ANALYSIS OF ACCESS AND UTILIZATION OF INSTITUTIONAL CREDIT FACILITIES AMONG FARMERS IN AGATU LOCAL GOVERNMENT AREA, BENUE STATE, NIGERIA

BY

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A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES AHMADU BELLO UNIVERSITY ZARIA IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE MASTER OF SCIENCE DEGREE IN GEOGRAPHY

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DECLARATION

I hereby declare that this dissertation entitled "**Analysis of Access and Utilization of Institutional Credit Facilities among Farmers in Agatu Local Government Area, Benue State, Nigeria"** was carried out by me in the Department of Geography and Environmental Management, Ahmadu Bello Univeristy, Zaria, under the supervision of Prof. M. Mamman and Dr. R. O. Yusuf. The information derived from literature has been duly acknowledged in the text and a list of references provided. No part of this dissertation has been previously presented for another degree or diploma at this or any other institution

	……	……
Comfort Omaji, UDEH	Signature	Date

CERTIFICATION

This dissertationentitled**, "Analysis of Access and Utilization of Institutional Credit Facilities among Farmers in Agatu Local Government Area, Benue State, Nigeria"** by Comfort Omaji, UDEH meets the regulations governing the award of Master of Science Degree in Geography of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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DEDICATION

This research work is dedicated to my parents, Mr. and Mrs. Omaji Ogbole, my husband, Mr. Onnocent Udeh and my children, Abraham, Ehi, Eboh and Destiny.

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ABSTRACT

The importance of credit in agricultural production cannot be over-emphasized. Farmers in Agatu Local Government Area despite being an agrarian society have unequal access to institutional credit facilities hence utilization varies. This study is on access and utilization of institutional credit among farmers in Agatu Local Government Area of Benue State. This study was conducted using questionnaire and proportionate stratified sampling technique was adopted for questionnaire administration at the ward level which was used to select 399 farmers. Focus Group Discussion (FGD) was also conducted to give credence to the data gotten from the questionnaire. The data were analysed using both descriptive and inferential statistics using frequency, percentages and multiple regression.Resultsshowed that majority of the farmers access credit facilities to aid them in their farming activities (73.3%), especially for those who look forward to making use of machinery and mercenaries on their farm. High interest rate and insufficient amount (44.7%) on the part of the formal institutions, sentiments and higher interest rate (54.2%) on the part of the informal institutions are some of the challenges farmers encounter in their quest to access loan for their agricultural activities.Some socioeconomic characteristics of farmers such as education, farm size, years of experience, ownership of farmland and annual farm profit positively influence access to credit with R^2 = 75. Also, utilization of credit was positively influenced by socioeconomic characteristics of farmers at R^2= 0.93 such as marital status, education, years of experience, income per annum and size of landholding. On the basis of the findings, the study recommends that farmers should be encouraged to go to school at least attain secondary education, as this would help them to understand the need for institutional loan and the application of such loans to their agricultural activities. Also, there is the need for the government to strengthen and sustain institutional credit schemes so that they could be readily available and accessed by more farmers in order to enhance agricultural growth in the study area.

CHAPTER ONE
INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Credit is an instrument whose effectiveness depends on the economic and financial policies that go with it (Nwaru, 2004). The demand for credit has increased as a result of increased economic activities in the informal sector (Tra and Lensink, 2004). Credit availability to agriculture is justified when farmers are faced with low savings capacity, poorly developed rural financial markets and limited availability of appropriate farm technologies whose adoption is constrained by shortage of funds. If well applied, credit should increase the size of farm operations, introduce innovations in farming, encourage capital formation, improve marketing efficiency and enhance farmers' consumption (Nwaru, 2004).

Access to credit is one major link in the chain of agricultural development. For farmers to increase food production, they need better access to agricultural support system such as credit, facilities as well as the organizations that channel these services (FAO, 2007; IFAD, 2002). It has been observed that over 60% of Nigerian farmers live below poverty line and rural farmers rarely have enough cash for production (Okunmadewa, 2003). Farmers' access to institutional credit facilities is considered to be an accelerator of agricultural development through a wide spread break away from traditional technology and by fostering the generalized adoption of developed and improved technology. Farm credits are however important means for improving farm capital investment in Nigeria, with which there may be no progress in the agricultural sector to adequately fulfill its expected roles or Millennium Development Goals (Musa, Hanisu and Yakubu, 2010). Flores (2004)in corroborating this assertion, stated that credit if made available to farmers

could ameliorate some of the farmers'problems such as small farm size, low output, low income and low social economic status. It can also relieve farmers of the burden imposed on them by the informal creditors who usually charge high interest rate of between 100 – 300 percent per annum. Some of the credit institutions established by the government and other non-governmental organizations are the Agricultural Credit Guarantee Scheme, Nigeria Agricultural Insurance Scheme, Agricultural Credit Corporation, and very recently Bank of Agriculture, Bank of Industry and Cooperative Thrift and Credit Society among others. Despite these efforts and measures, the supply of credit to farmers is still inadequate, as most of the small-scale farmers have been severely constrained in the credit market (Omonona, Lawal and Oyinlana, 2010).

The contribution of agriculture to Gross Domestic Product (GDP) was 64% in 1960, declined to 35% in 1988 and presently the agricultural sector in Nigeria contributes less than 30% to GDP, with crop production accounting for an estimated 85% of this total, livestock for 10% with forestry and fisheries contributing the remaining 5% (Awotide and Akerele, 2010). Notwithstanding, the potentials of agriculture in Nigeria is far from being realized due to several factors that have bedeviled the sector since the discovery of oil in the late 1960's (Falusi and Okoruwa, 2000). With the discovery of oil and its subsequent boom in the early 1970's, there was a shift of emphasis from agriculture-dominated economy to that of oil. This had far reaching implication for food security and sustainable economic development. Between 1975 - 1985, Nigeria witnessed a progressive decline in its domestic food supply both in calories and animal protein. As a result, the Federal government of Nigeria resorted to massive importation of food and other agricultural products (Ogunbanmeru, 1986).

Smallholder farmers contribute the greatest share to food production in Nigeria. Unfortunately, these farmers have meager financial resources to undertake innovative farming activities (Onyenucheya and Ukoha, 2007). The rural financial markets have not been buoyant enough to solve the credit needs of the farmers. Again, Nwaru (2004), reported that agriculture cannot compete favorably with other sectors in terms of credit/loan acquisition from formal financial institutions due to certain problems inherent in the sector. The recognition of credit as a powerful instrument for the development of agricultural sector has led to a multitude of programmes on agricultural credit, cooperative and integrated rural development in the past few decades.

Nigerian governments have in the past attempted to bridge the credit gap in the agricultural sector through the establishment of various credit programmes and institutions (Nweze, 1995). It has been confirmed that a well-managed institutional credit scheme supports agricultural development while poorly managed credit programme has been partly instrumental to agricultural stagnation in many developing countries (Alabi, Aigbokhan and Ailemen, 2007).The main objectives of these programmes was to solve the credit problems of the farmer at the grass root. The Federal Government even mandated the commercial banks to be actively involved in loan/credit disbursement to the rural farmers (Alabi et al., 2007).

Financial institutions in Agatu Local Government Area of Benue State are; United Bank for Africa located in Obagaji ward, money lenders and co-operative groups, while other financial institutions are located outside Agatu LGA. Both men and women smallholders and poor farmers rarely benefit from requisite financial services, notwithstanding their enormous roles in agricultural production. Women in particular have insufficient access to productive inputs and support services (FAO, 2007). Women access

to and use of agricultural credit is severely limited by the heavy burden of responsibilities – productive activities (such as work in the fields), reproductive activities (such as child rearing, cooking and household chores) and community management. Again, they may be illiterate or lack independent legal status. Smallholders farmers particularly women face more difficulties in obtaining credits as reported by IFAD (2002). This is a direct consequence of their lacking: access to land; participation in development projects, extension programmes and membership of rural organizations, all of which are important channels for obtaining loans and credit information (FAO, 2007).

Further, the nature and operation of these formal credit sources have failed not only to deliver credit to a larger proportion of the farmers but also, have caused an increase in the patronage to informal credit sources by rural farmers (Egbe, 2000; Udoh, 2005; Mejeha and Ifenkwe, 2007). Farmers with access to credit have high chances of adapting to changing environmental conditions, ability to meet transaction costs associated with the various adaptation options they might want to take, change in farm management practice in response to changing climatic and socioeconomic factors (Nhemacheana, Hassan and Chakwizira, 2014).

The foregoing provides the basis for this study in Agatu Local Government Area of Benue State. The Agatu people are renown farmers throughout the middle belt region of Nigeria but varied access to credit among farmers have resulted in low agricultural production which calls for research attention.

1.2 STATEMENT OF THE RESEARCH PROBLEM

The renewed focus on agriculture as holding the key to national development, in the face of an uncertain and vulnerable oil economy, poses a compelling challenge to farmer's access to credit facilities and their full participation in sustainable agricultural

development.The importance of credit in agricultural production cannot be over-emphasized. Inadequacy of finances and funds is a major constraint to farmers. Nwaru (2004) identified insufficient and poor fund delivery to farmers as the most limiting factors that affect agricultural production.

Studies relating tocredit access and utilization among farmers have been carried out. For instance, Omonona *et al.,* (2010) carried out a study on the determinants of credit constraint conditions and production efficiency among farming households in South Western Nigeria.The study employed probit regression model to identify the determinants of constraints to credit among farmers in that area. The results of the probit model showed that the coefficient of age, gender, education and dependency ratio of farmers were found to influence credit constraint conditions of the farmers and were significant at the 5% and 10% level.

Oboh and Ekpebu (2011) investigated determinants of formal agricultural credit allocation to the farm sector by arable crop farmers in Benue State, Nigeria and employed multiple regression models in determining factors affecting the rate of credit allocation to the farm sector. The study revealed that age, education, farm size, loan delay, bank visit and household size were significant variables that affect the rate of credit allocation to the farm sector.The study also found that only 56% of the loans acquired were invested directly in farm activities implying that the balance of 43% of the loan was diverted and spent on non-farm activities.

Bolarinwa and Fakoya (2011) also investigated the impact of farm credit on farmers' socioeconomic status in Ogun State, Nigeria. The study revealed an inadequate provision of loan from formal credit institutions with about 40% of beneficiaries securing loan from formal credit institutions and 60% from informal credit institutions. The study

also revealed a positive and significant correlation between performance of farm production operations and securing of credit for crops production level with weak correlation coefficients (r=0.382), adoption of new technologies (r=0.490) and proper processing, storage and utilization (r=0.224).

Nwaru, Essien and Onuoha (2011) conducted a study to examine the determinants of credit demand and supply in informal credit markets among food crop farmers in Akwa Ibom State of Nigeria. The study revealed coefficient for farm income, farm profit, education, and negative for interest rate as determinant for credit demand and were found to be significant at the 5% level, while coefficient of liquidity, experience in lending, gender and interest amount determined credit supply and were found to be significant at the 1% an 5% level.

In summary, Omonona *et al.*, (2010) focused on identifying the determinants of credit constrained condition of farmers in South Western Nigeria. Oboh and Ekpebu (2011) focused on in determining factors affecting the rate of credit allocation to the farm sector in Benue State, Nigeria. Bolarinwa and Fakoya (2011) focused on correlation between performances of farm production operations and securing of credit for crops production in Ogun State, Nigeria. While Nwaru, Essien and Onuoha (2011) focused solely on determinants of credit demand and supply among food crop farmers in Akwa Ibom State, Nigeria.

Observations reveal that farmers Agatu LGA have inadequate and unequal access to credits despite being an agrarian society,even when made available some farmers don't always utilize credits giving to them for farming purposes. Therefore, there is a missing link between access to credit and utilization for agriculturally productive activities exists which needs to be clearly understood. To the best knowledge of the researcher, the extent to

which access and utilization differ amongst farmers in the study area is not clearly understood, which is a gap in knowledge.

To fill this gap,this research addressed the following research questions;

i. What are the socioeconomic characteristics of farmers in Agatu LGA?
ii. What type of institutional credit facilities are available in the study area?
iii. What factors influence institutional credit access and utilization in the study area?
iv. What are socioeconomic variables of farmers that explain access to credit in the study area?

1.3 AIM AND OBJECTIVES OF THE STUDY

The aim of this study is to examine the accessibility and utilization of institutional credit among farmers in Agatu Local Government Area of Benue State. The aim would be through the following objectives:

i. examinethe socioeconomic characteristics of farmers in Agatu LGA;
ii. characterise the various type of institutional credit facilities available in the study area;
iii. Examine factors influencing access and utilization of institutional credit in the study area;
iv. Examine the effects socioeconomic variables of farmerson access and utilization to credit in the study area.

1.4 HYPOTHESIS

In the light of the foregoing objectives, the following hypothesis was posed:-

Ho: There is no significant relationship of socioeconomic characteristics of farmers and access and utilization of credit facilities.

1.5 SCOPE OF THE STUDY

The focus of this study was on access and utilization of institutional credit among farmers in Agatu Local Government Area of Benue State, Nigeria. Agatu LGA in Benue State. The study areawaschosen because most of the inhabitants are arable crop farmers, part of which gives Benue State the name "Food Basket of the Nation".

The study covered the 10 wards in Agatu LGAof Benue State which are Egba, Enungba, Obagaji, Odugbeho, Egbaulu, Ogwule-Kaduna, Ogwule-Ogbaulu, Okokolo, Oshigbudu and Usha. The area encompasses settlements with vast agricultural lands.This study was carried out in 2017 with focus on access to credit and utilization in the previous farming season.

1.6 JUSTIFICATION OF THE STUDY

Agriculture is the mainstay of the economy in Agatu Local Government Area of Benue State. It is an integral part of the people's culture, where farming activities are either practiced on a full or part time basis. Provision of credit to farmers is a way of helping them increase their production and obtain higher standard in their economic life, thereby reducing vicious cycle of poverty.

This study would be relevant to potential farmers who will need credit facilities for production, the Government as well as the national development planners. To farmers, the findings would provide detailed information on the economic importance and profitability of accessing credit resource. To policy makers, the intricate inequality in the supply of credit by financial institutions would be understood, as this will be useful to policy makers and national development planners to know where emphasis are needed. This study would also be a good source of reference to students and researchers.

CHAPTER TWO

CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

2.1 INTRODUCTION

This Chapter explains the conceptual aspects associated with credit access, utilization and credit facilities together with relevant literatures. The focus is to obtain the deeper understanding of the concept, issues and its relevance tofarmers.

2.2 CONCEPTUAL ISSUE

2.2.1 Concept of Credit

The ability to modernize the agricultural sector of any nation like Nigeria depends on the availability of capital. Modern agricultural production systems are capital intensive and as such, large proportion of capital used in farming is borrowed. Credit is necessary for improving agricultural production, especially large scale production (Steven and Collender, 1998). Ojo (1988) defined agricultural credit as all loans and advances granted to borrowers whether farmers operating at farm level or other beneficiaries of agricultural reform to finance and service product activities relating to agriculture which includes fishery, forestry, livestock, crop production etc. and also for the processing, marketing, storage and distribution of products resulting from these activities. Odii (1998) further defined credit as a device of facilitating the temporary transfer of purchasing power from one individual or organization to another. Agricultural credit may not only mean loanable funds, it also includes provision of agricultural inputs like fertilizers, seedlings, and insecticides etc.

In recent years, both developed and developing countries support for agricultural development has had positive impact which most notably leads to increased growth because of its contribution to employment creation. Evidence shows that a dynamic and growing agricultural sector can contribute to the achievement of a wide range of development

objectives, including: the attainment of income distribution and poverty reduction; creation of employmentand production of goods and services that meet the basic needs of the poor and the country at large (Jumare, 2006),

Agricultural credit is the present and temporary transfer of purchasing power from a person who owns it to a person who wants it,allowing the later the opportunity to command another person's capitalfor agricultural purposes but with confidence in his willingness andability to repay at a specified future date. It is the monetization ofpromises and exchanging of cash in the present for a promise to repay infuture with or without interest. Without the willingness and ability torepay, the promise to repay at a future date would be futile (Nwaru, 2004).

Credit requirements of the farming sector have increased rapidly over the past few decades resulting from the rise in use of fertiliser, pesticides and herbicides, improved seeds and mechanisation, and hike in their prices. The agricultural credit system of Nigeria consists of informal and formal sources of credit supply. The informal sources include friends, relatives, commission agents, traders and private moneylenders etc. Also, the formal credit sources are comprised of financial institutions like Bank of Agriculture (BOA), Commercial Banks, and Microfinance Banks. Recently, some non-government organisations (NGOs) are also advancing agricultural credit to the rural communities like cooperative societies.

2.2.2 Concept of Credit Access

Credit is an important instrument for improving the welfare of the poor directly through consumption smoothening that reduces their vulnerability to short-term income. It also enhances productive capacity of the poor through financing investment in their human and physical capital (Okurut, Schoombee and Berg, 2005).According to the Oxford

dictionary, access can be defined as the right to obtain or make use of or take advantage of something.The existence of the rural financial institutions are only sufficient, but access to these institutions are more important from the farmer's perspectives. Only the timely access and availability of credit enable farmers to have acquisition of the required inputs and machinery necessary for carrying out farm operations (Saboor, Hussain and Munir, 2009).

