

and field inspectors. In one year, for example, the Bank manager was changed four times. Frequent changes in Bank personnel cause many deficiencies in the bank's services to the *ejidatarios*; and (e) members of the ejidal credit societies are poorly informed of their rights and obligations and few participate in transactions with the Bank. Most members, for example, do not know what percentage of interest they are paying, how much is deducted from their loans for crop insurance, or why other deductions are made. Society members are poorly informed mainly because they fail to attend the meetings held by the field inspector. According to the *ejidatarios*, however, nothing of importance is discussed at the meetings. This situation can be improved in the future if the field inspector will devote more time to visiting the *ejidos*, perhaps soliciting the participation of the technical assistance agents.

AGRICULTURAL BANK OF THE SOUTH

The National Crop and Animal Production Bank was established in 1965, with the function of granting credit to both *ejidatarios* and landowners. Its basic purposes are to assist the Agricultural and Ejidal Banks in serving more farmers, and to seek new ways to make these services more dynamic and efficient.

The National Crop and Animal Production Bank has four regional banks that function independently in administrative matters, each providing service in several states. One of these regional banks, the Agricultural Bank of the South, was established in the city of Puebla in 1967 and serves eight southeastern states, with agencies in each.

The operating procedures of the Agricultural Bank of the South are similar to those of the Ejidal Bank, the difference being that farmers can organize solidarity groups (if their membership is less than 10) or credit societies (if membership is 10 or more). The time required to found a society is about the same as in the case of the Ejidal Bank. An important difference between the Agricultural Bank of the South and Ejidal Bank is that the Ejidal Bank field inspectors collect payments on loans directly in the communities and, when necessary, from the *ejidatarios* in their homes. The field inspectors of the Agricultural Bank of the South do not collect loan payments.

When the Puebla Project began to promote the use of the new maize recommendations, the Project technicians and farmers felt that the potential of the Agricultural Bank of the South for supplying production credit exceeded that of the other official banks. It was new, well-equipped, had well-trained personnel, and was interested in new approaches.

Table 7.1 shows that the credit provided by the Agricultural Bank of the South peaked in 1969 and 1970 and steadily declined in the following three years. This tendency of the bank to reduce its credit program apparently stems from two causes: (a) the percent repayment on loans has been low, only 50 to 62 percent--this low repayment rate can be explained in part by the fact that the Bank's clients have received little technical assistance due to the

lack of coordination between the Bank's field technicians and Project personnel; and (b) the Bank does not feel that short-term credit, especially for maize production, is an effective way of helping small farmers. The Bank feels that such loans tend to perpetuate the vicious cycle of poverty-subsistence that is at the root of underdevelopment. In extending credit to a considerable number of farmers in 1969 and 1970, this Bank sought to introduce them to the Bank's services with the aim of promoting long-term loans to make the farmer's operations more productive. Few of the farmers, however, reacted as the Bank had expected.

Since 1972, the Agricultural Bank of the South has promoted a different form of organization, which consists primarily of consolidating the contiguous holdings of a group of farmers and operating the land as a single unit. The bank expects to drill wells and convert most of the land to higher-income, irrigated crops. This organizational model is presently being tried with three societies in the State of Puebla.

In view of the present thinking of the Agricultural Bank of the South, it seems unlikely that the Bank will grant significant amounts of credit in future years to enable farmers to use Project recommendations.

THE COXTOCAN HACIENDA

In 1969, the owner of the Coxtocan Hacienda gave chemical fertilizers to many of the *ejidatarios* who farmed the land adjacent to her property. The following year she was deluged with requests for fertilizers and was forced to look for some other way to assist the *ejidatarios*. The coordinator of the Puebla Project suggested that, rather than give the fertilizers, the *ejidatarios* might request the fertilizer on credit from a distributor, and that she could serve as guarantor for the loans. The Project agreed to organize the *ejidatarios* and provide them with technical assistance.

Since 1971, the owner of the Coxtocan Hacienda has guaranteed the loans for about 250 *ejidatarios* in 10 groups. The credit was extended by the Olmeca fertilizer company in 1971 and by the Impulsora de Puebla in 1972 and 1973. It is not expected that the owner of the Coxtocan Hacienda will be equipped to guarantee the loans of larger numbers of *ejidatarios* in future years.

DIRECT PARTICIPATION OF GUANOMEX

As mentioned earlier, Guanomex is a decentralized federal agency with the responsibility for the production and distribution of chemical fertilizers in Mexico. It initiated a pilot effort in 1973 to promote the use of aqua ammonia by organized farmers in the Puebla area. Guanomex feels that nitrogen in the form of aqua ammonia can be supplied to small farmers at a cost of only about 60 percent of that of solid fertilizers. An important factor contributing to this lower cost of liquid fertilizers is the feasibility of transferring the personnel and special equipment for handling aqua ammonia presently assigned to irrigated areas of the country to rainfed areas for a few months each year.