Chapter - VI

Case Study: Socioeconomic & Agricultural Situations in Comilla Zila

6.1 Selection of the Study Area

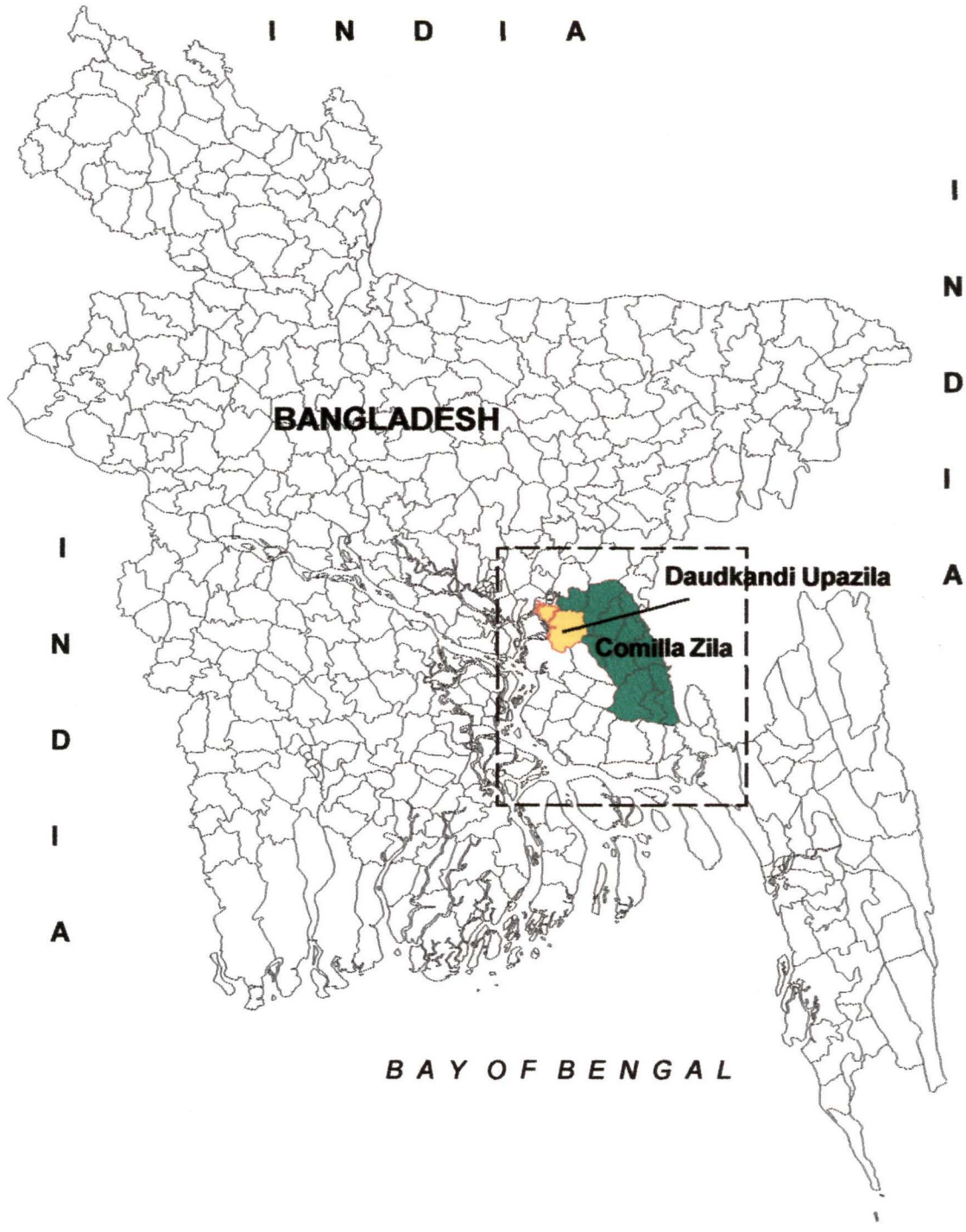
A brief account will be given in the present chapter about the study area in order to enable better understanding of the empirical study. The area chosen for empirical investigation of rural finance to the agricultural sector was Comilla Zila (district) in Bangladesh. The main reasons for selecting the district as the study area is because of its long historical background and its present status as among the most important agricultural areas in Bangladesh, growing mostly rice. During the period of British rule, Comilla was the administrative headquarters of Tippera (Tripura) district.[1] The District Census Report of Comilla [2] describes the greater portion of the district as "a rice growing plain, well cultivated and intersected by numerous rivers and streams." Several other reasons were also involved in selecting Comilla Zila as the study area. The total population of Comilla Zila in 1991 stood at around 42.63 lakhs making it the most populous district in Bangladesh, with population density of 1,381 persons per sq. km, surpassed only by the megacity-dominated districts of Dhaka and Chittagong. Among the other less-urban Bangladesh districts, Mymensingh, which comes second in terms of population-size, has a population density of 938 persons per sq. km, which is much lower than in Comilla. Comilla Zila is an agricultural region where the principal economic activity mainly comprises small agriculture. Thus the concentration of small and marginal farmers, on whom this study is specially focused, in the current farm population of the district amounted proportionately to 90.74 percent in 1996, again the highest in Bangladesh. Thirdly, as reported by the Bangladesh Bank, expansion of formal-sector bank branches and their activities has been higher in Comilla Zila than in other districts.[3] Consequently, the relative level of bank deposits, credit advances and loan outstandings, which are the main indicators for assessing the performance of the formal banking sector, are all proportionately higher in Comilla Zila.

6.1.1 The Physiography of Comilla Zila

The district of Comilla (formerly known as Tippera) is the most northwestern district of Chittagong Division and is located on the Tropic of Cancer.[4] It is bounded to the north by Brahmanbaria Zila, to the east by the state of Tripura (erstwhile Hill Tippera) in India and by Noakhali and Feni Zila in Bangladesh, to the south by Chandpur Zila and to the west by the main stream of the Meghna across from which lies Narayanganj and Munshiganj Zila. In shape, the district resembles a long and somewhat narrow triangle with a length of almost 90 km between the Meghna and the forest-clad hills of the state of Tripura in India, with the base of the triangle being formed by the Bangladesh districts of Feni and Noakhali. The total area of the district is 3085 sq.km,[5] the greater portion of which is a rice-growing plain.[6]

There are no sharp variations in physical features in different parts of the district. To the southeast of the district, near the Comilla township, there is a narrow undulating strip of uplands comprising small ridges or *tilas* and intervening *bils* (marshlands). The rest of the Zila is a low-lying plain and water accumulates in several big marshes throughout the year along the Meghna to the north and west. Most of the countryside is thus inundated during the rains upto a depth of 5 feet (1.53 m) or more. During the monsoon, water accumulation on agricultural lands in the central parts of Comilla Zila sometimes reaches 20-25 inches, but dries up completely during the remainder of the year. Similar conditions prevail over a considerable area in the mid-southwest of the district. Inundation levels for the district are consequently around 26 feet amsl (above mean sea level).[7] Several large irrigation tanks exist all over the district, generally adjacent to a mosque or a Hindu temple in the midst of the well-cultivated plain. Several are of enormous size, resembling small lakes. Thus the Jagannath Dighi (tank) extends over an area of more than 40 acres while the Dharma Sagar within Comilla town is about half a mile in length. The numerous *bils* become a vast sheet of water during the rainy season, and become a magnificent grazing ground during winter.

Map 1: BANGLADESH & THE STUDY-REGION



The only hills in Comilla Zila are the Lalmai Hills, situated 5 miles to the southwest of Comilla town. These extend for about 11 miles from north to south in a tract about 25 miles in circumference, reaching spot heights of upto 150 feet in a few places. The average elevation of the tract is around 90 feet amsl, with its highest peaks at Kalirbazar and Chandimura. While the Lalmai Hills as well as the undulating country to the east of the district are formed of upper tertiary rocks, the remainder of the district is alluvial with soils along the course of the rivers being composed of sandy clay and sand, and of fine silt graduating into clays in flatter parts of the river plain. In 1871, small uneconomic deposits of brown iron ore and hydrated quioxide were found in the Lalmai Hills.

The climate of Comilla Zila is moderately hot and humid. Summer commences in March with the steady rise in temperature continuing till the end of May. Although thunder and hailstorms accompanied by occasional rain are frequent, particularly from May onwards, the monsoon proper commences in June continuing up to the end of September. The months between November and February are delightfully pleasant and the climate of the district on the whole is pleasant and healthy.

Chart 6.1: Seasonal Temperature Normals in Comilla Zila
[in degrees Fahrenheit / Celsius]

Season	*Duration*	Mean Maximum Temperature	Mean Minimum Temperature
Summer	*[March-to May]*	90.40F [--C]	75.40F [--C]
Monsoon	*[June- October]*	88.00F [--C]	76.10F [--C]
Winter	*[November- February]*	80.90F [--C]	57.30F [--C]

Source: *District Census Report,* Comilla [1961]: p.6

The rivers of the Comilla region may be divided into four separate groups in order of importance. The first group comprises the Meghna and its offshoots, which constitute the major drainage of the district. Feeding into this system is the second group of hill streams and torrents that descending from the hill ranges of adjoining Tripura (now in India). The third group of streams comprises the overflow channels leading from one river to another, while the rivers and streams flowing in the south of the region comprise the fourth group. The Meghna, which forms the western boundary of Comilla Zila, flows down the old channel of the Brahmaputra southwards from Bhairab Bazar after receiving the waters of the Surma that descends from Sylhet. Near Satnal about 10 miles below Daudkandi, its volume is increased by the confluence of the Sitalakhya, Buriganga and Dhaleshwari rivers. Further to the south, opposite Chandpur, it receives the main combined stream of the Ganga and the Brahmaputra, which join it under the name of the Padma.

