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ACCESS AND USE OF CREDIT FACILITIES AMONG FEMALE FARMERS IN ENUGU STATE, NIGERIA

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Abstract

The study assessed access and use of credit facilities among female farmers in Enugu State, Nigeria. Multi-stage random sampling technique was used in selecting 180 female farmers in the study area. Data were collected with the use of structured questionnaire. Descriptive statistics such as frequency, percentage, mean score and standard deviation as well as inferential statistic like Z test were used for data analysis. Results of the study revealed that 98.3% of the respondents had their main source of credit through cooperative society, 97.5% got from friends and relations, 95.8% obtained from rotating credit, 93.3% had from money lenders while 90% obtained from local savings. The result that the respondents had high level of access to credit from local savings ($\bar{x}$ = 2.23), friends/relations ($\bar{x}$ = 2.16), rotating credit ($\bar{x}$ = 2.0) and microfinance ($\bar{x}$ = 2.0).The result on the use of farm credit revealed the respondents highly utilized farm credit in purchase of fertilizers ($\bar{x}$ = 2.07), agrochemicals ($\bar{x}$ = 2.03), farm labour ($\bar{x}$ = 2.01), farm machineries ($\bar{x}$ = 2.01) and improved planting materials ($\bar{x}$ = 2.00). Some of the constraints identified were lack of fund, climate change, low storability and poor yield. There was no significant difference between access and use of farm credit among female farmers in the study area at 5% alpha level (Z-calc. 1.214 is less than Z-tab 1.96). The study therefore concluded that there was low access to and use of farm credit among female farmers in Enugu State, Nigeria. The study therefore recommended among others that the women should form and participate in female farmers' cooperative societies that will enable them have access to credit facilities.

Keywords: Female, farmers, access, use, farm credit, financial institutions

Introduction

Credit for farmers is assuming increasing importance in many parts of the world as a deliberate response to the needs of numerous entrepreneurs with limited capital base (International Fund for Agricultural Development, 2012). In Nigeria, the government emphasizes the transformation of smallholder agriculture from subsistence orientation to market orientation which requires the availability of adequate capital. Credit or loanable fund (capital) is regarded as more than just another resource such as land, labor and equipment because it determines access to all other resources on which farmers depend (Asom and Ijirshar, 2017). The reasoning is that farmers' adoption of new technologies necessarily requires the use of some improved inputs which must be purchased.

Women represent on average 70 to 80% of the active farming population, and are highly involved in the entire value chain of staple food items such as production, processing and marketing (Akpan *et al.,* 2013). Women represent the majority of agricultural active population who have limited access to productive resources (land, equipment, financing, knowledge and trainings) to improve and harness their potentials in the agricultural sector, because of the gender gap in agriculture.

These direct improvements in agricultural output and food security are just one part of the significant gains that could be achieved by ensuring that women have equal access to resources and opportunities (Food and Agricultural Organization, 2014). Such gender relations exist in agricultural production where men and women have different roles, priorities, opportunities and constraints. Lack of gender consideration has often led to failure of different popular projects in the past. Women constitute majority of the farming population in rural areas. They participate actively in agricultural activities but their contributions in relation to men's are not objectively assessed, commensurate, appreciated and documented given rise to stereotype assumption on the contributions of men and women in agricultural production (Asogwa and Ochoche 2014). Agriculture is a major contributor to Nigeria's GDP and female farmers play a dominant role in this contribution (Rahji and Fakayode 2009), but their productivity and growth are hindered by limited access to credit facilities (Odoemenem and Obinne 2012).

Rural credit markets in developing countries are full of imperfections. The imperfections

manifest in the generally accepted fact that despite numerous government policies to increase household's access to credit, many rural households remain credit-constrained. The formal banking sector does not satisfy the growing demand for credit, and many borrowers turn to informal loan sources (relatives, private moneylenders, etc.) to meet their production and consumption needs. It has been estimated that only five percent of the farmers in Africa and about fifteen percent in Asia and Latin America have had access to formal credit (Atagher and Atagher 2014). Access to affordable agricultural credit enables farmers, who constitute the majority of population in most developing countries, to adopt new technology and take advantage of new economic opportunities to increase production and income.

