AGRICULTURAL LOANS RECOVERY UNDER THE NATIONAL DIRECTORATE OF EMPLOYMENT IN ONDO STATE OF NIGERIA

BY

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ABSTRACT

This study was designed to investigate loan repayment amongst beneficiaries of the National Directorate of Employment (N. D. E.) Agricultural Programme in Ondo State in order to know the repayment ability of the respondents.

To achieve this main objective, data were collected from one hundred and fifty (150) randomly selected farmers under the N. D. E. Agricultural Programme. This included 75 school leaver farmers and 75 graduate farmers. The graduate farmers were further categorized into 29 graduates of agriculture and 46 non-graduates of agriculture. Basic statistics, estimation procedures and test of hypothesis were employed in the analysis.

Based on the findings, it is suggested that preference should be given to graduates with relevant experience in farming for participation in the N. D. E. Agricultural programme. In addition, the N. D. E. office should increase monitoring and supervision of the beneficiaries, regularly, to increase loan recovery rate. Non-graduates of agricultural beneficiaries should be given thorough practical training before their consideration for the agricultural loans.

Supportive services such as inputs procurement, storage facilities, transport facilities and market facilities should be provided and made available to farmers to improve their production.

PROJECT CERTIFICATION AND APPROVAL

This is to certify that this study was carried out by Mr. TOLUWASE, SUNDAY OLUWADARE WRIGHT, in the Department of Agricultural Economics and Extension, Federal University of Technology, Akure.

P B Imoudu — 23/11/18

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DEDICATION

This project is dedicated to God, and to those who made it possible for me to achieve this so far – Late Samuel Ikoleyemi Toluwase, Late Chief L. B. A. Longe, Chief Obamila Toluwase, and to my little son Femi.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Historical Background of National Directorate of Employment (N. D. E.)

The characteristic features of the Nigeria economy in the mid-eighties were, sluggish growth rate, low capacity utilization, high inflationary trend, balance of payment crisis, heavy external debt burden and high level of unemployment particularly among the youth (N. D. E., 1988). The high number of unemployed youths was seen as being capable of leading to antisocial behaviours, such as crime, fraud, armed robbery and prostitution.

As a result, the Federal Government of Nigeria initiated various programmes to tackle this problem. One of these was the establishment of the National Directorate of Employment in November 1986. The Directorate was charged with the responsibility of creating job opportunities and implementing other government programmes towards solving increasing unemployment in the country.

The activities of the Directorate were thus to be carried out through its states' Directorate and the Federal Capital Territory, Abuja.

The Directorate has since launched a number of programmes aimed at creating employment opportunities by providing training, finance and guidance to unemployed graduates and non-graduates. These programmes include:

(i) The Youth Employment and Vocational Skill Development Programme. Schemes under this are:

(a) National Open Apprenticeship Scheme (N. O. A. S.)

(b) School On Wheel Scheme (S. O.W.)

(c) Waste-To-Wealth Scheme (W. T. W.)

(d) Resettlement Loan Scheme (R. L.S.)

(ii) The Small-Scale Enterprises and Graduate Employment Programme. Schemes under this are:

(a) Graduate Loan Scheme

(b) Mature Peoples Loan Scheme

(c) Motorcycle Loan Scheme

(iii) The Special Public Works Programme and

(iv) The Agricultural Pragramme. Scheme under this are:

(a) School Leavers Agricultural Training Scheme

(b) School Leavers Crop Farming Scheme

(c) Graduate Crop Farming Scheme

(d) Graduate Livestock Farming Scheme and

(e) Post Harvest Processing Scheme.

Under the Youth Employment and Vocational Skills Programmes, graduates and non-graduates are allowed to train as apprentices in private and public establishments for a period of time, ranging between six months and three years, depending on choice of trade and educational attainment, after which they are assisted to set up businesses of their own. In the small-scale enterprises programme, the Directorate guarantees loans from banks to young unemployed graduates wishing to set up small-scale enterprises that will engage both themselves and other unemployed person. The special public works programme, however, engages unemployed graduates and non-graduates alike to execute labour intensive construction project such as

community roads, drainage's and buildings in the participants local government areas. For the agricultural programme, the aim is to generate employment for unemployed graduates and non-graduates in the agricultural sector with emphasis on self employment in agricultural production and marketing.

The National Directorate of Employment is thus a credit lending organization that guarantees loans to all credit-worthy unemployed Nigerians. These prospective loan beneficiaries are classified as graduate and school leaver participants. While the graduates embrace holders of certificates from tertiary institutions of learning, the school leavers include primary and all post primary certificate holders. A participant is however assumed credit-worthy if he/she satisfies the following conditions:

(i) readiness to give up one's original copies of educational certificates as collateral, and

(ii) supply of two guarantors that are prominent in the community.

The agricultural programme started in May 1987 in Ondo State and has the following objectives among others:

(a) To accelerate increase in the output of major food crops which in the face of increasing demand, due to increasing population implies shortage of food in terms of quantity as well as quality. This had led to increase in food prices;

(b) To break the vicious cycle of low-income which is typical of the average Nigerian small-scale farmers;

(c) To propagate agricultural education and as such enrich the ideological base of farmers and wipe out problems often associates with illiteracy in farming business;

(d) To broaden the raw materials base of the country's agro-based industries; and

(e) To encourage able-bodies young Nigerians to accept concretely the back-to-land policy of the country (N. D. E., 1987).

To date, a priori investigation has revealed that many unemployed graduates and non-graduates have benefited from the National Directorate of Employment Agricultural Programme in Ondo State.

1.2 The National Directorate of Employment Agricultural Programme in Ondo State

Although the National Directorate of Employment was established in 1986, its branch in Ondo State did not come into existence until May, 1987.

With respect to its agricultural programme, the State National Directorate of Employment implemented the following schemes between 1987 and 1991 to meet its objectives. These are:

(i) School Leaver Settlers Crop Farming Scheme (S. L. S. S.)

(ii) Graduate Crop Farming Scheme (G. C. F. S.)

(iii) Graduate Livestock Farming Scheme (G. L. F. S.)

(iv) School Leavers Farming Training Scheme (S. L. T. S)

(v) The reactivation/establishment of Farm Settlement/Farm Sites

(vi) Procurement of Farm Equipment/Implements

The first three schemes provided direct assistance to participants, in form of loans for the establishment of Agricultural enterprises. The last three facilitated the implementation of the first three.

Under the school leaver farmer training scheme, unemployed young school leavers were first trained in simple theoretical and practical agriculture in order to equip them with the necessary skills required to take up farming as a business enterprises. The duration of the training course is twelve (12) months. After this, they would be settled by the National Directorate of Employment on a farm in the participants local government area or the nearest farm site to participants local government area, to farm two hectares of cleared farm land per farmer. A loan of between ₦6,000 and ₦8,000 is granted, both in cash and kind to a farmer to carry on a farming business.

Whereas, under the graduate agricultural employment scheme, a prospective participant is entitled to a loan of maximum of between ₦11,500 and ₦15,000 for arable crops farming and five hectares of farm land between 1987 and 1991 at the participants local government area or nearest farm site to participants local government area, a loan package of between ₦18,000 to ₦25,000 is given for the livestock/poultry farming during the same period.

For the two types of agricultural loan schemes, loans are granted at an interest rate of 9% per annum repayable over a period of four years after a moratorium period of one year.

To date, about one thousand, five hundred and eighty-seven unemployed graduates and non-graduates distributed to twelve (12) farm sites of the Directorate

have benefited from the various schemes of agricultural programme of the Directorate in Ondo State (see Table 1.1).

Table 1.1: The Distribution of N. D.E.'s Agricultural Beneficiaries in Ondo State (1987 – 1991)

	BENEFICIARIES				
YEAR	S. L.T. S.	S. L. S. S.	G. C.F. S.	G. L. F. S.	TOTAL
1987	250	-	72	28	350
1988	150	85	99	-	334
1989	150	125	100	20	395
1990	150	75	49	-	274
1991	150	65	19	-	234
Grand Total	850	350	339	48	1587

Source: N. D. E. Ondo State Office Annual Report, 1994.

1.3 **Problem Statement**

Agricultural development can occur when there are credit facilities and technical know-how. In similar vein, credit to small-scale farmers in the absence of knowledge and capability to use technology can prove harmful, since farmers can become heavily indebted and unable to pay back (Adegeye and Dittoh, 1985).

Other factors that will enhance proper use of agricultural credit include the availability of technology, such as improved seeds, fertilizer, chemicals, pesticides, at the right time and the assurance of good prices for the products.

Since the inception of the National Directorate of Employment, many participants have benefited from the agricultural programme by obtaining loans from the Directorate to set up either livestock or cropping businesses. This was in consonance with the Federal Government policy of assisting the unemployed youths to set up agricultural enterprises as lucrative business ventures. It was also the expectation of government that in setting up these businesses, participants would create more employment opportunities by employing some farm hands, increase the amount of food available to people and consequently, pay back the loans obtained as at when due, so that such repayment would become revolving.

From the data obtained before the commencement of this study, it was reported that nine years after the initiation of the programme, majority of the participants either partly repaid the loans granted them or not responding to the repayment procedure. This development has adversely affected the programme as the number of loan recipients has been on the decline sine 1990. In fact, the Directorate did not give out any loan for the schemes since 1992, due to low fund released to the programme from the Directorate headquarters (see Table 1.1). There is the need to take urgent and drastic measures if the National Directorate of Employment is to fulfill the objectives for which it was created. The survival and access to loan granting schemes which form the nucleus of the National Directorate of Employment activities can only be guaranteed by faithfully recovering and recycling the loans.

This has been a poser for the officials of the Directorate on why participants have not been able to meet their loan obligation. Was it because the business was not lucrative enough to generate necessary revenue to repay loans? Was the initial capital

for establishing the enterprises not enough to generate a reasonable turn-over that will cover operating costs and yield profits to enhance loan repayment? Was the method employed in granting the loan faulty or were there other factors that prevented the participants from meeting their obligations? Or did the participants regard the loan as a social service (National cake) that was not supposed to be paid back?

This study is being carried out therefore, to assess the loan repayment profile of the participants of the agricultural programme in Ondo State with a view of offering some suggestions for its improvement.

1.4 Research Objective

The major objective of the study is to make a comparative study of loan repayment amongst beneficiaries of the National Directorate of Employment Agricultural Programme in Ondo State.

The specific objectives are:

(i) to make a study review of National Directorate of Employment agricultural loan schemes;

(ii) to determine the amount of income generated by graduate farmers and school leaver settlers under the scheme;

(iii) to examine the level of loan repayment amongst the recipients;

(iv) to study the relationship between loan repayments and their associated factors amongst the categories of farmers;

CHAPTER TWO

2.0 LITERATURE REVIEW

This review of literature broadly focuses on employment, credit, reasons for poor loan repayment and loan transaction cost and recovery.

