

# **FACTORS AFFECTING COOPERATIVE FARMERS ACCESS TO AGRICULTURAL CREDIT FROM MICROFINANCE BANKS IN AWKA NORTH L.G.A OF ANAMBRA STATE, NIGERIA**

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## **Abstract**

*This study examined factors affecting cooperative farmers' access to agricultural credit from micro-finance banks in Awka North L.G.A of Anambra state, Nigeria. Findings revealed that there is a significant difference between the amount of loan applied for and the amount disbursed by the microfinance banks to the cooperative farmers. The joint effect of the explanatory variable in the model account for 96.1% of the variations in the socioeconomic*

*factors influencing cooperative farmers access to agric credit from Microfinance banks; Institutional factors of the cooperative farmers have significant influence in the accessing of agric credit from Microfinance banks. The study recommends that the agricultural credit given to farmers by the microfinance banks should be stepped up so that farmers will have adequate farm credit for agricultural production. Capacity training for cooperative managers is essential. This is because capacity training will help improve the management efficiency of cooperative managers and also improve organizational productivity and access to credit. Apart from socioeconomic factors, institutional or organizational factors like Membership size, Asset base, Management/leadership efficiency, Monitoring/supervision, Location of the societies and Loan repayment history should also be improved on so that cooperative members would continue to have access to agric credit.*

*Keywords: Cooperative, Agricultural Credit, Microfinance, Regression Model, Agricultural Credit*

## **INTRODUCTION**

Agriculture has always played a pivotal role in the history of Nigerian economic development by providing food security, employment, foreign exchange earnings and poverty reduction. Despite the enormous contributions of agriculture to the Nigerian economy over the years, the sector has slipped into a systemic decline, particularly in the past three decades since the petroleum industry replaced the sector as the main source of government revenue and foreign exchange earnings (FGN, 2004). In Nigeria, agricultural credit has for long been identified as a major input in the development of the agricultural sector. In fact, the lack of adequate, accessible, and affordable credit is among major factors responsible for the systemic decline in the contribution of agriculture to Nigerian economy (Rhaji, 2000). Every segment of agricultural production requires the availability of adequate capital since capital determines access to all other resources on which farmers depend (Ayoola and Oboh, 2000). It has been shown that farm level credit if well applied, encourages capital formation and diversified agriculture, increases resource productivity, size of farm operations, innovations in farming, marketing efficiency, value added and net farm incomes (Nwagbo, Ilebani, Erhabor, 2009). The usefulness of any agricultural credit program does not only depend on its availability, accessibility and affordability, but also on its proper and efficient allocation and utilization for intended uses by beneficiaries (Oboh, 2008).

In the developing countries, the role of agricultural credit is closely related to providing needed resources which farmers cannot source from their own available capital. In respect to

this, the provision of agricultural credit has become one of the most important government activities in the promotion of agricultural development in Nigeria (Olagunju and Adeyemo, 2008). The importance of agricultural credit is further reinforced by the unique role of Nigeria agriculture in the macroeconomic framework along with its significant role in poverty alleviation. Realizing the importance of agricultural credit in fostering agricultural growth and development, the emphasis on the institutional framework for agricultural credit is being emphasized since the era of microfinance banks in Nigeria.

Credit has been considered not only as one of the critical inputs in agriculture, but is also regarded as an effective means of economic transformation and poverty alleviation. The performance of the agricultural sector depends to a large extent on the availability of credit. Credit affects the performance of agriculture by providing resources for purchase of inputs and the adoption of new technology (Nwankwo, 2008). Accordingly, Kumar, Singh and Sinha (2010) posit that credit is one of the critical inputs for agricultural development. It capitalizes farmers to undertake new investments and/or adopt new technologies. Von-Pischke, (1991) also noted that credit is not only needed for farming purpose, but also for family and consumption expenses especially during the off season period. Credit has also been discovered to be a major constraint on the intensification of both large and small scale farming. Awka North Local Government Area of Anambra State has a lot of agricultural potential like large arable land, water bodies for fisheries and potentials for farm settlement schemes. Yet, these potential have not been adequately harnessed to improve wellbeing of the rural resource poor farmers.

