

REGIONAL PROGRAMME OF MONETARY STUDIES

1974

SURVEY METHODOLOGY

ADDENDUM TO

SMALL FARM FINANCING IN GUYANA: 1968-1970

by Gladstone L. Lewars

APPENDIX II

A NOTE ON THE SURVEY METHODOLOGY

by Compton Bourne

As stated in the preface, the analyses reported in this study were based on the results from a survey of small farmers conducted between April to June 1971. This note seeks to describe the general objectives of the survey and the survey methods employed, as well as to comment on the reliability and general relevance of the data so generated.

The fundamental objective of the survey was to provide solid data on the basis of which descriptive and analytical light could be shed on financing patterns, costs of credit, and other problems of financing small-scale agriculture in Guyana.

Since the study could not proceed in a vacuum, the first stage in the survey design was an extensive review of the literature on agricultural finance in the Third World, with special attention being devoted to the Caribbean. It was soon readily apparent that the literature on the Caribbean with the exception of McMorris (30) was quite sparse and very general. Nonetheless one could discern certain widely held views as to the nature, volume, and adequacy of agricultural credit. In addition, there is no shortage of explanations for whatever financial deficiencies are perceived.

The survey adopted those views and formulated them as a set of working hypotheses around which data would be sought. (Details are given in the text. The hypotheses were not intended to repre-

sent preconceived views of the actual financial situation as it pertains to small farmers in Guyana. On the contrary, it was hoped that the survey would generate data which would not only confirm or falsify the hypotheses as the case may be, but which would perhaps suggest more relevant and novel hypotheses.

From the blank questionnaire appended to this note, it can be seen that quantitative information was sought on the general educational background, farming skills, and experience of farmers. Information was also requested on farm income and savings levels, attitudes towards savings, farm expenditures by type of expenditure, credit experience, utilisation of credit sale facilities, commodity loans, reasons for seeking credit, and credit terms. An attempt was made to obtain information on the farmer's assets and liabilities. To check upon and to improve the accuracy of responses on farm assets, the enumerators were required to make independent estimates based on the number, age, type and unit price of the physical asset.

A three per cent nationwide sample was drawn from farms or size 50 acres or less. The basic sampling frame was the list of enumerated farms from the 1968 Census of Agriculture conducted by the Ministry of Economic Development. The Census enumerated 37,281 farms not exceeding fifty acres in size, and between 400-500 farms of sizes greater than fifty acres. From an inspection of the 'greater than 50 acres' farms, it was discovered that very often not more than 19-30 acres were cultivated in any one crop year. Effectively, therefore, many apparently large farms were small farms, if measured by cultivated area. For this reason it was decided to sample those

enumerated at 50 acres or less.

The choice of a sampling fraction was a difficult one. The large number of farms argued on the one hand for a large sampling fraction, but on the other hand implied considerable expense. The issue was resolved by noting the general uniformity of crop patterns and by noting fairly clear evidence of geographic concentration of certain agricultural activities. The solution was to adopt a 3% sample from the farm population divided into 10 strata, namely -

- (i) East Bank Demerara
- (ii) West Bank Demerara
- (iii) East Coast Demerara
- (iv) West Coast Demerara
- (v) West Berbice
- (vi) East Berbice
- (vii) Essequibo Islands
- (viii) Essequibo Coast
- (ix) North West District
- (x) Demerara River

This had the merit of capturing within a relatively small sample, the uniformity and diversity of farm behaviour in Guyana. The strata corresponded to administrative districts. Three administrative districts were omitted - two (Bartica and Mazaruni/Potaro) because the sample numbers involved (11 and 18) were too few to justify the high level of expenditure that would have arisen, and the third (Rupununi) because it was not censused (a result of the uprising in 1968).

The total sample size was 1162 farm units. To ensure maxi-

imum possible response compatible with minimum survey costs, the technique of substitutable sample units was adopted, i.e. when, say the 33rd farmer was unavailable or non-cooperative, one sampled the 32nd or 34th farmer.

The actual field work was conducted by Agricultural Officers and Field Assistants of the Ministry of Agriculture. The decision to use Ministry of Agriculture personnel was motivated by three factors :-

- 1) They are more familiar with farm practices, equipment and the farmers, and are thus in a better position to judge and challenge the accuracy of information provided by farmers. Field investigators were requested to submit separate and or independent valuations on farm assets when the veracity of the farmer's response was seriously doubted.
- 2) By virtue of their closer working association with the farming community, they were in a better position to gain the confidences of farmers.
- 3) Since they worked and resided in the districts and could have tied in the survey with their normal duties, the total field costs were likely to have been much less than if University personnel had attempted themselves to handle that phase of the operation.