As the District Census Report for Comilla in 1961, reports "the general characteristics of the Meghna are.....a mighty rolling-flood of great depth and velocity, sometimes split up into a dozen of channels by sand banks of its own formation, sometimes spreading out into a wide expanse of water which the eye cannot see across".[8] Alluvion and diluvion constantly take place, leading to frequent formation of large islands which shift the main river current from one bank to another. Below Chandpur, the Meghna comes to resemble a sea, especially over the rainy season when its breadth exceeds ten miles The Meghna is navigable throughout the year, and several business centres are located along its banks, including Chandpur, Ashuganj, Himechar and Chatalpar within Comilla Zila. Several small channels separate from the Meghna as it approaches the district from the north. After receiving the waters of the streams emerging from the western hills, these offshoots rejoin the Meghna further down its course. The most important among these branch streams are the Titas, Pagli, Katalia, Dhanagada, Matlab and Udhamdi, the largest among which is the Titas which bifurcates from the Meghna near Chatalpar and rejoins it midway between Lalpur and Maniknagar. The Titas presently waters a considerable part of Brahmanbaria Zila.

The most important of the streams which consecutively originate in the hills and flow through the district are the Gumti, Howrah, Kagani, Seniburi, Harimangal, Kagdi, Pagli, Kurulia, Bulujuri, Sunaichari, Handachora, Jangalia and Durduria. The largest of these is the Gumti which rises in the interior of Tripura in India. After following a meandering course through the Tripura hills, the Gumti turns westward and enters Comilla Zila district near Bibir Bazar, located about 8 miles east of the township of Comilla. Important settlements along the banks of the Gumti include Comilla, Zafarganj, Panchpukuria and Lalpur. Of the total course of the Gumti amounting to 200 miles, around 40 miles lie within Comilla Zila. During the rains, the

average breadth of the river reaches 200 feet, and the current is deep and rapid. In winter, the Gumti shrinks and is fordable in most places. During heavy rains, flood levels in the river can rise to more than 5 feet above the level of the surrounding countryside. Floods on the Gumti are thus an almost regular annual occurrence, and the township of Comilla was seriously menaced recently by a breach in the protective embankment. The Gumti is not navigable for large boats. Among the third group of streams which interconnect the major rivers traversing the district, the most important is the Bajni which connects the Titas with the Buri or Bijaiganga. In the last group of rivers which follows from Comilla district to the adjoining Noakhali and Feni districts lying to its south are the Dakatia, the Chota Feni and the Kaladumuria. After entering Noakhali and Feni districts, these rivers gradually curve towards the southeast and discharge into the upstream of the Bay of Bengal.

6.1.2 Social History & Demography of Comilla Zila

Any reliable account of the early history of Comilla is unavailable, since the Chronicles of the Kings of Tippera commence from the early 15th century, during the reign of King Dharma Manikya. However, first historical light is thrown upon the region by the travel account of Hiuen Tsang (*Yuan Chwang*) which dates back to the 7th century AD. The account states that "to the northeast of the country of Samatata (East Bengal) on the borders of the sea among mountains and valleys one comes across the kingdom of Chi-tcha-ta-la (Srikchatva) and beyond that on a bay to the southeast, one finds the realm of Kia-nolane-Kia (Kamalanko) and further on still to the south is the Kingdom of To-lo-pati (Darapati)".[9] Kamalanko is now generally identified as Comilla while Tolopoti perhaps represents Tripura. From the Chronicles of the kings of Burma (Myanmar), it is known that in the year 1058 AD, a prince of Patikara visited Burma and married into the royal family, begetting heirs who ruled Burma for 200 years. A copper plate dating from 1220 AD records that Kamalanko, Patikara and other places were governed by the Rajas of the family of Ranavankamalla.[10] Although it is difficult to fix the historical limits of the kingdom, it may have once extended over the present Comilla and Chandpur Zilas and included the northern portions of Noakhali Zila. The Tipperas (also called Tipras or Tripuras) who originally peopled this region were a Tibeto-Burman race akin to the Shans. In their own language, these people commonly identify themselves as Mrungs, further describing themselves by the name of one of the septs into which the Mrungs are subdivided.

Contact of the Tipperas with Bengal in the Muslim period began in the time of Ratnapha, who was one of the sons of Dungurpha, then King of Tippera. After being exiled by his brothers, Ratnapha made his way to Lakhnauti, then the capital of Muslim Bengal, and befriended Tughril Khan, then Governor of Bengal, who helped him with troops. With this help he killed his brothers and regained his kingdom, ascending the throne in 1278 AD. Tughril Khan then conferred the title of Manikya upon him, which was borne by the Rajas of Tippera ever since.[11] However, the Muslims did not obtain a permanent foothold in the region till the beginning of the 16th century. Raja Dharma Manikya was the greatest Raja of Tippera, and invaded Bengal, plundering Sonargaon. The large public tank in Comilla town which is known as Dharma Sagar was named after him. During the reign of Dhanya Manikya which commenced near the beginning of the 16th century, Sultan Hussain Shah of Gour made two invasions of Tippera but was twice defeated near Comilla. On his third invasion, he built a fortress at Kailar Garh (Kasba) and was subsequently victorious. Till the end of the 17th century, Tippera remained subject to the Mughals. However, Ratna Manikya XI (1684-1712) made himself virtually independent and it was not until the reign of Dharma Manikya (1714-1732) that the province of Tippera was finally annexed to the Mughal empire. British interest in the region commenced in 1760, when British troops from Chittagong invaded Tippera in support of the Mughals and established Krishna Manikya on the throne. Finally in 1765, Tippera came under full control of the East India Company [EIC].[12]

After assuming the Dewani of Bengal in 1765, the EIC made no instant changes in the existing revenue system, and continued to collect revenues and to administer the region with the help of local officers and the Nawab at Dacca (Dhaka). However, in 1769, a Supervisor was appointed by the EIC to look after the administration in the province of Dhaka which then apparently included the whole of the present districts of Comilla, Chandpur and Brahmanbaria.[13] Official correspondence now archived at the Comilla Collectorate dates back to 1776. Upon the division of the province of Dhaka, the northern portions of the Comilla region including Sarail Pargana were assigned to the province of Sylhet. Until 1789, the colonial administration treated Comilla as a district only for the collection of revenue. However, in 1790, Comilla came into being

with all administrative functions as a separate Bengal district, carrying the name of Tippera.[14] The subdivision of Nasirnagar which is now known as Brahmanbaria Zila was formed in 1860, and the southwestern thanas (police stations) were incorporated into the new Chandpur subdivision in 1879.

The boundaries of Comilla (Tippera) and Noakhali districts were again readjusted between 1873-75. In 1875, Tippera formed the 16th Division of the Commissioner of Circuit at Chittagong, but was subsequently transferred to Dhaka Division. Gazaria thana, which is now in Dhaka district, was then a part of Comilla district. Subsequently, the thana was attached to Munshigonj subdivision of Dhaka district, while Comilla was again transferred to Chittagong Division in 1880.[15] At the time of Permanent Settlement, the state of the country was not happy, since the Gumti embankment gave way frequently, causing widespread disaster. Thus Leake in 1784 found only one-fourth of the land to be cultivated, although there were signs that it had formerly been as prosperous as any other part of Bengal. The *raiyats* (peasants) were nomadic in habit and wandered from place to place, only paying rents for the lands actually cultivated. Upon the bifurcation of Bengal under Lord Curzon on 16th October 1905, Comilla became a part of the new province of Eastern Bengal and Assam. The Partition of Bengal was however followed by a public agitation by the Hindus, leading to serious riots between the Hindus and the Muslims at Mograhat in early 1907. With the Partition of British India and the foundation of Pakistan on 14th August 1947, the western portions of the old Tippera district became part of East Pakistan. Like the people of most other East Bengal districts, the people of Comilla had followed the leadership of the Quaid-e-Azam Mohammed Ali Jinnah and given unqualified support to the movement for creating the separate Muslim homeland of Pakistan.

On 1st October 1960, the name of the district was changed under administrative orders from Tippera to the more widely-used Comilla.[16] Comilla district at that time was divided into the four subdivisions of North Comilla, South Comilla, Chandpur and Brahmanbaria. However in 1984, many administrative subdivisions in Bangladesh were upgraded into full-fledged districts under the recommendations of the Administrative Reforms Committee.[17] Accordingly, Chandpur and Brahmanbaria subdivisions became separate Zilas, while North and South Comilla were merged and reorganized as the present Comilla Zila.[18]

Comilla Zila has always been a densely-populated area. In 1858, the District Magistrate had estimated the total population of Tippera at a little over a million. But during the house- to-house enumeration made during the revenue survey (1861-64), 7,17,470 persons were found to be resident in the district.[19] The subsequent readjustment of boundaries between Tippera and Noakhali decreased the area of the former district by 30 square miles. While 10 villages were transferred between 1881-1891 to Mymensingh district, Gazaria thana which had been under Comilla district was transferred to the Munshigonj subdivision of Dhaka district. All these changes in boundaries made it difficult to assess the population of the district precisely. In the 1951 Census conducted during the Pakistan period, the population of Tippera (Comilla) district was enumerated at 37,92,200 out of which 19,66,219 were males and 18,25,981 females. The total district population as recorded by the 1961 Census was 43,88,906, out of which 22,45,879 were males and 21,43,027 females. Thus, the decennial population increase between 1951 and 1961 amounted to 16 percent, with the respective increase being 14 percent for males and 17 percent for females.[20] In terms of population, Comilla district was thus the third most-populated district in East Pakistan as well as in Pakistan but came second in terms of settlement density.