2.1 Employment

Employment as used in economics refers to the utilization of factors of production such as land, labour and capital in the production and distribution of goods and services. The concept is most commonly used however, to describe labour utilization. Thus, employment is atimes taken to be a way of tapping human resources. Mcconnell (1982), says there are two facets of economic efficiency that of providing jobs for those who are able and willing to work and that of using unemployed resources in the most efficient manner. According to him, economic efficiency is achieved when full employment and full production are realised or, stated in another way, when unemployment and under-employment are avoided. A worker is unemployed when he is involuntarily out of work. In defining unemployment, most countries follow the International Labour Organizations recommendations of regarding the reference period as one week. Part-time workers are included in the total number of the employed and unemployed include those who did not work or those who worked for less than a day during the reference period (Squire, 1981).

In the same vein, Abubakar (1989), defined employment as any legitimate activity which provides man not only the means with which to sustain himself and his family, but also the out-let through which he can express his ideas and his creativity.

Under employment on the other hand, is the incessant or continuous under-utilization of a person's capability in any activity in which the person is gainfully employed and finally, unemployment is a situation in which an able bodied person, who is fit and willing to work is unable to do so because of lack of opportunity to secure such work. To buttress the above definition, Todaro (1984), defined full employment as a situation in which anybody actively wanting a job can find it at the prevailing wage rate, and after being given a job, he works in the most efficient way. As a corollary, according to him, a situation in which a person seeking for job cannot get one at the normal wage rate or when he gets a job but not utilized in the best way is referred to as unemployment.

According to him, unemployment has been classified into six main types, namely: Under-employment, Disguised, Structural, Frictional, Cyclical Unemployment and Clandestine employment.

Mcconnell (1982), defined structural unemployment as a situation in which important changes occur, over time, in the structure of consumer demand and technology, which in turn alters the composition of the total demand for labour. Unemployment results because the composition of the labour force does not respond quickly or completely to the new structure of demand. As a result, some workers find that they have no readily – marketable talents; their skills and experience have been rendered obsolete and unwanted by changes in technology and consumer demand.

He also defined frictional unemployment as a situation in which, given the freedom of occupational and job mobility at any point in time, some workers will be in the process of voluntarily switching jobs. Others will be have job connections but will

be temporarily laid off because of seasonality (such as when there is bad weather in the construction industry). And there will be some workers, particularly young people, looking for their first jobs. Frictional unemployment is regarded as inevitable and, at least in part, desirable. Desirable because workers typically move from low paying, low-productivity jobs to higher paying, high productivity positions. This means more income for workers and a better allocation of labour resources and, therefore, a larger real output for the economy as a whole.

Ogbe (1986), described frictional unemployment as the result of the rate at which people change their jobs or of the length of waiting period for new workers to secure jobs. He asserts further that this inevitable form of unemployment is somewhat tolerable in an economy to stimulate the labour market. Dominic (1988), is therefore of the fear that the effect can be very devastating if ultimately the bread-winner of a family finds no job.

The difference between frictionally unemployed workers are not readily re-employable without training, additional education and possibly geographic movement, Ogbe (1986) concluded.

Mcconnell (1982), in his own contribution defined cyclical unemployment as one that is caused by business cycles, by a deficiency of aggregate demand. According to him, the overall level of business activities decreases, unemployment increases and vice versa.

Akinnifesi (1986), finally describes the cyclical type as a temporary milieu following the oscillating periods of boom and depression in the labour market. He

again defined structural unemployment as one that arises from changes in the composition and pattern of domestic production, investment and consumption.

DeGrazia (1984), says that "Underground economy" (or "the other", "secondary", "hidden", "black", "informal", or "parallel" economy) refers to that sector of the economy whose existence, for reasons that may be voluntary (choice of approach) or involuntary (clandestinity), goes unrecorded in National accounts, Gross National Products of official figures for National Wealth. His, is one of the varied definitions of the unofficial economy. The phenomenon may encompasses quite different and sometimes contradictory social and economic realities depending on the approach used and the country concerned.

He admits that clandestine employment is the back bone of the underground economy but, it is by no means, its only component. Other terms have been used to include; "illegal", "non-institutional", "twilight" or "undeclared". Its definition has not been easy, but, an International labour review article's definition may suffice. It defines clandestine employment as any sole or secondary, gainful, non-casual occupation that is carried out on or before the fringes of the law or that of regulations and agreements. It has been used to refer to certain types of fringe employment carried out on a casual impermanent basis (such as voluntary work, help given free of charge to neighbours, do-it-yourself work, mutual help etc.).

In summary, open unemployment can be regarded as a situation in which human resources are not tapped at all. But, when these resources are poorly tapped and, therefore, giving rise to a difference between an economy's actual output and its productive potential, (Gross National Product Gap) is is under-employment.

Generally, unemployment poses a threat to any economy in terms of resources or welfare cost apart from its potential as a sources of political and social instability. With a sizeable proportion of the labour force not gainfully employed, total output falls below its potential level, thereby generating costs that are expressed in terms of output forgone.

Ogbe (1986), identifies these costs as including the enormous loss of human resources in terms of either energies or knowledge and skills already acquired but not put to any use. Secondly, is that, the economy incures welfare costs when unemployed person get demoralized and suffer from loss of income and self esteem as the period of unemployment gets unduly prolonged. Thirdly, that a significantly high rate of unemployment in any country, leads to all sorts of social harassements such as corruption and armed robbery.

Several factors have been attributed to causing unemployment. But, in general, while they mainly reflect inadequate demand in developed countries, they in addition, mimic under employment in developing countries (Daramola, 1988).

Bose et. al. (1983), discovered, in a study carried out in West Bengal, North Eastern State of India, that the main reasons why some graduate job seekers failed to secure jobs were due to lack of assistance from friends and relations and lack of political connections. They also discovered from the study that, in West Bengal, persons were placed on jobs where the incumbents' graduate level subjects or post graduate level specialisations were not really needed. Most of the graduates were under-employed as a large majority of them from arts and similar subjects, as well as from the sciences, were employed merely as clerks/assistants. The situation was attributed to the fact that there were more than the required number of graduates in any professional or technical field in the employment market, which is a pointer to any

employment practice that does not place much correspondence between courses and job requirements.

As part of the causes of unemployment and slow pace of rural transformation in Nigeria, Chuta, and Sethuraman (1984), claim that the planning framework does not recognise rural small-scale industries existence. The overall economic policies, while favouring large scale capital intensive industries, either discriminates against rural small-scale industries or cannot be exploited by them owing to lack of accessibility.

It has also been noted that several agricultural policies have, however, directly or indirectly worsened the employment situation in Nigeria. Among this is farm mechanization. Titilola and Igben (1985), highlights that, short life of tractors and equipment due to corrosion and poor maintenance and operation, poor management, low degree of utilization, inappropriateness of equipment for Nigerian soil, diverse sociological problems, and problems associated with poor clearance and size of fields affecting agricultural mechanization have largely inhibited employment promotion. These problems are however, not unconnected with prestige, inadequate appraisal, foreign suppliers and lack of adequate alertness for Nigerian small holders.

Fabiyi *et. al.* (1988), are however of the view that fiscal and monetary policies at the national level that are not effectively coordinated contribute greatly to employment problem in Nigeria. To them, expanded agricultural exports, despite the gloomy world picture, are major potential source of employment expansion. Furthering their argument, they opines that degenerating employment opportunities in Nigeria have been caused by the involvement of government in direct agricultural production and large scale plantations including state farms. Most striking however, is that, in

spite of the huge investment of government in such ventures, substantial amount of total agricultural output and employment opportunities still come from the small holder farmers, they clarified.

ECA (1989), reveals that agricultural research has not been effective in Nigeria due to inadequate research findings, inadequate research staff, lack of research materials, and lack of effective system for disseminating research findings; and that all these directly affects the situation in the country. Also, in his assessment of agricultural research policy in Nigeria. Ojo (1989), stated that the efficiency of agricultural production is a reflection of the level of technology and the level at which resources, including human, are being committed to food production.

Based on this poor employment situation, the following strategies will largely redress the problem. These includes, promotion of industrialisation through proper articulation and understanding of the role of small scale industries and giving access to sufficient institutional credit. Others include alleviation of organisational deficiencies arising from purchasing, production and marketing problem and enhancement of the level of technology in the small scale industries (Fabiyi, et. al., 1988). Also are support of agriculture through input supply, marketing, effective land reform, better pricing of products, and credit (Mellor, 1981; Abalu, 1983, and O. A. U., 1985). They however support the view that the only and immediate solution to unemployment is the formation of capital for production purposes. It is probably in an attempt to address the problems of rural development and unemployment that the Federal Government decided to create the National Directorate of Employment for unemployed youths most especially in the agricultural sector.

2.2 Credit

Many definitions have been used to described credit. There seems to be an agreement by most scholar that credit is an asset which is owned by a borrower in exchange for loan, and that, the more the loan is being taking, the diminishing the credit or capacity to borrow becomes. In support of this, Baker (1973), defined credit, as an assets of financial reserve which the borrower can call upon when need arises; provided he has not exhausted it by exchanging it for loan. In the same vein, Miller (1977), regards credit as a temporary transfer of capital ownership with a promise to pay in the future the principal and a proportion called interest. Loan on the other hand, is what is obtained when credit is extended to a borrower. He emphasized further that "credit or loanable fund permits the purchasing of services, money or goods in the present based on the promise to pay for them at sometime in the future, thus providing a means for temporary transfer of assets or the use of such assets from a man or an organization who has them to a man or organization that has not".

Credit and loan have often been used synonymously, however, loan is precisely what is obtained when a credit is extended. Hence, credit, rather than being an end in itself is merely a means to an end.

Credit is believed to play an important role in agriculture. In evaluating credit programmes, most scholar have based their assessment on the traditional concept of credit as an input. Von Pischke and Adams (1980), believes that farmers have specific credit needs that can be met by delivering pre-determined amount of loan to farmers.

Consequently, policy makers and sponsors have been led to measure the impact of loans in terms of the additional hectarages of crops cultivated, extra tonnes produced and additional income generated. Durojaiye (1987), agrees with this view of credit when he says that the manifestation of low returns in agriculture is in the perpetual vicious low income cycle to which a typical Nigerian farmer belongs. And thus, with little income from preceeding cropping season, the farmer enters yet another cropping season with even less capital than he did in the last season, and therefore in no financial position to invest in capital inputs like improved seeds, insecticides, pesticides and fertilizer among others; the absence of which makes the chances of recording any improvement in returns gloomy. He therefore, calls for loan as an urgent need for a structural transformation of Nigerian agriculture.

Famoriyo and Imoudu (1986), in their contribution, said that agricultural credit is the acquisition of, and control over funds, at a cost, for a specified time period. At the end ot the contract period, the control ceases and the funds reverts to the creditor.