Access to formal credit is difficult for the small farmers due to collateral issues, and they are more approaching to informal sources due to timely delivery, collateral free and flexibility in loan transactions. Therefore, large farmers have more access to formal sources than small farmers due to collateral (Rahman, Hussain and Taqi, 2014). The majority of poor rural farmers not only have limited access to formal sources, but also they have limited access to informal sources, for example, friends, relatives, and landlords, and are highly restricted (Amjad and Hasnu, 2007). Informal credit markets are characterized by the personalized nature of contracts. On the basis of personalized relationship, which means that anyone who is prepared to pay the interest rate and meet the collateral requirement, is likely to receive loan automatically from all lenders (Tsai, 2004), interlinkages and heterogeneous borrowers (Basu, 1997).

According to Mora as cited by Jumare (2006) the rural economy in Nigeria is characterised by a vicious cycle of low productivity, low income, low savings and low investments. This vicious cycle in the rural areas has been identified as one of the major factors impeding rapid economic development. The importance of credit in rural development can, therefore, not be overemphasised as a farmer who wants to improve his economic condition needs money for investment. Akinleye; Akanni and Sekumade (2009) also described access to credit by over 45 percent of the population living below the poverty line as a veritable tool for rural empowerment and poverty alleviation. Credit will

help the cause of sustainable development of low income people in a country like Nigeria where a large proportion of the population depends largely on primary production.

Lack of credit could also be said to be a major constraint to increasing agricultural production by rural farmers. The lack of credit and inability of farmers to save could limit the development of agriculture because at a certain stage in agricultural production credit becomes a force to reckon with because it eliminates one of the stumbling block on the farmers' path to improvement.

2.2.3 Concept of Utilization of Credit

Efficient utilization of credit is fast becoming a major factor limiting farm productivity andincome (Ololade and Olagunju, 2013).Agricultural credit programs for the poor farmers are directly linked with its utilization. When the credit accessed is used for activities such as buying seeds, fertilizers, land preparation and other agriculture inputs, then that ensures an increase in productivity and improve income, thereby improving the living standard of farmers.

The main problem arises when there is misappropriationof credit, in which the credit accessed is utilized for non-agricultural activities. The funds for seeds and fertilizers can be used to buy clothes and shoes or spent in education, domestic needs and health. When the credit is used for non-agriculture purposes and the investment margin in agriculture is very low then the program or policy that was designed for improving farmers production and income will never be achieved (Javed,Hassan, Adil, Ahmad, Chattah and Nawaz,2006).

2.3 THEORETICAL FRAMEWORK

2.3.1 The Credit Rationing Theory and Access to Finance

The credit rationing theory, propounded by Stiglitz and Weiss (1981), provides a framework for analyzing financial market inefficiencies. It asserts that, information asymmetry is the main cause of financial market malfunctioning in developing countries. Therefore, in our world today where people can easily get all the information they need, banks could precisely predict all actions by borrowers but may not be able to control such actions. The terms of loan contract are thus designed in a manner that induces borrowers to take actions in the interest of banks, and that also attracts low risk borrowers. For both reasons, the expected returns of banks increase less rapidly than the interest rate and beyond a certain point, actually declines. The moral hazard problem, on the other hand, is that a risk-neutral firm will prefer projects with low probability of bankruptcy and hence make lower expected returns. The most important conclusion from Stiglitz and Weiss argument is that information asymmetry in the form of adverse selection and moral hazard is the source of market inefficiency in developing countries and this leads to low risk borrowers such as Small and Medium Enterprises being sidelined or even excluded from the stream of potential borrowers.

The majority of small business producer groups experience difficulties in obtaining credit for production inputs. With the collapse of many agricultural development banks and the closure of many export crop marketing boards, which in the past supplied farmers with inputs on credit, difficulties have increased rather than decreased. The majority of people in Low Income Countries do not have access to banks and other formal financial institutions.

The development and commercial banks view the small- scale and microentrepreneurs as risk borrowers and extending loans to them is to cut down their profitability in the transactions and to incur irrecoverable losses to the banks (Levitsky 1993). There is perception that small borrowers are riskier than larger ones for reasons often related to the difficulty in obtaining accurate information about them.

A strong and competitive financial sector could make significant contributions towards increasing access to finance by businesses. It is right to suggest that the financial sector liberalization was to provide access to funding for Small and Medium Enterprises. Most studies consider the access problem as a creation of the financial institutions through their lending policies. For instance, Tagoe, et al (2005) indicated that the type of financial institutions and its credit policy would determine the access problem. Where required security does not fit the needs of target group and therefore potential borrowers do not apply for credit even where it exists and when they do, rarely get access.

2.3.2 Credit Information Asymmetry Theory

Why farmers choose informal financial associations more than formal financial institutions? Some authors argue that it is due to the information asymmetry between formal financial institutions and farmers (Bell, Srinivasan and Udry 1997; Conning 1996; Hof and Stiglitz 1990). Schiefer (1992), defined agriculture as any productionoriented economic activity, which aims at the production and processing of agricultural products, involving two closely interconnected flows of material goods (including production inputs, agricultural products, etc.) and Information (in whatever form). However, traditionally agricultural projects and researchers had paid too little attention to agricultural credit. According to Sourovi De (2010), credit is one of the resources required for the

improvement of agricultural production. Availability of credit at reasonable rates, therefore, becomes a pre-requisite for agricultural growth and is required to make informed decisions. Those who possess credit information will make a more rational decision than those without.

2.4 LITERATURE REVIEW

2.4.1 Formal and Informal Classifications of Credit

According to Upton (1979), credit agencies are frequently classified into twogroups: formal and informal. Formal institutions include banks and cooperativescredit union; while informal agencies may be further sub-divided into two groups.On the one hand, family members, kinsmen and farmers' credit association (such asesusu clubs in Nigeria) lend money or assets at little or no interest. On the otherhand, village traders and moneylenders sometimes charged very high interest rates. Nonetheless, informal sources, even of the latter kind have certain advantagesover formal institutions, such as:

i. They are convenient, available locally, require no documentation and canprovide credit quickly.
ii. The informal moneylender has local knowledge in appraising householdcredit need and credit worthiness.
iii. There is little risk of default because the lender is in position to applypressure on the borrower to ensure payment.
iv. Administrative costs are low.

The disadvantages of informal credit are that:

i. The borrower feels he has an obligation to the lender and loses his independence.
ii. There are few alternative sources to choose from, and;

iii. Only short-term and relatively small loans are available.

Formal credit institutions have standardized lending procedure and make loans on contractual basis. Such agencies may make longer-term and large loans availablebut they face special problems in lending to farmers:

i. Administrative costs are high.

ii. Compared with urban industry, farmers' loans are relatively small.

iii. Many farmers lack knowledge and experience of formal applicationprocedure.

iv. Agricultural production being a risky venture, the risk of default is high.

v. Farmers in the rural areas lack suitable collateral.

2.4.2 Credit as a Basic Requisite for Agricultural Development

It is a well-known fact that without agricultural credit, it will be difficult to fast-track agricultural development. Agricultural finance derives its role in agricultural development theory from a fundamental conception. This is the view that agricultural development is a process that involves adoption of new and better agricultural practices by farmers (Cole, 2002). Credit is needed to expand or modernize a production technology in all sectors of production. Access to creditenables farmers to make entrepreneurial choice between different competing enterprises; (Ojo, 1998; Pokrivcak, 2002). Financing agricultural projects has not been in the habit of commercial banks because of some inherent factors that affects the farmers, and the Government's attempt to institutionalize agricultural credit policy as a means of providing the much needed capital for agricultural production have not yielded much dividend at the grass root (Ojo, 1998).

Credit for rural smallholders especially in agriculture is assuming increasing importance in many parts of the world in response to the needs of less privilege entrepreneurs with limited capital base in the sector. According to Serageldin (1996),

‘traditional’ composition of capital (i.e. natural, physical or product and human capital) needs to be expanded to include social capital forsustainable development. There is also growing evidence that social capital is an element of sustainable development. Hence, increased attention is being given to the role of social capital in affecting the well-being of households and the level of development of communities and nations. Lawal, Omonona, Ajani and Oni(2009) found that a direct relationship exists between social capital and credit access, and that membership and cash contribution in the associations’ by the farminghouseholds drives access to credit positively for productivity and welfare. According todevelopment professionals, the lack of access to credit by poor rural households has negativeconsequences for agricultural productivity, income generation and household welfare (Von-Pischke and Adams, 1980). The role of credit cannot be overemphasized. Without accessibilityto credit, it may be impossible to purchase the inputs needed for production let alonemaximizing output from given resources or minimizing the resources required for producing a given level of output.

Credit market literature distinguishes between access to credit andparticipation in credit markets (Diagne and Zeller, 2001). A farm household has access to credit from a particular source if it is able and entitled to borrow from that source, whereas itparticipates in the credit market if it actually borrows from that source of credit. Differentfarming households will have different need for credit, but a good sign that indicates some levelof credit constraint is the gap between the demand and supply of credit. The wider the gap, thegreater the credit constraint level (Nagarajan,Meyerand Hushak, 1998). Duy (2012) analyzed the impact of agricultural credit on farm productivity taking a sample of 654 farmers from Mekong Delta region of Pakistan by using quintile regression and Stochastic Frontier Analysis(SFA) techniques. The study concludes that technical efficiency and rice

yield were positively influenced by access to credit, education level and farm technology. It also demonstrates that access to formal credit sector had a larger effect on rice production than access to informal credit.

Akram, Hussain,Ahmad and Hussain (2013) observe that access to credit results in a higher level of technical efficiency of farmers. The study was based on a sample survey of 152 farmers from Sargodha District of Punjab Province of Pakistan. Using stochastic frontier analysis (SFA), the study concludes that agricultural credit in the study area helped the farmers obtain the farm inputs in time, resulting in a higher level of technical efficiency.

Ibrahim and Bauer (2013) analyzed the impact of micro-credit on rural farmers' profit taking a case of Dryland of Sudan employing the Heckman Selection Model to analyze the responses from 300 samples. The findings from the study affirm the fact that farmers with access to credit are better off compared to those who do not have such access. Bolarinwa and Fakoya (2011) conducted a research in Ogun State, Nigeria on the effect of farm credit on the socioeconomic status of farmers. Data were collected from randomly selected 250 farmers. They found that the formal credit institutions do not provide sufficient credit facilities and 80% of the farmers get loan from the informal credit institutions. Their findings suggested that farm productivity has a positive and significant correlation with the use of formal credit, use of new technologies, proper processing methods, and storage and utilization facilities.

2.4.3 Agricultural Credit Facilities in Nigeria

Agricultural credit is an important financial support that a small farmer can get in order to bridge the gap betweenhis income and expenditure in the field. Agricultural credit is an essential ingredient in the growth strategy ofagricultural sector. Farming not only requires credit in the form of improved seeds, fertilizer and modernimplements but also

requires liquid capital for financing the harvesting, haulage of produce and other similar farm operation (Iqbal, Ahamad and Abbas, 2003). The concept of such credit should be clearly understood by policy makers and bankers. Agricultural credit is seenas the only way of eliminating the two major problems of most rural economies. Firstly, the persistently lowincome of small farmers due to low per acre yield and secondly, perpetual losses encountered due to no recovery ofcredit. Agriculture credit gave to farmers an independent economic and social identity (Anka, 1992).

Among the factors responsible for this lack of significant effect of credit schemes are insufficient loan amount, poor loan repayment andcorrupt practices of loan beneficiaries and loan officials (Okorie, 1986;Mejeha and Nnanna,2010).Supporting this view, Nwaru (2005) and Omeh (2006) in separate studies also stated thatNigerian small-scale farmers are known to be economically weak withlittle or no capital investment. Consequently, they use low technologytools and methods in their production activities, which in turn lead toreduced output and productivity. In its own contribution, IFAD (2002)opined that causes of food insecurity and famine were not so muchfailures in food production, but structural problems relating to povertyand to the fact that the majority of the developing world's poor population are concentrated in the rural areas.

Summing up all these views, Okerenta (2005) and Tasie (2008)identified insufficient delivery of production credit to thepoor farmers as the most critical factor responsible for the declining trendin agricultural production. It is therefore an irony of circumstance that thesmall-scale farmers who produce about 85% of food consumed in thecountry and also the agricultural exports are perpetually handicapped by lackof production credit and bedeviled with poverty.According to Nweze (1990), it was to obviate this sordid situation that successive Nigerian administrations have attempted to bridge the

creditgap in the agricultural sector through the establishment of various creditprogrammes. Those supply-led rural finance institutions include theNigerian Agricultural, Cooperative and Rural Development Bankand Community Banks.

In order to solve the problem of agricultural financing so as to boost agricultural production and ensure food security especially in the rural areas, the Federal Government of Nigeria (FGN) established the Nigerian Agricultural and Co-operative Bank (NACB) Limited in 24th of November, 1972 as an agricultural financing institution. In July, 2001, Nigerian Government changed NACB to Nigerian Agricultural Co-operative and Rural Development Bank (NACRDB) as an agricultural financing institution to facilitate agricultural production through the provision of affordable credit facilities to micro, small and medium scale farmers. The Nigerian Agricultural Co-operative and Rural Development Bank (NACRDB) is the outcome of the merger of the defunct Nigerian Agricultural and Co-operative Bank (NACB), the defunct Peoples' Bank Of Nigeria (PBN) and the risk assets of the erstwhile Family Economic Advancement Programme (FEAP) in 2000. The physical merger of the institutions took place in 2001 (Mustapha, 2006). Now all these institutions and their activities are now merged into Bank of Agriculture (BOA).

Due to reforms by the Federal Government of Nigeria, the CentralBank of Nigeria (CBN) set up the Microfinance Banks to take over fromCommunity Banks, with a mandate to making credit facilities available tosmall-scale enterprise operators including farmers in the rural areas. The policy frameworkestablishing microfinance institutions in the country, saddles them withthe responsibility of providing easy, cheap and affordable financialservices to resource poor farmers, in a timely and competitive manner.This would enable them to undertake and develop long-term, sustainableentrepreneurial skill, mobilizing loans and creating employmentopportunities and increase the productivity of

these rural farmers, therebyincreasing their farm income and output and uplifting their standard ofliving (Olawuyi *et al.*, 2010). Also, Ayaz and Hussain (2011) observed that credit availability to farmers is much more important than any other factors to improve the resource use efficiency in agriculture sector. Their study was based on the 300 cross section sample farmers from Faisalbaad District of Pakistan. By employing Stochastic Frontier Production Analysis (SFA), the study concludes that credit to agricultural sector has more constructive and significant impact on the farmers' technical efficiency than other factors like farming experience, education, herd size and number of cultivation practices.

To move beyond the struggles for mere survival, farmers must be able to increase their income and source for available credits and improved farming techniques (Carter, 1994). According to Ijere (1998), peasant farmers source credit through subsidized loans from commercial banks; loans from co-operations and companies; loans from the state financing agency; direct loans from the federal and state government; on-lending funds of the co-operative bank; and external loans from agricultural co-operatives.Rahman, Hussain and Taqi(2014) claimed that the majority of the small farmers could not borrow from banks and other financial institutions due to unavailability of collateral. The tenants and sharecroppers face the security and collateral problems and could not access the credit. There were many problems faced by the farmers like the unlawful demand of official, complicated procedure, unnecessary delay in disbursement, but the major problem was collateral due to which the tenants and sharecropper were neglected from loaning schemes.

According to Osuntogun and Adewunmi (2003), agricultural producers have access to capital markets through two main categories: The Non-Institutional source and the Institutional source. The Non-Institutional media of credit includes relation, friends, produce-buyers, traders, and private money-lenders. Loans from such sources are usually

made directly to the borrowers and are prevalent in the area where individuals are quite familiar with and share confidence in one another. Miller (1997) noted that the non-institutional source (informal lenders) played a significant role in the supply of credit to peasant farmers. They are however, noted for their promptness in making loans available and sometimes, they charge high interest rates. The institutional source on the other hand include lending agency, farmer's co-operatives, commercial and merchant banks. Institutional credit has been categorized into domestic and foreign sources (Akinade, 2002). Domestic source include the credit from co-operatives like traditional credit groups such as Esusu and friendly societies. The institutional lender constitutes the major supplies of credit to large scale farmers and urban based borrowers.

In Nigeria, there are four broad categories of banks, which indeed are committed directly or indirectly to provide credit to farmers. These banks are: the Central Bank of Nigeria (CBN) being at the apex of the Nigeria banking system; the commercial banks that are numerous in numbers, and supply the largest portion of total agricultural credit in the economy especially for short term purpose; the Development Banks which are required to play significant development roles by the long-term financing of agro-allied industry and the merchant banks, which provide medium and long term credits to Nigerian farmers. One of such Development Banks used to be the Nigerian Agricultural Co-operatives and Rural Development Bank (NACRDB) (Ayeyomi, 2003). Other institutional farm credit sources are the federal and state government, sponsored co-operations, companies, boards and other agencies, insurance companies, privately owned investment and/or finance companies (Bamisele, 2011).

2.4.4 Sources of Credit to Farmers in Nigeria

There are different sources of credit available to farmers. These sources can be grouped into two: informal or non-institutional sources and formal or institutional sources. Nweze (1995) defined informal financial sources of credit as the whole garment of non-institutional, at times traditional or credit whichoften lack legality and are outside statutory control. Ojo (1998) classified non-institutional credit sources to include private money lenders traders, distributors of farm inputs, and processors of agricultural commodities, friends and relatives. These groups have played some important roles in providing credit for agricultural production, but have generally been known to operate against the interest of farmers through the imposition of stiff borrowing conditions.