After the Independence of Bangladesh in 1971, the population of the district was found to have risen substantially. Thus according to the 1974 Population Census, the population of Comilla district had increased to 58,08,935, implying the highest settlement density of 2241 persons per sq.mile among the Bangladesh districts.[21] The 1991 Census enumerates the combined population of the undivided Comilla district [Comilla, Chandpur and Brahmanbaria Zilas] at 82,06,860, which represents an increase of 41 percent over the population recorded by the preceding Census of 1974. In this, the population of the present Comilla Zila amounts to 42,63,538.

The distribution of urban and rural population in the study region is shown in the table below. Although the urban population has increased about eightfold in absolute numbers between 1951 and 1991, most people in the district still live in rural areas.

The vast majority of the district population comprises Muslims. The Hindus form the next important religious group, and there are also a few Buddhists in this district. The people of the Zila in general are religious-minded, and Pirs, Mursheds, Thakurs are held in high esteem. The Dargah (mausoleums) of the

dead saints are thus visited by large numbers of people seeking blessings for their spiritual and material wellbeing.

Table 6.1: Rural and Urban Distribution of Population in Comilla District

	1951	%	1961	%	1991	%
Rural Population	3675520	*96.92*	4249873	*96.83*	7394992	*90.11*
Urban Population	116680	*3.08*	139033	*3.17*	811868	*9.89*
Total Population	3792200	*100*	4388906	*100*	8206860	*100*

Sources: (i) *District Census Report*, Comilla [1961]: p.16
(ii) BBS [1995]: *Statistical Yearbook of Bangladesh, p.43*
Note: Figures pertain to the old Comilla District, incl.Comilla, Chandpur and Brahmanbaria Zilas.

The Muslims in rural areas generally follow Shariat rules in their daily life, and are strict in saying their *namaz* (prayers) and in the observation of fasting and other rites and rituals. The Hindus in the district observe Durga Puja and other Hindu Pujas with great pomp and ceremony. The Rathajatra in Comilla town is a major public attraction. The Buddhists of the district follow their own religious practices and celebrations, among which Buddha Purnima is the most important.

6.1.3 The Economy of Comilla Zila

Although trading and business activity in Comilla district has ancient origins, no statistical records are available for trade in the early period. However, the Comilla region has traditionally depended on agriculture, with rice as its principal agricultural product. Throughout the early period, Comilla has been identified as a rice-exporting area. Exports of rice from the district were estimated at 4,000,000 maunds (1 maund = 37.32 kg approx.) in 1874-75.[22] Exports of betel-nuts, jute and rice are still largely carried by country boats. Statistics of exported goods carried by railway are not available, and it is also not possible to give an estimate of the amount of rice carried by road and river. In the past, the principal imports to the district comprised salt, kerosene oil, cotton twist and piece-goods which were carried by rail either from Calcutta or Chittagong, and timber, bamboo, etc., which were brought in from Hill Tippera.[23] With the development of road-communication in the modern period, the modes of commodity transportation have also changed. Nevertheless, the overall trade situation has remained more or less similar. The chief centres of trade in the present Comilla Zila are the township of Comilla which is served by railway, that river-ports of Chitosi and Baghmara on the Dakatia river, and Gauripur and Daudkandi on the Gumti river, as well as Chandina, Elliotgonj, Daudkandi, etc., which are located on principal roads and highways.

No information is available on the existence or nature of industry in Comilla district during the Hindu and Muslim reigns in the pre-British period.[24] No large industry has existed in the district, with the exception of jute baling in Chandpur subdivision (now Chandpur Zila). A few weaving factories were set up in Brahmanbaria subdivision during the later period of British rule. Manufacturing activity centring around sawmills, light engineering and the seasonal manufacture of tea also made its appearance in Comilla district during that period. Three jute mills were subsequently established in Chandpur subdivision, commencing production between 1964 and 1965. More small industrial units and a few large industries have emerged in the district in the recent period.

Nevertheless, Comilla remains an agricultural district, and the primary economic activity of its people consists mainly of small agriculture. It has long been known as a well-cultivated area that mostly grows rice.[25] Excepting in the Lalmai Hills, where the soils are chiefly composed of decomposed rock and are reddish in colour, the greater part of the district contains alluvial soils composed of clay and sand in varying proportions. In most parts of the district, the soil is exceedingly fertile. Although, during the rainy season, nearly two-thirds of the district area remains submerged, the rainfall in most years is abundant and is quite helpful for irrigation.

In his 1866 report on Comilla district at the close of the Revenue Survey, Browne reports the area of Tippera to be 2,648 square miles. Of this, an area of 1,995 square miles or over 75 percent of the district was then under cultivation.[26] In 1874-75, the total cultivated area was estimated at 13,01,760 acres, amounting to 76 percent of the district. This had risen by 1901-1902 to 13,60,000 acres, and to 14,27,000 acres in 1907-1908. The double-cropped area was about 1,89,000 acres in 1901-1902, and nearly 2,94,000 acres in 1907-

1908. Thus, net cropped area in the respective years comprised 10,71,000 acres and 11,33,000 acres, equivalent to 67 percent and 71 percent respectively of the total district area.[27] Land records for the year 1907-1908 showed 72,000 acres as current fallows and included 1,23,000 acres as cultivable wastelands in the district. Practically all land deemed fit for cultivation has since been taken up, leaving little room for further extension of farming. According to the Census of Agriculture conducted in 1996,[28] the total area of the reorganized Comilla Zila amounts to 5,86,957 acres, while the net cultivated area is currently 4,81,879 acres, amounting to 82 percent of the total Zila area.

Rice is the most important crop in the Comilla region, and the proportion of land devoted to its cultivation has been increasing. Of the total cropped area of 13,60,000 acres in 1901-1902 and 14,27,000 acres in 1907-1908, total area under rice cultivation was 8,43,000 acres (63 percent) and 10,13,000 acres (69 percent) respectively.[29] By 1959-60, total cropped area in the district had increased to 18,36,705 acres. Of this, the total area under the rice crop was 16,16,100 acres, amounting to about 88 percent of total cropped area.[30] According to 1996 Census of Agriculture, the total area under rice is now around 7,16,198 acres, amounting to 76.85 percent of the total gross cropped area of 9,31,891 acres in the present Comilla Zila.Other foodgrains thus occupy less than one-fifteenth of cultivated lands.[31]

Paddy (*Oryza sativa* or dhan in the vernacular) is the principal crop of Comilla Zila. Depending on the season when it is sown and reaped, paddy cultivation in the Zila includes *Aus* or the autumn rice-crop, *Aman* or the winter rice-crop and *Boro* or the spring rice-crop. Many varieties of paddy are sown in the district. No less than 172 paddy specimens were collected by Cumming towards the beginning of the 20th century.[32] He reported the Gobindabhog and Jafarsil paddy varieties to be "aristocrats among rice seeds", which grew mainly on high fertile soil. Aman or winter rice constitutes the main rice-crop of Comilla Zila, and can be sown directly as well as transplanted. Coarse varieties of Aman rice originate from long-stemmed plants growing on low-lying lands. Heavy clayey soils which retain moisture are most suitable for this variety of paddy, some specimens of which are grown on marshy lands to the southwest of the district which are covered by upto 15 feet of water during the rains. The broadcast varieties of Aman grow along with Aus in low-lying areas in the western parts of the district. Boro or spring paddy is now widely cultivated in the marshy *bil* areas to the north of the district, and also wherever adequate water is available nearby. According to the 1996 Agricultural Census, the combined areas under local and HYV Aus in the district currently amount to 2,38,318 acres, under local and HYV Aman to 3,14,597 acres, and under Boro to 1,63,283 acres. The output of rice varies from year to year due to several reasons. However, even the early reports have shown Aus to produce just under 13 maunds of paddy (rice-in-husk) per acre and the long-stemmed winter rice to produce between 19-21 maunds of paddy per acre.[33]

The next crop to rice in order of importance is jute. Jute cultivation was previously extremely market-sensitive and was influenced by jute prices on the Calcutta market, leading to constant swinging of the pendulum, whereby high prices in a particular year were followed by subsequent increase in jute cultivation, and vice versa.[34] In 1901, the area normally under jute was computed to be 2,85,000 acres, but rose to nearly 3,47,000 acres after high prices had prevailed in 1904. In the undivided Comilla district in Bangladesh, jute normally occupied around 21 percent of gross cropped area, and was grown more extensively in Chandpur and Brahmanbaria subdivisions.[35] In course of time, jute cultivation has declined. Thus according to the 1996 Agricultural Census, the present area under jute is just 19,416 acres, or only 2 percent of gross cropped area in Comilla Zila. Besides paddy and jute, wheat is another important foodcrop in the district. The current area under wheat amounts to 67,853 acres, or around 7 percent of the gross cropped area. Cultivation of potatoes has gradually increased in the district in recent times and potatoes have become an important cashcrop for the Comilla farmers.

Vegetable cultivation in the district includes the cultivation of beans of various sorts, as well as brinjal, pumpkin, cucumber, sweet potato, onion, garlic, tomato, radish and turnip. Radishes (mula) of large size grow abundantly. The country bean is a climbing plant that grows on cottage roofs, covering them with masses of white and blue flowers during spring, or is trained on bamboo platforms about 3 feet above the ground. This bean is grown commercially and has a high market value. The variety of brinjal grown in the region is long and sausage-shaped, not egg-shaped or round. Tomato cultivation has increased recently, and both unripe and ripe tomatoes are brought to the market. Watermelons, papayas, mangoes and jackfruits are among the most valued fruits. Watermelons are grown in abundance in the Elliotgonj area of the district, and partially supply the needs of Dhaka city. Coconuts and dates are grown in the southern portions of

Comilla Zila.