Agricultural credit by itself, refers specifically to the process of obtaining control over the use of money, goods and services in the present in exchange for a promise to repay at a future date (Adegeye and Dittoh, 1985).

Famoriyo and Imoudu (1986), further viewed agricultural credit as "aids in form of capital and materials" which go to encourage farmers to increase their farm production and related agricultural activities. Agricultural credit derives its role in the agricultural development theory from a fundamental conception.

While Famoriyo and Nwagbo (1981), are of the opinion that agricultural development is a process that involves adoption by farmer (particularly small scale

farmers) of new and better agricultural practices, Durojaiye (1987), revealed that most of these new practices have to be purchase, and thus, with little income from the preceeding cropping season, only few farmers have the financial resources to actually finance the purchases since they are is no financial position to invest in capital inputs and other improved agricultural practices. From experience, it has been found that the rural capital market has not and cannot supply the needed fund to buy and maintain such innovations. When things are such as these, then agricultural development process becomes stunted, (Famoriyo and Nwagbo, 1981). Credit is therefore acknowledged to be important and necessary in nearly all farm businesses. It is a unique resources, since it provides the opportunity to use additional inputs or new technology and capital items now and to pay the cost from future earnings.

Durojaiye (1987), says that all categories of farmers (small, medium and large scale farmers) really demand credit but also found out that the society seemed to react more favourably demand of large scale farmers that those of small ones because of their credit worthiness. He strongly argued that the potential to improve Net Farm Income should be one of the determining factors in the decision of whether or not to use credit.

Credit which is derived from the Latin word "credo" which means "I believe". Credo has been interpreted by Famoriyo and Igben (1978), to mean the belief of the lender in the ability and willingness of the borrower to fulfill his financial obligations. Nelson, Lee and Murray (1980), and Imoudu (1986), defined credit as a "monetary or financial aspect of capital" which can take such form as "money in cash or bank drafts and in kind as a biological and physical capital purchased and supplied to product".

Credit, is that part of agricultural finance which is the economic study of the acquisition and the use of capital in agriculture; with this, the importance of credit in agriculture can also be stressed by its high demand in the developing countries, (Adegeye and Dittoh, 1985). According to them, however, supply is very low despite the high demand.

Okorie (1988) and Toluyemi (1996), identified two sources of credit availabilities as formal and informal sources. The informal sources otherwise called non-institutional sources include friends, relative, private money lenders, rotating credit societies and merchant traders. Miller (1977), stated that the informal sector accounted for 26.9% by number of those using it. The study also revealed that 14.3% of the farmers used formal credit.

The formal sources or institutional credit on the other hand consist of public and private credit institutions such as commercial banks, government owned agricultural credit corporations, cooperative societies, merchant banks and similar institutions.

In appraising these sources, the informal sources constitute an important source of credit to small holder farmer because of easy accessibility and minimal formalities in obtaining loans. However, the loans given out from this source have prohibitive interest rate which range from 20 – 200% (Toluyemi, 1996). The formal sources have not performed well either. Okorie (1988), stated that the overall performance of commercial banks in agricultural sector finance fell below the minimum target set by the Central Bank of Nigeria with an annual average of 7.1% in 1984 even with Agricultural Credit Guarantee Scheme.

Despite all this, Famoriyo and Imoudu (1988), contend that even though an average Nigerian farmers still continues to rely on non-formal credit and are not enthusiastic about formal sources of loans, formal institutional credit provides the most appropriate source of loanable funds inspite of cumbersome and delay procedures. This is because of the magnitude of credit required and the intricacies involved in credit administration and favourable interest rate. Miller (1977), however, supports the crucial role of credit whatever the source in agriculture. He concluded that credit can only be beneficial to agriculture when:

(i) it is time, place and technologically specific;

(ii) agricultural research is given prime opportunity to develop superior techniques;

(iii) farmers are willing to adopt new innovations and change from their conservativeness; and

(iv) there is ready market for farmer's produce.

On the whole, it is by far not easy to dismiss any of these views; this is because the key fact that credit can lead to greater productivity remains a point of intersection between them.

As a pre-requisite, credit institutions usually require them from borrowers, evidence of capability for loan repayment called collateral. Collateral is a measure of credit worthiness, it is also a function of the ability and willingness to repay the loan (Von-Pischke, 1981).

Okorie (1988), explicity categorised problems of small holder agricultural credit as farm oriented, bank oriented and government oriented. Accordingly, the farm

oriented problem include lack of suitable security for loans, illiteracy among farmers, risk averse, poor management of funds, small fragmented holding and risks and uncertainties surrounding agriculture. While the bank oriented problems include high administrative costs, inadequate rural branch network, inadequate staff to administer, monitor and supervise the loans. The government related problems include frequent inconsistent government policies such as import and export regulations on farm commodities, that is, banning and unbanning food and farm input, changes on interest rate, inadequate infrastructural facilities such as extension services, marketing, transportation and inadequate research report. The farmer's inability to fill bank forms, keep farm accounts and poor management of fund was inextricably linked to illiteracy and hence farmers divert loans to unintended use (Okorie, 1988).

Famoriyo (1977), stated that the deterrent to the flow commercial bank loans to small holder farmers entails high administrative costs, difficulties of supervision and recovery of loans, lack of collateral security and high default rates.

According to Ewuola (1980), peasant credit schemes via government and government agencies have not been too successful largely because of poor loan repayment by beneficiaries. The loan recovery rates have been low even with supervision and careful selection of beneficiaries. This is also linked with land title problem in developing countries.

Harold (1980), quite agrees with the prevalence of low repayment rates in developing countries. He found out that Costa-Rica, in contrast, has not much problem in their credit system. He specifically emphasizes that, repayment is higher for agricultural loan than others.

In conclusion, Yotopolous (1980), reported that, the net income from the use of loan by beneficiaries may a times not live up to expectation as to allow for appreciable repayment for a number of reasons including:

(i) lack of profitable technology;

(ii) unsatisfactory market condition; and

(iii) all other natural forces beyond borrowers control.

According to him, when repayment remains impossible, farmer prefers running away from their credit organization or becoming disloyal through low repayment.

2.3 Reasons for Poor Loan Repayment

Loan delinquency is a serious problem to most agricultural lending institutions. Herber (1983), stated that loan overdue occurs for three general reasons which are as follows: farmers ignorance of economic returns from new practices, such a situation may lead to their failure to use borrowed funds for productive purposes. Secondly, bad weather, natural disaster of various kinds or a fall in prices of farm products owing to changing economic conditions may bring about adverse outcomes which require renewal or extension of the loan. The third reason include a variety of forces which are not related to an inability but rather a refusal to pay. Farmers sometimes have the impression that credits is a gift made to ensure their loyalty to a government.

Akinwumi (1991), in his paper tilted "Cooperatives Export Markets and Agricultural Loan Recovery", indicated that banks that were being compelled to extend credit to their farmers find it highly risky and burdensome and would rather avoid lending because farmers often fail to pay back the loans. One of the reasons why farmers

default in loan repayment he attributed to their inability to sell their crops profitably. While Esubi (1991), in his paper, titled "Agricultural Loan Default and Recovery Problems, suggested that failure of bank's management to establish sound lending policies, adequate credit administration procedure and failure to monitor lending function within the established guidelines result in poor quality loan extension.

Adegeye (1991), in a paper titled "An Exploratory Analysis of the Disbursement, Monitoring and Recovery of Agricultural Loan in Nigeria", suggested that most beneficiaries of loan under various agricultural schemes consider such as grants by the government to encourage agricultural production.

Miller (1977), therefore found out that for production loans to achieve positive results, it is usually necessary that the credit is closely coordinated with other programmes such as providing the farmer-borrower with effective education about profitable improved practices, timely and adequate supplies of inputs and satisfactory market outlets.

Kyari (1992), in a paper presented on loan repayment traced the bad debts to lack of adequate knowledge of the loan seeker and that the main test of an applicant's loan request is the ability to repay from sources that are reasonable, certain and adequate.

Ndekwu (1994), in his own contribution reasoned that a debt previously judged bad or lost could wake up and become functional if serious efforts are made to recover it through proper repayment schedule.

Akinwumi and Ajayi (1990), in their work on the role of a loan repayment capacity in small farmers credit administration, discovered that farm size, family size,

scale of operation, family living expenses and exposure to sound management techniques were some of the factors that can influence the repayment capacity of farmers. They suggested that the production environment of every potential small scale borrowers should be closely studied before they are given any loan.

2.4 Loan Transaction Cost and Recovery

Loan transaction cost includes all costs incurred in the administration of a loan, with the lender. It can be divided into direct and indirect costs. Direct costs are unavoidable costs incurred by lending institutions and it includes the cost of loanable funds, administration, cost of collecting, repayment, risks of delinquencies and bad debts. Fees or insurance premium payments related to the loan and tax payments on gross earnings. On the other hand, indirect costs are those associated with functions performed by the government agencies such as the cost of farm management, extension and crop insurance schemes. Institutions with very high cost figure are probably providing farmers (borrower) more services or that the programmes are new and small in size and have already hired staff that will enhance it success (Harold, 1980).

The group approach for handling small loans has several important potential advantages. One important opportunity it offers is for reducing the prohibitive administrative costs involves when a public credit agency gives very small loans to individuals. Therefore, loan recovery may be improved through the group's responsibility for repayment. Social pressure on delinquent members and arrangement for deducting loan repayment from the proceeds of marketing the borrower's farm

products (Okoro, 1990). He also proposed group loan as a way to minimize the cost of lending money to small scale farmers as this will aid the recovery of outstanding loan.

On the whole, FAO (1989), proferred the following recommendations for effective and successful agricultural credit programme in developing countries among which are:

(i) Direct access of borrowers to the credit institutions.

(ii) The need for oriented and flexible credit programmes which reflect on the objective investment requirements and opportunities and the subjective demands of fisher folk and at the same time take into account the organizational preparedness of the financial institution and other cooperating agencies.

(iii) Short time span between loan application and disbursement through quick and technically sound appraisal of loan applications.

(iv) Close cooperation between financial institutions and borrower administration extension services.

(v) Proper monitoring and supervision of loan use and repayment.

(vi) Special arrangements for arrears control and appropriate mechanisms for treatment of bad and doubtful debts.

The review had been able to act as a pointer to unemployment, its causes as well as all forms of unemployment and how to achieve full employment. It also enables the researcher to know how credit could be extended, and the recovery problems. Finally, it gives insight into how loan so extended can be adequately recovered or repaid and the ways to achieve full repayment.

CHAPTER THREE

3.0 METHODOLOGY

3.1 Area of Study

The study was carried out in Ondo State. The study covered loans disbursed to beneficiaries of school leaver settlers and graduate crop farmers of the Agricultural Programme of the National Directorate of Employment in Ondo State.