Two brief training sessions were held with field investigators (both enumerators and supervisors). At those sessions, the purpose and method of the study was carefully explained. Much time was spent discussing the details of the questionnaire, and in particular the meaning of certain economic terms and the coding format which was adopted to secure anonymity of respondents. In addition, written instructions and explanatory notes were distributed to each

field assistant.

It transpired that some sample units proved inaccessible or refused to co-operate for a variety of reasons (political unease, and income tax evasion being the main ones). In the Northwest District which is heavily populated by Amerindians - a nomadic people - whole families and 'villages' shifted location to other areas. These difficulties were more acute in some strata than in others.

The net outcome has been a low response rate in a few strata. Specific response rates are as follows:-

		Sample Size	Response Rate (%)
1)	East Bank Demerara	28	100
2)	West Bank Demerara	62	100
3)	East Coast Demerara	210	100
4)	West Coast Demerara	72	100
5)	West Berbice	101	19
6)	East Berbice	443	10
7)	Essequibo Islands	67	66
8)	Essequibo Coast	120	78
9)	North West District	41	56
10)	Demerara River	18	100

The especially low response rates for the East Berbice and West Berbice strata prompted their deletion from the study. As a consequence, Lewars' analyses are based on returns for eight strata only. It should be noted that responses to particular questions were not uniformly good even in high response strata. As a consequence some particular bits of information have to be interpreted rather more cautiously than others.

Despite the very good response rate for the districts studied, the fact that the final study is based on only a subset of the sample, suggests that one cannot generalise about agricultural finance among small farmers in Guyana on the basis of the study's findings. Lewars rightly stresses the need for caution in this respect. However, other information suggests that generalisation may not be so dangerous after all. Subsequent fieldtrips in areas of high non-response, for example East Berbice, have yielded information supportive of many of the study's findings.

REGIONAL MONETARY STUDIES PROGRAMME

UNIVERSITY OF GUYANA

SURVEY OF AGRICULTURAL FINANCE IN
THE CARIBBEAN

STAGE I: GUYANA

SCHEDULE 1

CODE NO:

Where applicable, please indicate the appropriate answer by
a tick () in the box provided.

A: DISTRICT, MANAGEMENT, AND TYPE OF FARM ACTIVITY

1) District in which farm is located

2) Who manages the farm?

Owners

—

Hired Manager

—

3) Who owns the farm?

Yourself

—

Family

—

Company

—

Co-operative

—

4) Which of the following types of activities do you engage in?

Paddy

—

Rice Milling

—

Citrus

—

Coconuts

—

Ground Provisions

—

Livestock - Beef

—

Dairy

—

Poultry

—

Greens and Vegetables

—

5) If you are engaged in more than one type of activity, which yields the most revenue?

First

Second

Third

6) How long have you been a farmer?

.....

7) How many years experience do you have in relation to your main crop or livestock?

.....

8) Up to what class in primary school did you go?

9) How many years of secondary education have you had?

10) Have you ever had any training in farm practices and management?

Yes

No

B: FARM INCOME AND SAVINGS

1) For your farm, what roughly (to the nearest Guyana dollar) were the following for the year 1968-1970?

ITEMS	YEARS		
	1970	1969	1968
a) Income derived from sale of farm produce and livestock
b) Income derived from work off the farm
c) Savings
d) Tax payments
e) Tax allowances on farm equipment and building

2) Do any of the following considerations influence your decision to save?

FACTORS

- a) Your total income — —
- b) Your tax payments — —
- c) Tax concessions on farm equipment and buildings — —
- d) The planned expansion of your farm business — —
- e) Other (Specify) — —

3) How would you rank them in order of importance?
(Enumerators see Instructions)

4) How much did you spend in each of the years 1968-1970 on the following types of farm operations?

ITEM	<u>YEARS</u>		
	1970	1969	1968
i) Purchase of land
ii) Purchase of farm machinery
iii) Purchase of livestock and poultry
iv) Erection of farm buildings (including fencing)
v) Repairs to Farm Buildings (including fencing)
vi) Drainage and Irrigation

5) What do you regard as the three most important influences on your decision to spend money under those categories listed in question 4.

- First
- Second
- Third

6) If "Yes" did your farm obtained an overdraft?

YES NO

7) If "Yes", what were the ceilings placed on those overdrafts?

<u>YEAR</u>	<u>CEILINGS</u>
1970
1969
1968

8) How many times has your farm applied the Guyana Credit Corporation for a loan

- (a) Since your farm started operations?
- (b) Since 1968 ?

9) How many times was your application successful?

- (a) Since operations started?
- (b) Since 1968 ?

10) If your farm did obtain a loan since 1968, what were the amounts borrowed for each year ?

