

ACCESS AND UTILIZATION OF MICRO-LENDING SCHEME AMONG RURAL FARMERS IN CROSS RIVER STATE: POTENTIALS FOR SUSTAINABLE AGRICULTURAL DEVELOPMENT IN NIGERIA

Udensi Lawrence Okoronkwo¹ --- Essien Joseph² --- Alobari Collins M.³ --- Naenwi M-Epbari O⁴

¹Youth Empowerment and Child Labour Elimination Project, Cross River State, Nigeria

^{2,3,4}Department of Banking and Finance, Rivers State Polytechnic Bori, Nigeria

ABSTRACT

The main objective of the study was to investigate the factors that influence farmers' access and utilization of micro-lending scheme in Cross River State. Six LGAs were randomly selected from the eighteen LGAs that made up the study area. Thereafter, sixty (60) respondents were purposively selected from a village in each of the LGAs. Hence, 360 respondents were selected for the study. Data were collected by use of questionnaire tagged AUMSQ (Access and Utilization of Micro-lending Scheme Questionnaire). The retrieved copies of questionnaire were subjected to numerical test using likert scale rating (SA=strongly agreed; A=agreed; D=disagreed; and SD=strongly disagreed), while descriptive tool comprising tables, percentages, Group Arithmetic Mean (GAM) and Mean Weight Values (MWW) were employed for analyzing data. It was found out that gender, age, access, utilization, time and awareness were significant factors which can promote farmer's access and utilization to micro-lending scheme in the study area. Contrary, result shows that religion, years put in farming, education and level of income were not significant in promoting access and utilization of micro-lending scheme by farmers in the study area. It was therefore recommended among others that: organizing farmers and building their capacities on business development and management, work plan and proposal development, improve breed and seed will not only address the issues of non-repayment of loan, but will improve the agricultural sector and contribute significantly to address the global food crisis.

Keywords: Access, Utilization, Micro-lending, Scheme, Rural farmers, Potentials, Sustainable, Development.

Contribution/ Originality

The description of rural population as agricultural people, couple with their low income status, the present study is one of those study that have suggested mechanism to improve and increase access to income by rural farmers. Also, the provision of micro-credit to rural farmers does not guarantee utilization, the present study have suggested strategies that will ensure

adequate utilization of micro-credit scheme, especially as finding in the present study have been able to show that timely release of fund or credit to beneficiaries have a far-reaching implication for credit utilization.

This study have established that access and utilization of micro-credit could address the challenges of low utilization of credit and high collateral embargo placed on credit by the formal banking sector. Building on extant studies on micro-lending among farmers, this study have extended to investigate credit utilization variable to measure the impact of credit scheme on agricultural sustainability.

1. INTRODUCTION

Lack of credit severely constraints sustainable agricultural development and has relegated the rural economy to an epileptic state (Rweyemamu *et al.*; Park *et al.*, 2003; Meyer, 2010; Okon *et al.*, 2012; Onyeneke and Irou, 2012; Adebosin *et al.*, 2013). And this has a direct attack on rural livelihood and its economy. Due to the fact that the rural people have been characterized as poor, low income group and agricultural people (Ekong, 2010; Ogujiuba *et al.*, 2013), therefore access to fund by rural people as indicated by Nelson and Nelson (2010) will empower the poor to engage in meaningful income generating activities which usually is agricultural enterprise. Therefore, availability of micro lending (being a strategy to address the issue of credit or fund), will increasingly boast rural economy, improve the socio-economic condition of rural people as well as instigate the sustainability of agriculture, hence, solve the problem of insufficient food which in recent times is a global trend and a challenge to the world population (Oguntola, 2008; Oriola, 2009; Attah, 2012; Nnadi *et al.*, 2012; Nwagboso, 2012).