The Census Report of 1891 found that one-third of the residents of the district were direct (i.e. main) workers, who collectively supported the remaining two-thirds of the population. Nearly 76 percent of this population was found to depend on agriculture.[36] The Census also showed that around 8-9 percent of the 4,86,000 persons directly paying land rents in the district also had secondary occupations. Thus industrial workers accounted for 9 percent of the total population. Commercial classes accounted for only 1 percent of the population, most of whom were engaged in petty shopkeeping activity. Around 0.5 percent of the workers were employed in providing personal services.[37]

The current occupational distribution in Comilla Zila has not changed substantially beyond that period. Cultivation remains the dominant primary occupation of the people. A large number among them work as agricultural labourers and day-labourers. A certain segment of the working population including masons, carpenters, blacksmiths, goldsmiths, potters and weavers may be termed as skilled workers. Weaving, pottery, basket-making, mat-making and fishing are common secondary occupations. Seasonal migration of workers also takes place in the district. Thus a group of landless male labourers may temporarily migrate in search of work during the agricultural slack-season in winter, where most of them may perform work like carpentry, etc.. A large number of workers proceed in this manner to Sylhet district during the earth-cutting and harvesting seasons. The people of Comilla Zila are active and work almost the whole day during the peak agricultural season. However, women and children do not work on the fields and are generally involved in household work, besides tending the cattle and threshing, sunning, winnowing and storing paddy along with their other household chores. In cottage-industry like weaving, pottery, mat-making, basket-making, etc., the work-role of women is almost equal to men. The proportion of people working as boatmen in the region is also considerable.

Comilla is well-known as the first Bangladesh district to initiate the rural finance programme, when an experiment on generating agricultural and rural development through a two-tier system of cooperatives was undertaken in the early 1960s in the Comilla Sadar Thana (the present upazila), at the initiative of Pakistan Academy for Rural Development [PARD] (the present BARD). The basic objective of this experiment was to promote the formation of small farmer-cooperatives which could learn to mobilise their own capital resources for investment in better farming practices. Unfortunately, the present state of rural banking in the Zila stands in contrast to that noble initiative. The banks today, especially nonagricultural banks, neither encourage the rural residents to save nor help farmers in investing their savings into their own development. Rather, the banks help to transfer whatever savings are mobilised by the rural areas to other regions and sections of the population.. It is thus found that in FY1996-97, these banks mobilised Tk.5634 million as savings from the rural residents of Comilla Zila, while investing only 44 percent of these resources or Tk.2517 million on rural credit in the region.[38] This therefore implies that more than half of rural savings are transferred outside Comilla Zila, and probably find their way into urban investments which thus benefit from the thrift of rural areas.

6.2 Daudkandi Upazila: A Brief Outline

The Daudkandi area, which now forms an upazila (literally, sub-district) of Comilla Zila, was selected for detailed quantification and micro study of the various economic parameters that determine the present state of rural institutional credit markets. The main reason for selecting the upazila for detailed study lay in the high concentration of agricultural credit activity by formal-sector banks, most notably BKB, in this focal region. As also noted below, both the number of loan accounts operated as well total loan disbursements and recoveries by BKB have remained consistently higher in Daudkandi upazila over the study period between 1998-99, compared to the 11 other upazilas within Comilla Zila *[cf. Appendix-E]*.

6.2.1 Location & Rural Economy of Daudkandi Upazila

Daudkandi is an old thana of Comilla district. In 1858, during British rule, the greater Comilla district was first reorganised under 11 thanas, among which Daudkandi was one. By 1974, the number of thana-divisions in the undivided Comilla district had increased to 25.[39] When all erstwhile thanas in Bangladesh were upgraded into upazilas by Government decree in 1984, Daudkandi acquired distinct administrative

status as an upazila.[40] Daudkandi is the western-most upazila of the district, with the upazila headquarters at the Daudkandi township being located about 80 kilometres away from the Zila headquarters at Comilla. The upazila is bounded to the north by Homna upazila and to the east by Muradnagar and Chandina upazilas in Comilla district. To its south, it is bounded by the adjoining Chandpur Zila and to the west by the Meghna and Gumti rivers, across which lie Narayanganj Zila and then Dhaka City. Physiographic, sociocultural and economic conditions in Daudkandi upazila are similar to those described in case of Comilla district. Salient features describing the Daudkandi upazila are summarised briefly below.

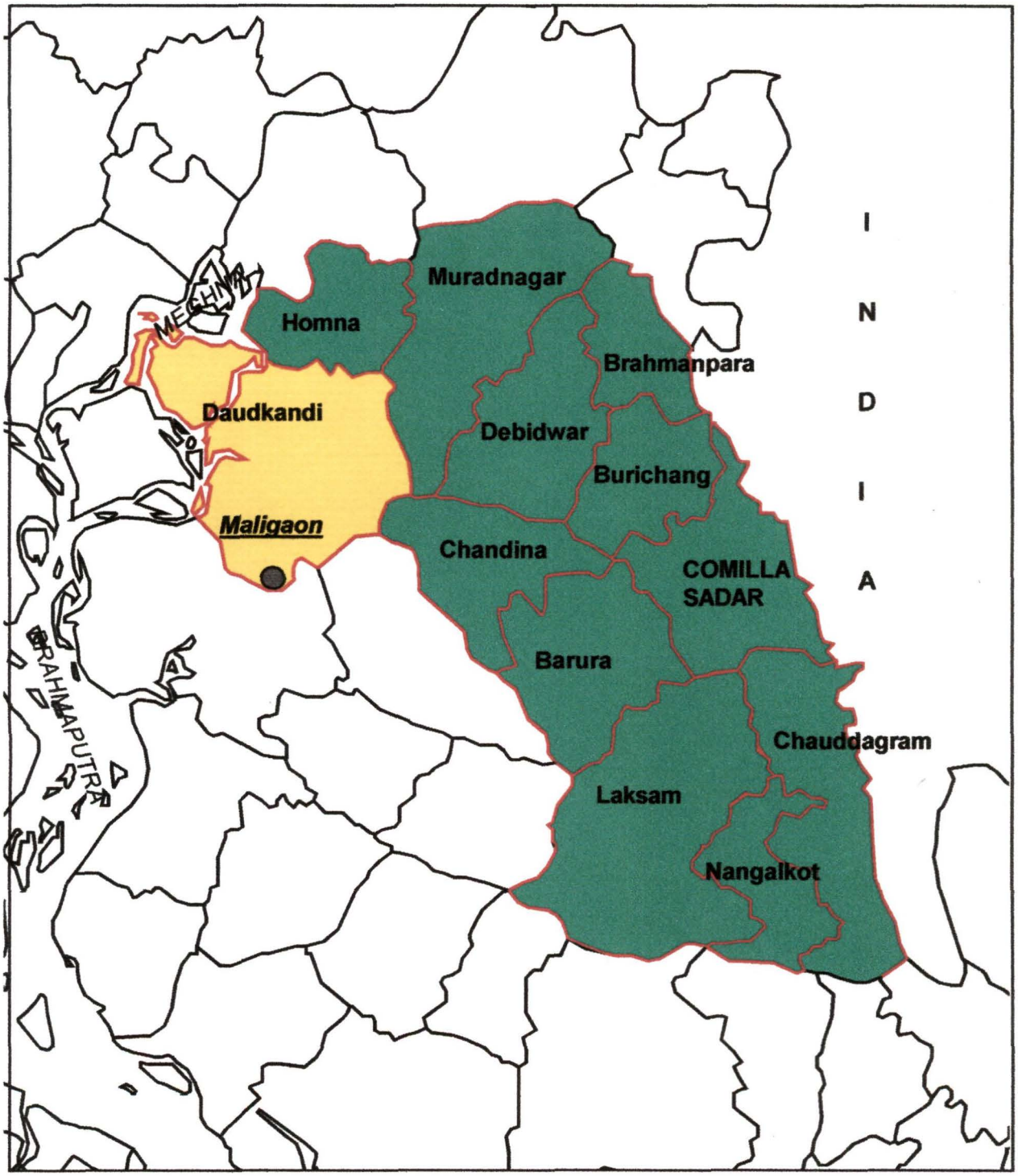
Chart 6.2: Daudkandi Upazila: Social & Economic Profile

Upazila Boundaries	*Western:* Meghna and Gumti rivers
	Northern: Homna upazila, Comilla Sadar
	Eastern: Muradnagar and Chandina upazila
	Southern: Chandpur Zila
Administrative Structure	
Upazila area:	366.44 sq.km.
Number of Unions:	26
Number of Villages:	467
Population Statistics (1991)	
Upazila Population:	Male: 2,48,305
	Female: 2,39,221
	Total: 4,87,526
Population Density:	*1330 persons per sq.km*
FMR:	*963 females per thousand males*
Average Family-size:	*5.93 persons*
Total Households:	82,226
Agricultural households:	60,016
Cattle Population:	31,601
Land Statistics	
Cultivable area:	71,970 acres
Area unavailable for cultivation:	16,797 acres
Submerged and other areas:	1707 acres
Cultivable land per Agricultural HH:	*1.20 acres*
Cropping Statistics	
Single-cropped area:	27,000 acres
Double-cropped area:	39,350 acres
Triple-cropped area:	5620 acres
Net cropped area [NCA]:	71,970 acres
Gross cropped area [GCA]:	1,22,560 acres
Cropping Intensity:	*170 percent*
Irrigated area	50,316 acres
% NCA irrigated:	*69.91 percent*
Deep Tubewells [DTWs]:	101
Shallow Tubewells [STWs]:	144
Annual Fertilizer Consumption:	72.27 thousand metric tonnes
Production of Principal Crops in 1997	
Rice:	*49,629 metric tonnes*
Wheat:	*7,785 metric tonnes*
Potato:	*78,582 metric tonnes*
Jute:	*2,455 metric tonnes*
NGOs operating in the Upazila:	98
Formal-sector Bank Branches:	14