### **Statement of the Problem**

Promoting a vibrant microfinance sector has been a novel idea in recent time particularly because of its role in the economy. According to Girabi (2013) the promise of microfinance lies in its ability to empower people to work on their own to eradicate poverty while avoiding dependency. As a financial institution close to the rural resource poor farmers it is plausible and logically discernible that with better access to credit facility it will result to better capital investment and increased income for the farmers. IFAD (2003) had noted that microfinance institutions were introduced and viewed as alternative source of financial services in rural areas. It is believed that microfinance will enable smallholder farmers to easily access credit facilities without collateral. Arguably the expectation of this alternative source of financial services in rural areas has not been met. In fact it can be described to be far from reality. Yet it is of utmost importance for the development of agriculture and other sectors of the rural areas. Considering that agricultural lending (Adofu, Orebiyi and Otitolaiye, 2013) has become a vital function in financial operations as it facilitates the economic growth, agricultural development and improve

efficiency. It is therefore imperative to study the factors that influence agricultural credit access to cooperative farmers by microfinance banks. For a farmer to derive benefits from any institutional credit, the size of the loan, the process of granting such loans, timeliness in disbursement and repayment are very important, apart from level of education, marital status and family size (Adofu, Orebiyi and Otitolaiye, 2013; Ibeawuchi, 2002; Nweze, 1991). Adofu et al (2013) have identified high cost of administering such loans and high default rate among farmers as some of the inhibiting factors that make banks shy away from giving loans to farmers. Awoke (2004) reported that high rate of default arising from poor management procedures, loan diversion and unwillingness to repay loans has been threatening the sustainability of most public agricultural credit schemes in Nigeria; thus warranting an empirical probing and the need to critically assess factors affecting the rate of credit allocation to societies by Microfinance Banks. A detailed understanding of these factors may provide necessary information towards designing a more effective and sustainable credit system that can serve resource poor farmers better. In this backdrop, this study was undertaken to supplement existing literature and also serve as a bridge pier between the microfinance bank and farmers in ascertaining factors that influence their willingness or unwillingness to meet credit need of rural farmers.

### **Objectives of the Study**

The main objective of this study is to appraise the factors affecting cooperative farmers access to agricultural credit from microfinance banks in Awka North L.G.A of Anambra state, Nigeria. Specifically the study intends to:

1. Examine the socioeconomic characteristics of members of the cooperative societies
2. Appraise the loan application and disbursement activities of the microfinance banks
3. Ascertain the institutional and socioeconomic factors that influence microfinance banks in providing agric credit to cooperative farmers.

### **Statement of Hypotheses**

- Ho<sub>1</sub>:** Socioeconomic characteristics of the cooperative farmers have no significant influence in the accessing of agric credit from Microfinance banks.
- Ho<sub>2</sub>:** There is no significant difference between the amount of loan applied for and the amount disbursed by the microfinance banks to the cooperative farmers.
- Ho<sub>3</sub>:** Institutional factors of the cooperative farmers have no significant influence in the accessing of agric credit from Microfinance banks.

## **REVIEW OF RELATED LITERATURE**

### **Agricultural Credit Defined**

Agricultural credit has been defined by several authors. For instance, Nwaru (2004) defined agricultural credit as 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 capital for agricultural purposes but with confidence in his willingness and ability to repay at a specified future date. It is the monetization of promises and exchanging of cash in the present for a promise to repay in future with or without interest. Without the willingness and ability to repay, the promise to repay at a future date would be futile.

Credit can be in cash or in kind. However, in this study we consider credit in cash. The control over the use of money, goods and services of another person termed credit is at a price usually regarded as the interest rate (Adegeye and Dittoh, 2005; Ellis, 2002). The interest rate is required to be paid together with the amount borrowed at a specified time in the future.

Credit is an instrument whose effectiveness depends on the economic and financial policies that go with it (Nwaru, 2004). 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 (Nwagbo, Ilebani and Erhabor, 2005; Nwaru, 2004). The demand for credit tends to be a derived demand, which indicates that the borrowers will demand for credit based on the need for it and the satisfaction to be derived (Udoh, 2005).