According to Adubi (2010), sources of rural agricultural finance come from two major segments of the economy. These are the informal rural financial institutions and formal rural financial institutions. The Informal rural financial institutions include:

i. Money lenders: These are individuals who have enough savings and are willing to grant credit to the farmers who are in need of money to engage in some form of farming activities. Under this situation, the interest paid by the farmers to the money lenders is usually not less than 25% of the principal sum per month, that is, 300% per annum (Ketu, 2008).

ii. Traditional Savings and Credit Associations: At times, agricultural farmers in the rural areas come together to form a Thrift and Credit Association with the aim of mobilizing funds from members and granting soft loans to the needy members. The traditional savings and credit association could be rotating and non-rotating. The rotating savings group consists of members who have agreed to make regular fixed cash contributions into a common fund, with each member agreeing to receive the whole or part (cash or kind) of the contribution

in turn. On the other hand, the non-rotating savings involve a situation where an individual participant agrees to save regularly on contractual terms with such savings used to finance the needs of other members of the association in form of loans or trade finance (Sakariyahu; Ibrahim and Abdulmumin (2016).

iii. Daily Savings/Itinerant Banking: This is a common type of self-designed banking involving the thrift collector and his or her clients. Under this arrangement, the contribution size is fixed and a savingsonly itinerant banker collects deposits daily and charges the saver one contribution of the 30 deposits made during the month(Sakariyahu; Ibrahim and Abdulmumin (2016).

The formal rural finance institutions include the following:

i. Bank of Agriculture (BOA) Formerly known as Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB): This is an initiative of the federal government aimed at providing convenient agricultural finance to the rural dwellers. It is owned by the Federal Government of Nigeria (FGN). Given its statutory operation, its mandate is to serve within the rural landscape, however, in core practice, it extends its deposit mobilization and credit services to the agricultural farmers in the urban settings. BOA is required to lend 70% of its loan portfolio at single digit interest rates through loans of N250,000 or less(Nwaru, 2004). Adubi (2010) observes that the very low repayment rates of the farmers and the interest rates cap set by the CBN have both undermined the viability of the institution as well as restricting its ability to satisfy the demand for loans from its target client population.

ii. The National Poverty Eradication Program (NAPEP): This is another government initiative specifically targeted at eliminating poverty in the country. The program has several micro-credit initiatives for both the rural dwellers and the semi-urban residents. In a bid to rendering its services, loans from NAPEP are channelled through community based commercial financial intermediaries who in turn grant them to the deserving individuals at low premium (Nwaru, 2004).

iii. Microfinance Banks (MFB): Microfinance banks emerged in 2006 and 2007 from the then Community Banks as a result of another policy change introduced by the Central Bank of Nigeria (CBN). Through its microfinance policy, the Central Bank of Nigeria (CBN) introduced a new regulatory and supervisory framework in 2005, which made it compulsory for the community banks to obtain a new license and have a minimum share capital of N20m (Adubi, 2010).

iv. Non-Governmental Organizations (NGO): According to Adubi (2010), non-governmental organisations are important financial providers for the rural poor and in Nigeria, NGOs have an estimated average of about 42,000 borrowers, although their overall impact remains small. More so, NGOs are prohibited from mobilizing deposits from the public but are still able to request mandatory savings as loan collateral.

Nwaru (2004) pointed out that formal credit sources are better structured in meeting the needs of the rural farmers. This is because, their volume of credit is large and loan condition is soft. Again formal credit sources are conferred with legal status and they operate within specified guidelines (Nosike, 1996). However, formal credit is rarely

available to the poor farmers at reasonable interest rate. They fail to cater for the credit needs of the poor farmers for some reasons.

Nweze (1995) is of the view that these banks required collateral, which the farmers find difficult to provide.Again, their procedure of filling in application forms and completing other formalities for obtaining loans are too cumbersome for the illiterate poor farmers. They also prefer handling large loans rather than the petty loans that the poor farmers need. However, the general experience of the small farmer credit programmes, which has long been popular with governments of most developing countries such as Nigeria, has had limited success, reaching the target group. The poor farmers however have access to informal sources of credit. These informal sources includes money lenders, isusu, friends, traders, relatives, etc. These sources are most available to rural farmers but attracts high interest rate (Nosike, 1996).

2.4.5 Constraints to Agricultural Credit Accessibility

Constraint to accessing credit can be defined as gapbetween demand for and supply of credit (Akinade, 2002). Hussein and Ohlmer (2008) defined credit constraint as the situation where the household cannot avail itself of the credit it desires at the prevailing relevant market conditions, thus classifying households into credit constraint and un-constraint household. In Nigeria, the prevalence of credit constraint and their impact on production efficiency has led to low production on the farmers. Economics of agricultural production at the micro level is to attain the objective of profit maximization through efficient farm allocation of resources over a period of time or by either maximizing output from given resources or minimizing the resources required for producing a given level of output.

Some of the reasons for the failure of most formal credit institutions in Nigeria is that they have complicated, cumbersome and time consuming procedure which results in delay in approval and in loans not being made available when required, illiteracy on the part of the farmers and high administrative charges (Akinade, 2002). Security of advance discourages peasant farmers from commercial bank facility. Several factors militate against efficient procurement and utilization of credits from formal sources of credit. Such factors include the inability of the farmers to provide acceptable collateral demanded by the lending institutions, delay in the disbursement of credit to synchronize with the different farming operations and lack of well-planned clear debt repayment schedules. Akinade (2002) also stated that apart from the insistence of credit institutions on the provision of collateral and high interest rate, most farmers also encounter difficulty in complying with the banks demand for feasibility report on the project for which credit is required. While peasant farmers have now been exempted from fulfilling this obligation as far as loans under agricultural credit guarantee scheme is concerned, there is nothing to indicate that banks do not demand such a report from the peasant farmers for loans outside the guarantee scheme. What bothers the farmers is the huge cost of procuring the feasibility report and the attendant delay involved in its presentation.

Literature suggests that in rural areas of developing countries, credit constraints have significant adverse effects on farm output (Feder *et al.*, 1990; Sial and Carter, 1996; Petrick, 2004), farm profit (Carter, 1989) and farm investment (Carter and Olinto, 2003). There are several socioeconomic and demographic factors responsible for access to credit such as age, income, landholding, family size, experience, and other assets, etc. These can play a significant role in farmer's access to credit sources.Mohieldin and Write (2000) conducted a study in Egypt about access to formal credit sector shows the impact of the

factors influencing the outcome of whether a person has taken a loan or not. The results indicated that ownership of land, educational level, sizes of the household, total assets were found significant factors.Okurut, Schoombee and Berg (2005) stated that socioeconomic factors such as education, income, age, gender, sources, family size, marital status, land size, grain yields, and land ownership, lack of security, repayment period, and interest rate were the factors that influence access to credit of the farmers. Also Baiyegunhi, Frazer, and Darroch(2010) carried out a study on credit constraints and household welfare in the Eastern Cape Province, South Africa. Probit regression model was deployed in identifying the determinants of credit constrained conditions of farmers.The results showed that the age of the household head, access to land, assetsvalue and repayment capacity are statistically significant factors determining the credit constraint condition of the sampled households.

Kosgey (2013) conducted a study in Kenya, and stated that the household characteristics of the farmers can influence demand included age, household expenditures, education. Further argued he concluded that household composition, migration status, and credit demand is higher for males than females and for households that have higher dependency ratio, demand for credit is less in that household have sick members and more land assets per adult equivalent.Kuwornu, Ohene-Ntow, and Asuming-Brempong (2012) examined factors influencing agricultural credit allocation and constraint condition of maize farmers in the Upper-Manya Krobo District in the Eastern region of Ghana. The Probit regression model was used to estimate the parameters of the determinants of credit constraint condition of the farmers, the results revealed that gender, household size of farmers, annual income of farmers and farm size have significant influence on credit constraint conditions of the farmers. While the Tobit regression model was also used to estimate the parameters for the determinants of the rate of agricultural credit allocated to

the farmers, the results revealed that age, bank visits before credit acquisition and the amount (size) of credit received have significant influence on the rate of agricultural credit allocation to the farmers'.

In Nigeria, the poor access to credit has partly led to low productions on the farms. Economics of agricultural production at the micro-level is to attain the objective of high profit and profit maximization through efficient farm allocation of resources over a period of time or by either maximizing output from given resources or minimizing the resources required for producing a given level of output. Omonona *et al.,* (2008) studied credit constrained condition and output supply of CountryWomen Association of Nigeria **(**COWAN) farmers in Oyo State, Nigeria. The findings of thestudy revealed that majority of the farmers (80 %) were constrained and therefore this affected their productivity. The results showed that age, sex, farm size, level of education, marital status, contact with extension agent, land acquisition and income of household head arethe determinants of credit constraint conditions. A test of hypothesis on the difference in thevalue of the output of the farmers showed that credit unconstrained farmers have their outputsupply higher than that of credit constrained farmers. This shows that credit market failures give rise to heterogeneous resource allocation and different outcomes among farm households with varying characteristics.

Oyedele, Akintola, Rahji and Omonona (2009) investigated credit constrained condition of farm households and profitability of agricultural production in Nigerian agriculture, the study showed that farmer's age, household size, gender, size of landholding, access to other credit, value of other assets, monthly household expenditure and choice of crop and livestock enterprises were the significant variables that determined the credit constrained condition of the credit beneficiaries.Omonona, Lawal and Oyinlana

(2010) carried out a study on factors influencing credit constraint (CC)and production efficiency of farming households in Oyo State, Nigeria. Data were analyzed using descriptive analysis, probit regression and stochastic frontieranalysis. The results showed that 79.2 percent of the respondents were credit constrained andthis has negative influence on their production efficiency as credit constrained farminghouseholds (CCFH) were found to be less efficient with mean efficiency of 0.721 thanunconstrained farming households with 0.913. Age, gender, education, and dependency ratioof farmers are significant variables that influenced credit constraint conditions of the farmerswhile the maximum likelihood estimate of the production frontier revealed that farm size,labour and quantity of agro-chemical used are positively and significantly related to theproduction efficiency of farmers.Ayegba and Ikani (2013) observe that unregulated private money lenders are still a major source of financing agricultural sector in Nigeria. The main obstacles for agricultural credit from formal sector include high interest rates, bureaucratic bottlenecks, late approval of loans, and unnecessary request for collateral, among others.

2.4.6 Impact of Agriculture Credit on Agricultural Productivity

Literature seems to be divided on the issue of the impact of agriculture credit on agricultural output. On reviewing the literature, it was concluded that the studies can be classified into two categories: (i) agriculture credit has positive and significant impact on agricultural output; and (ii) Impact of agricultural credit on agricultural output cannot be directly established; While some studies (such asIqbal, Ahamad and Abbas, 2003; Bashir, Mehmood and Hassan, 2010; Rima, 2014; Ekwere and Edem, 2014)foundthat the direct and significant impact of agriculture credit on output, some others hold that the impact of agricultural credit on farm output cannot be directly established (Zuberi, 1989; Sjah, Cameron and Russell, 2003; Hussain, 2012;). Ahmad (2011), Raza and Siddiqui (2014)

insisted that it is indirect credit to agriculture which has significant impact on agricultural output and not direct credit. Duy (2012) applied stochastic frontier analysis and quintile regression and found positive impact of institutional and non-institutional credit on farm output and production efficiency. Similarly, Xi and Li (2007) used quintile regression to see the impact of formal and informal credit on income and efficiency.

Binam, Tonye, Nyambi and Akoa (2004) estimated technical efficiency of various categories of farmers and found that efficiency differences are significantly influenced by the amount of agricultural credit utilized in production. Technical efficiency of farmers includes factors like flow of information, access to better infrastructure facilities, farmers expertise in management of resources and availability of required funds (Iqbal, Ahamad and Abbas, 2003; Chisasa and Makina,2013). Obilor (2013) applied regression analysis and found that credit allocation to agriculture had significant positive result on productivity. Dong,Lu and Featherstone (2010) used probit modeling to determine the relationship between various socioeconomic variables and credit condition of households and found that agricultural productivity can be improved with increased use of credit. Owuor and Shem (2012) used switching regression model which was estimated by employing Heckman sample correction method and found significant impact of agriculture credit on production and various input use. A large number of studies employed co-integration model to see the causality between agriculture credit and output. Some findings suggested a positive significant impact of agricultural credit on output (Ammani, 2012; Okulegu, Onwe and Okoro, 2014; Ihugba, Chinedu and Njoku, 2013), while others rejected the hypotheses (Oyakhilomen, Omadachi and Zibah, 2012; Musuna and Muchapondwa, 2008).

Duy (2012) analyzed the impact of agricultural credit on farm productivity taking a sample of 654 farmers from Mekong Delta region of Pakistan by using quintile regression

and Stochastic Frontier Analysis(SFA) techniques. The study revealed that technical efficiency and rice yield were positively influenced by access to credit, education level and farm technology. It also demonstrates that access to formal credit sector had a larger effect on rice production than access to informal credit.

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Tasie (2013) conducted a study on the effects of international fund for agriculturaldevelopment (IFAD) credit supply on rural farmers inRivers State, Nigeria.Data for the study were collected using a structured questionnaireadministered to 90 farmer's beneficiaries using a multi-stage sampling technique. The regressionresult shows that semi-log function gave the best fit with the highest value of coefficient of multipledeterminations (R2) of 0.8758 and seven explanatory variables were significant and there was a significant F-value. The significant variables are farm size, off-farm income, total household labour,educational level of farmer, gender, farm household size, and IFAD credit. The study also shows thatIFAD credit impacted positively on the well-being of rural farmers.

Orebiyi, Tasie, Offorand Uche (2013) carried out a study on the effect of IFAD credit supply for rural farmers in Rivers State, Nigeria. The study employed the use of regression analysis using significant variables such as farm size, off-farm income, total household labour, and educationallevel of farmer, gender, farm household size and IFAD credit. The result revealed that IFAD credit impactedpositively on the well-being of rural farmers, contributing to increase in farm output and income.The study recommended that IFAD and their collaborating government agencies should expand their credit delivery in the study area to enable more farmers benefit from their services.

2.4.7 Repayment Issues in Agriculture Credit

Apart from rationing in credit markets, studies have also tried to analyze repayment issues in agriculture credit. Banks do not lend to poor groups due to fear of non-repayment and increase in their non-performing assets. A large number of studies have tried to investigate various factors which affect repayment performance of borrowers in rural markets. Kohansal and Mansoori (2009) applied logit regression to identify factors influencing repayment and found that farming experience, income of borrower, loan size, value of collateral offered as security have significant positive impact on repayment performance of borrowers while interest rate, total application costs and number of installments to repay loan impact it negatively.

Kohansal and Mansoori (2009) classified factors affecting repayment schedules. Various factors affect repayment performance of borrowers in the rural credit markets and are classified into three broad categories, namely: Social factors; Economic factors; and Contract-specific factors. While the most common social factors affecting repayment rate among borrower households are age, education, gender, marital status, experience of the household, household size, diversion of loan due to family commitments, incidence of crop

diseases and pests, farm size, monopoly power created by informal lenders in markets, use of modern machinery and equipment, contact with extension agents, social relations of the borrower households. Economic factors include interest rate on loan, income of the household, loan size, value of the collateral offered as security, total application costs, off-farm income, net profit, market price fluctuations, market value of livestock, fluctuations in commodity prices, amount spent on hiring equipment. Contract-specific factors include various terms and conditions specific to a particular loan contract like lenders supervision on utilization of loan, number of repayment installments, down-payment of loan, length of waiting time for receiving the loaned amount from lender, length of repayment period (Kohansal and Mansoori, 2009; Weber, Mubhoff and Petrick, 2014).

A study carried out by Khandker and Faruqee (2003) on the availability of sufficient formal and informal agricultural credit in Pakistan, concluded that the major share of formal credit is provided by agriculture development bank of Pakistan (ADBP). These loans are not cost effective due to covariate risk. The study identified that the causes of covariate risk is due to the fact that large holders get huge amount of finances in comparison to the small holders and recommended that if ADBP contribute to small holders than for large holders, it will reduce its loan default cost.

Finally, the despite the heavy dependency of Agatu people on agriculture as a source of income and employment, there is still a paucity of research on access and utilization of institutional credit facilities among farmers. The present study is aimed at filling these gap to explore the access and utilization of agricultural credit and its impact on farm productivity and livelihood of farmers in Agatu LGA Benue State Nigeria.

CHAPTER THREE

STUDY AREA AND METHODOLOGY

3.1 THE STUDY AREA

3.1.1 Location and Size

Agatu LGA is located between Latitude $7^0$45' N to $8^0$02' N and Longitude $7^0$40' E to $8^0$12' E and is bordered by Nassarawa State in the North, Apa LGA in the South, Gwer West in the East and Omala LGA of Kogi State in the west.(See Figure 3.1). Agatu LGA has 10 wards namely: (Egba, Enungba, Obagaji, Odugbeho, Egbaulu, Ogwule-Kaduna, Ogwule-Ogbaulu, Okokolo, Oshigbudu, Usha) and has a total area of about 1001Km^2 (Gbue, 1999).

3.1.2 Geology, Relief, and Drainage

The area is primarily made up of sedimentary rocks, which comprise of shales and sandstone of the cretaceous period. The physical features includesfloodplains which covers the northernmost escarpment of Agatu LGA extending further south tothe Benue River which has a narrow strip passing through Agatu territory some seventy-two KilometrEEast of Lokoja and the Niger-Benue confluence area.

