

Assessment of Agro-Credits Available to Farmers in Orashi Region of Rivers State, Nigeria

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Abstract

The study investigated agro-credits available to farmers in Orashi region of Rivers State, Nigeria. Structured interview schedule was used to get information from farmers. A total of 120 respondents, selected through purposive and simple random sampling techniques were surveyed. Data obtained were analyzed, using both descriptive (percentages and mean scores) and inferential (t-test) statistics. The findings showed that: Agricultural industry is dominated by aged adult women (55%) whose educational qualification did not exceed secondary education. Personal savings constitute the major and most accessed source of agro-credits for farming in the area (M=85). It further shows that the most serious problems of accessing agro-credits in the area of study include: Poor leadership vision in agriculture (M=3.75), high interest rate to loans (M=3.70), insecurity nature of the area (M=3.60), lip services to long – term loans by banks (M=3.60), lack of awareness of available credits (M=3.50), lack of trust by the lending institutions on farmers (M=3.45), weak government policies on agro-credits (M=3.25), loans not being available at the time of need (M=3.15), not belonging to functional co-operative organizations (M=3.10), low perception of farming enterprise by the people (M=3.10), among others. The study therefore recommended a creation of a resound awareness of agricultural credits and encouragement of farmers to use them by government and all development / extension agencies using trained / professional extension officers.

Keywords: Assessment, Agro-credits, Farmers, Orashi Region

Background to the Study

Agricultural productions in Nigeria have been in the hands of small scale farmers who are characterized by illiteracy, use of Local varieties/ feeds and poverty. Irrespective of the fact that agriculture is and has remained the only source of food for the teeming population, farming in Nigeria has not changed hands from what it has been immediately after the oil boom in the 70s, especially in southern Nigeria. Yet there is need to improve agriculture for continuous and better food (fibre and protein) production in the area. The modernization of food production can be in the form of provision of improved seedlings, other inputs, visible credits, capital equipment and employment of qualified agricultural personnel. These small scale farmers cannot provide the needed capital for agricultural modernization because of their high level of poverty (Okarenta and Oribiyi 2005). It is glaring that availability of agro credits to the small scale farmers is the only sure hope for modernizing agriculture.

Agro-credits are refundable loans given to farmers to start or expand their farming enterprise. It is repayable over a period of time with some interest as determined by the source of the credit (Iwena, 2008). Miller (1975), In: Ololade & Olagunju, (2013) defines credit as a device for facilitating the temporary transfer of purchasing power from one individual or organization to another. Credits provide the basis for increased production and efficiency through specialization of function. According to Shepherd (1979), in Ololade & Olagunju, (2013) credit determines access to all of the resources on which farmers depend. Agro-credits include subsidy which is a non-refundable type granted to farmers, and may be in form of reduction in the prices of inputs (like fertilizers, improved seeds, chemicals, etc.), free information such as weather forecast, new technology and market sources (Iwena, 2008). Osuntogun (1975), In: Ololade R.A. & Olagunju, (2013) holds the view that 'unless production credit is made available on suitable terms, the majority of the small farmers will be seriously handicapped in adopting profitable technology.

Efforts have been made by Federal and State governments in Nigeria to make credit available to farmers and other allied agro-businessmen, with a view to modernize agriculture and increase productivity. As a result, Agricultural Credit Guarantee Scheme (ACGS) Fund was established by Decree N0.20 of 1977. Another effort made by the Federal Government through central Bank of Nigeria (CBN) and in collaboration with the Federal ministry of Agriculture and Water Resources (FMA&WR) was the establishment of Commercial Agriculture Credit Scheme (CAIS) in 2009 to provide for the country's agricultural value chain which covers agricultural production, processing storage and marketing. The Federal Government through its various agencies has helped in the provision of financial assistance to farmers in the form of credit and subsidies. Agencies like Nigerian Agricultural and Co-operative Bank (NACB (now Bank of Agriculture – BOA) and Agricultural Credit Guarantee Scheme (ACGS). With the existence of these agro- credit sources it is expected that farmers in Orashi Region of Rivers State should be able to access funds needed to execute farm plans and advance their levels of production and productivity, as well as their standards of living.