### **Meaning of Microfinance**

Microfinance is the provision of financial services to low-income, poor and very poor self-employed people (Otero, 2000). It refers to the provision of financial services to low income clients, including the self employed. Financial services rendered generally include savings and credit and, in some cases, insurance and payment services. In addition to financial intermediation, many microfinance institutions provide social intermediation services such as group formation, development of self confidence, and training in financial literacy and management capabilities among members of a group. Thus, the definition of microfinance includes both financial intermediations and social intermediations (Ojo, 2009). According to the Central Bank of Nigeria (2005) microfinance is about providing financial services to the poor who are traditionally not served by the conventional financial institutions. Three features distinguish such microfinance from other formal financial products namely: the smallness of loans advanced and or savings collected; the absence of asset-based collateral; and simplicity of operations.

Microfinance evolved as an economic development approach intended to benefit low income men and women. It empowers the entrepreneurial spirits that exist among small-scale entrepreneurs and has the ability to strengthen micro enterprises and encourage best practices among operators of small and medium scale enterprise.

Microfinance clients are typically self employed, low income entrepreneurs in both urban and rural areas such as small farmers, traders, street vendors, service providers and artisans and small producers such as blacksmiths and seamstresses. Microfinance matters for certain reasons: it provides the financial services that many small farmers need to expand and diversify economic activities to increase their incomes and to improve their lives (Robbinson, 2004).

Robbinson noted that poor families tend to improve their nutrition and send their children to school when their incomes rise. Invariably, micro finance plays an important role in promoting good nutrition, education and health as well as decreasing child labour. It also provides a powerful method of building the self confidence of the poor.

Microfinance can help to reduce vulnerability while at the same time contributing to agricultural growth in a number of ways (Deshingkar and Start, 2003). It can release existing funds for production purposes, or itself contribute directly to production, or mitigate the impact of shocks and stresses, either internal such as wedding or funerals, or external such as drought or flooding.

### **Imperatives and Factors Influencing Farmers Access to Farm Credit**

Park et al (2003) posited that lack of credit is a barrier to investment and income growth of poor households in developing countries of the world. Access to credit is an antidote to poverty reduction among rural poor. Access to credit enhances the adoption of new and more risky technologies that will improve farmers' levels of income and hence, alleviate their poverty. Additional capital as a result of access to credit enhances the level of household's productive assets, and also raise their expenditure and it is that expenditure that lead to improvement in consumption (food and non-food) of the rural poor (Eswaran et al, 1990 and Haddad et al, 1997).

The provision of credit to farmers improves efficiency and expands production (Feder Luo, 1990). Credit is needed to expand the scale of farm operation and for introducing supplementary enterprises that could increase labour utilization and promote steady flow of income. Credit facilities also act as fillip to the process of commercialization of the rural economy (Ogunfowora et al, 1972; World Bank, 1975).

Alemayehu et al (2006) examined the link between finance and poverty using the rich household panel data of urban and rural Ethiopia. The result indicated that access to finance is

an important factor in the consumption decision and hence in poverty reduction. Access to micro-credit affects household welfare outcomes through one or more of three pathways viz; alleviation of capital constraints for productive activities (such as income generating activities),; increasing household risk-bearing ability (a buffer to change and crisis); consumption smoothing (access to one set of resources can off-set or generate multiplier in other areas thereby enhancing the net productivity of household labour) (Zeller et al, 1997; Piagne and Zeller 2001).

The practice of microfinance in Nigeria is culturally rooted and dates back several centuries (CBN, 2005). The traditional microfinance institutions provide access to credit for the rural and urban, low-income earners. They are Journal of Economics and Sustainable Development mainly of the informal Self-Help Groups (SHGs) or Rotating Savings and Credit Associations (ROSCAs) types. Other providers of microfinance services include savings collectors and co-operative societies. The informal financial institutions generally have limited outreach due primarily to paucity of loanable funds (CBN, 2005).