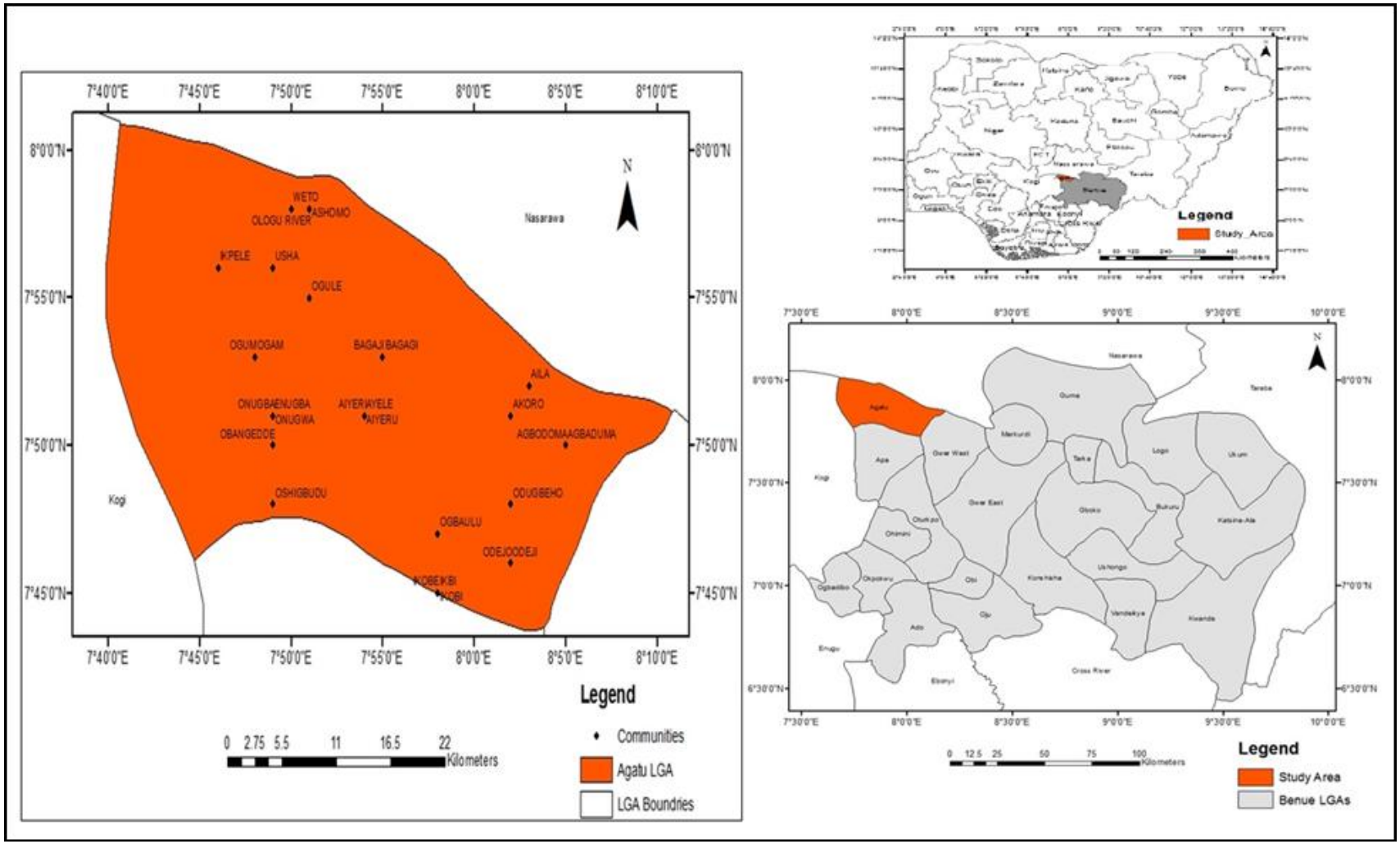


Figure 3.1: Location of study area.
Source: Adapted from the administrative map of Benue state (2011).

The plains are usually flooded during the months of August, September and October. Also to the South of the floodplains is an area, which is gently undulating. The monotony of the landscape is broken into a number of flat-topped, steep-sided ridges with an average height of between 1000 and 1,500 meters above sea level (O'kwu, 1974).This covers parts of Agatu districts and allows for dry season irrigated farming and boost agricultural production. The study is conducted amongst farmers in the study area. The geological system of the area would give the respondents and the researcher the needed understanding on the accessibility and utilization of credit facilities. Some of the challenges that comes with the raining season which is basically the farming season is a factor to mind in the accessibility of credit to aid the farmers to mitigate against any unwanted financial constrain (Ngutsav, 2002).

3.1.3 Climate

The region has two distinct seasons, the rainy and dry season. The average rainfall amount during the rainy season ranges from 900mm to 1200 mmwhich lasts from April to October. The rainfall amount makes it possible to cultivate a variety of crops such as; yam, rice, beans, cassava, sweet-potato, maize, soybean, sorghum, millet, sesame, cocoyam etc. while the dry season commences from November to March with a dry dust-laden North–easterly trade wind (harmattan). The hot season comes in mid-April with temperature between 32 and 38°C with high humidity (Ngutsav, 2002). These climatic conditions make the environment suitable for cultivation of both food and cash crops in Agatu LGA.

3.1.4 Soil and Vegetation

Hydromorphic and alluvial soils abound in the Benue floodplains, while the remaining part of land consist predominantly of reddish, sandy loam soil. The sub-soil is mixed with a greyish clay soil with resultant thick cover that makes it very fertile. Agatu LGA is located

within the Guinea Savannah vegetation zone. This is a transitional zone separating the forested belt of the South and true savannah of the North. The vegetation consists mainly of grass and variety of scattered small trees and shrubs. Much of the natural vegetation is being depleted due to persistent and uncontrolled deforestation, bush burning, and intensive cultivation of the arable agricultural land (Ngutsav, 2002).

3.1.5 People, Population and Culture

Agatu LGA has a total population of about 115,597 people as at 2006 national census (FRN, 2012). The people of Agatu LGA are predominantly Christians with few Muslims and adherents of traditional religions. They are part of the Benue people cluster within Sub-Saharan Africa (Idoma and Isma'il, 2014).The Agatu people live on their ancestral lands in Benue State, Nigeria. Most of the people are subsistence farmers, growing yams, guinea corn, millet, groundnuts and vegetables. Because many Agatu live along the Benue River, fishing is also an important source of food.

The dominant ethnic groups in Agatu are the Idomas (Agatu indigenes and people from other local governments), Tivs, Igbos and Hausa-Fulani. Despite the differences in religious beliefs the people live in harmony. For the most part, the Agatu live peacefully with neighboring people groups. When disputes do occur, they are usually about land rather than religion. In particular, some serious disputes with itinerant cattle herders trying to claim Agatu land have broken out in violence.

3.1.6 Economic Activities

Agatu LGA is basically an agrarian community and has the largest Fadama land in Benue State. The presence of alluvial soil and abundant surface water makes agriculture and market gardening to gain prominence throughout the year in the area. This serves as a major source of

livelihoods to many producers and traders, thus stimulating commercial activities in the area (Idoma and Isma'il, 2014).A substantial amount of agricultural production takes place under the traditional system characterized by primitive production technology, shifting cultivation or rotational bush fallow, wide spread illiteracy among the peasant farmers, and minimal application of improved inputs such as fertilizer, agro-chemical and farm machinery (Adaji, 2000). Aside the dominant ethnic majorities who reside in Agatu and speak Idoma, other major ethnic majorities includes the Igbos, Hausa, Yorubas and other minority ethinic groups like Calabas, Tivs and even Nupe and Ebira speaking people reside in Agatu (Idoma and Isma'il, 2014).

Mineral deposits are also found in the local government. There are traces of mineral resources such as limestone, gypsum, anhydride, kaolin, natural gas, salt and petroleum scattered all over the area. If these minerals and agricultural potentials are fully harnessed, the area can fully sustain a variety of industries hence the present council's concerted effort to promote investment. In addition to the mineral and agricultural resources, it has forest resources like Iroko, Ibeche, Mahogany, etc. These economic trees are found at Ogbaulu, Okagabi, Ogwumogba, Ichogolungun and Enogoje.

3.1.7 Infrastructural Facilities.

Provision of infrastructural facilities is very important for the improvement of the standard of living of rural dwellers and also to boost agricultural development in rural areas. Education is both a major tool of development and a means of achieving the interrelated goals of higher labour productivity. There are primary schools and secondary schools scattered around Agatu Local Government Area even though this schools lack adequate classroom furniture and standard classroom structures. Agatu LGA has 14 secondary schools and about 30 primary

schools scattered within the local government (Anchor and Oyigwu, 2016). There are about 10 primary health care centres and about 10 privately owned health centres located in different villages to serve the medical needs of the villagers. These medical centres and dispensary were found to be inadequate due to lack of drug, dilapidating structures, qualified personnel (nurses and medical doctors) and funds (Anchor and Oyigwu, 2016).

Accessibility is very important in development of rural areas. In building of road infrastructure, Oshigbudu-Obagaji road has been completed, it is hoped that the bulk of agricultural produce will be transported to urban centres for commercial purposes. Major feeder roads likeGbajimba-Origbo and the Mobile Barracks roads have also been rehabilitated. It is pertinent to note that one of the basic requirements for achieving complete rural area transformation and development is constant supply of energy to enhance rural and agricultural development and industrialization. The state and local government have embarked on rural electrification in some areas. Inspite of all the efforts of government, about 60% of the area have no electricity supply in their homes (Anchor and Oyigwu, 2016).

The commercial banks in Agatu Local Governments includes First Bank Nigeria Plc, Union Bank Nigeria Plc, and United Bank for Africa Plc. There are also microfinance banks in the local government which includes the former Agatu Community Bank and Lapo Microfinance Banks. Also, there are thrift finance institutions that helps the rural communities in the local government area.

3.2 METHODOLOGY

3.2.1 Reconnaissance Survey

A reconnaissance survey was carried out to get acquainted with the study area and also to understand the nature of farming. During the visit, unstructured interview was carried out to

ascertain credit access and utilization. This was to determine the relevant issues to be addressed in the questionnaire and also to ascertain the most appropriate sampling technique to use.

3.2.2 Types of Data Utilized

In order to achieve the set objectives of this study, data were collected from farmers. The data collected for this study include:

(i) Farmers' socioeconomic characteristics,

(ii) Credit facilities available in the study area

(iii) Factors influencing access to and utilization of institutional credit in the study area.

(iv) Type of farming,

(v) Size of cultivated farmland,

(vi) Sources of credit,

(vii) Challenges encountered when assessing credit facilities from credit institutions

(viii) Ways of improving credit access and utilization by farmers in Agatu.

3.2.3 Sources of Data

3.2.3.1 Primary Source

The primary source of data used in this research is the questionnaire designed for respondents of farming occupation. Focus Group Discussions (FGDs) were conducted to elicit additional qualitative information from the respondents. The FGD was done by bringing together 6-10 farmers (respondents) from the different wards in the Local Government Area Headquarters Office to explore their opinions on the issues relating to the topic, i.e. access and utilization of credit facilities among farmers in Agatu Local Government Area of Benue State. Three FGD sessions were conducted in the course of the study in Egba, Oshigbudu and Usha wards.

3.2.3.2 Secondary Source

Secondary data used were mainly for literature review were obtained from books, journals, published and unpublished texts, documents, magazines, conference articles, government ministries and agencies, such as National Population Commission (NPC), Benue Agricultural and Rural Development Authority (BENARDA).

3.2.4 Sample Size and Sampling Technique

The sample size for questionnaire administration was determined by adopting the Yamene (1976), method for determining sample size using the following formula.

$$\frac{N}{1 + N\,(0.05)^2}$$

Where N = Total Population under Study

0.05 or (5.0%) is the accepted error margin.

Therefore, since the total projected population for 2016 of the entire local government area was 150,783 using the formula above 399 respondents were sampled (as shown in Table 3.1).

More so, to obtain the proportion of questionnaire to be administered in the wards, Yamene (1976) sampling method for determination of respondents was used.

$$\frac{n \quad x \quad 399}{N}$$

Where n = population of each selected settlement in each ward

N = total population of selected settlement in the selected ward

The 2006 population census figures for each ward was projected to 2017 and used in this study since population is not static, hence varies across localities (see Table 3.1). The projection is done using Benue State growth rate of 3.0% (NPC, 2016) using the formula below;

$Pn = Po^{ern}$

Where

Pn = population in the later period (2017)

Po = population in the earlier period (2006)

n = time interval between the two period (2006 – 2017 = 11 years)

r = rate of growth (3%)

e = exponential sign

Table 3.1: 2017 Population of Agatu Local Government Area from 2006 National Census

S/No	Wards in Agatu LGA	Population in 2006	Projected Population 2017	Respondents to be Sampled
1.	Egba	20,842	25,428	65
2.	Enungba	10,981	14,820	38
3.	Obagaji,	20,569	25,428	65
4.	Odugbeho	7,860	10,608	27
5.	Ogbaulu	5,201	7,020	18
6.	Ogwule-Kaduna	9,594	12,948	33
7.	Ogwule-Ogbaulu	10,715	17,160	44
8.	Okokolo	7,513	10,140	26
9.	Oshigbudu	7,860	10,608	27
10.	Usha	15,183	21,840	56
Grand Total		**115,597**	**156,000**	**399**

Source: Modified from NPC (2006).

Agatu LGA, being a farming society where the income and other occupations to a large extent depend on agriculture, systematic sampling technique was therefore used for identifying respondents of farming occupation for detail enquires (Suleiman, 2009). The study adopted systematic sampling based on the present number of wards, and then samples were taken from the wards. The samples were proportionally sampled from the wards. The number of respondents from each of the wards were derived from the percentage of each of the population of the wards,

after which random sampling was applied in each of the wards and a total of 399 respondents were sampled from the selected wards.

This was done to ensure an effective spatial coverage and as well as to ensure valid responses from the respondents so as to avoid prejudice thereby ensuring adequate representation of the population under study. This was also used to locate farmers and farming groups who have been direct beneficiaries of institutional credit facilities in the local government area.

Table 3.2 List of Wards/Villages and the Proportion of Respondents

Wards	**Frequency**	**Percentage**
Egba	65	16.3
Enungba	38	9.5
Obagaji	65	16.3
Odugbeho	27	6.8
Ogbaulu	18	4.5
Ogwule-Kaduna	33	8.3
Ogwule-Ogbaulu	44	11.0
Okokolo	26	6.5
Oshigbudu	27	6.8
Usha	56	14.0
Total	**399**	**100.0**

Source: Field Survey, 2016

Table 3.2 shows the distribution of respondents by wards in Agatu LGA. It shows that majority of the respondents were from Egba and Obagaji representing 16.3 % each, while 14.0 % and 11 % are from Usha and Ogwule-Ogbaulu. Also, respondents from Enungba and Ogwule-Kaduna were represented by 9.5 % and 8.3 % respectively. Oshigbudu and Odugbeho have an equal percentage of 6.8 % each. While, the lowest 6.5 % and 4.5 % represented respondents from Okokolo and Ogbaulu respectively.

3.2.5 Data Analysis

Examining the socioeconomic characteristics of farmers in Agatu LGA was achieved by analyzing the information collected by means of descriptive statistics to summarize data collected in frequency tables, percentages and bar charts. Identifying the various credit facilities available in the study area was achieved by carefully analyzing the information collected by means of descriptive statistics to summarize data collected in frequency tables, percentages and bar charts.

The impact of credit access and utilization on the socioeconomic status was analyzed using enter method in Multiple Regression Analysis where the relationship between the dependent and independent variables is implicitly specified using equation 1;

The multiple regression model for impact of credit on the socioeconomic status of farmers

$$\gamma = \alpha_0 + \beta_1\chi_1 + \beta_2\chi_2 + \beta_3\chi_3 + \ldots\ldots + \beta_9\chi_9$$ ---------- **Equation 1**

Where;

γ is the dependent variable which represents the amount of credit accessed and utilized.

$\beta_1 + \beta_2 + \beta_3 + \ldots\ldots + \beta_9$ represent the regression coefficients to be estimated and $\chi_1 + \chi_2 + \chi_3 + \ldots\ldots + \chi_9$ represent covariates (independent variables) such as age, marital status, education, farming experience (yrs.), annual farm income, size of farmland, ownership of farmland.

In analyzing the data and arriving at the finding of the study, the study adopted the following analytical approach:

a. Objective i: Identify the socioeconomic characteristics of farmers in Agatu LGA (This was analysed using descriptive statistics)
b. Objective ii: Characterize identify the various type of institutional credit facilities available in the study area. This was analysed by using descriptive statistics (This was analysed using descriptive statistics such as frequency counts).

c. Objective iii:Examine factors influencing access and utilization of institutional credit in the study area. This was analysed by using descriptive statistics (This was analysed by using descriptive statistics such as frequency counts, percentages and charts).

d. Objective iv: Examine the impact of socioeconomic variables of farmers on access and utilization to credit in the study area. This was analysed by using Multivariate Regression Analysis.