Micro-credit as the name implies entails empowerment through the availability of fund to low income earners in a non-formal setting, which is characterized as traditional financial institution (TFI) set up to solve the problems associated with formal banking system with its attendant burden of administrative mechanism of granting credit which is not favourable to rural people, especially, the purpose of demanding for such credit. According to (Ugwu, n.d.), micro-credit has to do with soft loans usually given to small and medium scale entrepreneurs, farmers and artisans/craftsmen etc. to enable them procure, produce or improve their productivity as well as increase their general welfare. To the author, micro-credit could lead to the establishment of cottage industries, livestock farming, fishing ponds and piggery farming. The foregoing definition make micro-credit a viable strategy for ameliorating the inadequacies of the formal lending or banking system, and guaranteeing access to credits for the rural poor through a financial intermediation option that is responsive to their livelihood condition (Nelson and Nelson, 2010).

Researchers and extant literatures (Nzenwa, 2000; Enoma, 2010) have implicated various factors as challenges to the activities of micro-lending in their various locality, which effects on farmers has a serious threat to the agricultural sustainability which is a viable tool to boast rural economy and also have a far reaching implications for enhancing the socio-economic conditions of rural people through access and utilization of micro-lending schemes.

Lixin (2009), looked at the challenges that faces rural micro-credit's development to include: narrow channels of sources of fund; the high risk and cost of micro-credit, imperfect granting management (i.e. the procedures of releasing loans to farmers is lacking in credibility and procedures) as well as inadequate awareness. In another study in Akwa Ibom state, Nigeria, Nelson and Nelson (2010) blame the inability of rural dwellers to access funds on the grounds of highly collateralized, high interest rates of formal financial institutions and the suspicion hinged on determining the credit worthiness of the would-be borrowers. Which are also factors that challenge the performance of micro-lending activities in the study area. Other researches (Oji, 2005; Mesike and Okoh., 2008; Adegbite, 2009; Okojie *et al.*, 2010), have similar (though slightly) observations on micro-lending scheme as noted above. Despite the variations in the identified challenges identified by various scholars, a careful study of their various findings and observations collectively implicated access to micro-credit (to some extend), without considering utilization of such credit by the would-be borrower.

In a study on credit access and productivity by Ugumba and Omojola (2013), it was found out that access to micro-credit is significantly related to increase productivity and output. On their own part, Oruonye and Musa (2012); Oladeebo and Oladeebo (2008); Nweze (1991), found out in their separate studies that availability, access, process of loan granting, timeliness in disbursement or timely credit, are significant to the realization of the objective of granting loan to farmers (micro-credit), as well as improvement in productivity.

The issue of non-repayment of loans disbursed to rural people through micro-lending scheme as reported by Anyiro and Oriaku (2011), can be traced to the fact that access without utilization, brings about failure in the policy plan of any micro-lending scheme. Various Government's micro-credit schemes (FADAMA projects, IFAD, and World Bank agricultural development projects etc.) have failed, or did not realized its policy or project objectives due to the fact that wrong person had access to these fund, thus, did not utilized the grant they received. The implication of the foregoing crystalizes the efficacy of access and utilization in micro-credit scheme which is the main pre-occupation of the present study.

2. METHODOLOGY

Study Area: Cross River State is located in the South-South geo-political zone of Nigeria in the oil rich Niger Delta region. It covers a land area of about 21,384 square kilometers. It has eighteen local government areas namely: Calabar Municipality, Calabar South, Odukpani, Bakassi, Akpabuyo, Akamkpa, Biase, Yakurr, Abi, Obubura, Ikom, Ogoja, Bekwara, Yala, Obudu, Obanliku, Etung, and Boki. Agriculture is the main stay's economy with more than 65 percent of the population engaging in subsistence farming (Ihejiamaizu, 2002).

Research design: This study adopted the ex post factor research design according to its objectives. Ex post factor design is usually employed to observe events that have taken place and data is already in existence (Nwagbara, 2001; Diem, 2002). Hence, influences about relations

among the variables under study were made from their occurrences, and not from the researcher's manipulation or intervention.