Hence, the government has over the years had cause to intervene in the provision of micro -credit through various development schemes and programmes. However, these programmes have generally been unsustainable due to a host of socio -cultural and political factors causing many to die within a short period of their establishment.

These shortcomings led, in 2005, to the development of a formal Microfinance policy for the country by the Central Bank of Nigeria. This was consequent to a survey carried out by the Development Finance Department of the Central Bank of Nigeria on “Developing appropriate policy, regulatory and supervisory framework for the operations of Micro Finance Institutions (MFIs) in Nigeria”, which indicated that as at 2001 there were 160 registered MFIs in Nigeria located in 28 out of the 36 states in the country and that their operation are largely in the rural area (Anyanwu, 2004).

Balogun and Yusuf (2011) noted that the number of research on demand for credit among rural household is still few in developing countries. They however noted that most of the available studies affirm the importance of socio-economic / demographic variables such as transaction cost, collateral risk, and asymmetric information in demand for credit. In a study of the demand for loans from the Ogun State (of Nigeria) Agricultural and Multipurpose Credit Agency by fish farmers, Olaoye, Ashaolu, Idowu, Akintayo and Talabi (2009) found that the educational level of farmers and their years of experience were the significant factors affecting demand for loans.



## Empirical Literature

Related studies on agricultural credit allocation abound in literature. Scholars have however approached it from different standpoint and perspectives. Nuryartoon et al. (2005) in assessing credit rationing of farm households and agricultural production in the rural areas of central Sulawesi, Indonesia employed a Probit regression model in identifying the determinants of credit constrained condition of farm households in that area. The results of the Probit regression analysis indicated that education, age and annual income were significant variables in determining whether a household is credit constrained.

A study on credit constrained condition and output supply of Country Women Association of Nigeria (COWAN) farmers in Oyo state was conducted by Omonona et al. (2008), Nigeria. In this study they found out that majority of the farmers (80 percent) were credit constrained and therefore this affected their productivity. His results showed that age, sex, farm size, level of education, marital status, contact with extension agent, land acquisition and income of household head were the determinants of credit constrained conditions of farmers.

Oyedele et al. (209) in assessing credit constrained condition of farm households and profitability of agricultural production in Nigerian agriculture employed a probit regression model in identifying the determinants of credit constrained conditions of farm households in that area. The results of the probit analysis 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.

Oboh and Ekpebu (2011) in their study on determinants of formal agricultural credit allocation to the farm sector by arable crop farmers in Benue State, Nigeria employed the 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.

Omonona et al. (2010) in assessing the determinants of credit constraint conditions and production efficiency among farming households in South Western Nigeria employed the probit regression model to identify the determinants of credit constrained condition of farmers in that area. The results of the probit model showed that age, gender, education and dependency ratio of farmers are significant variables that influenced credit constraint conditions of the farmers.

Baiyegunhi et al. (2010) in assessing credit constraints and household welfare in the Eastern Cape Province, South Africa employed a probit regression model in identifying the determinants of credit constrained conditions of farmers in that area. The results of the probit



regression model indicated that the age of the household head, access to land, and asset value and repayment capacity are statistically significant factors determining the credit constraint condition of the sampled households.

### **Summary of Literature Review**

Related studies on determinants of agricultural credit allocation in literature have however approached from different standpoint and perspectives. Most of the literature reviewed focused on constraints to credit allocation of farm households and profitability of agricultural production in Nigerian agriculture. Similar study was carried out by Oboh and Ekpebu (2011) in their study on determinants of formal agricultural credit allocation to the farm sector by arable crop farmers in Benue State which was on non-cooperative farmers 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. No identifiable study was carried out on determinants of formal agricultural credit allocation on cooperative farmers especially in Awka north L.G.A of Anambra State. Thus, a detailed understanding of these factors may provide necessary information towards designing a more effective and sustainable credit system that can serve resource poor farmers better.