Y = Factors that influence accessibility and utilization

X_1 = Age of respondents

X_2 = Sex of respondents

X_3 = Marital status

X_4 = Educational qualification

X_5 = Years of experience

X_6 = Income per annum

X_7 = Size of landholding

X_8 = Ownership of farmland

The FGD were analysed using content analysis so as to extract the most important issues for discussion. As a data source, the FGD provides corroborative evidence to the responses from the questionnaire and where necessary are presented in excerpt. The collected questionnaire was carefully coded and the data entered into a data page of the analytical tool adopted which is the statistical package for social science in SPSS V.20. Having done this, three hundred and seventy eight (378) questionnaires from the total number of 399 questionnaires administered were used which present the study with a ninety five percent (95%) returned rate.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1 INTRODUCTIONS

This Chapter presents the quantitative, qualitative and inferential analysis of the data and information gathered from the survey carried out on access and utilization of institutional credit facilities among farmers in Agatu Local Government Area. The chapter is presented in subsections based on the objectives of the study.

4.2 SOCIOECONOMIC CHARACTERISTICS OF RESPONDENTS

Table 4.1reveals that 20.6% of the respondents were between the ages of 15-25 years, 24.6% were between the ages of 26-35 years, 29.6% were between the ages of 36-45 and another 9.8% were between the ages of 46-55 while 7.9% and 7.4% were between the ages of 56-65 and above 66 years as shown in Table 4.1. The age distribution of respondents' reveals that most of the respondents are very much in their productive and active age. The effect of age of these farmers is considered important in terms of experience and responsibility as farmers are more likely to acquire better farming as they grow old.

Table 4.1a Distribution of Respondents According to Socioeconomic Characteristics of Respondents (n = 378)

Socio-economic characteristics	Frequency	Percentage %
Age (Years)		
15-25	78	20.6
26-35	93	24.6
36-45	112	29.6
46-55	37	9.8
56-65	30	7.9
66 and above	28	7.5
Total	**378**	**100**
Sex		
Male	255	67.5
Female	123	32.5
Total	**378**	**100**
Level of Education		
No formal	30	8.0
Primary	78	20.6
Secondary	228	60.3
Tertiary	42	11.1
Total	**378**	**100**
Marital status		
Single	81	21.4
Married	197	52.1
Divorced/ separated	18	4.8
Widowed	71	18.8
Unmarried mother/father	11	2.9
Total	**378**	**100**

Source: Field Survey, 2017

The study showed that 67.5% of the sampled population were male, while 32.5% were female. It could be inferred here that the male gender dominates farming activities in the study

area.The laborious nature of farming activities (crop farming, poultry farming, animal husbandry and others) which the female counterparts most times cannot easily undertake could also be the reason for male dominance in agricultural activities as farming require lots of energy and is labour intensive especially in rural areas.This result is in line with the findings of Olaleye(2001) as cited by Alabi et al. (2016). Also, Oboh and Kushwaha (2009) stated that sex is one of the major factors that influence agricultural credit disbursement.

From Table 4.1a, 52.1% were married, 23.5% were once married and are now divorced, separated or widowed. Here also in the Table 4.1a, 21.4% respondents were single while the remaining 2.9% indicated that they were unmarried parents. It was revealed that respondents in the study area are married individuals who depend on their farms to sustain their family. Single respondents go into farming to generate income to support other business activities which are of interest to them. It could be inferred that farmers in the study are in agriculture to ensure their families have food security which corroborates the findings of Osaze (2016) that majority of rural farmers are married in his study conducted in Ovia south-west local government area of Edo state on the role of women in agricultural production.

In analyzing the educational qualification of respondents, it was found that 80.9% of respondents have attained one level of formal education or the other with 11.1% having attained tertiary institutions, while 8.0% had some form of informal education. This findings also is supported by Oruonye and Musa (2012) who found that educational level is very important as it increases the farmers' ability to obtain, analyze and interpret information and use their resources efficiently.From the distribution here, it could be deduced that the respondents are literate to an extent and have the tendency to make informed decision on agricultural production especially access and use of loans. This is in also line with the study conducted by Nkang *et al*., (2009) in

their study investment in cocoa production in Cross River State, Nigeria which showed that education affects the way farms are managed as well as overall production.

Table 4.1b Distributi on of Respondents According to Socioeconomic Characteristics of Respondents (n = 378)

Variables	Frequency	Percentages
Ownership of farmland		
Owned by respondent	298	78.8
Owned by relatives	22	5.8
Rented by respondent	58	15.3
Total	**378**	**100**
Size of landholding		
0-1	202	53.4
2-3	87	23.0
4-5	64	16.9
5 and above	25	6.6
Total	**378**	**100**
Year of experience in farming		
0-5	85	22.5
6-10	78	20.6
11-15	88	23.3
16-20	56	14.8
21 and above	71	18.8
Total	**378**	**100**
Income of respondents		
Less than ₦50,000	127	33.6
₦51,000-₦100,000	139	36.8
₦101,000 - ₦150,000	60	15.9
₦151,000-₦200,000	40	10.6
₦201,000 and above	12	3.2
Total	**147**	**100**

Source: Field Survey, 2017

The farmers basically produce food for consumption.From Table 4.1b above, Majority of the farmers, 53.4% had less than 5 acres of farmland. Also, 23.0% and 16.9% had 2-5 acres of land. This suggests that the farmers are mostly small scale farmers. This corroborates the findings of Alabi *et al.*, (2016) in a study conducted in Gwagwalada on the access to financial credit facilities among small scale crop farmers. The study found that most farmers in Nigeria cultivate small parcels of land. Additional information on farm cultivated is that majority stated that they own their land as attested to by 78.8%, while 5.8% and 15.3% cultivate the land belonging to their relatives or rented by them.

The number of years of experience that farmers have in farming business could imply their extent of farming knowledge and how to source for credit and use it for farming activities. Ben (2015) stated that it is essentially an indication that farmers with more experience will likely adopt innovative ideas and techniques that would enhance their increase in agricultural activities.The years of experience of farmers as shown in Table 4.1breveals that majority of the respondents 215(56.9%)have been in farming for between 11 – 21 years and above. Indeed, experience goes along with skill acquisition which is fundamental to efficiency and effectiveness in any endeavour.

Agriculture involves mainly the use of land which is a major factor in food production in any economy. From the data in Table 4.1b, it is obvious that respondents are mostly small and medium scale farmers. The study showed that 53.4% of the respondents have a farm size of between 0-1 hectare. This result is corroborated with the study of Ibitoye (2012) in Kogi State on the performance of agricultural cooperatives, where the average farm size of most farmers were recorded to be below 1.9 hectare. From the FGD conducted in Egba ward, A discussant said:

> *their farming activities are basically manual oriented, they find it hard to farm on big farmlands. The discussants also stated that shortage of*

enough capital for farming activities discourages them from farming on bigger farmlands(Mr. Omale Ogbole from Egba Ward, 23/09/2016)

From the data presented in Table 4.1b, it is revealed that 33.6% earn less than N50,000 per annum from sales of their farm produce. Another 36.8%, 15.9% and 10.6 respondents earn between N51,000 – 150,000 while 3.2%others earn N151,000 and above.

4.3 Credit Facilities

4.3.1 Knowledge of institutional credit schemes

Table 4.2 shows the level of awareness of respondents about the various institutional credit schemes available to farmers in the study area. About 89% are aware of the various schemes while 2.9% others are not aware of the agricultural credit schemes.

Table 4.2: Distribution of Respondents according to Knowledge of institutional credit schemes

Awareness of credit scheme	Frequency	Percentage
Yes	336	88.9
No	11	2.9
No response	31	8.2
Total	**378**	**100**

Source: Field Survey, 2017

From the data in Table 4.2, majority of the respondents revealed that they are aware of institutional credit schemes with 88.9% attesting to this. From the FGD, the discussants revealed that they are aware of institutional credit schemes. A discussant Mrs. Mary Omachi said that:

sometimes, people come from the city to inform us of how we can access credit for our farming activities. Sometimes is difficult to access the loans because of the cumbersome and long processes.

Also, another respondent from Ogbaulu ward, the discussants said that:

sometimes the cooperatives gather us in their meeting places to tell us about loans and how we can use it to increase our farming activities(Mrs. Mary Ogbe 23/06/2016).

4.3.2 Source of Information

Figure 4.1 shows that majority of the respondents, 33.9% obtain information on credit from cooperative societies. From the analysis also, 28.8% get their information from friends and family members while 20.6% get their information from past experience.

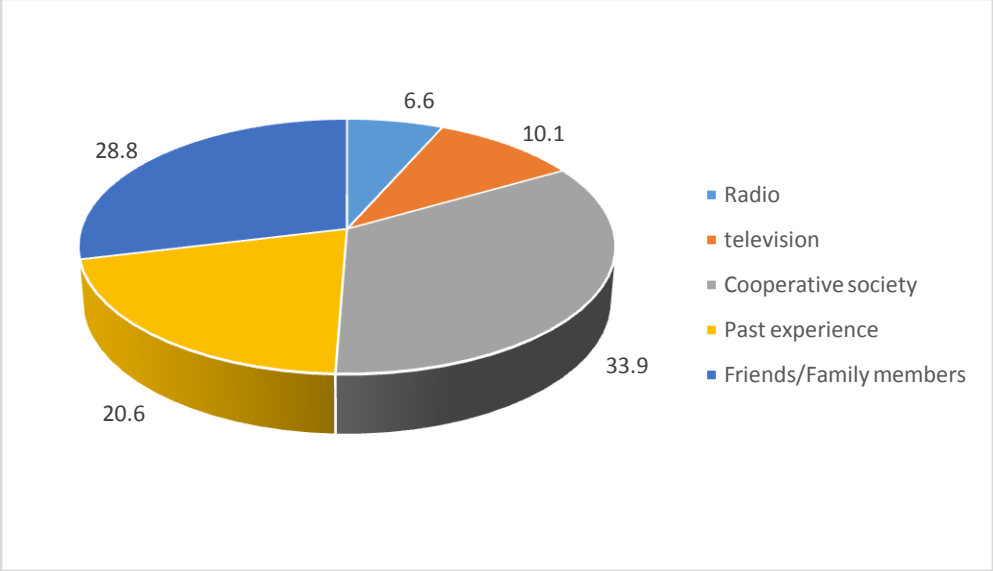


Fig. 4.1: Distribution of Respondents by Source of Information on Credit Facilities
Source: Field Survey, 2017

The analysis show that though respondents get their information from virtually all the different sources presented, they mostly make use of cooperatives, their past experience and also friends and families. This corroborates the findings of Adesiji (2011) who in a study conducted in Patigi Local Government Area of Kwara State,found that farmers gets their information on agricultural credit majorly from cooperative societies, past experiences and also from friends and family members. From the analysis, it could be stated that the source of information goes a long way in influencing the choice of credit facilities to go for by respondents.

4.3.3Preferred source of information

Sequel to the response in Figure 4.1, majority of the respondents in Table 4.3 revealed that they prefer to get information from the various cooperative societies they belong to as attested to by 36.3% while 27.0% others stated that they preferred to get their information from friends and family members and 20.6% preferring to cling to their past experience as a better source of information on credit facilities. It could be surmised here that respondents prefer cooperative societies to other sources of credit information.

Table 4.3: Distribution of Respondents by Preferred source of information

Source of information	**Frequency**	**Percentage**
Cooperative society	137	36.3
Past experience	78	20.6
Friends / family members	102	27.0
No response	61	16.1
Total	**378**	**100**

Source: Field Survey, 2017

Ugwumba, *et al.*, (2008) in their study on loan repayment among agricultural cooperatives, stated that cooperative societies among other things provide other functions like mobilizing funds within the societiesfor production and marketing of agricultural produce, obtaining both production and consumption credit for their members; and partly because as loans are obtained collectively, payment also becomes a collective responsibility as far as the lenders are concerned.

4.3.4 Borrowing Money for Agricultural Activities

Finance was identified as a major factor hindering agriculture production.Farmers have for a long time explored various methods of raising money for their agricultural activities. Respondents were asked if they have borrowed for their farming activities.

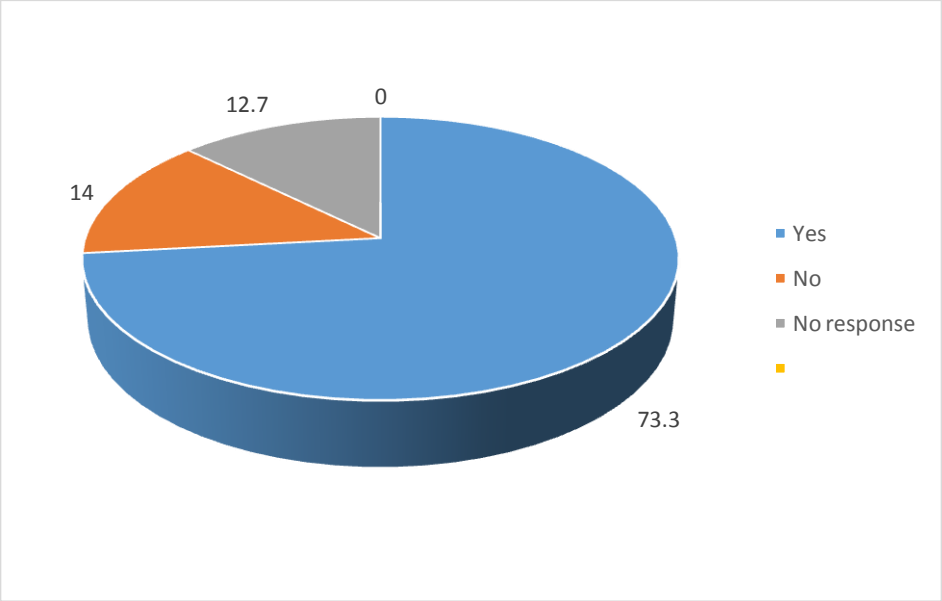


Fig 4.2: Distribution of Respondents who Borrow Money for Agricultural Activities
Source: Field Survey, 2017

Table 4.4 presents the percentages of respondents who access credit for farming activities. Majority of the respondents revealed that they have borrowed for their farming activities as attested to by 73.3% while 14% never borrowed. The remaining 12.7% did not respond to the question. This is in line with the assertion made by Central Bank of Nigeria CBN (2005) that one of the major inputs identified over the years in the development of the Nigerian agricultural sector has been the agricultural credit scheme through both micro and macro sources of finance.

4.3.5 Loanfor AgriculturalActivities

Access to credit facilities is an important determinant of the amount of credit available for farm operations.The findings also revealed that the amount of loan obtained by the farmers is between N50000 - N150000 ($140 - $421). This suggests the quest to adequately finance the various operations associated with the farming activities of the farmers.

Table 4.4: Distribution of Respondents According to Money Borrowed for Agricultural Activities.

Amount of Loan Borrowed	Frequency	Percentage
Less than ₦ 50,000	48	12.7
₦ 51,000 – ₦ 100,000	108	28.6
₦ 100,000 – ₦ 150,000	68	18.0
₦ 150,000 – ₦ 200,000	47	12.7
₦ 201,000 and above	6	1.6
No response	101	26.7
Total	**277**	**100**

Source: Field Survey, 2017

Table 4.4show that respondents borrow between ₦51000 to about ₦200000 for their farming activities as represented by 59.3%. Here also, 48(12.7%) stated that they borrow less than ₦50000. From the analysis, it could be said that majority of the farmers borrow little amount of money (between 50,000 to 100,000) for their agricultural activities. This is not unconnected with the fact that most of the farmers farm for family consumption, therefore try as much as possible not to incur huge debt that may be difficult to repay. Also, the inability of some respondents to borrow more money could be attributed to the discrepancy in their income level from previous harvest. Most farmers who benefit from the credit made available and where able to purchase the needed agricultural inputs and would be moved to borrow than those whose income level did not necessarily increase.

4.3.6 Membership of Cooperative Society

Cooperative societies are good channels of sourcing agricultural credit collectively at low interest rate. Just about one-third of the farmers are members of agricultural cooperative societies. From Figure. 4.3, 65% which represent majority of the respondents indicated that they belong to a cooperative society or farmers society as the case may be, with 35% stating that they are not members of any society.

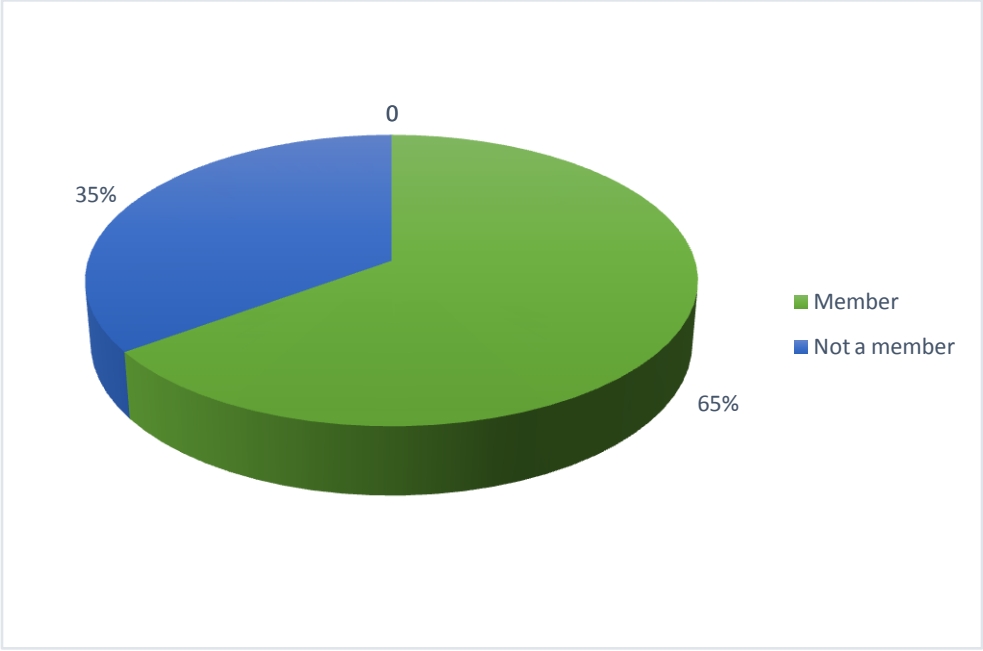


Fig 4.3: Distribution of Respondents According to Membership of Cooperative Society
Source: Field Survey, 2017

From the analysis, it could be said that majority of farmers in Agatu LGA are members of cooperative/farming societies. This implies that the farmers are less likely to obtain credit on individual basis as formal financial institutions tend to disburse credit to farmers through cooperative societies as this is an easier means of recouping the credit.This supports the findings of Adeleye (2012) in a study conducted in Ibadan which found that the essence of membership of farming societies or cooperatives is to help the members financially and innovatively as a group. It promotes integration of economic activities such as mobilizing capital to provide credit and

inputs for agricultural production to members and assisting them with storage, processing and marketing of farm produce.