Sample and Sampling technique: The study made use of 360 farmers drawn from six villages in the study area. The sampling method adopted was a simple random and purposive sampling method. Six LGAs (Obudu, Ogoja, Boki, Ikom, Akamkpa and Akpabuyo) out of the eighteen LGAs that made-up the study area were selected through a table of random numbers at an interval of three digits. Thereafter, one village each was purposively selected and questionnaire was administered to sixty respondents in each of this village purposively selected. The villages selected for questionnaire administration includes: Ukwelle-Obudu, Ndok, Okundi, Edor, Netim and Ikot Offiong.

Method of Analysis: Descriptive analysis was used to interpret the data in this study. According to [Anderson et al. \(2007\)](#), descriptive statistics usually include mean, standard deviations, and frequencies. Frequencies were performed to know how many people answered each question. The retrieved copies of questionnaire were subjected to numerical test using likert scale rating (SA=strongly agreed; A=agreed; D=disagreed; and SD=strongly disagreed), while descriptive tool comprising tables, percentages, Group Arithmetic Mean (GAM) and Mean Weight Values (MWV) were employed for analyzing quantitative data.

3. DATA PRESENTATION AND DISCUSSION OF FINDINGS

The study adopted the questionnaire to obtain primary data via a survey of 360 farmers residing in the various communities where the survey was conducted in the study area. Out of the 360 questionnaire administered, 348 were retrieved, while, 12 were discarded due to wrong completion and non-refund. Table 1 (see appendix 1 for details) shows a summary of respondent's responses for the variables (gender, religion, age, years, education, access, utilization, time, income and awareness) under study by computing the mean weight value (MWV) and group arithmetic mean GAM).

The result revealed that more male (77%) than women (23%) utilized and had access to the available micro-credit scheme. However, it is worthy to note that access guarantee utilization. Therefore, since responsibility from the societal indoctrination (patriarchy) is accorded to the men folk, women were thereby limited due to the fact that male guarantor was a clause to them (women) accessing the scheme. Thus, women were significantly hindered from accessing the scheme; with widows and single women being at the forefront of the deprivation. Findings from various studies ([Adeyeye, 2003](#); [Izugbara, 2004](#); [ADB, 2005](#); [Nelson and Nelson, 2010](#); [Onyeneke and Irou, 2012](#)), have slight contradictions on the dimensions of gender discrimination in access to micro-lending schemes, but they have consistently recommended a chance for the women (especially single mothers or women) to effectively participate in agricultural enterprise through equal opportunity and the removal of the gender clause in accessing and utilizing micro-lending schemes in the study area.

Religion was not significant to access and utilization of micro-lending scheme. However, organizing various groups within the various religious groups could better enhance a smooth and efficient micro-lending facility. Due to the belief of sincerity and integrity which the group preach, the challenges of non-repayment of loan by borrowers as reported in earlier studies (Owojori and Oyewole, 2009; Ebewore, 2010; Ugumba and Omojola, 2013), will be better addressed, thus, enhance remittance of loan as this will also ensure timely release of loan to borrowers. Further study could also be carried out in this regards as a follow-up to the present finding.

Data in table 1 above also reveal that age was a significant variable in accessing and utilizing micro-lending scheme in the study. This implies that age is a strong indication for high productivity which can significantly boost the zeal for loan repayment, hence, increasing the remittance rate and sustainability of the credit scheme. A reflection on the above result depicts a boost in the agricultural sector for food production, national development and economic advancement of the study area. The finding in a study by Udensi *et al.* (2014) on cooperative societies in Abia State upheld the implication of age as a significant factor that can positively promote and sustain high growth and turn-over in business enterprise.