Modernization of agriculture is possible only if there is enough access and use of farm credit among female farmers to adopt new production technologies like improved seeds and seedlings, fertilizer and otherfarm machineries like tractors, ploughs, harrows, and other machinery which reduce drudgery, improve timelines and efficiency of farm operations. From the foregoing, it could be seen that credit is a prerequisite for the empowerment of female farmers for the production of more food and fiber to feed the increasing number of people and provide raw materials for industries.

Problem Statement

According to Abu *et al* (2015) lack of access to credit facilities has been highlighted a key constraint to farmers investment. The demand for credit by farmers has been high and increasing. It includes access to credit to cover lump sum and smooth farmers' consumption among others. The expenditure requiring lump sum includes purchase of farm inputs, plugging, top dressing, and labor and irrigation activities (Asom & Ijirshar, 2017). Many farmers have hardly been able to meet these farm expenditures due to lack of financial command and potential.

The thrust of this study draws from the premise that access to credit by female farmers is a key to increasing productivity. In this respect, one of the major reasons is that purchased seasonal inputs and requisite labor are rarely affordable by farmers on a “cash” basis. Majority of these farmers face liquidity constraints that compromise the crucial investments in agriculture and other sectors necessary in increasing productivity. It is pertinent to ask, do the female farmers have access to credit in the study area? The study

therefore seeks to establish the level of access to farm credit by female farmers in the study area. The research was however guided by the following research questions: what are the sources of credit facilities by rural women? What is the level of access to credit facilities by female farmers? What is the extent of use of credit facilities by female farmer? What are the constraints associated with access and use of credit in the study area?

The specific objectives were to:

i. identify the sources of credit facilities by rural women;
ii. ascertain the level of access to credit facilities by female farmers;
iii. ascertain the extent of use of credit facilities by female farmers; and
iv. ascertain the constraints associated with access and use of credit in the study area.

Statement of Hypothesis

$H0_{1:}$ There was no significant difference between access and use of farm credit among female farmers

Methodology

The study was carried out in Enugu State, Nigeria.Enugu State is one of the states in the eastern part of Nigeria located at the foot of the Udi Plateau. The state shares borders with Abia State and Imo State to the south, Ebonyi State to the east, Benue State to the northeast, Kogi State to the northwest and Anambra State to the west.

Enugu, the capital city of Enugu State, is on the railroad from Port Harcourt, 150 miles (240 km) south-southwest, and at the intersection of roads from Aba, Onitsha, and Abakaliki. It is approximately 4 driving hours away from Port Harcourt, where coal shipments exited Nigeria. Enugu is also located within an hour's drive from Onitsha, one of the biggest commercial cities in Africa and two hours' drive from Aba, another very large commercial city, both of which are trading centres in Nigeria. The average temperature in this city is cooler to mild (60 degrees Fahrenheit) in its cooler months and gets warmer to hot in its warmer months (upper 80 degrees Fahrenheit) and very good for outdoor activities with family and friends or just for personal leisure.

Enugu has good soil-land and climatic conditions all year round, sitting at about 223 metres (732 ft) above sea level, and the soil is well drained during its rainy seasons. The mean temperature in Enugu State in the hottest month of February is about 87.16 °F (30.64 °C), while the lowest temperatures occur in the month of November, reaching 60.54 °F (15.86

°C). The lowest rainfall of about 0.16 cubic centimetres (0.0098 cuin) is normal in February, while the highest is about 35.7 cubic centimetres (2.18 cu in) in July.

The population of this study was made up of all female farmers in Enugu State, Nigeria.Multi-stage random sampling technique was used in selecting 180 female farmers in the study area. There are three political zones namely; **Enugu North, Enugu West, and Enugu East**. In the first stage, 5LGA were randomly selected from the two political zones making a total of 10 LGAs. In the second stage, tow autonomous communities were randomly selected, from each of the 10 LGAs making a total of 20 autonomous communities. In the third stage, nine (9) female farmers were randomly selected from each of the twenty (20) autonomous communities making a total of 180 respondents. This formed the sample size used for the study.The data for this study were derived from primary sources through the use of structured questionnaire and personal observation.Data for this study were analysed using both descriptive and inferential statistics. Descriptive analysis such as frequency, percentage and meanwere employed in analysing the objectives, while inferential statistics like Z-test was used for testing the hypothesis.

