



## **EFFECTS OF AGRICULTURAL CREDIT DELIVERY ON INCOME OF ARABLE CROP FARMERS IN NIGER STATE OF NIGERIA**

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### **ABSTRACT**

The study examined performance of agricultural credit delivery on income of arable crop farmers in Niger State, Nigeria. Multi-stage sampling technique was used for the study and data were collected using structured questionnaires and interview schedules from a total sample size of 326. Data were analyzed using descriptive statistics, simultaneous equation model and Chow test. The result revealed that 60% of the respondents were within the age brackets of 31 – 50 years with average age of 45 years. Most (78%) of the respondents cultivated 0.5 – 3.0 hectares. The determinants of agricultural credit, potential credit demand and loan repayment were all significant at P 0.01 probability level. Interest on loan, loan application cost, farm size and predicated loan repaid were all significant and important determinants of credit demand by farmers. However, coefficient of application form cost was negative; suggesting that high cost of loan application reduces credit demand among the beneficiaries. Furthermore, lending experience, transaction cost, credit source, interest on loans was significant at P 0.1, P 0.1 and P 0.05 and P 0.01, respectively, as the determinants of credit supply. The results revealed that late release of approved fund for disbursement, inadequate information and equipment, insufficient funds, loan diversion, illiteracy and lack of awareness; poor loan repayment and lack of infrastructure were the constraints affecting the loan beneficiaries. The constraints to credit by farmers included insufficient amount of loan, excessive bureaucracy, poor credit delivery, high interest rate, demand for collateral, short repayment period, favouritism, lack of supervision and advisory services and dishonesty among lenders were the constraints affecting loan delivery by the beneficiaries. It was recommended that, formation of cooperative societies, use of credible credit officers and increase in farm size be put in place to effect the needed change in credit delivery in the study area.

**Keywords:** Agriculture, Credit, Income, Arable Crops, Niger State.