Result also shows that there was no significant relationship between the years put in farming and access/ utilization of micro-lending scheme. Rather, the finding indicated that access/utilization of micro-lend scheme significantly influences productivity and expansion among rural farmers in the study area. This finding corroborates Ehigiamusoe (2005) assertion that access to financial services has been noted to have the capacities to bring about progress and advancement in the socio-economic conditions among rural people. Also, result shows that time of loan acquisition is significantly related to utilization of the loan, and this has a positive implication on loan repayment or remittance. Given that farming activities have season and timing which if hinder, could result to non-utilization of the fund acquired. Hence, fund could be diverted due to the fact that the farmer was granted loan (that was applied in due season), in a period that is out-of farming season. Finally, since utilization is significant to the realization of the objectives of micro-lending scheme, farmer's awareness (which according to the research findings) have a positive implication to this regards. Engaging the services of extension officers domicile in the various agricultural zone of

respondents, or more still informing extension officers of any micro-lending scheme will better enhance farmer's utilization/access to micro-lending scheme in the study area.

4. CONCLUSION/RECOMMENDATION

In this study we investigate the factors that influence farmers' access and utilization of micro-lending scheme in Cross River state. Result implicated gender, age, access, utilization, time at which loan was granted as well as farmers awareness of micro-lending scheme as factors that has a significant influence on accessing and utilizing micro-lending scheme in the study area. Hence,

access and utilization have the tendencies of enhancing micro-lending schemes in the study area, but will also boost agricultural enterprise and curb the current global food crisis.

The following policy recommendations will address the findings of the present study:

1. There is need to totally eliminate gender clause in the operation or administration of micro-lending scheme in the study area. This will grant equal access to farmers for increased out-put due to the fact that any form of discrimination among farmers could hinder some female farmers from meaningfully engaging in agricultural enterprise. Thus, removing gender clause in access and utilization of micro lending schemes in the study area will give female farmers the opportunity to effectively participate in agricultural enterprise.

2. There is need for timely release of fund to farmers in order to ensure timely preparation by farmers to cultivate. This will guarantee positive turn-over in farm production, enhance timely remittance, as well as address the problem of non-repayment of loans by the farmers.

3. Awareness is a positive indicator for access to micro-credit. Therefore, engaging the services of extension officers within the loan facility will better enhance farmer's access and utilization of loan.

4. Since access is significant to utilization, organizing farmers and building their capacities on business development and management, work plan and proposal development, improve breed and seed will not only address the issues of non-repayment of loan, but will improve the agricultural sector and contribute significantly to address the global food crisis.

REFERENCES

- ADB, 2005. Microfinance development strategy update. Manila: Asian Development Bank. Available from <http://www.adb.org/documents/policies/microfinance/microfinance0100.asp?p=microfnc> [Accessed October 9, 2013].
- Adebosin, W.G., A.A. Adebayo, W.M. Ashagidigbi and A.A. Ayanwole, 2013. Determinants of farmers' demand for micro finance: The case of a rural community in Nigeria. *Journal of Economics and Sustainable Development*, 4(5): 24-30.
- Adegbite, D.A., 2009. Repayment performance of beneficiaries of Ogun State agricultural and multi-purpose credit agency (OSAMCA). *America-European Journal of Sustainable Agriculture*, 3(1): 117-127.
- Adeyeye, V.A., 2003. Impact of cooperative-based NGOs on rural poverty: A Case Study of Farmers Development Union (FADU) in Osun State, Nigeria. NISER (Nigerian Institute of Social and Economic Research) Monograph Series No. 1, Ibadan: NISER. pp: 73.
- Anderson, D., M. MacLellan-Wright and S. Barbers, 2007. Analysing data collected from the community capacity building toll: A manual for users. Public Health Agency of Canada.