Sources: *Compiled from* (i) BBS [1995-1998]: *Statistical Pocketbook(s) of Bangladesh*
(ii) Upazila Agriculture Office, Daudkandi

As seen above, the area of Daudkandi upazila at 366 sq.km places it among the larger-sized upazilas in Bangladesh (national average upazila-size = 303 sq.km). Nevertheless, land pressure is high in the upazila and its 1991 population of 4,87,526 persons was more than double the national average upazila population of 2,20,000 persons.[41] Daudkandi upazila is predominantly an agricultural area. Except for the Dhaka-Chittagong highway which passes through the middle of the upazila, there is hardly any other high land in the upazila. Under the influence of alluvion on the Meghna and Gumti, cultivated land is very fertile. Thus the economic activity of residents depends mainly on agriculture, with the exception of three small local business centres or 'hats'.

Map 2: COMILLA DISTRICT & DAUDKANDI UPAZILA



Present cultivable lands in the upazila amount to around 72 thousand acres, as a result of which the present availability of agricultural land per agricultural land per household is only 1.20 acres. This leaves no alternative to intensive agriculture, reflected in the high coping intensity of 170 percent. Even so, only about 8 percent of cultivable lands are currently under triple-cropping, although cropping intensity could easily be raised with proper credit support. The principal agricultural crops of the Daudkandi region are rice and potato, with wheat, jute, oilseeds and pulses also being grown to a comparatively limited extent. Nearly 70 percent of cultivable lands in the upazila are irrigated. Relatively high levels of rice production are therefore noticeable in the upazila because of the reasonably adequate availability of irrigation that permits the cultivation of HYV paddy. It has already been noted by several studies cited in the literature that HYV rice cultivation proves to be quite expensive both in terms of inputs as well as irrigation costs. This also remains true in the case of potato cultivation, which is the major cashcrop of Daudkandi upazila. Thus both paddy and potato cultivation are capital-intensive and require considerable credit support from institutional or other sources. On the other hand, only 14 branches of the formal-sector banks serve the entire population of the upazila. Each branch thus has to extend credit cover to 33 villages, or around 35,000 people, on the average. The credit facilities presently provided through formal-sector banks in Daudkandi upazila may thus be deemed to be quite inadequate and warrant considerable expansion.

Chart 6.3: Social & Economic Characteristics of the Maligaon Population

Total Village population:	3,413
Males:	1,760 *(52 percent)*
Females:	1,653 *(48 percent)*
Total households:	516
Average Household-size:	6.61
Illiterate persons:	1293 *(38 percent)*
Male:	537 *(42 percent)*
Female:	756 *(58 percent)*
Literate persons:	2,120 *(62 percent)*
(incl. functionally literate)	
Adult earners:	1,837 *(54 percent)*
Elderly dependents:	74 *(2 percent)*
Minor dependents:	1,502 (44 percent)
(below 14 years)	
Farm-based households:	364 *(70.5 percent)*
Owner-cultivators:	282
Non-cultivating owners:	82
Landless households:	152 *(29.5 percent)*
(incl. non-farm households)	
Total Cultivator holdings:	389.5 acres
Homestead lands:	34.3 acres
Average homestead-size	0.06 acres per holding
Net cultivable land:	329.2 acres *(85 percent of total lands)*
Lands in other uses:	25.9 acres

Source: *Village Census Survey*

6.2.2 The Sample-Village of Maligaon

The empirical study was conducted principally on the basis of information directly collected through fieldwork with various district and upazila-level bank offices and their officials. However, for identifying existing resources and needs among the target population of farmers, complete census survey was first made of the 516 households resident in the remote village of Maligaon, located in the extreme southeast of Daudkandi upazila. The broad socioeconomic characteristics of the Maligaon population are briefly summarised above. Since the present study is partially representative of the rural finance situation in Bangladesh, the study village was selected purposively from Daudkandi upazila on the basis of its remoteness. The two-stage sampling process then focused on all farmers residing in the village, ranging from submarginal to large-farmer categories.

In the first stage of sampling, the census survey included all village residents in order to develop a

better understanding of the social setting of the village and the demographic and occupational characteristics of its residents. Of the 364 landowning households identified during first-stage enumeration, 282 households were found to be directly involved in agriculture as owner-cultivators. A sample of 100 farmers was then drawn at random from among these households for the questionnaire-survey of farmers. The survey at this stage then focused comprehensively on the socioeconomic background of the Maligaon farmers and the nature of farming in the area, including present cropping patterns followed, agricultural costs and productivity and the farmers' consequent need for credit support. Further information was also collected on their present sources of credit and the difficulties they currently face in approaching formal-sector banks for loan-finance. The sample-study thus helped in studying the present nature of agricultural credit demand in the rural credit market in relation to present constraints and limitations in credit supply.

Maligaon is a large village situated in the Mohammadpur (East) union of Daudkandi upazila within Comilla Zila. It is the most southeasterly-located village in the upazila, standing virtually on the borders between Daudkandi and Chandina upazilas within Comilla district and the adjoining Kochua upazila of Chandpur district. It is thus located about 60 kilometres to the west from the district headquarters at Comilla town, and around 20 kilometres to the southeast of the upazila headquarters at Daudkandi town. The village belongs to Ward 3 of Mohammadpur Union Parishad and lies in Maligaon Mouza bearing JL No.268. The mouza occupies an area roughly around 1.5 kilometre in length from north to south and 0.75 kilometres in width from east to west, covering approximately 1.15 sq.km. It is neighboured by the villages of Bainagar to the north and Kalasona to the south. The agricultural lands belonging to the Maligaon farmers lie towards the eastern periphery of the village, while the Khirai rivulet defines its western periphery. The Union office is located around 2 kilometres from the village and is connected to it by a unmetalled road.

6.2.3 Village Characteristics & the Sampling Process

Census enumeration of Maligaon village was conducted between May 1999 and April 2000. The present village population presently amounted to 3413 persons, among whom 1760 (52 percent) were male and 1653 (48 percent) were female. The number of mouza households in Maligaon amounted to the highest among all mouzas included in the Mohammadpur (East) Union. Since the total population of the village as listed during the Population Census in 1991 had amounted to 2259 persons,[42] there had been an increase in village population by 1154 persons (51 percent) over the nine-year interval. While the adult workforce in the village numbered 1837 persons (54 percent), 1502 persons among the dependent population (44 percent) comprised children below the age of 14 years and 74 dependents (2 percent) belonged to the elderly category. Average household-sizes in the village at 6.6 members per household exceeded the national average of 5.6 persons recorded in 1991.[43]

The village was predominantly Muslim, with only two Hindu families comprising 14 members among its residents. Thus the Muslims accounted for about 99.5 percent of the households and 99 percent of the village population. The Muslims of Maligaon were followers of the Hanafi School belonging to the Sunni sect, but were divided into different khandans or kinship-groups. Common divisions found among the Muslim families in respect of their lineage kinship included Bepari, Munshi, Khan, Mollah, Kazi, Sikdar, etc.. The two Hindu families belonged to the common caste-group of Bhaumik. Villagers from both sexes closely followed their prescribed religious practices. For this, the Muslim community had founded a non-formal moktab where instruction was imparted in Arabic and several mosques. Nevertheless the conservative practice of purdah or wearing of the burkha (veil) by Muslim women was hardly observed in the village.

While a few brick-built houses existed in the village, the vast majority of dwellings comprised hutments with interlaced bamboo walls and roofs of thatching grass laid upon bamboo-frames and underlying wooden supports. Middle-class residents of the village were found to live in chouchala (four-roofed) tin sheds constructed on wooden posts with wooden frames and corrugated-iron (CI) sheet roofs. Poorer sections among the population lived in dochala (twin-roofed) huts built on bamboo posts and bamboo frames and thatched roofs. The houses of the well-to-do had walls of elaborate bamboo work or CI sheets. Over 70 percent of the houses consisted of a single room with a 'katcha' floor and veranda. The plinth of the typical house was made of raised earth plastered with mud. The typical homestead unit usually comprised 4 houses abutting on a common courtyard, with separate outhouses and cattle sheds. In low-lying areas, the cow shed units were attached to the main living rooms. While there were separate mud-built sheds for poultry in

certain homesteads, in most cases poultry fowls were kept in a corner of the main dwellings. Most houses in the village did not have much furniture. Only well-to-do households were found to use wooden beds or 'chaukis', while the members of a great majority of households slept on pati mats, and uses kantha (worn cotton material stitched together into a thick pill) as a substitute for quilts during winter. Household utensils and crockery were stored on sikka frames made from jute coil.

The study village had a free primary school run by the Government as well as a high school run by the local community. In addition to these two institutions, the villagers also had access to education at nearby facilities, including two other high schools, two dakhil madrasas (religious seminaries) and two primary schools located in adjacent villages. There was also a college and a high madrasa located within respective distances of 2 and 3 kilometres from Maligaon. As the city of Dhaka is located within striking distance from Maligaon, the residents also had the opportunity of sending their wards for enrolment at the higher educational institutions located in that city. Nevertheless, 38 percent of the village residents were found to be illiterate. While the remainder of the population was either formally or functionally literate, the women of the village were found to be lagging behind in education. It was also disappointing to note that the poorer classes still had very limited participation in education.