3.2 Pre-Testing of Questionnaire

The interview schedule used for the study was pre-tested in two (2) farm sites different from the farm sites selected for the study. This was to enable the researcher correct errors, misinformation such as ambigous questions so that appropriate information could be collected. The schedule was amended as found necessary before the administration of questionnaire used for the study.

3.3 Source of Data

The data used were collected from both primary and secondary sources. The primary data were gathered from the beneficiaries of the National Directorate of Employment Agricultural Programme in Ondo State. Both graduate and school leaver farmers schemes were covered and details about the disbursement of the loans, the amount granted, time of disbursement, hectarage cultivated, income generated, loan repaid and other important information concerning the schemes were gathered through the use of structured, pre-tested questionnaire.

One hundred and fifty copies of questionnaire were administered.

Secondary data were sourced from relevant texts and institutions such as the National Directorate of Employment documents, Central Bank of Nigeria, Federal Office of Statistics, etc.

3.4 Sampling Technique and Data Analysis

In order to achieve the objective of this study, a stratified simple random sampling technique was used whereby seventy-five graduate crop farmers out of three hundred and thirty-nine (339) graduate crop farmers and seventy-five school leaver farmers out of three hundred and fifty (350) school leaver farmers were randomly selected and interviewed from randomly selected five farm sites out of the existing twelve farm sites. The data used for the analysis were taken from the one hundred and fifty copies of questionnaire comprising seventy-five school leaver farmers and seventy-five graduate farmers. The seventy-five graduate farmers were further categorized into twenty-nine (29) graduates of agriculture (taken from one hundred and twenty-three (123) graduates of agriculture) and forty-six (46) non-graduates of agriculture (taken from two hundred and sixteen (216) non-graduates of agriculture).

Descriptive statistics and quantitative techniques were used in the analysis of the data collected. The use of computer was employed for easy analysis of results.

The information gathered was expressed in terms of frequencies and percentages. Also ordinary least square multiple regression analysis and t-test were used where relationship between groups were to be established.

3.5 Analytical Techniques

The descriptive approach centered on demographic information, loan repayment and income characteristics of the beneficiary, using means, percentages distribution while the quantitative method was involved in:

(i) estimation of loan repayment using the ordinary least square multiple regression; and

(ii) testing of hypotheses using t-test to determine the average pattern of loan repayment and income generation among the different categories of farmers in the National Directorate of Employment Agricultural Programme.

3.6 Model Specification

The variables highlighted are broadly classified as:

1. economic variables, which affect individual farmers relative pay-off from the farming activities e.g. increase in yield or increase in price.
2. Sociological variables, which influences farmers commitment e. g. ability for alternative income apart from farming.
3. Technical variables, e. g. the occupation of farmer's parent which affect farmers skill in the National Directorate of Employment farming scheme.

The specific variables examined are:

X_1 = Total net income derived from the loan obtained from the National Directorate of Employment. The a priori expectation is a positive relationship. Thus, it is expected that the higher the amount of income generated from the loan obtained, the higher the amount he/she devoted for loan repayment. This is an economic variable.

X_2 = Total income derived from sources outside the National Directorate of Employment. This economic variable is assumed to have a positive relationship with loan repayment.

X_3 = Total loan taken outside the National Directorate of Employment. The a priori expectation is a negative relationship. This is because borrowers prefer to repay outside loans at the expense of government loans. It is also an economic variable.

X_4 = Location of farm site. Farmers farming in their local government area of origin must have been well adapted to all conditions in their farm sites which can manifest in high productivity and this will have a positive relationship with loan repayment.

X_5 = Total number of visits made by the National Directorate of Employment officials to farmers on their farms. This factor which enhances both skill and commitment is expected to have a positive relationship. Thus, the more supervised farmers are, the more they remember to liquidate their indebtedness.

X_6 = Occupation of farmers' parents. This is a technical factor which will have a high relationship with productivity if ones parents are farmers, since it will

affect skill of farmers hence leaving him with appreciable income of which a part can be devoted to loan repayment.

X_7 = Age. This is a sociological factor. It is assumed that, the more matured a farmer is in terms of age, the more he will be dedicated to his business. The level of maturity invariably affects loan repayment.

X_8 = Specialization. Farmers with formal agricultural training, especially the graduate crop farmers, since all the school leaver settlers undergo one year training in formal agriculture before becoming settlers.

3.7 Estimation Procedure

The ordinary least square multiple regression estimation procedure was adopted. This was done by first estimating the sole effect of loan repayment on several factors/variables. A series of correlation matrices were produced and relevant predictors variables X_1 to X_8 listed above were selected and used for the regression model because they did not reveal any multi-collinearity effects with loan repayments.

The multiple regression model is stated as:

$$Y_G = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4\ \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + \Sigma_i \quad \text{..... (i)}$$

Where Y_G = Dependent variable/loan repayment for graduate

X_1, X_2 ..... X_8 = are the predictors/independent variables

β_0, β_1 ..... β_8 = are parameters in the population model

Σ_i = Random error component

However, b_0, b_1 ....., b_8 are sample estimates of β_0, β_1, ... β_8

$Y_s = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \mu_i$ ..... (ii)

Where Y_s = Dependent variable/school leavers loan repayment

$X_1, X_2, \ldots X_7$ = are the predictors/independent variables.

$\beta_0, \beta_1, \ldots \beta_7$ = are parameters in the population model.

μ_i = Random error component.

However, $b_0, b_1, \ldots b_7$ are sample estimates of $\beta_0, \beta_1, \ldots \beta_7$

Assumption

Some of the following assumptions were used to carry out the analysis

1. The population of Y_G and Y_S values are normally distributed around the population regression line. This assumption is rarely met precisely in practice, but as long as the Y_G and Y_S values are approximately normally distributed, regression procedures will yield accurate results. It is only when the dependent variables are considerably non-normal that inaccurate results can be expected.
2. The degree of dispersion of Y_G and Y_S values around the regression line remains constant everywhere along the line (constant variance homoscedasticity). This assumption implies that the dispersion of Y_G and Y_S values do not change as X increases or decreases. Violation of this assumption is called heteroscedastity and can produce inaccurate confidence intervals for Y_G and Y_S.

3. The residuals (error terms) are independent of each other. This assumption implies that a random sample of objects has been selected from the population for measurement.

4. A linear relationship exists between the dependent variable and the independent variables (or predictor variables).

5. The error term are assumed to be normally distributed with constant variance (Hanke, et. al., 1991).

3.8 Hypothesis Testing

The hypothesis testing made use of t-test to establish relationship between the groups.

The tests were carried out to determine whether there were significant differences between the average amount of income generated and average amount of loan repaid by the graduate farmers and their school leavers counterparts. Similarly, the t-tests were also conducted to know whether there were significant differences between the average amount of income generated and average amount of loan repaid by the graduate of Agriculture and non-graduate of Agriculture farmers. There were forty-six (46) non-graduates of Agriculture and twenty-nine (29) graduates of Agriculture. A stratified random sampling with proportional allocation method was used to select sample.

These hypotheses are:

I. Ho: There is no significant difference between the average amount of income generated by the graduate crop farmers and their school leavers counterpart.

H_1: There is a significant difference between the average amount of income generated by graduate crop farmers and their school leavers counterpart.

$$t = \frac{\bar{x}_G i - \bar{x}_S i}{\sigma \bar{x}_G i - \bar{x}_S i \sqrt{1/n_G i + 1/n_S i}} \text{ with } (n_G i + n_S i - 2) \text{ degrees of freedom}$$

where $$\sigma \bar{x}_G i - \bar{x}_S i = \sqrt{\frac{(n_G i - 1) S^2_G i + (n_S i - 1) S^2_S i}{n_G i + n_S i - 2}}$$

$$S_G i = \sqrt{\frac{\Sigma (X_G - \bar{x}_G)^2}{n_G i - 1}} \quad \text{and} \quad S_S = \sqrt{\frac{\Sigma (X_S i - \bar{x}_S i)^2}{n_S i - 1}}$$

where $\bar{x}_G i$ = Average income for graduates

$\bar{x}_S i$ = Average income for school leavers

$S_G i$ = Standard deviation for graduate farmers

$S_S i$ = Standard deviation for school leavers

$n_G i$ = Sample size for graduates (75)

$n_S i$ = Sample size for school leavers (75)

II Ho: There is no significant difference between the average amount of loans repaid by the graduate crop farmers and their school leavers counterparts.

H_1: There is a significant difference between the average amount of loans repaid by the graduate crop farmers and their school leavers counterparts.

$$t = \frac{\bar{x}_{GL} - \bar{x}_{SL}}{\sigma\bar{x}_{GL} - \bar{x}_{SL}\sqrt{1/n_{GL} + 1/n_{SL}}} \text{ with } (n_{GL} + n_{SL} - 2) \text{ degrees of freedom}$$

$$\sigma\bar{x}_{GL} - \bar{x}_{SL} = \sqrt{\frac{(n_{GL}-1)S^2_{GL} + (n_{SL}-1)S^2_{SL}}{n_{GL} + n_{SL} - 2}}$$

$$S_{GL} = \sqrt{\frac{\Sigma(X_{GL} - \bar{x}_{GL})^2}{n_{GL} - 1}} \quad \text{and} \quad S_{SL} = \sqrt{\frac{\Sigma(X_{SL} - \bar{x}_{SL})^2}{n_{SL} - 1}}$$

where X_{GL} = average loan repayment for graduates

X_{SL} = average loan repayment for school leavers

S_{GL} = standard deviation for graduate farmers

S_{SL} = standard deviation for school leavers

n_{GL} = sample size for graduates (75)

n_{SL} = sample size for school leavers (75)

III Ho: There is no significant difference between the average amount of income generated by graduate of Agriculture farmers and their non-graduates of Agriculture farmers.

H_1: There is a significant difference between the amount of income generated by the graduate of Agriculture farmers and their non-graduate of Agriculture farmers.

$$t = \frac{\bar{x}_{AG} - \bar{x}_{NAG}}{\sigma\bar{x}_{AG} - \bar{x}_{NAG}\sqrt{1/n_{AG} + 1/n_{NAG}}} \text{ with } (n_{AG} + n_{NAG} - 2) \text{ degrees of freedom}$$

where $\sigma\bar{x}_{AG} - \bar{x}_{NAG} = \sqrt{\frac{(n_{AG} - 1)S^2_{AG} + (n_{NAG} - 1)S^2_{NAG}}{n_{AG} + n_{NAG} - 2}}$

$S_{AG} = \sqrt{\frac{\Sigma(X_{AG} - \bar{x}_{AG})^2}{n_{AG} - 1}}$ and $S_{NAG} = \sqrt{\frac{\Sigma(X_{NAG} - \bar{x}_{NAG})^2}{n_{NAG} - 1}}$

Where X_{AG} = average income of graduate of agriculture farmers.