<u>YEAR</u>	<u>AMOUNTS</u>
1970
1969
1968

11) For loans received from the Guyana Credit Corporation, what was

- i) The highest interest rate charged?.....
- ii) The lowest interest rate charged?
- iii) The longest time granted for repayment (exclusive of renewals or extensions)?.....
- iv) The number of times the farm has within the period of 1968-1970 re-negotiated extensions of repayment periods?

2) During the period 1968-1970, has your farm obtained a loan from

	<u>SOURCE</u>	<u>RESPONSE</u>	
		YES	NO
a)	Money-lenders	---	---
b)	Pawnbrokers	---	---
c)	Shopkeepers	---	---
d)	Guyana Marketing Corporation	---	---
e)	Other dealers to whom your farm normally sells its produce	---	---
f)	Relatives and Friends	---	---
g)	Co-operative Societies	---	---
h)	Any other Sources	---	---

3) What amounts were obtained from each of those sources listed in question 12 ?

	<u>SOURCE</u>	<u>AMOUNT</u>		
		1970	1969	1968
(a)	Money lender	.....	.....	.....
(b)	Pawnbrokers	.....	.....	.....
(c)	Shopkeepers	.....	.....	.....
(d)	Guyana Marketing Corporation	.....	.....	.....
(e)	Other dealers	.....	.....	.....
(f)	Co-operative Societies	.....	.....	.....
(g)	Relative and Friends	.....	.....	.....
(h)	Total from all Sources	.....	.....	.....

4) For loans from the Guyana Marketing Corporation,

- i) How long has your farm ever been given to repay a loan in full (exclusive of extension)?
- ii) What was the highest interest rate charged?

- 15) For loans from dealers and from shopkeepers,
- (i) What was the highest interest rate charged?
 - (ii) What was the lowest interest rate?
 - (iii) What was the longest time you were given to repay the loan in full?

16) Does your farm borrow for -

	YES	NO
(a) Capital expenditures (i.e. purchase of land, building, machinery, equipment, livestock)	---	---
(b) Working expenses (tilling, planting, fertilizing, reaping)	---	---
(c) Living expenses	---	---

- 17) From which four main sources does your farm borrow for capital expenditures?

Rank them in order of importance -

- i)
- ii)
- iii)
- iv)

- 18) Are you satisfied with the response to your requests for loan by

	YES	NO	NOT ENTIRELY
a) Local Commercial Bank	---	---	---
b) Guyana Credit Corporation	---	---	---
c) Other lenders	---	---	---

19) If your answer to Question 18 is not "Yes", state your reasons:

.....

.....

.....

.....

.....

20) For each of the year 1968-1970, what were the total (store) values of the following classes of items, if any, bought on Hire Purchase?

ITEMS	YEAR		
	1970	1969	1968
i) Farm machinery and equipment
ii) Household furniture and equipment

21) Suppose you could have secured a loan from the commercial banks or credit corporation for those purchases of farm machinery and equipment, would you have still considered using H.P.?

YES NO

22) If "Yes", how would your decision to use or not to use Hire Purchase be affected by -

- a) Interest charges on loans
- Very greatly
- Greatly
- Not at all
- b) The minimum deposit on Hire Purchase
- Very greatly
- Greatly
- Not at all

c) The difference between the Hire Purchase price and the cash price of the item -

Very greatly
 Greatly
 Not at all

d) The availability of loans from Commercial banks or the Guyana Credit Corporation -

Very greatly
 Greatly
 Not at all

23) For each of the years 1968-1970, what were the following -

<u>ITEMS</u>	<u>YEARS</u>		
	1970	1969	1968
Total Assets (\$) of which:
1) Land
2) Machinery and Equipment
3) Livestock
4) Government securities (e.g. Savings Certificates)
5) Buildings
6) Others

24) For each of the year 1968-1970 what was the total amount of your indebtedness on the following?

<u>ITEMS</u>	<u>YEAR</u>		
	1970	1969	1968
Machinery and Equipment
Land
Farm Building

31) If you have received groceries and articles of clothing on credit from rural shopkeepers, within the last 2 years, what were the highest values of your credit for each of those years?

<u>YEAR</u>	<u>AMOUNT</u>
1970
1969

32) Have you ever received on credit agricultural equipment and supplies from rural shopkeepers and/or produce dealers?

YES NO

33) If your answer to Question 32 is "yes", have you ever been required to give any security?

YES NO

34) If your answer to Question 33 is "yes", what kinds of security have you been required to give?

- i)
- ii)
- iii)
- iv)

35) If you have received on credit agricultural equipment and supplies from rural shopkeepers and/or produce dealers, what were the total values of your credit for each of the following years?

<u>YEAR</u>	<u>AMOUNT</u>
1970
1969
1968