Till the 1980s, Maligaon and its neighbouring villages had been relatively backward and undeveloped in terms of communications and other infrastructure, which had also reflected on the overall pattern of economic activity among their residents. However, a narrow carpeted road has been built very recently between Sachar and Gouripur, which passes within 1 kilometre to the west of the village, thus connecting the locality to the main Dhaka-Chittagong highway. Another unmetalled road also connects the village to the Sachar-Gouripur road, which is widely used as a thoroughfare and for the transportation of goods by different modes of vehicular transport during the dry season. During the monsoon when the unmetalled road becomes unusable, the villagers use waterway passages to communicate with the highway. Thus the highway now remains within easy reach of the village throughout the year, enabling relatively easy communication between Maligaon and the upazila and the district headquarters as well as the capital city of Dhaka.

Thus in recent times, the economic status of the village as well as its residents had undergone satisfactory upgradation because of the development of multiple facilities provided by different agencies. Most village residents today were found to live in fairly comfortable conditions, and a large number of households were now using slab latrines. Because of the large number of tubewells in the village, almost every household had access to safe drinking water. Maligaon had also benefited from the rural electrification programme conducted by the Chandina Palli Bidyut Samity [PBS]. As possession of a domestic electricity connection was deemed to enhance the social status of a household, most well-to-do farmers and traders had taken electricity connections for their homes. The recent execution of several development schemes providing food-for-work, food-for-education, and pension-type allowances to aged people, etc., was observed to have brought tremendous change into the overall living standards of village residents. At grassroots-level, the villagers were simultaneously governed irrespective of religion, kinship and caste, by the lowest statutory rung of local government, namely the Union Parishad, and by the traditional council of village elders known as the Moy-Morobbi.

Maligaon is located on the alluvial plain of the Meghna which has a great influence on the entire Daudkandi upazila. The village soils hence consist primarily of sandy clay, graduating to sand along the main rivercourse and fine silt turning into clay in the flatter parts of the river plain. Since nearly all agricultural lands are regularly inundated by the river during the rainy season, the soils of the village are moist and fertile. The village is favourably located in geographical terms, with the Tropic of Cancer passing through the adjoining Chandina upazila. The climate of the region is hence characterised by warm temperatures and heavy rainfall, and conditions are suitable for the cultivation of several agricultural crops including paddy, wheat, jute, potato and vegetables.

Maligaon thus possesses a traditional agrarian background. The village residents revealed that till the recent past, nearly all people of the village were engaged directly in cultivation or in other agro-based occupations. At that time, paddy, wheat, jute, oilseeds, pulses and sweet potatoes were produced here in plenty. This diversified pattern of cultivation has now been declining, and the present trend appears to be strongly specialised in favour of HYV rice and potato cultivation. The preference for HYV rice arises because of its higher productivity, while the cultivation of potatoes offers quick cash returns. Total cultivable land in the study village was found to amount to 329.2 acres. Thus, current per capita availability of cultivable

land in the village was around 0.1 acres, against the national average of 0.15 acres per capita in 1991.[44] While 29.5 percent of the households in the village were landless, a good number of families were in possession of landholdings well below subsistence requirements. Nevertheless, around 55 percent of the village households still depended on agriculture, although the average landholding of the average family comprising 6.61 persons amounted to only 0.75 acres at present. In the absence of other viable economic avenues, economic activity in the village remains focused on agriculture and the primary needs for rural credit also arise in association with agriculture. No section with significant nonagricultural needs for credit thus exists within the non-farming section of the village population.

Around two-thirds of the 516 existing village households were found to possess agricultural landholdings of various sizes while the remainder either had submarginal holdings or no agricultural landholdings whatsoever. Households possessing only homestead land or agricultural lands that were less than 0.05 acres in size were treated as non-farm households for the purpose of the study. Of the 364 landholding households, 82 had the status of non-cultivating owners and were economically engaged in other occupations. Excluding such non-cultivating households and using classifying the cultivator-households on the basis of their operational holdings in line with the traditional land classification system commonly followed in Bangladesh,[45] 4 large-farmer households (1.5 percent) were found to be in possession of operational landholdings amounting in size to 7.5 acres or more per household, 30 medium-farmer households (10.5 percent) were found to possess operational holdings between 2.50-7.49 acres in size, while as many as 248 farming households held small operational holdings between 0.05-2.49 acres in size.

In respect of these characteristics, the village of Maligaon is thus closely representative of the common rural characteristics of Comilla Zila and of rural Bangladesh as well. The study of the agricultural credit situation in respect of Maligaon, and the extent to which present rural credit needs are being met by the formal-sector banking institutions may thus be considered as representative for Bangladesh.

6.3 The Structure of Rural Banking in the Daudkandi Region

After describing the Daudkandi upazila region and its agricultural characteristics in detail, it becomes necessary to understand the relative positioning of the upazila in terms of rural credit operations by formal-sector banks. Although because of the larger sizes of their respective divisions, the NCB divisional offices simultaneously oversee several other districts besides Comilla, rural banking data specific to Comilla Zila are available from the Bangladesh Krishi Bank [BKB] regional office located at Comilla headquarters. In order to evaluate upazila-wise agricultural credit performance in Comilla Zila, such data for FY1997-98 were thus collected from the BKB regional office. Although these data do not provide parallel information on agricultural lending operations by the NCBs, it needs to be remembered that, as an institutional source of agricultural credit, BKB plays a vital role by providing almost 52 percent of all institutional credit received by the agricultural sector in Bangladesh.[46] According to the BKB charter, the principal objective of the BKB is to support the credit needs of the agriculturists for the purpose of crop production, purchase of fertilizers, seeds and agricultural implements. In addition, BKB may also provide credit for other general purposes. Hence, the credit performance of BKB in Comilla Zila may be closely examined as a good indicator of the overall agricultural credit situation in the district, and also helps in the identification of Daudkandi upazila as the principal centre for agricultural lending operations within the district. Data gathered for FY1997-98 are tabulated below.

Even though provision of credit to agriculturists for crop production is the principal objective of BKB, the table below reveals that the BKB branches in Comilla Zila collectively released only 39 percent of their total lending amount in crop loans in the year 1997-98. Thus the larger part of BKB credit amount was disbursed to other nonagricultural purposes. In the case of crop loans, average loan-sizes amounted to less than half of the average sizes of nonagricultural loans.

Another noticeable characteristic of BKB credit operations in Comilla Zila during the year pertained to the high current recovery rates on loans, as a result of which current recoveries on both crop loans as well as other loans considerably exceeded fresh loan sanctions in the year. Operational preferences for credit disbursement to mainly nonagricultural purposes is also seen to persist at the upazila level in the district. Thus when BKB credit operations in Daudkandi upazila are compared to aggregate BKB credit operations in the district, almost similar patterns are found to exist in the release of crop loans and their average sizes. In FY1997-98, total crop credit collectively disbursed by the BKB branches in Daudkandi upazila collectively

amounted to less than a third of total credit disbursement by BKB.

However, the comparatively developed nature of overall lending activity, and especially of agricultural lending, in Daudkandi upazila in comparison to other upazilas in Comilla Zila is also worth noting. In the table it is thus seen that Daudkandi upazila hold the highest position among all upazilas in terms of both crop-loan disbursements and recoveries. Similarly, while average crop loan-sizes tend to be higher in Daudkandi upazila, credit-recovery rates are also high. In contrast, while the performances of Chandina, Chauddagram and Muradnagar upazilas appears to be quite satisfactory in terms crop-loan disbursements, their associated recovery rates are poorer. Thus standing next to Daudkandi upazila in order of the scale of BKB credit operations, especially total loan disbursements, comes Comilla Sadar. The total number of loan accounts as well as total current loan outstandings is in fact highest in Comilla Sadar. However, this is probably due to higher disbursement of loans for nonagricultural purposes, because of the largely urban character of Comilla Sadar. Within Daudkandi upazila, the main branch of BKB at Daudkandi headquarters is found to be more involved with the disbursement of non-crop loans. However, current credit recovery rates at this BKB branch appear to be better since the proportion of current outstandings there is approximately half of the proportion in Comilla Sadar.