S_{NAG} = average income of non-graduate of agriculture farmers

S_{AG} = standard deviation for graduates of agriculture

S_{NAG} = standard deviation for non-graduates of agriculture

n_{AG} = sample size for graduates of agriculture (15)

n_{NAG} = sample size for non-graduates of agriculture (25)

IV Ho: There is no significant difference between the average amount of loans repaid by graduate of agriculture farmers and their non-graduate of agriculture farmers.

H_1: There is a significant difference between the average amount of loans repaid by the graduate of agriculture farmers and their non-graduate of agriculture farmers.

$t = \frac{\bar{x}_{AGL} - \bar{x}_{NAL}}{\sigma\bar{x}_{AGL} - \bar{x}_{NAL}\sqrt{1/n_{AGL} + 1/n_{NAL}}}$ with $(n_{AGL} + n_{NAL} - 2)$ degrees of freedom

where $\sigma\bar{x}_{AGL} - \bar{x}_{NAL} = \sqrt{\frac{(n_{AGL} - 1)S^2_{AGL} + (n_{NAL} - 1)S^2_{NAL}}{n_{AGL} + n_{NAL} - 2}}$

$S_{AGL} = \sqrt{\frac{\Sigma(X_{AGL} - \bar{x}_{AGL})^2}{n_{AGL} - 1}}$ and $S_{NAL} = \sqrt{\frac{\Sigma(X_{NAL} - \bar{x}_{NAL})^2}{n_{NAL} - 1}}$

Where X_{AGL} = average loans repaid by graduate of agriculture farmers

X_{NAL} = average loans repaid by non-graduate of agriculture farmers

S_{AGL} = standard deviation for graduates of agriculture

S_{NAL} = standard deviation for non-graduates of agriculture

n_{AGL} = sample size for graduates of agriculture (15)

n_{NAL} = sample size for non-graduates of agriculture (25)

CHAPTER FOUR

4.0 DATA ANALYSIS AND INTERPRETATIONS

The analysis, interpretation and discussion of findings is presented here, in line with stated specific objectives.

4.1 Demographic Information

(i) Sex of Respondents

Table 4.1 shows the distribution of respondents according to sex, one hundred and thirty-seven (137) of the total respondents were males having a relative frequency of 91.33%. The remaining thirteen (13) respondents were females representing a relative frequency of 8.67%. These thirteen females comprises of eight respondents from school leavers scheme and five from graduate crop farming scheme.

The distribution is not unexpected since men are more prominent in the National Directorate of Employment Agricultural Programmes than women and also men are more prominent in agrarian communities, like in Ondo State as well as most part of the country in farm business.

Table 4.1: Distribution of Respondents according to Sex

Sex	Absolute Frequency	Relative Frequency	Cumulative Frequency
Male	137	91.33	91.33
Female	13	8.67	100.00
Total	150	100.00	

Sources: Field Survey,1996.

(ii) Marital Status

The distribution of respondents according to the marital status shows that 20% of the graduate farmers were single and the remaining 80% were married, while 62.67% of the school leaver farmers were single and the remaining 27.33% were married. This shows that the majority of graduate farmers are more matured and have family responsibility.

Table 4.2: Distribution of Respondents according to Marital Status

	Graduates		School Leavers	
Marital Status	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Single	15	20.00	47	62.67
Married	60	80.00	28	27.33
Total	75	100.00	75	100.00

Source: Field Survey, 1996.

(ii) Age of Respondents

The distribution of respondents according to age is as shown in Table 4.3 among the school leaver farmers, majority of the respondents had ages between 25 –30 (62.67%). This shows that they are generally younger in age than the graduate farmers with exception of 1.33% respondents having age above 45 years. The graduate farmers had a spread through the age categorization and none of them was below 25 years and above 45 years.

Table 4.3: Distribution of Respondents according to Age

	Graduates		School Leavers	
Age in Years	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Less than 25	0	0.00	8	10.67
25 – 30	29	38.67	47	62.67
31 – 35	19	25.33	14	18.67
36 – 40	20	26.67	4	5.33
41 –45	7	9.33	1	1.33
Above 45	0	0.00	1	1.33
Total	75	100.00	75	100.00

Source: Field Survey, 1996.

(iv) Family Size

The family size in this study comprises of the respondents, their wife/wives, children and the dependants. Majority of the school leavers farmers (53.33%) had family size of between 1 – 2 and only 1.33% of them had family size of above 10. While only 16% of graduate farmers had family size of between 1 – 2 and 4.00% had family size of above 10.

The higher number of family size among the graduate farmers may probably have due to age and their marital status. This is because graduate farmers were older than their school leaver counterparts and most of them were married.

Table 4.4: Distribution of Respondents according to Family Size

	Graduates		School Leavers	
Family Size	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
1- 2	12	16.00	40	53.33
3 – 4	20	26.67	14	22.67
5 - 6	27	36.00	11	14.67
7 –8	10	13.33	5	6.67
9 – 10	3	4.00	1	1.33
Above 10	3	4.00	1	1.33
Total	75	100.00	75	100.00

Source: Field Survey, 1996.

4.2 **Location of Farm Sites**

The distribution of respondents to location of farm sites shows that among the graduate farmers, 28% had their farm sites located within their Local Government Areas of origin, while 72.00 of their farm sites were located outside their Local Government Area. In the case of school leaver farmers, 40% had their farm sites located within their Local Government Areas, while 60% of them had their farm sites located outside their Local Government Areas.

Table 4.5: Distribution of Respondents according to the Location of Farm Sites

	Graduates		School Leaver	
Location of Farm Site	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Farm Site Located within the L. G. A.	21	28.00	30	40.00
Farm Site Located outside the L. G. A.	54	72.00	45	60.00
Total	75	100.00	75	100.00

Source: Field Survey, 1996.

4.3 (a) **Farming Experience**

The distribution of respondents in relation to farming experience shows that all the school leaver farmers had one form of agricultural training or the other. Apart from the informal experience, they were either trained for one year under the National Directorate of Employment School Leaver Farm Training Scheme or had undergone one year training at Leventis Foundation, Ilesa, before becoming a settler, while only 73.33% of graduate farmers had previous farming experience and the remaining 26.67% did not have any agricultural experience.

Table 4.6: Distribution of Respondents according to Farming Experience

	Graduates		School Leavers	
Farming Experience	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Have farming experience	55	73.33	75	100.00
No farming experience	20	26.67	0	0.00
Total	75	100.00	75	100.00

Source: Field Survey, 1996.

4.3 (b) **Forms of Farming Experience**

With reference to Table 4.6 above, Table 4.7 reveals the types and forms of experience acquired by the respondents and it shows that in addition to few graduates who specialised in agriculture, there were still a considerable number of them that imbibed agricultural practice through secondary education and some still through parents who were farmers, while only 2.67% of them acquired the act through part-time farming. On the other hand, the bulk of the school leaver farmers were trained under the National Directorate of Employment Farm Training Scheme (84.00%) and the remaining 16.00% were trained under the Leventis Foundation, Ilesa. The school leaver farmers before undergoing farm training, some of them have either gained experience from parents who are farmers and other through secondary education.

Table 4.7: Distribution of Respondents according to Forms of Farming Experience

	Graduates		School Leavers	
Forms of Farming Experience	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
From Parents	29	38.67	25	33.33
From School	34	45.33	8	10.67
From N. D.E. Farm Training Scheme	0	0.00	63	84.00
From Leventis Foundation	0	0.00	12	16.00
From Part-time Farming	2	2.67	0	0.00

Source: Field Survey, 1996.

4.4 Engagement of Respondents in Business Apart from N. D. E.'s Agricultural Programme

The respondents' engagement in business apart from National Directorate of Employment's Agricultural Programme shown by Table 4.8 revealed that 10.67% of the school leaver farmers are involved in additional job apart from N. D. E.'s Agricultural Programme while 16.00% of the graduate farmers had other jobs other than farming. The higher number of participants in the graduate farming scheme may be due to those who had never engaged in agriculture and were finding the scheme very difficult, hence diverting the resources which were supposed to be ploughed into the agri-business. The higher returns from other businesses shows that the return to agri-business is lower when compared with other business enterprises.

Table 4.8: Engagement of Respondents in Business apart from N. D. E. Agricultural Programme

	Graduates		School Leavers	
Business apart from NDE's Agric. Programme	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
NO	63	84.00	67	89.33
YES	12	16.00	8	10.67
Total	75	100.00	75	100.00

Source: Field Survey, 1996.

4.5 (i) **Accessibility to Loan outside National Directorate of Employment**

Of the graduate farmers respondents, 29.33% obtained loan outside National Directorate of Employment and the remaining 70.67% did not. While, among the school leaver farmers 32.00% obtained loan outside N. D. E. and the remaining 68.00% did not. It could easily be deduced that more school leaver farmers obtained loan outside N. D. E. than the graduate farmers.

The distribution of the respondents with respect to accessibility to loan outside N. D. E. is as shown by Table 4.9. From the table, we could deduce that respondents have access to loans from friends and relatives more than when compared to other sources – 20% for graduate farmers and 22.66% for school leaver farmers respectively have access to loan from friends and relatives. This shows the superiority of informal sources of loan to formal sources as regard accessibility. We can also deduce that school leaver farmers find it difficult to obtain loan from banks while 2.67% of graduate farmers have access to bank loan. This may be due to low level of awareness of credit facilities from banks on the part of the school leaver farmers as well as lack of collateral to allow for the extension of credit facilities.

Table 4.9: Accessibility of Respondents to Loan Outside National Directorate of Employment

	Graduates		School Leavers	
Loan Sources outside N. D. E.	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Bank	2	2.67	0	0.00
Relatives	9	12.00	10	13.33
Friends	6	8.00	7	9.33
Money-Lenders	1	1.33	1	1.33
Cooperative	4	5.33	6	8.00
Total	22	29.33	24	31.99

Source: Field Survey, 1996.

(ii) Purpose of Loan obtained outside National Directorate of Employment

Respondents' distribution according to the purpose of loan obtained outside N. D. E. was used for, shows that 25.33% of graduate farmers and 24.00% of school leaver farmers obtained the loan to assist their agri-businesses while 6.67% of the school leaver farmers obtained loan for non-agricultural productive use and none of the graduate farmers obtained loan for non-agricultural productive use. This shows that the graduate respondents knew the implications of obtaining loan and using the loan judiciously.

On the other hand, 1.33% of school leaver farmers obtained loan to repay part of their indebtedness to N. D. E. while as much as 4.00% of graduate farmers took

loan to liquidate their indebtedness to N. D. E. The higher percentage of graduate farmers in this regard may be due to the desire by them to retrieve their certificates, pledged to the N. D. E. as collateral before the loan was extended to them.