- Anyiro, C.O. and B.N. Oriaku, 2011. Access to and investment of formal micro credit by small holder farmers in Abia State, Nigeria. A case study of ABSU micro finance bank, Uturu. *The Journal of Agricultural Sciences*, 6(2): 69-76.
- Attah, A.W., 2012. Food security in Nigeria: The role of peasant farmers in Nigeria. *An International Multidisciplinary Journal*, Ethiopia, 6(4): 173-190.
- Diem, K.G., 2002. Using research methods to evaluate your extension programme. *Journal of Extension*, 40(6): 1 - 8.
- Ebewore, S.O., 2010. Assessment of loan administration by micro finance bank. *Journal of Research in National Development*, 8(2).
- Ehigiamusoe, E.O., 2005. Microcredit: Tool for poverty alleviation. A Lead Paper Presented at the 12th Annual LAPO Development Forum in Benin City on Monday 17th October, 2005.
- Ekong, E.E., 2010. *Rural sociology: An introduction*. Uyo: Dove.
- Enoma, A., 2010. Agricultural credit and economic growth in Nigeria: An empirical analysis. *Journal of Business and Economics*, 14(1): 1-10.
- Ihejiamazu, E.C., 2002. *Issues in population policy and health care administration*. Calabar: African Scholars' Publishing Company.
- Izugbara, C., 2004. Gendered micro-lending schemes and sustainable women's empowerment in Nigeria. *Community Development Journal*, 39(1): 72-84.
- Lixin, T., 2009. Study on China's sustainable development of rural micro-credit. *International Journal of Business Management*, 4(8): 128-131.
- Mesike, C.S. and R.N. Okoh., 2008. Factors influencing demand for credit among rubber small holders in Edo State. *Nigeria National Rubber Resources*, 21(1&2): 32-37.
- Meyer, R.L., 2010. *Microcredit and agriculture: Challenges, successes and prospects*. Germany: German Federal Ministry of Economic Cooperation and Development.
- Nelson, E.E. and I.E. Nelson, 2010. Micro-credit programmes and poverty alleviation in rural Nigeria: A case of Akwa Ibom State. *International Journal of Economic Development Research and Investment*, 1(2&3): 168-180.
- Nnadi, F.N., J. Chikaire, C.O. Osuagwu, R.A. Ihenacho and H.E. Egwuonwu, 2012. Mobilizing women for food security, poverty reduction and rural development in Nigeria: The role of land tenure rights. *Greener Journal of Agricultural Sciences*, 2(3): 90-101.
- Nwagbara, E.N., 2001. *Doing sociology: The basic elements of social research*. Calabar: Baye Communication.
- Nwagboso, I.C., 2012. Rural development as strategy for food security and global peace in the 21st century. *Mediterranean Journal of Social Sciences*, 3(2): 377-390.
- Nweze, N.J., 1991. The role of women traditional savings and credit co-operative in small holders farm development. In: C.A. Ogits (eds.). *Issues in Africa Rural Development*. pp: 234-236.
- Nzenwa, S.O.E., 2000. *Micro-credit and development, poverty alleviation in Nigeria*. Lagos: Center for Development and Civil Education (CECODEV).