4.3.7 Source of Credit Facilities

The result of the analysis in Table 4.5 indicates that majority of the respondents source their credit from private money lenders like private individuals, esusu clubs and also from friends and family members as attested to by 28.3%, 17.5% and 19.6% representing 65.4% of the sampled population. This findings is in line with Okwoche et al. (2012) who reported that loan from non-institutional sources are devoid of administrative delays and there is no insistence on collateral security thereby allowing respondents to access loans with ease and no delay.

Table 4.5: Source of Credit Facilities by Respondents

Source of credit	**Frequency**	**Percentage**
Bank of Agriculture	12	3.2
Microfinance banks	38	10.1
Cooperative society	97	25.7
Private money lenders	107	28.3
Esusu clubs (traditional saving association)	50	13.2
Friends/family members	74	19.6
Total	**378**	**100**

Source: Field Survey, 2017

The result also showed that 25.7% source their loan from cooperative societies. Among the formal institutions, cooperative is one of farmers' organizations that play an important role in thefarming community. They help farmers with credit facilities and also play important role in getting loans for them from other financial institutions. Aside providing credit facilities, cooperatives play a major role in market stabilization through purchasing farmers product after harvest and selling it in off-season at reasonable prices. This is in agreement with the study of Bolarinwa and Fakoya (2011) where they concluded that farmers in Ogun state depend on cooperative societies as formal credit facilities for agricultural credit. Cooperative provides easily accessible soft loans for members without serious stringent conditions. Since cooperators are members with share capitals, accessing credit for whatever purpose is easy.

Also, from Table 4.5, 15.3% indicated that they got their loan from microfinance banks and 8.5% respondents got their loan from the Bank of Agriculture. The low patronage of Microfinance banks could be because most of these banks are not found in the rural areas, instead they are found in the cities servicing urban dwellers against their statutory mandate.This is in line with the findings of Ihomodo, (2005) that the low patronage of banks may be due to complicated procedures, delay in approval and disbursement, high administrative charges, high interest rate as well as lack of collateral among rural low-income producers.

4.4 FACTORS INFLUENCING ACCESS AND UTILIZATION OF INSTITUTIONAL CREDITS

Access to credit facilities is an important determinant of the amount of credit available for farm operations. This section examines at the factors that influence access and utilization of credit by farmers.

4.4.1 Agricultural Activities Performed by Respondents

Humans engage in different types of agriculture which includes growing of crops and raising livestock for human consumption and use. In Table 4.6, respondents were asked to indicate the agricultural activities they engage in.

Table 4.6: Agricultural Activities Performed by Respondents

Agricultural activities	**Frequency**	**Percentage**
Farming	267	70.6
Animal husbandry	45	11.9
Poultry	11	2.9
Fishing	8	2.2
No response	47	12.4
Total	**378**	**100**

Source: Field Survey, 2017

Among the farmers sampled, 70.6% indicated that they engage only in crop farming, another 11.9% and 2.9% respondents revealed that they engage in animal husbandry and poultry farming respectively.Fish farming is done by 2.1% respondents. From the FGD session conducted in Usha ward, it is clear that farmers borrow credit mainly for their farming activities especially those engaging in crop farming. A discussant stated that:

> *I always borrow money when the farming season approaches because the money helps me to pay for work in my farm. Most times when the farming season approaches, people charge too much for clearing of bushes in the farm, cultivation, planting and even harvesting. Since my farm is big and cannot do the work alone, I borrow to pay these farmers and pay back after I sell my produce*(Mrs. Alice Abah, Usha ward, 24/09/2016).

4.4.2 Use of Machinery and Labour for Farming Activities

The use of agricultural machinery has got progressively larger in recent years. It is now easier for one to plough a larger farmland in a day with a suitable machinery.

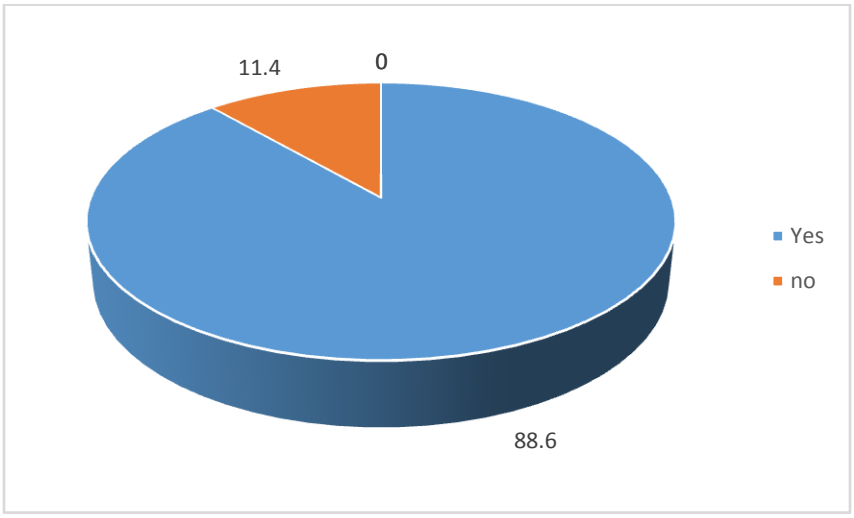


Fig 4.4: Distribution of Respondents by use of Machinery and Labour for Farming Activities
Source: Field Survey, 2017

From Figure. 4.4, majority of the respondents (88.6%) revealed that they use machinery or labourers on their farms while a few (11.4%) do not make use of machineries but rather do all the activities on their farms. Farmers use their loans to pay for labour and machines to carry out farming activities. This is not unexpected because the drudgery of farming needs to be eased since many farmers may not have sufficient labourers.

4.4.3 Factors that Influence Access to Agricultural Credit

From the analysis in Table 4.7, majority of the respondents (49.7%) indicated that the type of institution that is offering the loan determines their choice of accessing a loan. Also, 23.0% indicated that the credit duration is also a major factor that influences access to agricultural loans, with 18.3% stating that the terms of repayment for the required loan is a factor that influences access to a loan.

Table 4.7: Factors that Influence Access to Agricultural Credit by Respondents

Factors influencing access	**Frequency**	**Percentage**
Type of Institution and its Policy	188	49.7
Credit duration	87	23.0
Terms of Repayment	69	18.3
Collateral	34	9.0
Total	**378**	**100**

Source: Field Survey, 2017

The respondents also revealed that collateral could be a factor as represented by 9.0%. This is corroborated by Korir (2015) who found that the type of financial institution and its policy often determine the access to credit. This is because commercial bank's way of extending credits including its policies are different from the microfinance institutions and informal lenders like cooperatives and individuals. From the FGD conducted, it was revealed by a discussant that:

> *other factors that influence where we get credit are: the distance between us and the lending institutions, time intervals and penalties for defaulting, high risks involved, small and frequent credit transactions of households make, common interest groups income level, distance to credit sources, past credit participation and assets owned.* (Mr. Otache Omale, Oshigbudu ward, 24/09/2016)

Also, the discussants unanimously stated that:

> *The term of repayment is also a major factor that influence their access to institutional loan as majority of the cooperatives give them enough time to pay back the loan and also are not rigid like the microfinance banks who are very rigid especially when collecting the loan back.*

4.4.4 Type of Credit Accessed by the Respondents

In borrowing for agricultural activity either for crop or breeding of animals a borrower must begin by establishing short-and long-term financial objectives for his or her farm operation.

Table 4.8: Type of Credit Accessed by Respondents?

Type of credit accessed	**Frequency**	**Percentage**
Long term credit (1 year)	43	11.4
Short term credit (6 months)	228	60.3
Medium term credit (3 months)	57	15.1
No response	50	13.2
Total	**378**	**100**

Source: Field Survey, 2017

Majority of the respondents access short term credit for their agricultural activities as attested to by 60.3%while 11.4% and 15.1% indicated that they access long term and medium term credit respectively. From the analysis, it could be said that most farmers access short term credit so as to meet up with the farming seasons. Most farmers only access loans when the farming season is approaching, so as to be able to purchase farming implements or pay labourers. Also, it is important to note that since the farmers produce mostly for home consumption, they tend to go for short term loans.

4.4.5 Schedule of Repayment of Credit Accessed

The method of repayment of loan accessed by respondents is presented in Figure 4.5.

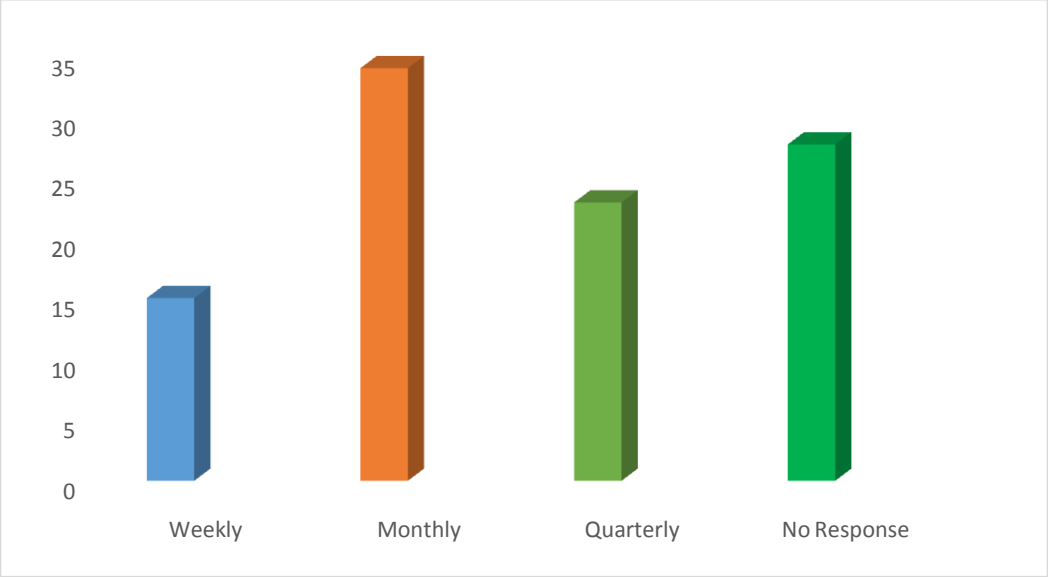


Fig. 4.5: Scheduleof Repayment of Credit Accessed
Source: Field Survey, 2017

From Figure 4.5, majority of the respondents (34.1%) indicated that they pay the loan they accessed on monthly bases which shows that they mostly access credit facilities for long term purposes. Also 15.1% and 23% indicated that they make weekly and quarterly payments respectively.

4.4.6 Utilization of Credit Accessed

Table 4.9 reveals that 28.6% of the farmers indicated that they make use of the credit accessed for land preparation (slashing and bush burning) while 27.2% indicated that they use the loan to pay for the use of machineries. Also, 13.2% indicated that it is used for planting, weeding and application of pesticides.

Table 4.9: Utilization of Credit Accessed by the Respondents

Utilization of credit	Frequency	Percentage
Land preparation (slashing, tree felling and burning)	108	28.6
Use of machinery	103	27.2
Planting, weeding and application of pesticides)	50	13.2
Other income generating activities	96	25.4
No response	21	5.6
Total	**378**	**100**

Source: Field Survey, 2017

Farmers also indicated that they engage in other income generating activities that are agriculturally inclined as attested to by 25.4%. It could be stated that farmers engaged in this activities to aid them in repaying their loan and meeting up with other engagements of the household. This is in line with the study of Ekesionye and Okolo (2012) in a study conducted in Anambra state on women empowerment and participation in economic activities found that women were actively involved in economic activities e.g. farming (99.1%) including livestock (53.3%) and poultry (68.4%).

4.4.7 Effects of Credit on the Income of Farmers

The income of the farmers before the accessibility of credit facilities to aid them in their farming activities was also ascertained. Table 4.10, shows that 23% of the respondents stated that they earn less than make less than 50,000 before the accessibility of credit facility, also, 24.9% stated that they make about N100,000 from their farm produce without the aid of a credit facility.

Here also in the table, 20.4% others were indifferent in their views as they could not state the amount of money they make from their farm produce, before any financial assistance.

Table 4.10: Income Before and After Utilization of Credit Facility by the Respondents.

	Before			After		Total	
Response	**Freq.**	**%**	**Response**	**Freq.**	**%**	**Freq.**	**%**
Less than N50,000	142	23.0	Less than N50,000	127	33.6	269	35.4
N51,000-N100,000	94	24.9	N51,000-N100,000	139	36.8	233	30.7
N101,000 - N150,000	64	19.6	N101,000 - N150,000	60	15.9	127	16.7
N151,000-N200,000	36	9.5	N151,000-N200,000	40	10.6	76	10.0
N201,000 and above	18	2.6	N201,000 and above	12	3.2	30	4.1
No response	24	20.4				24	3.1
Total	**378**	**100**	**Total**	**378**	**100**	**759**	**100**

Source: Field Survey, 2017

This is not unconnected to the fact that, these are local farmers who seldom document their farming activities, as majority farm for both home and commercial consumption. This assertion was corroborated from the FGD conducted in Usha ward, Mr. Ogbe stated that:

> *he cannot really ascertain how much he makes from his farm produce as he does not take note of the income and losses he makes. He stated that he farm for both home and commercial consumption and is contented with whatever he makes from the farm as such does not take into cognizance the importance of documenting his expenses and income.*

From the table also, 36.8% which represent majority of the respondents polled revealed that after the utilization of credit facility they accessed on their farm, they were able to earn between 51,000 to N100,000. Also, 15.9% and 10.6% stated that they made between 101,000 to about N200,000 after they utilization of the loan they accessed. A significant majority representing 33.6% of the respondents also revealed that they were only able to make less than

N50,000 from their farm produce after they utilization of credit facility they accessed. From the table above, it could be surmised to say that the income of respondents increased to a significant level as shown from the analysis presented. The increase in the income level of farmers also show that institutional credit facilities has a significant impact on farmers output. This is in agreement with the study conducted in Makarfi LGA of Kaduna state by Jumare (2006) which revealed that an increase of 1% in loan amount led to a 38 percent increase in the output of farmers thereby increasing their chances of earning more income from there labour. Furthermore a 1% increase in farm size, fertilizer, seeds, pesticides and herbicides used respectively led to 13.2%, 33.4%, 10.4%, 6.6% and 22.4% increase in output.

4.4.8 Effect of Credit on the Income of Farmers after Utilization

A major expectation from accessing and utilizing credit is to increase productivity and income. This is examined by soliciting information on whether there is observed change in income from farming activities after accessing credit. Figure 4.6 presents the result.

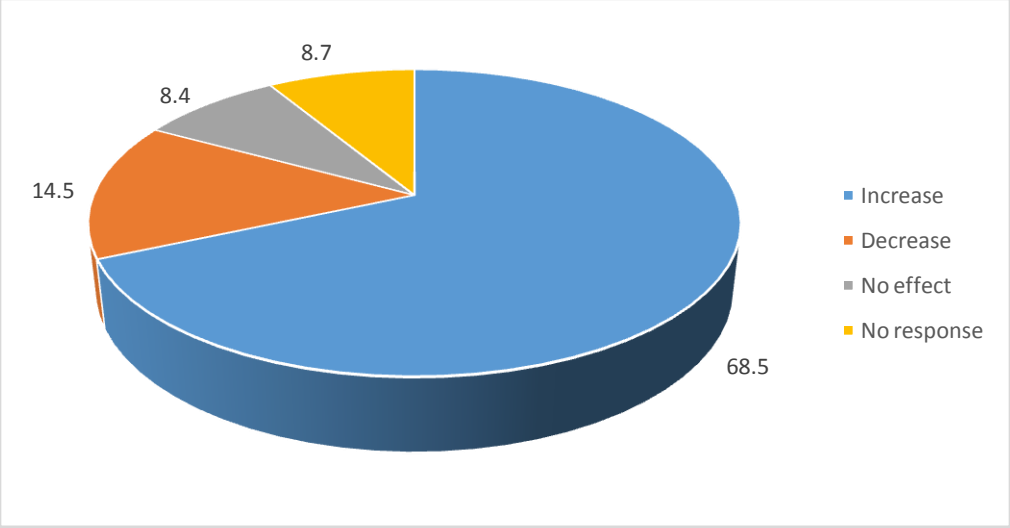


Fig. 4.6: Distribution of respondents according to effect of credit on the income of farmers after utilization
Source: Field Survey, 2017

Figure 4.6showed that 68.5% agreed that the use of credit has helped to increase their annual average income, 14.5% stated that their income decrease after using the credit while 8.2% said it had no effect on their income with 8.7% others who were undecided. It is generally expected that when there is an addition to the process of farming activities by injection of cash and modern implements, the resultant effect will be positive as shown from Figure 4.6. From the data presented, 68.5% respondents stated that their income increased after the injection of funds and other farming essential accessed through loan from financial institutions, while 14.5% stated that their income decreased. Ike and Kaine (2008) in a study conducted in Delta state on alleviating rural farmer poverty through microcredit found that the decrease effects on the income of farmers may be due to inefficient use of credit, inadequate use of improved inputs, diversion of parts of the credit either for consumption or other personal usage and certain uncertainties like drought, disease outbreak, bird attack e.t.c attached to agricultural production.