## **METHODOLOGY**

### **Area of Study**

The area of the study is Awka North Local Government area of Anambra State, Nigeria. Awka North is one of the twenty-one (21) local government in Anambra state. The towns that make up the local government area are Awba Ofemili, Ugbene, Ebenebe, Achalla (the capital), Urum, Amansea, Amanuke, Isu Aniocha, Mgbakwu, and Ugbenu. Awka North is in one of the acclaimed agricultural zones of the state. It is created in 1991 and is located in the Anambra North Senatorial Zone of the State. The study communities lie within the humid tropical rain forest belt of South-eastern Nigeria. They belong to the Guinea Savannah Vegetation type with Localized clustered growth of deep-rooted tall tree (6 metres or more). They also have under growth of tall grasses mostly elephant grass; awolowo weed and climber trees with durable roots are common. The inhabitants of the areas are mostly subsistence farmers. The main occupation of the people is subsistence farming. The main crops produced are yams, cassava, maize, rice and vegetables. The people live in scattered compounds surrounded by farmland with economic trees. Apart from agriculture, the people engage in trading. Some of their agricultural products are sold for money. They supply food to other surrounding Local

Governments Areas around, hence the assertion as one “one of the acclaimed agricultural zones of the state”.

**Population of the Study**

The population of the study is made up all the agricultural cooperatives in Awka North local Government Area of Anambra State. Awka North local Government Area has 99 registered cooperative societies out of the 99 registered cooperative 61 of them are agricultural cooperative societies with a membership size of nine hundred and twenty-seven (927) members (Cooperative Department Ministry of Commerce and Industry, Awka, Anambra State).

**Sample Size and Sampling Procedure**

One society each was randomly selected from the ten communities that make up Awka North Local Government. To determine the sample size, for the purpose of questionnaire distribution; the Taro Tamani formula was used to get a sample of 101.

**Administration and Collection of Questionnaire**

The instrument used for the data collection is the questionnaire which was designed and administered to cooperative farmers in the societies. The instrument was however administered to the respondents with the assistance of two (2) trained research assistants and the Divisional Cooperative Officers in the selected L.G.A who is also knowledgeable in the field of cooperative. The administration and collection of the instrument took the researchers a period of about four (4) weeks. One Hundred and one (101) questionnaires that were administered to the respondents were dully completed and returned.

**Model for the Study**

This study was modeled using the linear regression model of the ordinary least square (OLS) in order to ascertain the effect of socioeconomic characteristics of the cooperative farmers in the accessing agric credit from Microfinance banks.

The model is implicitly specified as follows;

$$Y = f(x_1, x_2, x_3 \dots\dots X_n + e_i) \dots\dots\dots eq(1)$$

The model is explicitly specified as follows;

$$Y = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 \dots\dots \beta_kx_k + e_i \dots\dots\dots eq(2)$$

Where:

$\alpha$  = intercept

Y = Amount of credit obtained (in naira).

$\beta_1-\beta_8$  =Regression coefficient

$e_i$  = Error term designed to capture the effects of unspecified variables in the model

$X_1$ =Age of farmer (yrs);  $X_2$  =Level of education (yrs);  $X_3$  = Duration of membership (yrs);  $X_4$  = Farm size (ha);  $X_5$  = income of the farmer (N);  $X_6$  = loan applied;  $X_7$ = collateral value;  $X_8$ = Membership size (number of persons) and  $\alpha$  = Constant term. The  $\alpha$  and  $\beta_s$  are the parameters for estimation and these are the error terms.

## EMPIRICAL FINDINGS

The socioeconomic characteristics of the respondents were analyzed as follows, on the gender of the respondents, 65 (64.4%) of the respondents are males while 36(35.6%) are females thus, suggesting active involvement of more males than females in cooperative in the area. With respect to age, majority 78.7% of the respondents are above 40years of age indicating the involvement of matured and able bodied men in cooperative activities. The marital status shows that majority 74 (73.3%) of them are married. With respect to educational exposure, most 65 (64.4%) of the respondents has primary education. Some 32 (31.7%) has secondary education. While few 4 (4%) of them has tertiary education. As evidenced in table 1, over 60% of the respondents has over 10years of cooperative experience with farm size less than three (3) hectares. This correspond with the findings of (Obinyan 2000), who described the Nigeria rural farmers thus " their holdings are small most often less than two hectares and are characterized by low productivity which leads to low income and low capital investment". With respect to income of the farmers, majority 40.6% of the farmers earn N20,00 - N30, 000.