It has been acknowledged that Nigerian Governments have made tremendous efforts to boost agricultural production and productivity through creation of funds and using various agencies to implement them all over the country. It is also a known fact that the various sources of agro-

credits such as; Government (through their agencies – Bank of Agriculture (B. O. A), Credit Guarantee Scheme A.C.G.S, Agricultural Development Project (ADP), National Directorate of Employment (N.D.E), Agricultural Transformation Agenda (A, T, A) etc), Commercial banks, Relatives/Friends, Co-operatives, money lenders, Landlords, Traders and Non-governmental organizations (Such as Oil Companies) exist to assist farmers in form of loans, subsidies and grants for agricultural ventures, in order to improve the sector and make food available to the common man at a minimum cost for maximum benefit.

However, in Orashi Region of Rivers State, there is no evidence to show that farmers in the area have been accessing these agro credits as their scale of production have not improved from the peasant/ subsistence level it has been ever before and after the oil boom. The questions are: Could it be that these known agro-credit sources do not exist in Orashi Region of Rivers State? Could it be that farmers in this area are not aware of the existence of these agro-credits? Could it be that credit facilities are too expensive for the farmers to access? Or could it be that interest charges for the assessment of these credits are high and discouraging? What actually are the challenges in assessing these agro-credits in the area? Therefore, this study was slated to: find out the socio-economic characteristics of the farmers in the area, examine the level of assessment of agro-credits by the contact and non-contact farmers in the area, and identify the bottlenecks hindering the assessment of these credits to the farmers in the area.

Materials and Methods

Orashi region consist of four local government areas, namely, Ogba/Egbema/Ndoni; Ahoada East; Ahoada West and Abua/Odua Local Government areas of Rivers State. Orashi region occupies a land mass of over 4,621 square kilometer with a projected population of 760,000 people residing across the various communities. It lies between latitude 5° 25N and longitude 3° 14E (<https://en.m.wikipedia.org/.../Ekpeye>). It is naturally endowed with the rich hydrocarbons and produces about 70% of the crude oil and gas in Rivers State. The presence of good climate, vast arable land and vegetation, fertile soils, rich aquacultures, hospitality and earlier peaceful disposition of her ancestors make the people predominantly farmers, fishermen, hunters and a few traders to balance her economy.

The study was a descriptive survey. Two (2) out of four (4) local government areas that make up Orashi region such as: Ahoada – East and Ogba/Egbema/Ndoni local government areas were purposively selected on the basis that most of the parameters for measurement are available in these two local government areas. From the two local government areas twelve communities (six each) were randomly selected. From the twelve communities a sample size of 120 farmers (10 farmers from each community) were randomly selected through random numbers and used for this study. Data were collected through the administration of a structured questionnaire designed in a Likert type rating scales. In the analysis, both descriptive and inferential statistics were used. Descriptive statistics such as percentages and mean scores derived from Likert-type rating scale were used. The inferential statistical tool employed was the students't-test. The hypothesis was to ascertain if significant difference exist between the mean scores of the groups (contact and non-contact farmers). The test was carried out at 0.05 significant level.

Results and Discussion

Socio-Economic Characteristics of the Respondents in Orashi Region of Rivers State
 From the findings in Table 1, majorities (55%) of the respondents/farmers in the study area was female and were married (90%). This shows that women are the dominant operators of the agricultural industry in the area. The finding agrees with Chukuigwe (2013), In: Odinwa & Nlerum (2015) who observed closely that African, women constitute over 70% of the agricultural workforce and produce 80% of the region's food. Secondly, the findings revealed a mean age of 55 years implying that young people are not fully involved in agriculture, which is an indication of a bleak future for farming enterprise in the area. In terms of educational qualification of the respondents, it showed that those with primary and secondary education (70%) dominated the agrarian industry in the area. This means that degree holders (bachelors to Ph. D (6%)) are not fully involved in farming in Orashi region. This may be the reason for low agricultural productivity via low assessment of agro-credits and a continued dependency on food items from Northern Nigeria for survival in the area.

Table 1: Socio-Economic Characteristics of the Respondents in Orashi Region

Variables	Frequency Contact N=60	Frequency Non- contact N=60	Total	Percentage (%)	Mean Age
Sex					
Male	37	17	54	45	
Female	23	43	66	55	
Marital Status	(f)	(f)	Total	(%)	
Single	5	7	12	10	
Married	55	53	108	90	
Age	(f)	(f)	Total	(%)	
20 – 29	-	3	3	2	
30 – 39	8	5	13	11	
40 – 49	13	10	23	19	
50 – 59	23	25	48	40	55 years
60 and above	16	17	33	28	
Educational Qualification	(f)	(f)	Total	(%)	
No Formal Education	7	10	17	14	
Completed Primary Education	18	23	41	34	
Attempted but did not complete Sec. Sch	5	9	14	12	
Completed Secondary School	17	12	29	24	
NCE/OND Holder	8	4	12	10	
B.Sc/HND and above	5	2	7	6	