3.0 Results And Discussion

3.1 Sources of Farm Credit

Table 1 showed that 98.3% of the respondents had their main source of credit through cooperative society, 97.5% got from friends and relations, 95.8% obtained from rotating credit while 93.3% and 90.0% got from money lenders and local savings respectively. This implies that majority of the respondents assess their credit from non-formal sources. This could be because of non interest (free interest) or little interest, condition for repayment not often specified, having simple procedures and availability of the loan. This result is in line with the findings of Enhancing Financial Innovation and Access (EFInA) (2013) which noted that 23 percent of the adult population in Nigeria has access to formal financial institutions, 24 percent to informal financial services, while 53 percent are financially excluded.

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Table 1: Distribution of respondents according tosources of credit in the study area

Sources of credit	Frequency*	Percentage
Friends/relations	117	97.5*
Agricultural banks	37	30.8
Commercial banks	62	51.7
Money lenders	112	93.3*
Rotating credit	115	95.8*
Cooperative society	118	98.3*
Local savings	108	90.0*
Microfinance bank	79	65.8

Source: Field Survey, 2018
*Main sources
*Multiple responses

3.2 Level of Access to Credit Facilities

Table 2 revealed the distribution of the respondents according to their level of access to credit which include local savings (x = 2.23), friends/relations (x =2.16), rotating credit (x = 2.0) and microfinance (x =2.0). This implies that female farmers mostly accessed credit through informal financial institutions in the study area. This result is consistent with the findings of Abu *et al* (2015) who stated that the formal banking sector does not satisfy the growing demand for credit, and many borrowers turn to informal loan sources (relatives, private money lenders, etc.) to meet their production and consumption needs. It has been estimated that only five percent of the farmers in Africa and about fifteen percent in Asia and Latin America have had access to formal credit; and on an average across developing countries five percent of the borrowers have received eighty percent of the credit (Iyanda *et al* 2014).

Table 2: Distribution of respondents according to their level of access to credit facilities in the study area

Access to credit	High level	Moderate level	Low level	Sun	Std. Dev.	Mean
Friends/relations	3(42)	2(113)	1(25)	388	.76824	2.16
Agricultural banks	3(6)	2(116)	1(58)	307	.52182	1.71
Commercial banks	3(3)	2(110)	1(67)	296	.53025	1.64
Microfinance banks	3(5)	2(109)	1(66)	299	.51375	1.66
Money lenders	3(3)	2(101)	1(76)	287	.52531	1.59
Rotating credit	3(29)	2(120)	1(31)	358	.57885	2.00
Cooperative society	3(21)	2(120)	1(39)	342	.57021	1.90
Local savings	3(77)	2(67)	1(36)	401	.76099	2.23
Microfinance	3(7)	2(163)	1(10)	357	.30772	2.00
Grand mean						**1.88**
Sample size						**180**

Source: Field Survey, 2018

Figures in parenthesis are nominal Likert values multiplied by frequencies

Decision Rule = 2.0 and above is highly accessed, Below 2.0 indicates low access.

N = sample size.

3.3 Extent of use of credit facilities

Table 3 showed the distribution of the respondents according to extent of use of farm credit which were purchase fertilizers (x = 2.07), agrochemicals (x = 2.03), farm labour (x = 2.01), farm machineries (x = 2.01) and improved planting materials (x = 2.00). The result implied that female farmers had low extent of use of farm credit. The low level of usage is as a result of farmers' low access to agricultural credit. Yet, the situation has not improved substantially; based on the 2006 Core Welfare Indicators Questionnaire Survey, it is estimated that only 18 percent of farm households (mainly female farmers) have access to financial services (Asom & Ijirshar, 2017)

Table 3: Distribution of respondents according to extent of use of credit in the study area

