

Business Finance II – 515 - summer 2016
Book Review Template

Participants' Names & ERP:

1. Muhammad Zahid (00482)
2. Malik Ehtisham Haider (10441)
3. Irfan Muhammad Burney (10081)
4. Hassan Rehan Zafar (09643)

Book Title	RESPONSE OF LIVESTOCK FARMERS TO INSTITUTIONAL CREDIT USE IN PAKISTAN: A CASE STUDY OF BAHAWALNAGAR DISTRICT
Author(s)	TUSAWAR IFTIKHAR AHMAD, KASHIF RAZA & ASAD SAIF
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Author (s):

1. TUSAWAR IFTIKHAR AHMAD, PHD, Assistant Professor of Economics, Islamia University of Bahawalpur
2. KASHIF RAZA, Lecturer of Economics, Islamia University of Bahawalpur
3. ASAD SAIF, M. Sc. Scholar of Economics, Islamia University of Bahawalpur

Synopsis of the book:

Pakistan is depend on agricultural products and this the common features of developing economies. In such types of economy, proper utilization of loan provided to livestock farmers could increase the benefits for the farmer. The purpose of this case study is to answer that how come social, economic, and geographical context of a livestock farmer might or might not cause to happen the proper utilization of agricultural credit gained. For this analysis, primary information was collected from a sample of 143 farmers residing in the selected district (Bahawalnagar) of southern Punjab. To determine the farmer's response toward credit use, descriptive statistics exhibited a clear role of the gender and geographical area of the farmer; whereas the findings estimated through logistic regression signified the livestock income, off-farm income, and the herd size as the key determinants of utilization of credit. The study tells us that for a loaning institute, prior information about a farmer's income diversification may serve as a proxy to predict his/her credit-use response. In order to improve credit use efficiency, the study also favors the adoption of gender-specific and area-specific approaches for agricultural credit disbursement. In this case authors describe the methods and tools to be use to find the determinants of case and at the end of the authors also give the recommendation to how we could tackle the future problems and how to solve it before happens, they recommend for non institutional credit, increase numbers of financial institution, empowering women, introducing farmers training programs and making utilization record of the farmers

Key Learning:

1. Economy of Pakistan contains the large share of services sector of 52%, agriculture sector is about 24% and industry sector have only 18% our economy is much more weaker because both the industry and agriculture have 42% in economy not only less percentage but also have weaker policies.
2. Livestock sector is the sub sector of agriculture sector contributes Rs. 4.1 billion in our economy, which is 14% of economy and 59% of the agriculture sector
3. Microcredit is life blood for any micro business like livestock farming its assist to fulfill the needs or working capital for a business and role of banks in this sector is not remarkable, banks charge higher markup of 10.53% to livestock farmers
4. Proper utilization of loan is not found in livestock sector those who use proper and specific use of loan for livestock like women in this case. Be objective based in life to handle any challenge
5. Impact on standard of living with the use of microcredit is remarkable but is also based on the performance of loan utilizer if utilize proper be ultimately positive effect on standard of living
6. Empowering women because the results of women is much more better than men in this case because they utilized loan specifically for livestock, if invested on women they would be more fruit full for economy
7. Record keeping activities and the use of Information technology is very weak, documentation of economy is needed because in this area we are bearing loss i.e. majority of women in rural area have not CNIC which is the hurdle for obtaining loan by the women
8. Importance of training & education is reflected in this case because farmers have not any training for livestock farming in consequence they are not utilized proper there loan and not focus on their objectives
9. Introduction of non-institutional credit is needed in rural farming areas due to insufficient availability of funds, staff and lack of documentation in rural areas
10. High cost of development loan of 10.53% causing burden on farmers and also slow growth in economy
11. Under-performance of rural markets is proved in this case and the factor for this is cited above
12. Poor research activities in our country and implementation in rare cases
13. Modernizing is not seen as a policy priority because modernization foster the higher growth.
14. Thin market and weak institutions especially we have only two specialized agriculture banks
15. Lack of investment in agriculture sector due to their incompetency and discouraging regulatory impact is also the reason for slow growth
16. Access to credit limited by collateral and information constraints and prone to political abuse
17. Limited geographical spread of rural financial market because braches are few of agriculture banks
18. Lack of marketing activities like to find the needs of our country as well as the needs for foreign market, not to create demand for our live stock for export to earn foreign exchange
19. Impact on other activities i.e. when livestock increases its also bring increase in meadow, farming of crops and local production of vaccination (increase in veterinary medicines industry)
20. Overall Poor management in all sectors of Pakistan and a huge turnaround is needed.

Application:

1. Reducing markup rate on development loan from 10.53% to 5% will make uplift in livestock sector up to 8% and also makes the mean of foreign exchange by export of livestock.
2. Invest in the training and empowering women because they are much more sincere in their business and hard worker if we are focus on women development it would be makes a positive impact on economic growth.
3. Making better policies/SOP for livestock sector to better scrutinized the individuals and give credit to deserving persons
4. Making mass software program for overall recordkeeping and monitoring of farmers as well as for the whole country or collaborate with NADRA to incorporate information i.e. default by the individual in past traced by his NADRA record, this step would also makes positive impact on performance of the overall economy
5. Whereas the documents are not available in rural areas like CNIC the non-institutional credit, like funding's by NGOs would be couple the needs of farmers
6. Fostering the culture of research and its implementation would results in higher growth of economy
7. Increase the number of banks and their branches to spread the facilities of credits for deserving farmers
8. Focus on marketing activities to generate the demand and earn foreign exchange, also publish magazines for information sharing and to provide solution to the problems of farmers.
9. When livestock increases it also bring increase in meadow, farming of crops, local production of vaccination and other industries and generating employment.