The distribution of respondents with respect to the purpose of loan obtained outside N. D.E. is as shown below in Table 4.10.

Table 4.10: Distribution of Respondents according to Purpose of Loan obtained outside National Directorate of Employment

	Graduates		School Leavers	
Purpose of Loan obtained outside N. D. E.	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Agric. Productive Use	19	25.33	18	24.00
Non-agric. Productive Use	0	0.00	5	6.67
To Pay N. D.E.	3	4.00	1	1.33
Total	22	29.33	24	32.00

Sources: Field Survey, 1996.

4.6 **Problems Encountered in the Farm Business**

Respondents were distributed according to the various problems encountered in their farm operations. The distribution of respondents is as shown in Table 4.11.

Majority of both respondents revealed that problems encountered were the lateness in the disbursement of their loan as well as delayed/non-availability of farm inputs and chemicals. This shows that majority of the respondents had been having problems from the beginning of their farm enterprise. Some of the respondents had multiple problems.

Table 4.11: Problems Encountered by Respondents

	Graduates		School Leavers	
Problems Encountered	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Late disbursement of loan	37	49.33	33	44.00
Pest and disease infestation	10	13.33	12	16.00
Delay/Non-availability of farm inputs and chemicals	25	33.33	24	32.00
Faulty methods of disbursing loan	5	6.67	4	5.33
Lack of proper monitoring	1	1.33	7	9.33
Fragment mean of loan disbursement	2	2.67	2	2.67
Lack of market for the products	3	4.00	9	12.00
Inadequate loan disbursed	10	13.33	10	13.33
Poor weather conditions	1	1.33	6	8.00
Poor edaphic condition	4	5.33	4	5.33

Source: Field Survey, 1996.

4.7 **Reasons for Default**

The respondents were asked for the reasons why they had defaulted in redeeming their loan obligations to the National Directorate of Employment. The reasons given varied from one respondents to the other, while some had multiple reasons for the defaults.

The distribution reveals that majority of the respondents in both graduate farming scheme (29.33%) and school leaver farming scheme (37.33%) had defaulted as a result of low return from their farm enterprises. This therefore confirmed the earlier

assertion made by the researcher that there is high returns/higher income from those that engaged in other business.

Table 4.12. Distribution of Respondents according to Reasons for Default

	Graduates		School Leavers	
Reasons for Default	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Late disbursement of loan	11	14.67	8	10.67
Low income from farm enterprise	22	29.33	28	37.33
Officials do not ask for the loan	7	9.33	10	13.33
No reasons/lack of commitment to pay	10	13.33	18	24.00
Production costs is too high	8	10.67	2	2.67

Source: Field Survey, 1996.

4.8 Suggestion for Improvement in the Programme

Respondents were asked of how the programme can be improved. The distribution of respondents on various suggestions mentioned for improvement shows that respondents at both schemes harped mainly on timely disbursement of loan (45.33% for graduate farmers and 40.00% for school leaver farmers) and early/adequate provision of inputs and chemicals for use on their farms (45.33% for graduate farmers and 33.33% for school leaver farmers).

In some cases, there were multiple suggestions by respondents and the responses from both categories of farmers were as shown in Table 4.13.

Table 4.13: Suggestions of Respondents for Improvement in the Programme

	Graduates		School Leavers	
Suggestion for Improvement	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Disbursement of loan on time	34	45.33	30	40.00
Proper monitoring of farm	20	26.67	18	24.00
Early/adequate provision of inputs and chemicals	34	45.33	25	33.33
Loan disbursement on cash basis only	5	6.67	5	6.67
Loan enhancement for farm rehabilitation	3	4.00	12	16.00
Provision of market facilities for participant products	3	4.00	7	9.33
Provision of motorable roads to participant farm sites	5	6.67	2	2.67
Increase of loan in kind	0	0.00	2	2.67
Adequate amount of loan to be disbursed	9	12.00	14	18.67

Sources: Field Survey, 1996.

4.9 Income Pattern of National Directorate of Employment between 1990 - 1995

1(a) Distribution of Total Income Generated by Graduate Farmers

The distribution of total income generated by graduate farmers during the period of review indicated that 30.67% of graduate farmers generated income above ₦65,000 and only 6.67% of them had income below ₦30,000. Also their mean total income for the same period was ₦56,769.36.

Table 4.14: Distribution of Total Income Generated by Graduate Farmers

Respondents Total Income	Absolute Frequency	Relative Frequency	Cumulative Frequency
Below ₦30,000	5	6.67	6.67
₦30,000 - ₦45,000	18	24.00	30.67
₦45,001 - ₦55,000	19	25.33	56.00
₦55,001 - ₦65,000	10	13.33	69.33
Above ₦65,000	23	30.67	100.00
Total	75	100.00	

Source: Field Survey, 1996.

(b) Distribution of Total Income Generated by School Leaver Farmers

The distribution of total income generated by school leaver farmers during the period of review reveals that 10.67% of them generated incomes below ₦15,000, while only 9.33% generated income above ₦32,500. The mean income of the farmers for the same period was ₦26,308.26.

The analysis above shows that graduate farmers generated higher incomes than their school leavers counterpart.

This is in support of the findings of Toluwase *et. al.* (1990), which gave credence to education as a vital tool for improved productivities as a result of innovation adopted. The graduate farmers were able to adopt more of the improved farming practices as a result of higher education acquired as compared with their school leaver farmers and also due to their higher capital base because loans granted to graduate

farmers were almost twice those granted to school leaver farmers. This is an indication of the important role of credit in agri-business.

Table 4.15: Distribution of Total Income Generated by School Leaver Farmers

Respondents Total Income	Absolute Frequency	Relative Frequency	Cumulative Frequency
Below ₦15,000	8	10.67	10.67
₦15,000 - ₦22,500	30	40.00	50.67
₦22,501 - ₦27,500	21	28.00	78.67
₦27,501 - ₦32,500	9	12.00	90.67
Above ₦32,500	7	9.33	100.00
Total	75	100.00	

Sources: Field Survey, 1996.

2(a) Distribution of Average Net Income Generated by Graduate Farmers

The income pattern of graduate farmers of the National Directorate of Employment on yearly basis is as shown in Table 4.16.

The table reveals that 6.67% of the respondents generated income less than ₦5,000 yearly and 30.67% of the respondents belonged to the highest income earners who generated incomes above ₦11,000.

Table 4.16: Distribution of Average Net Income Generated by Graduate Farmers

Respondents Average Income	Absolute Frequency	Relative Frequency	Cumulative Frequency
Below ₦5,000	5	6.67	6.67
₦5,000 – ₦7,500	18	24.00	30.67
₦7,501 - ₦9,000	19	25.33	56.00
₦9,001 - ₦11,000	10	13.33	69.33
Above ₦11,000	23	30.67	100.00
Total	75	100.00	

Source: Field Survey, 1996.

(b) Distribution of Average Net Income Generated by School Leaver Farmers

The table reveals that as high as 10.67% of school leaver farmers generated average income of less than ₦2,500 per annum where only 9.33% of school leaver farmers generated annual income greater than ₦5,500.

When one views the income of these categories of farmers on a yearly basis, it becomes convincing that almost all of them generated income that was very low and which may bother one on how repayment could be possible and hence this might have been responsible for the low repayment rate in general among them since the average income among the graduate farmers is ₦9,461.56 and that ot school leaver farmers is ₦4,384.71.

Above all, it can be deduced that both categories of farmers generated low incomes that were unsustainable but the higher incomes generated by graduate farmers

were clear justification of the amount of loans given to graduate farmers that is almost twice that of school leavers.

Table 4.17: Distribution of Average Net Income generated by School Leaver Farmers

Respondents Average Income	Absolute Frequency	Relative Frequency	Cumulative Frequency
Below ₦2,500	8	10.67	10.67
₦2,500 – ₦3,750	30	40.00	50.67
₦3,751 - ₦4,500	21	28.00	78.67
₦4,501 - ₦5,500	9	12.00	90.67
Above ₦5,500	7	9.33	100.00
Total	75	100.00	

Sources: Field Survey, 1996.

3(a) Distribution of Total Income among Graduates of Agriculture and Non-graduate of Agriculture Farmers

The distribution of total income among graduate of agriculture farmers and non-graduate of agriculture farmers represented by Table 4.18 reveals that graduate of agriculture farmers generated higher incomes than non-graduate of agriculture (untrained) farmers, since about 48.28% of graduates of agriculture generated incomes above ₦65,000 while only 19.57% of the non-graduate of agriculture farmers generated the same amount. Also the mean income of graduates of agriculture farmers is ₦63,897.55 while that of non-graduate of agriculture farmers is ₦52,286.83. This

shows that professionalism matters in considering loan for agri-business and this may be responsible for higher incomes among the agriculturally trained graduate farmers.

This is in line with the finding of Toluwase *et. al.* (1991), which gave credence to graduate of agriculture farmers in their ability to adopt most of the improved farming practices, leading to increased productivity coupled with higher income when compared with non-graduate of agriculture farmers who are not familiar with the farming innovations and new techniques of farming since the higher the education, provided this is related to agriculture, the higher the adoption rate.

Table 4.18: Total Income among Graduate of Agriculture and Non-graduate of Agriculture Farmers

	Agriculture Graduates		Non-agriculture Graduate	
Respondents Total Income	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Below ₦30,000	1	3.45	4	8.69
₦30,000 - ₦45,000	5	17.24	13	28.26
₦45,001 - ₦55,000	4	13.79	15	32.16
₦55,001 - ₦65,000	5	17.24	5	10.87
Above ₦65,000	14	48.28	9	19.57
Total	29	100.00	46	100.00

Source: Field Survey, 1996.

(b) Distribution of Average Net Income among Graduate or Agriculture and Non-agriculture Farmers

The distribution of average income among graduates of agriculture and non-graduate of agriculture presented by Table 4.19 reveals that 8.69% of non-graduates of agriculture earned incomes less than ₦5,000 a year and only 19.57% earned incomes higher than ₦11,000, while as much as 48.28% of graduates of agriculture earned incomes above ₦11,000 and only 3.45% earned incomes below ₦5,000. The mean income on yearly basis of graduates of agriculture was ₦10,646.59 and that of non-graduate of agriculture farmers was ₦8,714.47.

These incomes would have been assumed to be too small for graduates to live on and also to allow for an appreciable loan repayment. However, on the average, the graduate of agriculture farmers generated incomes higher than those of non-graduates of agriculture.

Table 4.19: Average Net Income Among Graduates of Agriculture and Non-Graduates of Agriculture

	Agriculture Graduates		Non-Agriculture Graduates	
Respondents Average Income	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Below ₦5,000	1	3.45	4	8.69
₦5,000 - ₦7,500	5	17.24	13	28.26
₦7,501 - ₦9,000	4	13.79	15	32.61
₦9,001 - ₦11,000	5	17.24	5	10.87
Above ₦11,000	14	48.28	9	19.57
Total	29	100.00	46	100.00

Source: Field Survey, 1996.