Table 1: Distribution According To Loan Application and Disbursement Activities of the Microfinance Banks

Items	Minimum	Maximum	Mean (x)	Standard deviation
<b>Amount applied for</b>	N 50500	N 450500	N 244559.41	N 108463.618
<b>Amount approved</b>	N 50500	N 450500	N 242166.67	N 100582.416
<b>Amount disbursed</b>	N 50500	N 450500	N 242166.67	N 100582.416

v

As shown in table 1, with respect to loan application and disbursement activities of the microfinance banks, the minimum amount of money applied for, approved and disbursed was N50,500 respectively. The maximum amount of money applied for, approved and disbursed was N450,500. On the average the amount of money applied for, approved and disbursed by the microfinance banks to the applicants was N 244559.41, N 242166.67 and N 242166.67 respectively.

Table 2: Distribution According to Institutional Factors that Influence Microfinance Banks in Providing Agric Credit to Cooperative Farmers

Items	N	Mean	Std. dev	Std. error mean
Membership size	101	3.68	0.662	0.066
Asset base	101	3.68	0.647	0.064
Management/leadership efficiency	101	3.94	0.238	0.024
Monitoring/supervision	101	3.58	0.752	0.075
Location of the societies	101	3.49	0.644	0.064
Loan repayment history	101	3.78	0.752	0.075

From table 2, the institutional factors that influence microfinance banks in providing agric credit to cooperative farmers were highlighted. Membership size, Asset base, Management/leadership efficiency, Monitoring/supervision, Location of the societies and Loan repayment history were all identified as factors influence microfinance banks in providing agric credit to cooperative farmers. However, Management/leadership efficiency and Loan repayment history were identified to be the major institutional factors influencing microfinance banks in providing agric credit to cooperative farmers.

### Test of Hypothesis One

**Ho<sub>1</sub>:** Socioeconomic characteristics of the cooperative farmers have no significant influence in the accessing of agric credit from Microfinance banks.

### Regression Result

Table 3: Socioeconomic Factors Influencing Cooperative Farmers Access to Agric Credit from Microfinance Banks

Model	B	Std. error	t	Sig.
<b>CONSTANT</b>	-84945.488	2766.4	-3.071	0.003
<b>AGE</b>	-119.490	384.643	-0.311	0.757
<b>EDUQUA</b>	-6896.212	1594.616	-4.325	0.000
<b>DURAMEM</b>	8111.416	873.924	9.282	0.000
<b>FARMSIZ</b>	12136.324	2883.864	4.208	0.000
<b>INCOMEFARM</b>	-1.369	0.695	-1.969	0.052
<b>LOANAPPLIED</b>	0.557	0.059	9.388	0.000
<b>COLLAVALUE</b>	0.114	0.057	2.002	0.048
<b>MEMBSIZE</b>	29869.726	5690.430	5.249	0.000
<b>R</b>	0.980			
<b>R<sup>2</sup></b>	0.961			
<b>Adj. R<sup>2</sup></b>	0.958			
<b>F-statistic</b>	283.990			0.000

### ***Dependent Variable: Amount of Loan obtained***

In other to evaluate socioeconomic factors influencing cooperative farmers' access to agric credit from Microfinance banks the result of the proposed regression model as specified in the methodology was called. Table 3 showed the precision of the model. In general, the joint effect of the explanatory variable in the model account for 96.1% of the variations in the factors influencing cooperative farmer's access to agric credit from Microfinance banks.

Seven coefficients (educational qualification, duration of cooperative membership, farm size, income of the farmers, loan size, collateral value and membership size) are significant at 5%, 1% and 10% respectively. The implication here is that with the exception of age which was not significant, every other factor are found to be significant. Thus negatively or positively influencing cooperative farmers access to agric credit from Microfinance banks.

### **Test of Hypothesis Two**

**Ho<sub>2</sub>:** There is no significant difference between the amount of loan applied for and the amount disbursed by the microfinance banks to the cooperative farmers.