Use of credit	Often	Sometimes	Never	Sum	Std. Dv.	Mean
Farm labour	3(33)	2(115)	1(32)	361	.60258	2.01
Transportation	3(10)	2(111)	1(59)	310	.55652	1.73
For adoption of new technologies	3(10)	2(100)	1(70)	300	.57896	1.67
To purchase/rent land	3(5)	2(114)	1(61)	304	.52095	1.69
Plant protection chemicals	3(12)	2(93)	1(75)	279	.60237	1.65
For agrochemicals	3(23)	2(124)	1(31)	365	.93013	2.03
To purchase improved planting materials	3(32)	2(112)	1(36)	356	.61595	2.00
To purchase farm equipment	3(37)	2(208)	1(35)	362	.63412	2.01
To purchase fertilizer	3(19)	2(154)	1(7)	372	.37521	2.07
Grand mean						**1.85**
Sample size						**180**

Source: Field Survey, 2018
Decision Rule = 2.0 and above is high extent of use, Below 2.0 indicates low extent of use
N = sample size.

3.4 Constraints associated with to access and use of credit facilities

Results in Table 4 showed the distribution of the respondents according to constraints associated withaccess and use of credit which include lack of fund, (x = 4.01), high cost of labour, (x = 3.62) land tenure system (x = 3.55), high cost of processing, (x = 3.48) low storability, (x = 3.35) poor marketing (x = 3.03). This implies that generally these factors posed constraint on access to and use of credit among female farmer. This result is consonant with the findings of (Okojie, *et al* 2014) that lack of access to credit facilities has been highlighted as a key constraint to farmers investment.

Table 4 Distribution of respondents according to constraints in the study area

Constraints	Access to credit			Use of credit			
	∑x	SD	$\bar{x}$	∑x	SD	$\bar{x}$	Pooled
Land tenure system	630	1.66369	3.52	646	1.67395	3.59	3.56
Lack of fund	728	1.09441	4.07	759	1.00987	4.22	4.15
Difficulty in obtaining credit facilities	800	3.74059	4.46	783	1.27929	4.35	4.41
Lack of improved planting materials	437	1.44201	2.44	448	1.28371	2.49	2.47
Lack of inputs	477	3.91044	2.66	457	1.36338	2.54	2.60
Low storability	636	1.13238	3.55	613	1.21304	3.41	3.48
Lack of processing machines	527	1.25743	2.94	547	1.36747	3.03	2.99
High cost of processing	608	1.11385	3.40	643	1.15807	3.57	3.49
Labour intensive	645	1.19182	3.60	654	1.28984	3.63	3.62
High cost of labour	773	4.85223	4.32	666	1.29847	3.70	4.01
Poor marketing	617	1.20915	3.45	584	1.28429	3.24	3.35
Lack of adequate extension contact	405	1.38341	2.26	453	1.41609	2.52	2.39
Poor access to good roads	648	1.17167	3.64	672	1.27984	3.73	3.69

Source Field Survey, 2018

Difference in access and use of credit facilities among female farmers

From the table Z-test comparative analysis of the difference in the access and use of credit among female farmers in the study area. The Z-calc. (1.214) is less than Z-tab (1.96), therefore we accept null hypothesis which says that, there is no significant difference in the access and use of farm credit among female farmers in the study area.

Table 5 Z -test Comparative analysis of the difference in the access to and use of credit among female farmers in the study area

Source of difference	Mean	Std. Deviation	Z-Calc.	Z-Tab.
Access	1.8823	0.5097		
Use	1.8505	0.5669		
Difference	0.0312		1.214	**1.96**

*key: There was no significant difference.

Conclusion and Recommendations

The study provided an empirical evidence of access to and use of credit among female farmers in Enugu State Nigeria. It concluded that the access and use of farm credit among female farmers in Enugu State, Nigeria were low. Based on the findings of this study, the following recommendations were made;

1. Government agencies should provide adequate sources of credit that will be available to female farmers,

2. The women should form and or participate in female farmers cooperative societies that will enable them have access to credit.
3. The financial institutions should make credit available to female farmers as this will increase access and utilization of credit among them to their farming activities.

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