4.10 Loan Prepayment Pattern of National Directorate of Employment Farmers

(i) Loan repayment pattern among graduate farmers and school leaver farmers.

The distribution pattern of loan repayment among graduate and school leaver farmers shows a high repayment percentage from the graduate farmers in the sense that 28% of the graduate farmers had redeemed their loan while only 17.33% of the school leaver farmers had done the same. This implies that graduate farmers were not lagging behind in loan repayment. The average loan repayment in the National Directorate of Employment agricultural programme as revealed by the respondents in general was about 52.33%. This was contributed by 53.33% and 51.32% from the graduate farmers

and school leaver farmers respectively. Also, the average repayment of graduate farmers was ₦7,127.87 while that of the school leaver farmers was ₦3,694.95.

From the foregoing, there is low repayment rate from both categories of farmers since the loan is supposed to be repaid within a period of four years with one year moratorium.

Table 4.20: Distribution of Respondents according to Percentage of Loan Repayment

	Graduates		School leavers	
Percentage of Loan Repayment	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Zero % Loan Repayment	10	13.33	13	17.33
Less than 25% Loan Repayment	12	16.00	8	10.67
25 - 49.9% Loan Repayment	18	24.00	17	22.67
50 - 74.9% Loan Repayment	11	14.67	18	24.00
75 - 99.9% Loan Repayment	3	4.00	6	8.00
100% Loan Repayment	21	28.00	13	17.33
Total	75	100.00	75	100.00

Source: Field Survey, 1996.

(ii) Loan Repayment Pattern among Graduate of Agriculture and Non-graduate of Agriculture Farmers.

The distribution pattern of loan repayment among graduate of agriculture farmers and non-graduate of agriculture farmers as presented by Table 4.21 reveals

high repayment on the part of graduates of agriculture because 44.83% had redeemed their loans, while only 17.39% of non-graduate of agriculture farmers had done the same. The average loan repayment among the graduates of agriculture is 65.42% while that of the non-graduate of agriculture farmers is 45.75%. However, the average repayment among the graduate of agriculture farmers is ₦8,707.07 as against their non-graduate of agriculture farmers of ₦6,132.28.

This shows that more of the loan defaulters came from the non-graduate of agriculture farmers. This might have been due to low incomes from their farm enterprises, coupled with inadequate technological know-how to enable them adopt the improved innovations on their farms.

Table 4.21: Percentage Distribution of Loan Repayment among Graduates and Non-graduates of Agriculture.

	Agriculture - Graduates		Non-Agriculture Graduates	
Percentage of Loan Repayment	Absolute Frequency	Relative Frequency	Absolute Frequency	Relative Frequency
Zero % Loan Repayment	3	10.35	7	15.22
Less than 25% Loan Repayment	5	17.24	7	15.22
25 - 49.9% Loan Repayment	3	10.35	15	32.61
50 - 74.9% Loan Repayment	4	13.79	7	15.22
75 - 99.9% Loan Repayment	1	3.45	2	4.35
100% Loan Repayment	13	44.83	8	17.39
Total	29	100.01	46	100.00

Source: Field Survey, 1996.

4.11 Estimation of Results

(a) Graduates Loan Repayment Functions

$$Y_G = 0.7867 + 0.77886X_1^{**} + 0.0138X_2^{**} - 0.07203X_3 + 0.11576X_4^{*} + 0.04050X_5^{*} + 0.015891X_6^{*} - 0.12516X_7 + 0.03616X_8^{**}$$

$n = 75$

$R^2 = 0.61890 \cong 0.62$

$F = 13.39791 \cong 13.40$

* Significance at 5 percent level

** Significance at 1 percent level

A t-test was used to carry out the significance of each of β_1, β_2, ... β_8 parameters at 1% and 5% levels. The result of the tests are as follows:

1. Total income from National Directorate of Employment work is positive and highly significant. Thus, an increase in the level of income will result in an appreciable degree of loan repayment in the National Directorate of Employment Agricultural Programme.
2. The total income derived outside National Directorate of Employment was positive and highly significant. Also a small increase in the total income derived from outside source will result in an appreciable increase in loan repayment. This was in accordance with a priori expectation.
3. The total loan taken outside National Directorate of Employment was not significant and had a negative relationship in consonance with the a priori

expectation. This, thus implies that, though the effect of the variable was not significant, its increase will result in disminishing loan repayment rate.

4. Location of farm site was positive and had a low significance value. Thus, the more the farmers' town is closer to his farm, the more likely his commitment to work with a resultant high productivity thereby generating enough income to settle his indebtedness.
5. The number of visits denoting the level of supervision of farmers activities by the National Directorate of Employment officials had a significant and positive impact on loan repayment. Also a small increase in the level of supervision will lead to a good repayment rate.
6. Occupation of farmers' parents gave a positive and low significant effects. This suggests that, farmers whose parents are farmers, will not be aliens to the farming business which will definitely affect their productivity, income and hence loan repayment.
7. Age of these farmers was an insignificant factor to loan repayment in the National Directorate of Employment graduates agricultural farming scheme. However, it had a negative effect. This might be due to the fact that the older a person is, the more is his responsibility and as such, the less will be his chance of repaying loans.
8. Specialization in agriculture had a highly significant and positive effect on loan repayment.

Coefficient of simple determination R^2 is the one of the most frequently consulted statistics in regression analysis because it reflects the ability of the chosen predictor variables X_i to explain the variability of Y_G.

The R-squared was found to be 0.6189 which showed that about 62 percent variation in the Y_G variable was explained by the independent or predictor variables.

(b) School Leavers Repayment Functions

$$Y_S = 0.73624 + 0.63728X_1^{**} + 0.09357X_2^{**} - 0.14116X_3 + 0.02350X_4^{**} + 0.20641X_5^{*} + 0.02307X_6^{**} + 0.01121X_7^{*}$$

$n = 75$

$R^2 = 0.54204 \cong 0.54$

$F = 11.32882 \cong 11.33$

* Significance at 5 percent level

** Significance at 1 percent level

A t-test was conducted to determine the significance of each of $\beta_1, \beta_2, \ldots\ldots \beta_7$ parameters at 1% and 5% levels. The result of the tests are as follows:

1. Total income from National Directorate of Employment agricultural programme work is positive and highly significant to loan repayment. This indicates that income from National Directorate of Employment work was a good determinant in the loan repayment displayed by the school leaver

farmers. And that as income was increased, they paid more attention to loan repayment.

2. The total income obtained outside National Directorate of Employment was positive and highly significant. A small increase in the total income derived from outside source will lead to an appreciable increase in loan repayment. This was in accordance with expectation.
3. The total loan taken outside National Directorate of Employment was not significant and also had a negative relationship in consonance with a priori expectation. This, thus implies that, although the effect of the variable was not significant, its increase will result in a diminishing loan repayment rate.
4. Location of farm site is positive and highly significant. However, the positive relationship shows that school leaver farmers preferred being nearer to their home town than to far away places.
5. The total number of visits to farmers' farm by National Directorate of Employment officials was positive and slightly significant. This suggests that, the more farmers are being supervised, the more attention they pay to loan repayment.
6. Occupation of farmers' parents gave a positive and highly significant effects. This suggests that, farmers whose parents are farmers will not be aliens in the farming business which will definitely affect their productivity.
7. The positive and high significant age variable among the school leaver farmers indicates that the more matured the school leavers are in terms of age, the more their productivity, income and hence loan repayment.

Coefficient of simple determination R^2 is the one of the most frequently consulted statistics in regression analysis because it reflects the ability of the chosen predictor variables X_i to explain the variability of Y_S.

The R-squared was found to be 0.54204 which showed that about 54 percent variation in the Y_S variable was explained by the independent or predictor variables.

4.12 **Result of Hypothesis**

1 Test of Difference Between Average Total Income Among Graduate Farmers and School Leaver Farmers

Test for difference between the average total amount of income generated between graduate farmers and school leaver farmers was carried out at 5% and 1% levels of significance.

The total population of the respondents were used for the test making up of (150 - 2) = 148 degrees of freedom. The result of the t-test computed gave 3.55. But the t-table at appropriate degrees of freedom are 1.96 and 2.58 at 5% and 1% level respectively which indicates that the Ho is rejected at both levels.

Thus, there was no sufficient evidence from the sample to justify that there is no significant difference between the average amount of income generated by the graduate crop farmers and their school leavers counterpart. Hence, there is a significant difference between the average amount of income generated by the graduate crop farmers and their school leaver farmers.

II Test of Difference Between Average Loan Repayment Among Graduate Farmers and School Leaver Farmers

Test of difference between the average loan repayment between graduate farmers and school leaver farmers was carried out at 5% and 1% levels of significance.

The total population of the respondents were used for the test making up of (150 - 2) = 148 degrees of freedom. The result of the t-test computed gave out 2.74. But the t-table at appropriate degrees of freedom are 1.96 and 2.58 at 5% and 1% levels respectively which indicates that the Ho is rejected at both levels.

Thus, there was no sufficient evidence from the sample to justify that there is no significant difference between the average amount of loans repaid by the graduate crop farmers and their school leavers counterpart. Hence, there is a significance difference between the average loan repayment between graduate farmers and school leaver farmers.

III Test of Difference Between Average Total Income Among Graduate of Agriculture Farmers and Non-Graduate of Agriculture Farmers

Test of difference between total amount of income generated between graduate of Agriculture farmers and non-graduate of Agriculture farmers was carried out at 5% and 1% levels of significance.

The total population of respondents used for the test is 40 with (40 - 2) = 38 degrees of freedom, which were obtained through stratified random sampling with proportional allocation method. The result of the t-test computed gave 3.19. But the

t-table at appropriate degrees of freedom are 2.02 and 2.70 at 5% and 1% respectively, which indicates that the Ho is rejected at both levels.

Thus, there was no sufficient evidence from the sample to justify that there is no significant difference between the average total income generated by the graduate of agriculture farmers and non-graduate of agriculture farmers. Hence, there is a significance difference between the average total amount of income generated by graduate of agriculture farmers and non-graduate of agriculture farmers.

IV Test of Difference Between Average Loan Repayment Among Graduate of Agriculture Farmers and Non-Graduate of Agriculture Farmers

Test of difference between the average loan repayment between graduate of Agriculture and non-graduate of Agriculture was carried out at 5% and 1% levels of significance.