Table 6.2: Rural Lending Operations of the Bangladesh Krishi Bank in Comilla Zila

[financial figures in the table pertain to FY1997-98]

Upazila / Branch	Crop-loan Accounts	Crop-loan Release	Other Loan Accounts	Other Loan Release	Total Loan Accounts	Total Loan Release	Crop-loan Recovery	Other Loan Recovery	Total Loan Recovery	Current Outstandings
Barura Upazila	508	4734	492	6253	1000	10987	2590	9090	11680	67489
Brahmanpara Upazila	444	5220	225	9972	669	8939	2885	3759	6644	38153
Burichang Upazila	423	4996	171	3636	594	8632	3208	4375	7583	61022
Comilla Sadar	513	5533	686	27604	1199	33137	4413	28405	32818	376549
Chandina Upazila	968	11621	184	4349	1152	15970	8271	5720	13991	53707
Chauddagram Upazila	1143	11216	308	6581	1451	17797	6768	7967	14735	131896
Daudkandi Upazila	**1565**	**17971**	**429**	**36717**	**1994**	**54688**	**13630**	**30139**	**43769**	**218547**
Daudkandi	*736*	*9418*	*204*	*33810*	940	*43228*	*8155*	*26561*	*34716*	*170122*
Nayerbazar	*288*	*2539*	*61*	*763*	349	*3302*	*2214*	*1061*	*3275*	*18746*
Masempur	*255*	*2878*	*115*	*1333*	370	*4211*	*1879*	*1450*	*3329*	*13480*
Juranpur	*286*	*3136*	*49*	*811*	335	*3947*	*1382*	*1067*	*2449*	*16199*
Debidwar Upazila	669	6590	316	5558	985	12148	5787	5274	11061	52294
Homna Upazila	390	3912	207	2019	597	5931	3852	1909	5761	29998
Laksam Upazila	685	5854	839	8871	1524	14725	4951	10686	15637	199656
Muradnagar Upazila	1034	11292	906	11986	1940	23278	8600	10548	19148	59905
Nangalkot Upazila	497	5654	373	5276	870	10930	3285	6445	9730	110919
Comilla Zila	**8839**	**94593**	**5136**	**128822**	**80987**	**243637**	**103102**	**185654**	**645329**	**1400135**

[percentages in the table pertain to FY1997-98]

Upazila / Branch	Crop-loan Accounts	Crop-loan Release	Other Loan Accounts	Other Loan Release	Total Loan Accounts	Total Loan Release	Crop-loan Recovery	Other Loan Recovery	Loan Recovery	Total Current Outstandings
Barura Upazila	5.75	5.00	9.58	4.85	1.23	4.51	2.51	4.90	1.81	4.82
Brahmanpara Upazila	5.02	5.52	4.38	7.74	0.83	3.67	2.80	2.02	1.03	2.72
Burichang Upazila	4.79	5.28	3.33	2.82	0.73	3.54	3.11	2.36	1.18	4.36
Comilla Sadar	5.80	5.85	13.36	21.43	1.48	13.60	4.28	15.30	5.09	26.89
Chandina Upazila	10.95	12.29	3.58	3.38	1.42	6.55	8.02	3.08	2.17	3.84
Chauddagram Upazila	12.93	11.86	6.00	5.11	1.79	7.30	6.56	4.29	2.28	9.42
Daudkandi Upazila	17.71	19.00	8.35	28.50	2.46	22.45	13.22	16.23	6.78	15.61
Daudkandi	*8.33*	*9.96*	*3.97*	*26.25*	*1.16*	*17.74*	*7.91*	*14.31*	*5.38*	*12.15*
Nayerbazar	*3.26*	*2.68*	*1.19*	*0.59*	*0.43*	*1.36*	*2.15*	*0.57*	*0.51*	*1.34*
Masempur	*2.88*	*3.04*	*2.24*	*1.03*	*0.46*	*1.73*	*1.82*	*0.78*	*0.52*	*0.96*
Juranpur	*3.24*	*3.32*	*0.95*	*0.63*	*0.41*	*1.62*	*1.34*	*0.57*	*0.38*	*1.16*
Debidwar Upazila	7.57	6.97	6.15	4.31	1.22	4.99	5.61	2.84	1.71	3.73
Homna Upazila	4.41	4.14	4.03	1.57	0.74	2.43	3.74	1.03	0.89	2.14
Laksam Upazila	7.75	6.19	16.34	6.89	1.88	6.04	4.80	5.76	2.42	14.26
Muradnagar Upazila	11.70	11.94	17.64	9.30	2.40	9.55	8.34	5.68	2.97	4.28
Nangalkot Upazila	5.62	5.98	7.26	4.10	1.07	4.49	3.19	3.47	1.51	7.92
Comilla Zila	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: *Bank Ledgers of the BKB Regional Office, Comilla*

The discussion above positively indicates that agricultural credit and recovery activities in Daudkandi upazila are more developed, compared to other upazilas in Comilla district, justifying closer examination of total banking activity in Daudkandi upazila in some detail over the defined study period. Since under the banking directives applicable in Bangladesh, Nationalised Commercial Banks [NCBs] have an equally important theoretical role in rural credit markets, the present credit performance of the NCBs in Daudkandi upazila will also be investigated by the study.

Table 6.3: Structure of Formal Banking in Daudkandi Upazila, Comilla District

	Agricultural Bank		NCBs					
Branch Classifications	Bangladesh Krishi Bank	*Est. Year*	Sonali Bank	*Est. Year*	Janata Bank	*Est. Year*	Agrani Bank	*Est. Year*
Main Branches	Daudkandi	*[1970]*	Daudkandi	*[1973]*	Daudkandi	*[1964]*	Daudkandi	*[1991]*
Other Branches	Naiyair	*na*	Gouripur	*na*	Gouripur	*[1964]*	Jagatpur	*[1990]*
	Juranpur	*[1987]*	Elliotgonj	*[1973]*	Batakandi	*[1977]*	-	
	Machimpur	*na*	Raipur	*[1977]*	Sundalpur	*[1979]*	-	

Total Branches in the Daudkandi Thana = 14
Bank Branches Studied = 14

6.3.1 Agricultural Credit Flows through the Banks

A breakdown of operations for the branches of all banks serving the Daudkandi region is provided in the table below. Evidently, four formal-sector banks, comprising three NCBs [Sonali, Janata and Agrani banks] and one specialized agricultural bank (BKB) operate in the upazila and also in Comilla district. The number of branches of these banks located within Daudkandi totals 14. Of these, the main branches of the 4 banks operate from the upazila headquarters at Daudkandi, while another 5 branches operate from outside semi-urban locations. These are namely, the Sonali bank branches at Gouripur, Elliotgonj and Raipur, and the Janata bank branches at Gouripur and Sundalpur branch, all located on the Dhaka-Chittagong highway. Thus, only 5 other branches scattered across the upazila serve the rural people of Daudkandi, indicating that the distribution of bank branches in the upazila is uneven and inadequate. Agrani Bank is a relatively new entrant in Daudkandi upazila, commencing operations after the lead bank role for the upazila had already been assigned to Sonali Bank. Although the three NCBs now have a fairly large branch network in Daudkandi upazila, their rural branch network is much weaker than the network of urban and semi-urban branches.

A large rural branch network is important both for the local mobilization of deposits and for providing general banking services to the public. It also enables people to maintain deposits conveniently at a branch located close to them. Although only two bank branches served the Daudkandi region in the pre-Liberation period, there has been considerable expansion in the network thereafter. Extension of the branch network has been an essential factor in the growth of banking operations in Daudkandi upazila.

An analysis of recent agricultural credit flows to the study region from the 14 formal-sector bank branches [NCBs and BKB] located in Daudkandi upazila is presented in Table 6.4 below. The main forms in which agricultural credit is available to the study region comprises short-term crop loans and livestock loans. Other agricultural credit categories such as medium-term irrigation and agricultural equipment loans are negligible in the region. While crop loans issued by the main bank branches located at the upazila headquarters tend to fluctuate in proportionate terms, their proportion is steadier in the case of the rural (non-Daudkandi) branches. Even so, average crop loan sizes are higher at the main branches, ranging between Tk.9060 to Tk.19196 in different years. The corresponding range for the rural branches is Tk.8185 to Tk.11008 in the same years.

As revealed by the succeeding table, crop loan operations in Daudkandi upazila have tended to increase in the long term, while showing considerable oscillation in given years. Unlike crop loans however, no consistent trends are shown by livestock loans in the upazila over the study period. The sudden increase in the number and quantum of livestock loan advances from both main and rural bank branches in the year 1998-99 was apparently a conscious step undertaken to compensate losses due to the devastating Bangladesh floods of 1998. Total crop advances from the main bank branches in Daudkandi upazila show a more oscillating trend, and have been steadier at the rural branches. Notable increase in the proportion of aggregate crop advances is noted in particular years such as 1997-98, mainly because of increased advances by the main branches. On the average, aggregate agricultural credit advances by all bank branches in Daudkandi

upazila show steadier proportionate trends than total loan issues. It is apparent therefore that considerable squeezing of average loan sizes is liable to occur in years where loan demands escalate faster than credit advances.

A number of hypotheses may be advanced in explanation of the above scenarios. Thus recent slackening of crop loans and advances in Daudkandi upazila, particularly since 1997, may partially reflect improvement in financial conditions among farmers due to the succession of bumper harvests in the country. The abrupt increases in credit advances noticed in certain years such as 1995-96 and 1997-98 may also be due to the political change in state power in 1995 and the launching of special post-flood credit programmes by the Bangladesh government in 1998. It may be mentioned in this connection that many rules and regulations applicable to agricultural credit were relaxed by the government in 1998 to compensate farmer for losses and damage incurred because of devastating floods in 1998, which also carried benefits to farmers in Daudkandi upazila. Similar reasons could also be assigned for the higher livestock advances in 1998.