Source: Field Data, 2015

Extent of Assessment the Agro Credits for farming in Orashi Region

Table 2 revealed that the major assess to agro credits by farmers in the study area was personal savings (M=3.60), implying that the main source of investment into agricultural production in the area is through personal savings. This may be the reason for continuous practice of peasantry with its attendant poverty of farmers in the area, since the farmers majorly depend on what they can struggle out of the present year for the next season farming, which is infinitesimally insignificant to carry out any tangible productive activity that will increase productivity. This is a reiteration of the fact that small scale farmers cannot provide the needed capital for agricultural modernization because of their high level of poverty (Okarenta and Oribiyi, 2005), and their inability to access other credit avenues owing to rigorous procedural formalities attached to loan facilities by some lending institutions. Secondly, Green River Project/ Total E & P Sustainable Development are also being accessed by farmers, especially the contact/registered farmers (M=2.70). Even though they are being accessed by the contact farmers mostly, but the finding showed that the views of the contact farmers did not differ significantly from the views of the non-contact/unregistered farmers in the area. It implies that both groups of farmers were operating at the same level of awareness and involvement so far as agricultural credits are concerned in the area.

Table 2: Mean Distribution of Farmers extent of Accessing Agro Credits for Farming in Orashi Region

Agro Credits	Contact Farmers N = 60		Non-contact Farmers N = 60		Grand Mean	Remark
	Weighted Scores	Mean Scores	Weighted Scores	Mean Scores		
Personal saving.	204	3.40	228	3.80	3.60	High
Relatives /friends.	102	1.70	78	1.30	1.50	Low
Borrow from money lenders.	60	1.00	60	1.00	1.00	Low
Non - Governmental Organizations (NGOs)	120	2.00	60	1.00	1.50	Low
The produce buyers.	96	1.60	114	1.90	1.80	Low
Co-operative supports.	144	2.40	126	2.10	2.30	Low
Loan from the Bank of Agriculture.	108	1.80	84	1.40	1.60	Low
Loan from the FADAMA III Project.	60	1.00	60	1.00	1.00	Low
Loan from any commercial bank.	78	1.30	66	1.10	1.20	Low
Agricultural Development Project (ADP).	60	1.00	60	1.00	1.00	Low
Green River Project/ Total E & P Sustainable Development.	168	2.80	156	2.60	2.70	High
E – Wallet of the Agricultural Transformation Agenda (ATA)	66	1.10	72	1.20	1.20	Low

* Mean score > 2.5 is Highly accepted

*Mean score < 2.5 Lowly accepted

Source: Field Data, 2015

The t-test result in Table 3 showed that t-cal (0.31) is less than t-critical (1.72) at 0.05 significant level. This led to the acceptance of the null hypothesis, meaning that there is no significant difference between the mean scores of the two groups of farmers (contact and non-contact). This implies that both contact and non-contact farmers' assessments of agricultural credits in Orashi region are the same in all the sources of agro-credits rose in this study.

Table 3: Summary of t-test Result on the Extent of Assessment the Agro Credits for farming in Orashi Region

Source	N	Mean	df	Variance/SD	t-cal	t-tab	Remark
Contact	12	1.75	22	0.57/0.67			NS
Non-contact	12	1.58		0.99/0.67	0.31	1.72	
Total	24						

NS – Not significant at P 0.05

Source: Field Data, 2015

Problems of Accessing Agro-Credits in Orashi Region

The findings as shown in Table 4, outlined the problems of accessing agro-credits in their degree of seriousness as follows: poor leadership vision in agriculture (M=3.80); high interest rate to loans (M=3.70); insecurity nature of the area (M=3.60); lip services to long – term loans by banks (M=3.58); lack of awareness of available credits (M=3.49); lack of trust by the lending institution on farmers (M=3.50); weak government policies on agro-credits (M=3.30); loans not being available at the time of need (M=3.20); not belonging to functional co-operative organizations (M=3.10); low perception of farming enterprise by the people (M=3.10); lack of insurance practices by farmers (M=3.01); lack of collateral security to present before loan can be given to farmers (M=2.90); diversion of loans by farmers to other uses rather than farming (M=2.80); and inability to pay back the revolving loans by farmers (M=2.70). Most of these findings agree with Reddy et al (2009) who outlined the problems of agricultural credits in India to include illiteracy of the people (farmers); poor resource endowment base which leaves the farmers poor and dry to offer anything as security, which is a prerequisite in credit transactions of credit institutions; diversion of production loans for unproductive purposes; charging of high interest rates by money lenders to the disadvantage of the farmers, etc. According to Ofuoku and Albert (2014) inadequate access to agro credits by farmers have affected their agricultural produce, while Albert and Ekine (2012) observed that lack of access to agro credits have inhibited the growth of *Rhizophora racemosa* (L) plant business among rural dwellers in the state.