- Ogujiuba, K., J. Fadila and N. Stiegler, 2013. Challenges of micro finance access in Nigeria: Implications for entrepreneurship development. *Mediterranean Journal of Social Sciences*, 4(6): 611-618.
- Oguntola, S., 2008. Food insecurity more evident and Nigeria is no exception Nigerian. *Tribune Tuesday* 18 2008.
- Oji, K.O., 2005. Policy needs in the micro-finance setter: The missing angle in policy challenges for micro finance design and practice in Nigeria. In: E.C. Oboh, S. Ukeje, C. Ibe, and K. Ikpo (Eds.), Enugu Forum Policy Paper No. 7, African Institute for Applied Economics. Available online at: <http://www.aiaenigeria.org/publication/policypage7PDF>.
- Okojie, C., A.N. Monye Emma, K. Eghafona, G. Osaghae and J.O. Ehiakhamen, 2010. Institutional environment and access to micro-finance by self-employed women in the rural areas of Edo State. *NSSP Brief No.4*. Washington, USA: International Food Policy Research Institute. pp: 100-105.
- Okon, D.P., N.A. Etim and A.A.A. Offiong, 2012. Impact of micro credit scheme on rural farmers in Akwa Ibom State, Nigeria. *Journal of Agriculture and Social Sciences*, 8: 65-68.
- Oladeebo, J.O. and O.E. Oladeebo, 2008. Determinants of loan repayment among smallholders farmers in Ogbomosho agricultural zone of Oyo State, Nigeria. *Journal of Agricultural Sciences*, 17(1): 59-62.
- Onyeneke, R.U. and F.A. Irou, 2012. Socioeconomic analysis of the effect of microfinance on small-scale poultry production in Imo State, Nigeria. *Agricultural Science Research Journal*, 2(2): 84-91.
- Oriola, E.O., 2009. A framework for food security and poverty reduction in Nigeria. *European Journal of Social Sciences*, 8(1): 132-139.
- Oruonye, E.D. and Y.N. Musa, 2012. Challenges of small scale farmers access to micro credit (Bada Kaka) in Gassol local government area, Taraba State, Nigeria. *Journal of Agricultural Economics and Development*, 1(3): 62-68.
- Owojori, A.A. and O. Oyewole, 2009. Micro-credit finance and the growth of agriculture in Ogun State, Nigeria. *Continental Journal of Agricultural Science*, 3: 47-57.
- Park, A.C., Ren and S. Wang, 2003. Micro-finance, poverty alleviation reform in China. *Workshop on Rural Finance and Credit Infrastructure in China*, Paris, France.
- Rweyemamu, D.C., M.P. Kimaro and O.M. Urassa, Assessing micro-finance services in agricultural sector development: A case study of semi-formal financial institutions in Tanzania. Policy brief. Tanzania: Economic and Social Research Foundation.
- Udensi, L.O., F.N. Igbara, J.K. Paago and E.O. Chieke, 2014. The role of craft and artisan cooperative societies in the socio-economic advancement of its members in Abia State, Nigeria. *Mediterranean Journal of Social Sciences*, 5(1): 477- 489.
- Ugumba, C.O. and J.F. Omojola, 2013. Credit access and productivity growth among subsistence food crop farmers in Ikole local government area of Ekiti State, Nigeria. *ARPN Journal of Agricultural and Biological Science*, 8(4): 351-356.
- Ugwu, C.S., Micro credit as a sustainable economic development and poverty reduction tool. *The Enugu State Experience*.

APPENDIX 1

Table-1. Summary of the result of respondent's responses for variables

Points Scale Variables	Response				MWV ^a	GAM ^b	D ^c	Remarks ^d
	4	3	2	1				
	SA	A	D	SD				
Gender	189	94	53	12	115.6	90.4	+25.2	Significant
Religion	18	24	213	93	66.3	90.4	-24.1	Not significant
Age	24	193	74	57	88	90.4	-2.4	Significant
Years	50	22	82	194	62.4	90.4	-28	Not significant
Education	6	49	105	188	46.9	90.4	-43.5	Not significant
Access	165	124	31	28	112.2	90.4	21.8	Significant
Utilization	84	216	2	46	103.4	90.4	13	Significant
Time	219	94	9	26	120.2	90.4	29.8	Significant
Income	3	52	199	94	66	90.4	-24.4	Not significant
Awareness	180	141	45	1	123.4	90.4	33	Significant
Σ					904.4			

Source: Field Survey, 2013

^a MWV=Mean Weight Value; ^b GAM=Group Arithmetic Mean; ^c D=Difference; ^d Significant if MWV is greater than GAM and the difference is positive, not significant if MWV is less than GAM and the difference is negative.

Views and opinions expressed in this article are the views and opinions of the author(s), Humanities and Social Sciences Letters shall not be responsible or answerable for any loss, damage or liability etc. caused in relation to/arising out of the use of the content.