From the FGD conducted, a respondent from Usha ward said:

> *The loan always help me to farm bigger farm than I would have cultivated. Most times after farming, the money I make from the produce is always bigger. Sometimes also, when I collect the money from cooperative, I use part of the money for family expenses, so it will not be enough for me to use in the farm (*Mr John Ochegbudu, 24/09/2016).

Also, Mrs. Deborah Omaku from Usha ward said that:

> *When I collect loan from cooperative, I use the money for both farming and family expenses. Sometimes the money I make from my farming after I sell them is not enough to even pay back the loan not to talk about making gains from the produce.*

4.4.9a Challenges in Accessing Credit Facilities from Formal Institutions

Irrespective of the positives outcomes farmers derived from accessing loan from formal institutions, farmers encounter some challenges when accessing credit facilities from this institutions. These are presented on Table 4.11.

Table 4.11: Challenges in Accessing Credit Facilities from Formal Institutions by the Respondents

Challenges for formal credit	Frequency	Percentage
High interest rate	52	13.8
Insufficient amount	117	30.9
Late approval of loan	47	12.4
Guarantor/collateral	37	9.8
No response	125	33.1
Total	**378**	**100**

Source: Field Survey, 2017

Table 4.11, shows the various challenges faced by farmers in Agatu LGA in accessing credit facilities from formal institutions. Many of the respondents (30.9%) attributed insufficient amount as one of the major challenges they encounter when accessing loans from formal sources. Also, 12.4% indicated that late approval of loans is a major challenge when accessing loan from formal sources. This corroborates the findings of Ayegba and Ikani (2013) in a study that cuts across the six(6) geopolitical zones of Nigeria found that most times respondents receive approval for the loan applied months after the planting season has expired and they are required to pay an unnecessary loan. Another major challenge is high interest rate (13.8%) and demand for guarantor/collateral (9.8%). From the analysis also, 33.1% did not respond. This is not unconnected to the fact that some of the respondents access loan from non-formal sources like private money lenders, family members and also from friends. Also, there could be others challenges they encounter when accessing loan from formal institutions that are not listed above.

This is corroborated from the FGD conducted where a discussant stated that:

> *lack of banks in the rural areas, lack of awareness from banks staff and bureaucratic bottlenecks are challenges they face in accessing loans*(Mr. Inalegu Innocent, Egba Ward, 23/09/2016)

4.4.9b Challenges in accessing credit facilities from informal institutions

Informal lending is seen as the most important source of finance to the rural population. They provide easy access to information to their borrowers with whom they have social relations. Nevertheless, the informal sector is not without limitations. Despite its flexibility, rapidity and transparency of procedures, the interest rates charged on these loans are often exorbitant.

Table 4.12: Distribution of respondents according to challenges in accessing credit facilities from informal institutions

Challenges for informal credit	Frequency	Percentage
Inadequate credit	112	29.6
High interest rate	182	48.1
Difficulty in getting guarantor	61	16.1
Personality sentiments of lenders	23	6.1
Total	**378**	**100**

Source: Field Survey, 2017

Aside the challenges rural farmers face in accessing credit facilities from formal institutions like banks, corporate institutions and cooperatives, accessing credit from informal sources like private money lenders is not that easy too. From the analysis, majority of the respondents 48.1% and 29.6% revealed that they encounter the problem of high interest rate (from 30 – 50%) and not getting the actual amount they sought respectively.Ayegba and Ikani (2013) found that 53.33% high interest rate constitute the major challenge farmers face in

sourcing for credit from informal sources since the informal sources (mainly private money lenders) are unregulated and not monitored by any government institution. From the FGD sessions, a discussant revealed that:

> *sometimes sentiments is a major challenge which most times make the lenders make available limited funds. This is because you must be in the good books of the private money lenders to be able to access loans from them otherwise, you will be denied access because you must be introduced to them by someone*(Mr. Onwoicho Jerry).

4.5 RELATIONSHIP BETWEEN SOCIOECONOMIC STATUS OF FARMERS AND ACCESS TO CREDIT

The study attempted to carry out a statistical test on the impact of socioeconomic variables of farmers and access to credit. The result is presented in Table 4.13.

Table 4.13: Result of Regression on socioeconomic variables and access to credit

Variables	**Coefficient**	**Standard Error**	**T-values**	**Sig**
(Constant)	0.023	0.76	0.299	0.765
Age of respondents (X_1)	.444	.049	9.081	.000
Sex of respondents (X_2)	-.094	.066	-1.411	.159
Marital status (X_3)	-.326	0.41	-7.940	.000
Educational qualification (X_4)	.264	.038	6.991	.000
Years of experience (X_5)	.465	.031	.14.885	.000
Income per annum (X_6)	.103	.022	.4.656	.000
Size of landholding(X_7)	.468	.039	.12.106	.000
Ownership of farmland (X_8)	.275	.039	6.987	.000

Source: Field Survey, 2017
N = 378; $R^2 = 0.757$; $R^{-2} = 0.751$
Significant at 0.05 probability level

The regression result presented in Table 4.13 reveals R-squared of 0.75, implying that 75% of the access to credit by rural farmers could be explained by the independent variables

included in the equation. From the regression analysis presented, Age of respondents (X_1) with a coefficient of .444 is a good predictor of access to loan. It is expected that older farmers have a wide range of exposure on farming activities, sources of loans and how to effectively use the loan accessed for production. Table 4.1 reveals that most of the respondents are middle age farmers who can use both experience and adventure to get loans and use it adequately. It shows that very old farmers may not be able to access loans but middle aged active population can do that. Another variable is educational qualification (X_4) with a coefficient of 0.264 which shows that farmers with some level of education would be able to know how farms are managed and also understand the condition attached to the loan accessed. Table 4.1 also reveals that majority of the farmers have gone through secondary education which can aid them to go through the processes involved in applying for loan. This is supported by Nkang *et. al* (2009) which showed that education affects the way farms are managed as well as overall production. This means that the more educated the farmers, the more credit they can access.

Another highly positive variables were size of landholding (X_7) and ownership of farmland (X_8). Farmers who farm large farmlands and also own their lands will always be willing to invest in it thereby applying for credit facilities like loan. Table 4.1 reveals that majority of the farmers own their farmlands with a significant majority farming on large farmlands. The implication of these findings is that an increase of in the level of any of the explanatory variables X_1, X_4, X_6, X_7, X_8 will exert a positive impact on the ability of farmers to access credit and utilize same maximally. Flores (2004) corroborating this assertion in his study on rural development and food security in West Africastated that institutional credit if made available to farmers could ameliorate some the farmers problems such as small farm size, low output, low income and low social economic status. This result is also similar to that of

Bolarinwa and Fakoya (2011)in a study conducted in Ogun state on the impact of farm credit on the socioeconomic status of farmers.

Some variables have negative values indicating that they are not good predictors of access and utilization of loans. From the analysis, sex (X_2) and Marital status (X_3) are seen to have negative signs. Marriage increases social and household consumption which will deplete the resources for farming activities. Infact that some farmers have been observed to use loan accessed for farming activities for other activities like catering for family needs. Some farmers even accessed agricultural loans to take care of their hospital bills which is an indication of poor utilization of loans. This is one of the reasons for poor performance of agricultural loans.

The implication from the findings as enumerated above is that these variablespositively aided the farmers in accessing credit facilities. This is in agreement with the study conducted by Tasie (2013) in River state, Nigeria, who found that socio economic variables of respondents were positively impacted IFAD credit facilities accessed and utilized by respondents which also impacted positively on the well-being of rural farmers. The coefficients of age, education, years of experience, size of farmland, ownership of farmland and annual farm income were significant at 5% and are positive.

4.6 RELATIONSHIP BETWEEN SOCIOECONOMIC STATUS OF FARMERS AND UTILIZATION OF CREDIT ACCESSED

The study attempted to carry out the statistical test on the impact of socioeconomic variables on farmers and their utilization of credit accessed. The result is presented in Table 4.14.

Table 4.14: Result of Regression on Socioeconomic Variables and Utilization of Credit

Variables	**Coefficient**	**Standard Error**	**T-values**	**Sig**
(Constant)	0.113	0.130	0.870	0.385
Age of respondents (X_1)	-.363	.084	-4.326	.000
Sex of respondents (X_2)	-.508	.114	-4.468	.000
Marital status (X_3)	.126	.070	1.799	.073
Educational qualification (X_4)	.140	.065	2.161	.031
Years of experience (X_5)	.878	.054	16.379	.000
Income per annum (X_6)	.272	.038	7.154	.000
Size of landholding(X_7)	.882	.066	13.313	.000
Ownership of farmland (X_8)	-.715	.067	-10.595	.000

Source: Field Survey, 2017
N = 378; $R^2 = 0.930$; $R^{-2} = 0.929$
Significant at 0.05 probability level

The regression result presented in Table 4.14 reveals R-squared of 0.929, implying that 92% of the utilization of credit accessed by rural farmers could be explained by the independent variables included in the equation. From the regression analysis presented, Marital status (X_3) with a coefficient of (.126), Educational qualification (X_4) with a coeeficient of (.140), Years of experience (X_5) with a coefficient of (.878), income per annum (X_6) with a coefficient of (.272) and size of landholding (X_7) with a coefficient of (.882) showed that they are all good predictors of utilization of credit accessed by farmers in Agatu LGA. They were all found to have positive relationships. It is expected that married farmers will make use of the loan accessed for the purpose it is meant for. Though, married farmers have been observed to make use of loans for personal usage, the use of the loan for proper agricultural usage cannot be ruled out. Also, the

educational qualification of farmers was observed to be a good predictor for utilization of credit by farmers in Agatu LGA. The coefficient of .140 and a p-value of 0.31 shows that farmers with some level of education would be able to utilize credit accessed for their farming purposes. Also, Nkang etal. (2009) in a study conducted in Cross River showed that education affects the way farms are managed as well as overall production. This means that the more educated the farmers are, the more their ability to make use of loan accessed.

From the analysis, other positive variables were Years of experience (X_5) and income per annum (X_6). The years of experience of farmers will tell on the importance they attached to their farming activities. Farmers with more years of experience will be able to utilize credit accessed as they would want to continue be in business. Also, the income of farmers will tell if they made proper use of the finances or implements they accessed for the farming season. Where farmers make more income, it is expected that they make proper use of their finance as this would increase their yield from the farm.

Some variables have negative values indicating that they are not good predictors of utilization of loans. From the analysis, Age (X_1), Sex (X2) and Ownership of farmland (X_3) are seen to have negative signs. Age can be deceitful and with majority of the respondents being at their youthful age as presented in Table 4.1, some farmers can borrow for marriage which will affect the proper utilization of the loan for agricultural purposes. Also, was found not to be a good predictor with a negative value of -.508 and a p-value of .000. this shows that whether male or female, the proper utilization of loan cannot be ascertained as either sex can make use of the loan in different ways.

4.6 RELATIONSHIP BETWEEN SOCIOECONOMIC CHARACTERISTICS AND UTILIZATION OF INSTITUTIONAL CREDIT FACILITIES

Cross tabulation on socioeconomic characteristics of farmers against their access and utilization of institutional credit facilities is present in Table 4.15.

Table 4.15: Distribution of Respondents on Socioeconomic Characteristics and Type of Credit Facilities Accessed (N = 378)

	What type of credit do you access?		
Variable	**Long term**	**Short term**	**Medium term**
Age of respondents			
15-25	38(60.3)	32(14.0)	8(9.2)
26-35	13(20.6)	66(28.9)	14(16.1)
36-45	4(6.3)	66(28.9)	42(48.3)
46-55	0(0)	21(9.2)	16(18.4)
56-65	1(1.6)	22(9.6)	7(8.0)
66 and above	7(11.1)	21(9.2)	0(0)
Marital status			
Single	22(34.9)	10(4.4)	7(8.0)
Married	36(57.1)	178(78.1)	25(28.7)
Divorced/separated	1(1.6)	10(4.4)	7(8.0)
Widowed	3(4.8)	26(11.4)	42(48.3)
Unmarried mothers	1(1.6)	4(1.8)	6(6.9)
Educational attainment			
No formal education	7(11.1)	9(3.9)	2(2.3)
primary education	31(49.2)	43(18.9)	4(4.6)
secondary education	24(38.1)	161(70.6)	43(49.4)
Tertiary Education	1(1.6)	7(3.1)	34(34)
Others	0(.0)	8(3.5)	4(4.6)
Years of experience in agricultural practice			
0-5 years	39(61.9)	39(17.1)	7(8.0)
6-10 years	8(12.7)	62(27.2)	8(9.2)
11-15 years	6(9.5)	75(32.9)	7(8.0)
16-20 years	6(1.6)	33(14.5)	17(4.5)
21 and above	4(6.3)	19(8.3)	48(55.2)
Annual income			
Less than N50,000	48(76.2)	66(28.9)	13(14.9)
N51,000-N100,000	0(.0)	126(55.3)	13(14.9)
N101,000 - N150,000	1(1.6)	16(7.0)	43(49.4)
N151,000-N200,000	8(12.7)	14(6.1)	18(20.7)
N201,000 and above	6(9.5)	6(2.6)	0(.0)
Size of farm holding			
0-1 acre	54(85.7)	136(59.6)	12(13.8)
2-3 acres	0(.0)	79(34.6)	8(9.2)
4-5 acres	0(.0)	2(0.9)	62(71.3)
>5 acres	9(14.3)	11(4.8)	5(5.7)
Ownership of farmland			
Owned by respondent	54(85.7)	208(91.2)	19(21.8)
Owned by relatives	0(.0)	0(.0)	38(43.7)
Rented by respondents	9(14.3)	20(8.8)	30(34.5)

Source: Field survey (2017)

Table 4.15 shows the ranking score of farmers and their access to institutional credit. As revealed from the table, the age bracket of 15 – 25yrs is ranked highest with 60.3% in accessing long term credit as compared to the age brackets of 36 – 45yrs with 48.3% who access medium term credit and 26 – 35yrs with 28.9% who access short term loan. This shows that younger farmers are more likely to access institutional loans compared to their older counterparts, as their agility and youthfulness could be of positive advantage to them during the registration and processing stage of loan acquisition. Also, it can be deduced that most of the farmers are in their productive and active age thereby can access institutional credit for their agricultural activities. From their marital status, it was observed that married farmers constitute the majority with 78.1% and 57.1% who access both short term and long term credit. Also, a significant percent of 48.3% and 34.9% which represent the widowed and single rank high. This mean that married respondents prefer to experiment on the different types of credit made available while the single respondents are more interested in obtaining long term loans. This is not unconnected to the fact that the single respondents who most times are in their youthful age go for the long term loan as it would allow them recycle the loan accessed.

From the educational attainment, it was observe that farmers with secondary education constitute the majority with 70.6% and 49.4% who access short term and medium term credit, as compared to farmers with primary education with 49.2% who access long term credit and tertiary education with 34% who access medium term credit. The respondents with tertiary education prefer to access medium term loan probably because they are more knowledgeable on improved yields that could make them recoup their loan accessed in no time. Also, it can be deduced that the respondents are literate and have the tendency to make informed decision on agricultural production especially access and use of loans.In respect to their years of experience, farmers in

Agatu LGA with 0-5 years of experience constitute the majority with 61.9% who access longer credit followed by 11-15 years with 32.9% who access short term credit and 21 years and above with 55.2% who access medium term. Most of the respondents who are actually new to farming prefer the long term than and short term loans than those who have been in farming for more than a decade.

From their annual income, result shows that farmers earning less than N50,000 are ranked highest with 76.2% with regards to accessing long term credit, followed by those earning 51-100,000 with 55.3% who access short term credit and 101,000 – 150,000 with 49.4% who access medium term credit. Farmers whose income are below 100,000 prefer the long term loan. this is to enable them meet up to their obligation of repaying the loan, while those who earn higher prefer the short and medium term as they can easily pay back their loan. From the table also, result shows that farmers who make use of 4-5 acres of land access medium term credit as represented by 71.3% as compared to farmers who use 0-1 acres with 85.7% who access long term credit. This is not unconnected to that fact that farmers with bigger acres are likely to have bigger harvest than farmers with smaller farmlands. From the ownership of farmland and accessibility to institutional credit, result shows that farmers in Agatu local government who own their farm land rank highest with 85.7% and 91.2% accessing long term and short term credit as compared to 45.7% who farmland is owned by a relative and 34.5% who rented their farmland.