The total population of respondents used for the test is 40 with (40 - 2) = 38 degrees of freedom, which were obtained through stratified random sampling with proportional allocation method. The result of t-test computed gave 2.55. But the t-table at appropriate degrees of freedom are 2.02 and 2.70 at 5% and 1% respectively. Observing these results clearly, it is seen that at 1% level, the null hypothesis is accepted showing no variation/significant difference between the average loan repayment among graduates of agriculture and non-graduates of agriculture. However, at 5% level, there is a significance difference between the average loan repaid by the graduate of agriculture farmers and non-graduate of agriculture farmers.

CHAPTER FIVE

5.0 SUMMARY, RECOMMENDATION AND CONCLUSION

5.1 Summary

There is no doubt that unemployment poses a threat to Nigeria in terms of resources and welfare costs. It also has a potential for social and political instability. The move to salvage the country from this high unemployment rate led to the establishment of the National Directorate of Employment (N. D. E.) in 1986. The main aim of N. D. E. agricultural programme is to channel production resources to educated but unemployment nationals for farming, among others.

The educational background of these farmers was expected to manifest positively in their farming practices. Thus, they were expected to realise appreciable incomes to liquidate their indebtedness within the loan repayment time limit. However, loan repayment was not encouraging among these farmers in general.

This study therefore, evolved from the frustration posed by this unwanted situation with a fundamental aim of comparatively analysing the patterns of income generation and loan repayment displayed by graduate and school leaver farmers of the N. D. E. in Ondo State since inception to date. This was however, coupled with drawing out logical comparisons among graduates of agriculture and non-graduate of agriculture farmers involved in the scheme.

The sole aim was achieved by interviewing a total of 150 randomly selected farmers from five (5) randomly selected farm sites by means of a structured questionnaire. This total however, embraced 75 graduates and 75 school leavers.

Among the graduates selected were 29 graduates of agriculture and 46 non-graduates of agriculture.

The analytical techniques involved were both descriptive and quantitative. The descriptive method employed the use of basic statistics including means, absolute and relative frequencies distributions.

The quantitative techniques involved tests of hypothesis and estimation procedures. In the tests of hypothesis, t-test was used, based on the samples involved for the tests. The estimation procedure was used to estimate loan repayment models.

The descriptive analysis revealed among the following that men are more prominent than women in N. D. E. Agricultural Programme in Ondo State, the graduates farmers are older and have more family commitments. That majority of the farmers operate outside their local government of origin, that graduate farmers had more access to formal lending institutions and that the informal sources of loan are more prominent among the farmers in general. It also revealed that average total income of the graduate farmers over the six years period was ₦56,769.36, while it was ₦26,308.26 among the school leavers during the same period. Since, the average income of the graduate farmers was double that of school leaver farmers, it could be deduced that the graduate were better income earners, when compared with the school leavers during the period. The analysis further showed that agriculturally trained farmers earned average total income of ₦63,879.55 compared to those of non-graduates of agriculture of ₦52,286.83 during the six years period. Thus, the farmers that had formal education in agriculture were superior, in terms of income generation, to their non-graduate of agriculture counterparts.

The average loan repayment in the N. D. E. in general was about 52.33% this was contributed by 53.33% and 51.32% from the graduate farmers and school leaver farmers respectively. Thus, there was an average percentage loan default of about 47.67% in the Agricultural programme of N. D. E. in Ondo State.

The average percentage loan repayment among the graduates of agriculture and non-graduates of agriculture were 65.42% and 45.75% respectively. Thus, graduates of agriculture settled more of their debts than the non-graduates of agriculture.

The findings that the yearly average income of graduates and school leavers were ₦9,461.56 and ₦4,384.71 respectively with a general average percentage loan repayment of about 52.33% among all the farmers revealed a very low income generating and loan repayment situation in the N. D. E. Agricultural programme.

The estimation procedure revealed that loan repayment in the N. D. E. was influenced by a number of factors. Specifically, the key determinants of loan repayment among the graduate farmers therefore included:

(a) total income of farmers from N. D. E. farms;

(b) total income derived by farmers from outside N. D. E. farming activities;

(c) farm locations;

(d) area of specialisation in education career of farmers;

(e) total number of visits made by N. D. E. officials to farmers' farms; and

(f) occupation of parents of farmers.

Among the school leavers, the following factors were revealed to be affecting loan repayment:

(a) Income of farmers from N. D. E. farms;

(b) Total income derived by farmers from outside N. D. E. farming activities;

(c) Location of farm sites;

(d) Total number of visits made by N. D. E. officials to farmers' farm;

(e) Occupation of farmers' parent; and

(f) Age of the farmers.

The hypothesis tested revealed that:

1. There is a significant difference between the average income generated by graduate and school leaver farmers at both 5% and 1% levels of significance.
2. There is significant difference between the average loan repayment between graduate and school leaver farmers at both levels of significance.
3. There is significant difference between the average income generated by graduates of agriculture and non-graduates of agriculture at both levels of significance.
4. At 5% level, there is a significant difference between the amount of loan repaid by graduate of agriculture farmers and non-graduate of agriculture farmers but no significant difference at 1% level was achieved.

5.2 Recommendations

Based on the findings from this study, the following recommendations are made to improve the N. D. E. Agricultural Programme and for planning strategies for similar schemes and programmes in the country in general.

Agriculturally trained graduates should be encouraged to join the N. D. E. Agriculture Programme by giving them preferences over any other group of farmers under the programme.

N. D. E. should give preference to unemployed and qualified individuals with farming background. They will not be alien to most operations in the farm as this might be a key determinant of their performances on the farm.

Better loan administration as well as the proper monitoring and supervision of all activities of farmers on the field should be embarked upon by the qualified personnels of the N. D. E. The graduate participants' farm must not be left out during this routine monitoring.

The non-graduates of agriculture participant should be given thorough practical training in agriculture like the school leavers before they are left to be independent on their various farms. Moreover, these categories of farmers should be visited frequently on their farms to correct their operational mistakes and errors.

Farmers should be sited as close as possible to their home towns so as to improve their socio-ideological commitments and adaptations to local agronomic and climatic parameters.

Inputs such fertilizers, chemicals like herbicides and insecticides, should be made available both on time as well as at subsidized rate to farmers, so as to reduce inadequacies and high cost of production.

Market outlets should be assured for the products of these farmers so that they face good pricing always, thereby disallowing loss of income through poor pricing of products.

This research is by no means exhaustible, hence, further studies could still be carried out in other states of the federation to allow comparisons and enable arrival at control measures and corrections for N. D. E. short comings on the programme.

5.3 Conclusion

Graduate loan beneficiaries of the National Directorate of Employment Agricultural Programme performed better in the loan repayment than the school leavers beneficiaries having redeemed over 28% (of amount) of loan granted them as against about 17% of the school leaver farmers. They also generated higher incomes that influenced loan repayment.

The level of education of the graduate farmers had effect on their farm output, contributing to higher income, whereas, the school leavers low level of education and low maturity caused a short-fall in their expected performance and income.

Therefore, the graduate farmers had better understanding and were better managers than the school leaver farmers in the National Directorate of Employment Agricultural Programme.

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APPENDIX

QUESTIONNAIRE

SCHOOL OF AGRICULTURE AND AGRICULTURAL TECHNOLOGY
DEPARTMENT OF AGRICULTURAL ECONOMICS AND EXTENSION
FEDERAL UNIVERSITY OF TECHNOLOGY, AKURE

PROJECT TITLE: LOAN RECOVERY IN NIGERIAN AGRICULTURAL INSTITUTION: A CASESTUDY OF AGRICULTURAL LOAN PROGRAMMES OF NATIONAL DIRECTORATE OF EMPLOYMENT, ONDO STATE

PURPOSE: This study intends to investigate how participants of Agricultural Loan Programmes of National Directorate of Employment in Ondo State are responding to the Directorate Loan's Repayment procedure. Respondents are assured that information collected will be used solely for research purpose.

1. Name of Respondents: .....
2. Local Government Area: .....
3. Age of Respondent: .....
4. Marital Status: (a) Single ..... (b) Married .....
5. Family Size: (a) Number of wive(s) .....
   (b) Number of children .....
   (c) Number of dependants .....
6. Level of Education: (a) Post Primary .....
   (b) Post Secondary .....
7. If 6(b) above, what is your area of specialisation? .....
8. Farm Site: .....
9. Is your farm site in your Local Government Area? Yes ..... No .....
10. In what year did you start the programme? .....
11. Did you have any farming experience before you started the programme? Yes ..... No ....

12. If yes, please state in what form: .....

13. How much is your total production for cash crop produced during 1990 - 1995 cropping seasons. (Complete the table below).

YEAR		CROP PRODUCED	PRODUCTION COSTS	QTY PRODUCED	QTY UNIT PRICE (₦)
1990	1	.....	.....	.....	.....
	2	.....	.....	.....	.....
	3	.....	.....	.....	.....
1991	1	.....	.....	.....	.....
	2	.....	.....	.....	.....
	3	.....	.....	.....	.....
1992	1	.....	.....	.....	.....
	2	.....	.....	.....	.....
	3	.....	.....	.....	.....
1993	1	.....	.....	.....	.....
	2	.....	.....	.....	.....
	3	.....	.....	.....	.....
1994	1	.....	.....	.....	.....
	2	.....	.....	.....	.....
	3	.....	.....	.....	.....
1995	1	.....	.....	.....	.....
	2	.....	.....	.....	.....
	3	.....	.....	.....	.....

14. How many times did the N. D. E. officials visit your farm per year?

YEAR	NUMBER OF VISIT
1990	.....
1991	.....
1992	.....
1993	.....
1994	.....
1995	.....

15. Did you engage in any other business apart from N. D. E. programme? Yes ..... No .....

16. If yes, complete the following table:

YEAR	JOB DESCRIPTION	TIME SPENT	INCOME PER ANNUM (₦)
1990	.....	.....	.....
1991	.....	.....	.....
1992	.....	.....	.....
1993	.....	.....	.....
1994	.....	.....	.....
1995	.....	.....	.....

17. How much loan did you obtain from N. D. E.? ₦ .....

18. Have you repaid your loan in full? Yes ..... No.....

19. If No, how much have paid back?:

YEAR	AMOUNT DUE FOR REPAYMENT (₦)	AMOUNT REPAID (₦)
1990	.....	.....
1991	.....	.....
1992	.....	.....
1993	.....	.....
1994	.....	.....
1995	.....	.....

20. If you have ever defaulted, give reason(s) for doing so: .....

.....

21. Did you take any loan outside the N. D. E.? Yes ..... No .....

21. If yes, complete this table:

YEAR	LOAN SOURCE	AMOUNT (₦)	PURPOSE (₦)
1990	.....	.....	.....
1991	.....	.....	.....
1992	.....	.....	.....
1993	.....	.....	.....
1994	.....	.....	.....
1995	.....	.....	.....

23. State problems encountered: .....

.....

.....

.....

24. Suggest ways of improving the programme: .....

.....

.....

.....

25. Any other additional information?.....

.....

.....

.....

Thank you.