that are believed to limit the effectiveness of its credit program, including: (a) eight field inspectors attended 52 societies with 2,499 *ejidatarios* in 1972, an average of 6.5 societies and 312.4 *ejidatarios* per field inspector. This is felt to be about the maximum number of societies and members that can be attended efficiently by one inspector with present operating procedures. It seems clear, therefore, that more inspectors will be needed or operating procedures must be simplified if the Ejidal Bank is to expand its credit operation successfully; (b) In 1969 and 1970, technical assistance agents of the Project focused their efforts on groups receiving credit from the Impulsora de Puebla. Since then, they have tried to work more closely with the ejidal credit societies. In 1973, for the first time, technical assistance agents and bank inspectors began to hold meetings to coordinate their activities. Both groups would benefit from strengthening this relationship in the future to improve their services to the *ejidatarios*; (c) when communicating with Bank administrators, the field inspectors sometimes fail to transmit the nature of problems influencing the behavior of the *ejidatarios*. This lack of communication results in misunderstandings and strained relationships among Bank employees. Recently, for example, field inspectors were blamed for the failure of many *ejidal* parcels to qualify for crop insurance. However, there was little the inspectors could do, because the problem arose primarily as a result of unrealistic operating policies of the crop insurance agency, plus the tendency of some farmers to encourage rejection (believing the cost of the insurance to be a useless expense). Regular meetings of field inspectors and other bank personnel would permit a freer flow of information and contribute to a smoother functioning of the institution; (d) in past years there have been an excessive number of changes in administrative personnel