Table 4.16: Distribution of Respondents on Socioeconomic Characteristics and Utilization of Credit Accessed (N = 378)

variables	Farming operations accessed credit is used for?				
	Land preparation	**Use of modern tools**	**Purchasing, storage and utilization**	**Non-farm related activities**	**others**
Age of respondents					
15-25	53(49.1)	7(9.9)	0(0)	10(9.7)	8(9.3)
26-35	26(24.1)	18(25.4)	2(20.0)	35(34.0)	12(14.0)
36-45	12(11.1)	23(32.4)	5(50.0)	26(25.2)	46(53.5)
46-55	0(0)	11(15.5)	3(30.0)	10(9.7)	13(15.1)
56-65	4(3.7)	6(8.5)	0(0)	13(12.6)	7(8.1)
66 and above	13(12.0)	6(8.5)	0(0)	9.8.7)	0(0)
Marital status					
Single	25(23.1)	4(5.6)	1(10.0)	3(2.9)	6(7.0)
Married	73(67.6)	59(83.1)	4(40.0)	82(79.6)	21(24.4)
Divorced/separated	1(0.9)	0(0)	0(0)	3(2.9)	14(16.3)
Widowed	8(7.4)	8(11.3)	2(20.0)	11(10.7)	42(48.8)
Unmarried mothers	1(0.9)	0(0)	3(30.0)	4(3.9)	3(3.5)
Educational attainment					
No formal education	7(6.5)	4(5.6)	0(0)	5(4.9)	2(2.3)
primary education	61(56.5)	9(12.7)	1(10.0)	4(3.9)	3(3.5)
secondary education	39(36.1)	50(70.4)	6(60.0)	87(84.5)	46(53.5)
Tertiary Education	1(0.9)	5(7.0)	2(20.0)	2(1.9)	32(37.2)
Others	0(0)	3(4.2)	1(10.0)	5(4.9)	3(3.5)
Years of experience in agricultural practice					
0-5 years	61(56.5)	9(12.7)	1(10.0)	7(6.8)	7(8.1)
6-10 years	27(25.0)	39(54.9)	2(20.0)	3(2.9)	7(8.1)
11-15 years	7(6.5)	19(26.8)	1(10.0)	55(53.4)	6(7.0)
16-20 years	6(5.6)	0(0)	1(10.00	26(25.2)	23(26.7)
21 and above	7(6.5)	4(5.6)	5(50.0)	12(11.7)	43(50.0)
Annual income					
Less than N50,000	89(82.4)	22(31.0)	3(30.0)	3(2.9)	10(11.6)
N51,000-N100,000	0(0)	39(54.9)	2(20.0)	87(84.5)	11(12.8)
N101,000 - N150,000	1(0.9)	4(5.6)	0(0)	4(3.9)	51(59.3)
N151,000-N200,000	11(10.2)	3(4.2)	5(50.0)	7(6.8)	14(16.3)
N201,000 and above	7(6.5)	3(4.2)	0(0)	2(1.9)	0(0)
Size of farm holding					
0-1 acre	95(88.0)	67(94.4)	5(50.0)	27(26.2)	8(9.3)
2-3 acres	0(0)	0(0)	2(20.0)	73(70.9)	12(14.0)
4-5 acres	1(0.9)	0(0)	1(10.0)	0(0)	62(72.1)
>5 acres	12(11.1)	4(5.6)	2(20.0)	3(2.9)	4(4.7)
Ownership of farmland					
Owned by respondent	92(85.2)	65(91.5)	3(30.0)	96(93.2)	25(29.2)
Owned by relatives	0(0)	0(0)	2(20.0)	0(0)	36(41.9)
Rented by respondents	16(14.8)	6(8.5)	5(50.0)	7(6.8)	25(29.1)

Source: Field survey (2017)

Table 4.17 shows the ranking score of farmers and the utilization of institutional credit. As revealed from the table, the age bracket of 36 – 45yrs is ranked highest with 53.5% in utilization of institutional credit as compared to the age brackets of 15 – 25yrs with 48.3%. This shows that farmers who are matured make use of the loan more judiciously than their younger counterparts. From their marital status, it was observed that married farmers constitute the majority with 67.6%, 83.1% and 79.6% who use the loan accessed for land preparation, use of modern tools and non-farm related activities. It could be that the respondents who are married make use of the loan accessed more than who are not or separated as they are more accustomed to apportioning of needs and wants.

From the educational attainment, it was observed that farmers with secondary education constitute the majority with 70.4%, 60.0% and 84.5% who utilize credit accessed for use of modern tools, purchasing, storage and utilization and non-farm related activities, as compared to farmers with primary education with 56.5% who utilize credit accessed for land preparation and tertiary education with 37.2 who use the loan for other agricultural activities. This shows that education plays an important role in farming activities as it enables the farmers to make proper utilization of credit facilities in terms of personnel recruitment, land preparation and maintenance of tools and storage facilities.

With respect to their years of experience, farmers in Agatu LGA with 0-5 years, 6-10 years and 11-15 years of farming experience utilize credit accessed for land preparation, use of modern tool and non-farm related activities as represented by 56.5%, 54.9% and 53.4%. From the analysis, it could be stated that farmers with experience of more than two decades make use of credit facilities for non-farm related activities. This is because, while new comers into the

farming business are hell bent on developing, those who have had more years of experience may be expanding into new frontiers.

From their annual income, result shows that farmers who earn between 51,000 – 100,000 are ranked highest with 84.5% with regards to utilization of credit facilities, followed by those earning less than N50,000 with 82.4% and 101,000 – 150,000 with 49.4%. From the table also, result shows that farmers who cultivated use of 0-1 acre used credit for accessing modern tools to those with 4 – 5 acres by 72.1% and 2 – 3 acres with 70.9% in utilization institutional credit. A policy implication arising from this finding is that credit should be channeled to farmers with a form of land letting or ownership since they appear to use credit more resourcefully than the farmers who cultivated rented land. This is apparent since those who rent farmland are using it for temporary measures hence may be unwilling to invest a huge financial resources on such farmland.

From the ownership of farmland and utilization of institutional credit, result shows that farmers in Agatu local government who own their farm land rank highest with 85.2%, 91.5% and 93.2% in utilization of institutional credit as compared to 50.0% who rent the farmland they make use of. This mean that farmers who own their farm land utilize the credit facilities they access more on farming activities especially in land preparation and use of modern tools than those who rent or borrow.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This Chapter deals with the summary of findings, the conclusion based on the stated objectives and recommendations based on the findings from the study and also suggestion for further studies.

5.2 SUMMARY OF FINDINGS

The study on the analysis of institutional credit access and utilization among farmers in Agatu Local Government Area of Benue Statewas conducted using questionnaire administered inEgba, Enungba, Obagaji, Odugbeho, Egbaulu, Ogwule-Kaduna, Ogwule-Ogbaulu, Okokolo, Oshigbudu and Usha wards. Also FGD sessions were conducted.The research examined the socioeconomic characteristics of farmers, types of credit facilities available, factors influencing institutional credit access and utilization, impact of credit on the socioeconomic status of farmers in the study area.

From the socioeconomic characteristics, 56.9% and 71.4% of the respondents revealed that they are married and have also had one form of education from primary to tertiary. The study found that majority of the respondents have been in farming activities between 11-21 years and above as revealed by 77.5%, the study also revealed that these farmers earn less than N50,000 from their farming activities. This is not unconnected to the fact that some farmers operate at subsistence level as they farm on smaller lands and to an extent find it difficult to access enough money to farm on bigger lands.

The study found that the factors that influences farmers access to credit facilities were type of institution and its policy (49.7%), credit duration and terms of payment (41.3%) and

collateral (9.0%). Also, it was revealed that the major source of farmers credit facilities in the study area were private money lenders, friends/family members and cooperatives as represented by 28.3%, 19.6% and 10.8%.It was also revealed from the study that access to credit facilities and judicious utilization of these loan increases the output of farmers and consequently add more money to their coffers as represented in Table 4.12 where 90.5% of the respondents attested to this. This is also confirmed in the regression analysis which revealed that access to credit and utilization of such impacts positively on the income of farmers.Also, farmers in Agatu LGA revealed that the challenges they face in accessing credit includes high interest rate and insufficient credit 61.9%, late approval of loan (16.4%), guarantor/collateral (29.9%) and sentiments (6.1%).

It was revealed from the regression analysis that the socioeconomic characteristics of respondents like age, income, size of landholding and ownership of farmland were impacted positively by the credit facilities they were able to access and utilized, therefore serve as good predictors of access to loan and its utilization.

On the relationship between socioeconomic characteristics and farmers accessibility and utilization of institutional credit facilities in Agatu local government area, the cross tabulation results further revealed that socioeconomic characteristics does affect the accessibility and utilization of institutional credit facilities with the significant figures of all variables showing a statistical significant difference in the accessibility and utilization of institutional loan. Also, 60.3% who were between the ages of 15-25 stated that they access long tern loans as against other who access short term and medium term loans, 78.1% who access short term loans stated that they were married as against others who were single, divorced and widowed.

5.3 CONCLUSION

The role of agricultural credit in the development of agricultural sector especially in the rural area cannot be overemphasized. Credit enhances farmers' purchasing power to enable them acquire modern technologies for their farm production. This is consequent on the fact that the agricultural sector plays a vital role in the development of a country's Gross Domestic Product (GDP) and also the economic empowerment of the rural populace.

Based on the findings made, it was concluded that institutional credit play important roles in ensuring that rural farmers acquire modern tools and other farming implements for agricultural production. Despite their lack of access to large land, limited education, credit problems, they still work assiduously for the well-being of their household and the community at large.Following the objectives of the study and the results obtained, the study arrived generally at the conclusion thatfarmers access to credit facilities and proper utilization of such impact positively on the agricultural production of rural dwellers in Agatu Local Government Area of Benue State.

5.4 RECOMMENDATIONS

Based on the findings and conclusion of the study, the following recommendations are made to improve the farming activities in Agatu local government area:

1. Farmers should be encouraged by facilitators like village heads, Ministry of Agriculture and through agricultural policies like Fadama project to at least attain secondary education, as this would help them to understand the need for institutional loan and the application of such loans for their agricultural activities. This will also make the farmers

to deploy loans for the identified purposes to avoid economically unproductive utilization and imbibe the disciplined process of not misusing credit.

2. It is recommended that married farmers should be given more priority by financial institutions when disbursing institutional loan. this is because they use loan for meeting household needs that on the long run improve family labour on farm and the ability to deliver higher agricultural production.
3. Farmers in Agatu LGA needs be encouraged to cultivate larger farmlands as this would in turn improve on their income generation. From the study, farmers who cultivate small farmlands tend to borrow less hence have lower output. Empowerment of rural women farmers should be prioritized through provision of special agricultural training and subsidization of farm inputs by governmental and non-governmental agencies.This would enable them generate more income from their farming activities to meet up with other obligations like catering for their children, paying of school fees and taking care of themselves.
4. Farmers should be encouraged by governmental agencies (Bank of Agriculture, BOA and Benue State Agricultural and Rural Development Agency, BNARDA) to register with a farming society or cooperative society as this would enable them access loan easily and also access government subsidies for agricultural implements.
5. There is the need for the government to introduce programmesthrough seminars and conferences to strengthen and sustain institutional credit schemes so that they could be readily available and accessed by more farmers in order to enhance agricultural growth in the study area. Formal credit institutions should improve upon their loan procedures, so as to facilitate more farmers access to their credit facilities.

5.5 SUGGESTIONS FOR FURTHER STUDIES

1. More research should focus on comparative analysis between institutional and non-institutional impact on farmers standard of living in Agatu LGA.
2. Gender analysis of rural farmers' credit access and utilization studies should be carried out in Agatu LGA of Benue State to understand the difference between male and female farmers.
3. Further studies on access and utilization of institutional credit should focus more on a lager area with a wider scope to provide a robust view at state level.

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APPENDIX 1

QUESTIONNAIRE

SECTION A: Socioeconomic Characteristics

1. Age group: a. 15-30 ( ) b. 31-45 ( ) c. 46-60 ( ) d. 61 and above ( )
2. Sex: a. Male ( ) b. Female ( )
3. Marital Status: a. Single ( ) b. Married ( ) c. Divorced ( ) d. Separated ( ) e. Widowed ( ) f. Unmarried mothers ( )
4. Religion: a. Christianity ( ) b. Islam ( ) c. Traditional/pegan ( )
5. Highest educational qualification: a. No formal education ( ) b. Primary education ( ) c. Secondary education ( ) d. Tertiary education ( ) e. Others please specify:_____
6. What are your years of experience in agricultural practice? a. 0-5 years ( ) b. 6-10 years ( ) c. 11-15 years ( ) d. 16-20 years ( ) e. 21 and above ( )
7. Family size (No surviving children): a. None ( ) b. 1-5 ( ) c. 6-10 ( ) d. 11-20 6 ( ) e. above 21 ( )
8. What is your income per annum? a. NLess than N50,000 ( ) b. N51,000-N80,000 ( ) c. N81,000-N110,000 ( ) d. N111,000-N140,000 ( ) e. N141,000 and above
9. What is the size of your landholding? a. 0-1 acre ( ) b.2- 3 acres ( ) c. 4-5 acres ( ) d. 5 acres ( )

Section B – Credit facilities available in the study area

10. Are you aware of agricultural credit schemes?

a. Yes ( ) b. No ( )

11. What is your source of information on credit facilities?
    a. Radio ( ) b. Television ( ) c. Extension agents ( ) d. Cooperative socity ( ) e. Past experience ( ) f. friends/relatives ( )
12. What is your most preferred source of information?
    a. _____
13. Have you ever borrowed Money for your farming activities?
    a. Yes ( ) b. No ( )
14. If yes, Please tick where appropriate?
    a. Less than 50, 000 ( ) b. 51,000 – 100,000 ( )
    c. 101,000 – 150,000 ( ) d. 151,000 – 200,000 ( )
    e. above 201,000 ( )
15. Do you belong to any agricultural cooperative societies/community based organization for agricultural production purpose? a. Yes ( ) b. No ( )
16. What are your source of credit facilities?
    a. Bank of Agric ( ) b. Commercial banks ( ) c. Microfinance banks ( )
    d. Cooperative society ( ) e. private money lenders ( ) f. Esusu clubs (traditional saving association) ( ) g. Friends/family members
17. What type of credit do you access?
    a. Long term ( ) b. Short term ( ) c. Medium term
18. What is your method of repayment?
    a. Weekly ( ) b. Monthly ( ) c. Quarterly ( )

Section C – Factors influencing access to and utilization of institutional credit in the study area.

19. Type of farming system practiced?
    a. Subsistence ( ) b. Commercial ( ) c. Combined ( )
20. Type of farming practiced?
    a. Rain-fed ( ) b. Irrigated ( ) c. Both ( )
21. Do you employ or use mercenaries and machinery in your farming activities?
    a. Yes ( ) b. No ( )

22. What factor influences your access to agricultural loan

a. Type of institution and its policy ( ) b. Credit duration ( )

c. terms of payment ( ) d. required security ( ) e. others ( )

23. What type of credit do you access?

a. Long term ( ) b. Short term ( ) c. Medium term

24. What is your method of repayment?

a. Weekly/installmental ( ) b. Monthly ( ) c. Quarterly ( )

25. What operation do you use credit assessed for?

a. Land preparation ( ) b. use of modern tools( ) c. crop production ( ) d. purchasing, storage and utilization ( ) e. non-farm related activities ( )

26. Are you satisfied with the current level of production in your farming?

a. Yes ( ) b. No ( )

27. What factors affect your yield?

a. Natural disasters ( ) b. Inadequate finances ( ) c. Unavailability of farm machinery ( )

28. What is the quality of farm produce before credit utilization?

a. High ( ) b. Low ( )

29. What is the effects of credit on income after utilization?

a. Increase ( ) b. Decrease ( ) c. No effect

30. What challenges do you encounter when assessing credit facilities from credit institutions

a. High interest rate ( ) b. bureaucratic bottlenecks (0 c. late approval of loan ( ) d. Guarantor ( ) e. Collateral ( ) f. lack of awareness ( ) g. Others, please specify_____

31. What challenges do you encounter when assessing credit facilities from informal sector?

a. Inadequate credit ( ) b. high interest rates ( ) c. guarantor ( )

d. sentiments ( )

32. Suggest any ways of improving credit access and utilization by farmers in Agatu?

_____

APPENDIX 2

FOCUS GROUP DISCUSSION GUIDE

TOPIC: AN ANALYSIS OF ACCESS AND UTILIZATION OF INSTITUTIONAL CREDIT AMONG FARMERS IN AGATU LOCAL GOVERNMENT AREA OF BENUE STATE NIGERIA

S/No.	GENERAL QUESTIONS	PROBE FOR
1	What do you think about the topic that we have gathered here to discuss on access and utilization of institutional credit among farmers in this community?	To find out whether the people know about institutional credits.
2	What is your major source of agricultural financing?	To find out the type of sources available to them.
3	How far is the credit source from your community?	To find out proximity to credit sources.
4	What was the mode of repayment?	To find out the nature of repayment for the available credit sources.
5	What was the interest rate for the loan acquired?	To find out the amount of interest repayment for the available credit sources.
6	What are the collateral required for loan application?	To find out the type of collateral required for the credit applications.
7	Are there factors affecting credit access utilization?	To find out the possible reasons behind it.
8	Have you experienced loan delays from credit suppliers?	To find out the possible reasons behind it.
9	What operations do you use credit acquired for?	To find out if credit are used for its initial purpose.
10	Have you witnessed extension visits from credit suppliers?	To find out if credit supplies are interested in seeing how credit is utilized.
11	Are you satisfied with the credit systems?	To find out if farmers are satisfied with available credit systems.

12	What are your suggestions to the Government and private organizations in improving the quality credit access and utilization?	To find out farmers opinions in improving credit systems.