Table 4: Paired Sample t-Test Statistics between the Amount of Loan Applied for and the amount Disbursed by the Microfinance Banks to the Cooperative Farmers

Items	Mean (x)	Std deviation	Std. Error mean	95% confidence interval of the difference		t	df	Sig (2-tailed)
Amount of money applied for and amount of money disbursed	16831.68	37601.34	3741.47	lower 9408.705	upper 24254.661	4.499	100	0.000

Hypothesis two states that there is no significant difference between the amount of loan applied for and the amount disbursed by the microfinance banks to the cooperative farmers. To test the hypothesis the t-test statistics was employed. Table 4 is a summary of the t-test values on the mean differences between the amount of loan applied for and the amount disbursed by the microfinance banks to the cooperative farmers. The result of the test shows that the t-calculated value was significant at 0.000 significant level. This implies that there is a significant difference between the amount of loan applied for and the amount disbursed by the microfinance banks to the cooperative farmers. Hence, the need to ensure that noticeable gap does not exist between the amount of loan applied for and the amount disbursed by the microfinance banks to the cooperative.

### Test of Hypothesis Three

**Ho<sub>3</sub>:** Institutional factors of the cooperative farmers have no significant influence in the accessing of agric credit from Microfinance banks.

Table 5: t-Test Statistics of Influence of Institutional Factors of the Cooperative Farmers in the Accessing of Agric Credit from Microfinance Banks

Items	95% confidence interval of the difference					
	T	Df	sig. (2-tail)	Mean diff.	Lower	upper
Membership size	55.891	100	0.000	3.683	3.55	3.81
Asset base	57.210	100	0.000	3.683	3.56	3.81
Management/leadership efficiency	166.704	100	0.000	3.941	3.89	3.99
Monitoring/supervision	47.906	100	0.000	3.584	3.44	3.73
Location of the societies	57.624	100	0.000	3.693	3.57	3.82
Loan repayment history	47.906	100	0.000	3.584	3.44	3.73

Hypothesis three states that Institutional factors of the cooperative farmers have no significant influence in the accessing of agric credit from Microfinance banks. To test the hypothesis the t-test statistics was employed. Table 5 is a summary of the t-test values on the influence of Institutional factors of the cooperative farmers in the accessing of agric credit from Microfinance banks. The result of the test shows that all the factors (Membership size, Asset base, Management/leadership efficiency, Monitoring/supervision, Location of the societies and Loan repayment history) are significant. All the t-calculated values were significant at 0.000 significant level. This implies that the Institutional factors of the cooperative farmers have significant influence in the accessing of agric credit from Microfinance banks.

### SUMMARY

From the analysis of the study, the following findings were revealed: Hypothesis one revealed that the joint effect of the explanatory variable in the model account for 96.1% of the variations in the socioeconomic factors influencing cooperative farmers access to agric credit from Microfinance banks. Seven coefficients (educational qualification, duration of cooperative membership, farm size, income of the farmers, loan size, collateral value and membership size) are significant at 5%, 1% and 10% respectively.

There is a significant difference between the amount of loan applied for and the amount disbursed by the microfinance banks to the cooperative farmers.

Membership size, Asset base, Management Efficiency, Poor educational status of member patron, Years of cooperative existence and Loan repayment history were all identified as factors influence microfinance banks in providing agric credit to cooperative farmers. However, Management/leadership efficiency and Loan repayment history were identified to be the major institutional factors influencing microfinance banks in providing agric credit to cooperative farmers. All the t-calculated values were significant at 0.000 significant level.

## RECOMMENDATIONS

Based on the findings of this study, the researcher therefore recommends that:

- The agricultural credit given to farmers by the microfinance banks should be stepped up so that farmers will have adequate farm credit for agricultural production.
- Capacity training for cooperative managers is essential. This is because capacity training will help improve the management and leadership efficiency of cooperative managers and also improve organizational productivity and access to credit.
- Apart from socioeconomic factors, institutional or organizational factors like Membership size, Asset base, Management/leadership efficiency, Monitoring / supervision, Location of the societies and Loan repayment history should on so that cooperative members would continue to have access to agric credit.

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