Table 6.4 : Analysis of Rural Credit Flow in Daudkandi Upazila by Branch Location

ALL BANKS **MAIN DAUDKANDI BRANCHES**	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Crop Loans	1175	919	686	806	2034	593
Crop Advances	106.57	94.74	85.46	126.1	242.58	113.83
Irrigation Equipment Loans	-	-	-	-	-	-
Irrigation Equipment Advances	-	-	-	-	-	-
Agricultural Equipment Loans	-	-	-	-	-	-
Agricultural Equipment Advances	-	-	-	-	-	-
Livestock Loans	48	36	6	22	52	3
Livestock Advances	6.42	4.92	1.06	2.69	6.09	0.51
Total Agricultural Loans	1223	955	692	828	2086	596
Total Agricultural Advances	112.99	99.66	86.52	128.79	248.67	114.34
ALL BANKS **NON-DAUDKANDI BRANCHES**	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Crop Loans	2921	2018	2254	2384	7940	3305
Crop Advances	239.09	189.01	230.72	250.51	708.72	363.81
Irrigation Equipment Loans	12	12	11	10	9	9
Irrigation Equipment Advances	8.13	8.47	6.84	5.01	4.01	3.97
Agricultural Equipment Loans	5	5	4	4	4	4
Agricultural Equipment Advances	4.56	4.56	3.6	2.6	2.6	2.6
Livestock Loans	440	377	415	358	305	299
Livestock Advances	67.22	60.95	56.69	44.31	40.89	33.72
Total Agricultural Loans	3378	2412	2684	2756	8258	3617
Total Agricultural Advances	319	262.99	297.85	302.43	756.22	404.1
DAUDKANDI ***ALL BANKS MAIN BRANCHES***	*%* *1994-1995*	*%* *1995-1996*	*%* *1996-1997*	*%* *1997-1998*	*%* *1998-1999*	*%* *1999-2000*
Crop Loans	*28.7*	*31.3*	*23.3*	*25.3*	*20.4*	*15.2*
Crop Advances	*30.8*	*33.4*	*27.0*	*33.5*	*25.5*	*23.8*
Irrigation Equipment Loans	-	-	-	-	-	-
Irrigation Equipment Advances	-	-	-	-	-	-
Agricultural Equipment Loans	-	-	-	-	-	-
Agricultural Equipment Advances	-	-	-	-	-	-
Livestock Loans	*9.8*	*8.7*	*1.4*	*5.8*	*14.6*	*1.0*
Livestock Advances	*8.7*	*7.5*	*1.8*	*5.7*	*13.0*	*1.5*
Total Agricultural Loans	*26.6*	*28.4*	*20.5*	*23.1*	*20.2*	*14.1*
Total Agricultural Advances	*26.2*	*27.5*	*22.5*	*29.9*	*24.7*	*22.1*

Source: *Consolidated Operational Statement provided by Bank Branches at Daudkandi Upazila*, personal collection

A particular weakness of the rural credit system in Daudkandi upazila relates to the low offtake on medium-term agricultural loans. Owing to widespread use of traditional agricultural technology, both farmers as well as bank authorities do not show any inclination towards the induction of new agricultural and irrigation equipment. In general, all bank branches operating in Daudkandi upazila appear to be conservative in their attitude to agricultural advances, and are possibly more interested in commercial banking operations that ensure higher profitability.

On the whole, it would appear that the patterns of agricultural credit advances made by formal-sector banks in Daudkandi upazila are not condusive to the longterm development of modern agriculture in the

region, even though they do take care of the current production loan needs among a section of cultivators. While this section mainly comprises farmers with larger landholdings, the institutional credit available is unable to support their adoption of improved agricultural technology.

Table 6.5: Analysis of Rural Credit Flow in Daudkandi Upazila by Nature of Banks

ALL BRANCHES	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Crop Loans	4096	2937	2940	3190	9974	3898
Crop Advances	345.66	283.75	316.18	376.61	951.3	477.64
Irrigation Equipment Loans	12	12	11	10	9	9
Irrigation Equipment Advances	8.13	8.47	6.84	5.01	4.01	3.97
Agricultural Equipment Loans	5	5	4	4	4	4
Agricultural Equipment Advances	4.56	4.56	3.6	2.6	2.6	2.6
Livestock Loans	488	413	421	380	357	302
Livestock Advances	73.64	65.87	57.75	47	46.98	34.23
Total Agricultural Loans	4601	3367	3376	3584	10344	4213
Total Agricultural Advances	431.99	362.65	384.37	431.22	1004.89	518.44

BKB BRANCHES	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Crop Loans	1941	1659	1750	2081	7186	2901
Crop Advances	201.28	170.5	183.49	243.23	737.58	345.51
Irrigation Equipment Loans	12	12	11	9	9	9
Irrigation Equipment Advances	8.13	8.47	6.84	4.67	4.01	3.97
Agricultural Equipment Loans	5	5	4	4	4	4
Agricultural Equipment Advances	4.56	4.56	3.6	2.6	2.6	2.6
Livestock Loans	488	413	421	380	357	302
Livestock Advances	73.64	65.87	57.75	47	46.98	34.23
Total Agricultural Loans	2446	2089	2186	2474	7556	3216
Total Agricultural Advances	287.61	249.4	251.68	297.5	791.17	386.31

BKB BRANCHES PERCENTAGES	*% 1994-1995*	*% 1995-1996*	*% 1996-1997*	*% 1997-1998*	*% 1998-1999*	*% 1999-2000*
Crop Loans	*47.4*	*56.5*	*59.5*	*65.2*	*72.0*	*74.4*
Crop Advances	*58.2*	*60.1*	*58.0*	*64.6*	*77.5*	*72.3*
Irrigation Equipment Loans	*100.0*	*100.0*	*100.0*	*90.0*	*100.0*	*100.0*
Irrigation Equipment Advances	*100.0*	*100.0*	*100.0*	*93.2*	*100.0*	*100.0*
Agricultural Equipment Loans	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*
Agricultural Equipment Advances	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*
Livestock Loans	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*
Livestock Advances	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*
Total Agricultural Loans	*59.72*	*71.13*	*74.35*	*77.55*	*75.76*	*82.50*
Total Agricultural Advances	*66.58*	*68.77*	*65.48*	*68.99*	*78.73*	*74.51*

NCB BRANCHES	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
Crop Loans	2155	1278	1190	1109	2788	997
Crop Advances	144.38	113.25	132.69	133.38	213.72	132.13
Irrigation Equipment Loans	-	-	-	1	-	-
Irrigation Equipment Advances	-	-	-	0.34	-	-
Agricultural Equipment Loans	-	-	-	-	-	-
Agricultural Equipment Advances	-	-	-	-	-	-
Livestock Loans	-	-	-	-	-	-
Livestock Advances	-	-	-	-	-	-
Total Agricultural Loans	2155	1278	1190	1109	2788	997
Total Agricultural Advances	144.38	113.25	132.69	133.72	213.72	132.13

NCB BRANCHES PERCENTAGES	*% 1994-1995*	*% 1995-1996*	*% 1996-1997*	*% 1997-1998*	*% 1998-1999*	*% 1999-2000*
Crop Loans	*52.6*	*43.5*	*40.5*	*34.8*	*28.0*	*25.6*
Crop Advances	*41.8*	*39.9*	*42.0*	*35.4*	*22.5*	*27.7*
Irrigation Equipment Loans	-	-	-	*10.0*	-	-
Irrigation Equipment Advances	-	-	-	*6.8*	-	-
Agricultural Equipment Loans	-	-	-	-	-	-
Agricultural Equipment Advances	-	-	-	-	-	-
Livestock Loans	-	-	-	-	-	-
Livestock Advances	-	-	-	-	-	-
Total Agricultural Loans	*46.8*	*171.1*	*174.4*	*177.6*	*175.8*	*182.5*
Total Agricultural Advances	*33.42*	*31.23*	*34.52*	*31.01*	*21.27*	*25.49*

Source: *Consolidated Operational Statement provided by Bank Branches at Daudkandi Upazila*, personal collection

Since both NCBs as well as specialised banking institutions operate in Daudkandi upazila, it is also useful to understand the influence that banking specialisations have on rural credit flows in the study region. The preceding table redistributes data on agricultural loans and advances in the upazila in terms of the banking institutions involved. Although both NCBs and BKB operate in Daudkandi upazila, the perceptions and credit priorities of the two differ because of the specialised operations of BKB. By their nature, the NCBs are more attuned towards general banking while BKB exclusively addresses agricultural credit. The distribution of agricultural loans and advances between BKB and the NCBs in the study region has been shown in the table.

It is seen that the four BKB branches located at Daudkandi, Naiyair, Juranpur and Machimpur dominate agricultural credit operations in the upazila. In contrast, the ten NCB branches show lower participation. The proportionate share of the BKB branches in agricultural loans and advances is seen to have increased strongly over the study period, rising from around 60 percent to higher than 80 percent. In case of crop loan operations, the proportionate increase in the number of loans is stronger than the corresponding proportionate increase in crop advances. Notably, the share of NCB branches in crop loans and advances reveals a declining trend, and it is this slack which is being taken up by BKB. Thus, increasing presence of BKB in crop loans and advances and aggregate agricultural credit does not reflect equivalent magnification of agricultural credit for Daudkandi farmers. In average terms, agricultural loans issued by BKB remain in the range Tk.10471 and Tk.12025 in various years. In contrast, the number of agricultural loans issued by NCBs have declined sharply relative to NCB agricultural advances, resulting in a strong increase in average NCB loan size from Tk.6700 and Tk.13253 over the study period. Evidently, while aggregate NCB advances to the agricultural sector have remained relatively steady over the study period, they cater to the credit needs of fewer farmers. An equivalent section of farmers having small credit needs has been displaced from the institutional credit market of Daudkandi.

6.3.2 Issues for Investigation

A number of issues are opened by the above findings. The BKB branches in Daudkandi upazila contribute more effectively in agricultural credit operations compared to the NCB branches, whose role in the agricultural credit sector has in fact declined over the period of the study. Although agricultural credit operations of the NCBs are confined to short-term crop financing, unlike the BKB which is also required to extent medium-term financing to the agricultural sector, the NCBs service a wider section of the rural population of Daudkandi upazila. Hence the decline in agricultural loan operations by the NCBs reduces the credit access of vulnerable sections of the farming population, with excessive impact on small and marginal farmers. Thus questions are raised about the purposiveness of banking operations by the NCBs' rural branches, since they appear unwilling to provide agricultural credit, in spite of the clear policy mandate from the Bangladesh government.

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