Table 4: Mean Distribution of the Respondents on the Problems of Accessing Agro-Credits in Orashi Region

Constraints	Contact Farmers N = 60		Non-contact Farmers N = 60		Grand Mean	Remark
	Weighted Scores	Mean Scores	Weighted Scores	Mean Scores		
Lack of awareness of available credits.	204	3.40	215	3.58	3.49	Serious
Not belonging to functional co-operative organizations.	168	2.80	204	3.40	3.10	Serious
Lack of collateral security to present before loan can be given.	156	2.60	192	3.20	2.90	Serious
Not having the required savings with the lending bank	126	2.10	144	2.40	2.30	Not Serious
Loans not being available at the time of need.	162	2.70	216	3.60	3.20	Serious
The loan is usually short- term and inadequate.	168	2.80	156	2.60	2.70	Serious
High interest rate.	216	3.60	228	3.80	3.70	Serious
Lack of trust by the lending institution on farmers.	192	3.20	222	3.70	3.50	Serious
Fear of taking risk by the farmers.	132	2.20	114	1.90	1.60	Not Serious
Insecurity nature of the area.	222	3.70	210	3.50	3.60	Serious
Weak government policies on agro-credits.	174	2.90	216	3.60	3.30	Serious
Poor leadership vision in agriculture,	222	3.70	228	3.80	3.80	Serious
Low perception of farming enterprise by the people	174	2.90	198	3.30	3.10	Serious
Diversion of loans by farmers to other uses rather than farming.	192	3.20	144	2.40	2.80	Serious
Inability to pay back the revolving loans by farmers.	168	2.80	144	2.40	2.60	Serious
Lip services to long – term loans by banks	209	3.48	221	3.68	3.58	Serious
Lack of insurance practices by farmers	184	3.10	175	2.92	3.01	Serious
Illiteracy	131	2.18	138	2.30	2.24	Not Serious
Demand and cost of feasibility report	115	1.92	126	2.10	2.01	Not Serious
Gender consideration	108	1.80	137	2.30	2.10	Serious

Mean score > 2.5 is Serious Problem

Mean score < 2.5 is Not a Serious Problem

Source: Field Data, 2015

The t-test result in Table 5 showed that t-cal (0.87) is less than t-critical (1.69) at 0.05 significant level. This led to the acceptance of the null hypothesis, meaning that there was no significant difference between the mean scores of the two groups of farmers (contact and

non-contact) in the area, implying that the two groups of farmers encountered the same problem in accessing agro credits in the study areas.

Table 5: Summary of t-test Result on the problems of Accessing agro credits for Farming in Orashi Region

Source	N	Mean	df	Variance/SD	t-cal	t-tab	Remark
Contact	12	1.75	22	0.57/0.67			NS
Non-contact	12	1.58		0.99/0.67	0.87	1.69	
Total	24						

NS – Not significant at P 0.05
Source: Field Data, 2015

Conclusion

It was established from the study that majority of the respondents/farmers in the study area are aged women, who did not acquire more than secondary education, which point to the fact that women are the dominant operators of the agricultural industry and the reason for low agricultural productivity via low access of agro-credits and a continued dependency on food items from Northern Nigeria for survival in the area. Personal savings constitute the major and the most important source of agro-credits for farming in the area which explains the reason why farming in the area has not grown beyond the subsistence level, since the farmers' are poor and may not save substantially from their hand-to-mouth income as to reinvest and expand their farms for higher productivity and higher income. The most serious problems of accessing agro-credits in the area of study were poor leadership vision in agriculture, high interest rate to loans, insecurity nature of the area, lip services to long – term loans by banks, lack of awareness of available credits, lack of trust by the lending institutions on farmers, weak government policies on agro-credits, loans not being available at the time of need, not belonging to functional co-operative organizations, low perception of farming enterprise by the people, among others.

Recommendation

Based on the findings, the study recommended that there should be creation of a resound awareness of agricultural credits and encouragement of farmers to use them by government and all development / extension agencies using trained / professional extension officers.

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