AGRICULTURAL CREDIT UTILIZATION AND RECOVERY: A CASE STUDY OF THE NATIONAL LIVESTOCK PROJECTS DIVISION IN ONDO STATE

BY

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A THESIS IN THE DEPARTMENT OF AGRICULTURAL ECONOMICS AND EXTENSION, SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES TOWARDS THE DEGREE OF MASTER OF AGRICULTURAL TECHNOLOGY (M.TECH.) IN AGRICULTURAL ECONOMICS AND EXTENSION FEDERAL UNIVERSITY OF TECHNOLOGY, AKURE, ONDO STATE, NIGERIA.

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ABSTRACT

The Nigerian livestock industry holds the key to the problem of inadequate animal protein consumption by Nigerians. But it is finding it difficult to function properly due to inadequate capital among other problems. Most livestock farmers do not have adequate capital by way of savings nor do they have access to adequate and acceptable credit. Government therefore attempted to address the problem through the establishment of the National Livestock Projects Division (NLPD) loan arrangement. This programme operates in all State of the Federation, Ondo State inclusive.

This study therefore attempted to evaluate the programme through the following specific objectives;

i. To determine if credit size related significantly with farmers income;

ii. To relate loan utilization by individual borrowers to loan repayment;

iii. To find out whether significant differences exist in loan repayment among borrowers of different personal characteristics, livestock financed, and different loan repayment demand visit levels; and

iv. To determine if significant relationships exist between loan repayment and profitability.

150 individual livestock NLPD farmer programme participants from 14 Local Government Areas of Ondo State were randomly selected for the study. These were reached and interviewed using a structured interview schedule. Data was subjected to appropriate statistical analysis including frequencies and percentages, pearson correlation and one-way ANOVA.

Findings indicated that mean age of farmers was 40.5 years. A total of 40.7% had Polytechnic or University degrees by way of highest educational qualification. Majority (62.7%) were government officials with model family size of 4 members. Livestock enterprises financed included Goat, Poultry, Pig, Sheep and Cattle production. Mean loan size was ₦7,275.10. Mean credit staff visit to farmers was 3.4. Net enterprise income had a mean of ₦109,012.60.

Loan size did not significantly correlate with farmers income ($r=0.10$). Loan fund diversion rate was a maximum of 20.75%. It involved only 11.3% of the borrowers. Loan utilization did not affect loan repayment. Loan repayment did not significantly relate to age ($r=0.19$), education ($r=0.05$), and social status ($r=0.18$). It did not also differ significantly among farmers of different ages, education and social status.

Among different livestock classes financed, loan repayment did not vary significantly.

Among different enterprises financed loan repayment, subjected to one way ANOVA with an F value of 5.04 which was significant at 1.0% level.

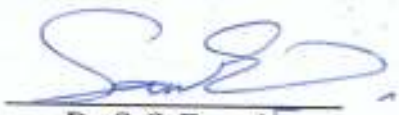
There were neither significant correlations nor differences between loan repayment and credit officers supervisory visit as well as loan repayment demand visits. Loan repayment however significantly and positively correlated with profitability ($r=0.95$).

DEDICATION

This thesis is hereby dedicated to God Almighty and to my nuclear family for enabling me to undertake this course and to finish it successfully.

CERTIFICATION

I certify that this work was carried out by David Olutunde Olaniyi Idowu, (AEE/92/4239)under my supervision in the Department of Agricultural Economics and Extension, Federal University of Technology, Akure, Ondo State, Nigeria.



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CHAPTER ONE

1.0 INTRODUCTION

1.1 THE NIGERIAN AGRICULTURE

Agriculture is the oldest occupation of man. The agricultural sector which includes crops, livestock, forestry, wildlife and fishery is one of the most important sectors in the Nigerian economy. It engages the largest proportion of the population. Nigeria, blessed with a land area of about 98.3 million hectares of arable land, is essentially an agragrian country with an estimated population of 88.5 million people (National Census, 1991).

Table 1.1: CONTRIBUTION OF AGRICULTURE TO NIGERIA'S GROSS DOMESTIC PRODUCT AT 1984 CONSTANT FACTOR COST (₦ MILLION)

YEAR	AVERAGE AGRICULTURAL CONTRIBUTION	AVERAGE ANNUAL TOTAL G.D.P.	PERCENTAGE SHARE OF AGRIC. IN TOTAL G.D.P
1960-65	N.A	N.A	59.8
1971-75	7478.9	24406.6	30.6
1976-80	6697.7	29897.4	22.4
1981-85	6705.8	26819.1	25.0
1986-90	31498.0	83118.0	37.9
1991-92	28930.0	96475.0	30.0

SOURCE: i. The Federal Ministry of Agriculture (1984)
ii. Computed from various issues of the Central Bank of Nigeria's Annual Reports and Statements of Accounts (1971-92)
N.A. = Not Available

Agriculture contributed highly to the country's Gross Domestic Product (G.D.P.) and foreign exchange earnings. Between 1960-65, it contributed 59.8% to

the G.D.P.; 30.6% in 1971 - 1975; 22.4% in 1976 - 80; 25% in 1981 - 1985; 37.9% in 1986 - 1990; 30% in 1991 - 1992 (Table 1.1). It shows that Agriculture's contribution increased in the 1960's but declined steadily as the years progressed up to the 1990s. Despite this unsteady state in the contribution of agriculture to Nigeria's G.D.P. the agricultural sector still plays greater role in the overall economy in terms of job provision, increased local sourcing of raw materials as well as export promotion drive in the agricultural sector.

The emergence of petroleum is a crucial factor which led to the rapid decline in agriculture's contribution to Nigeria's G.D.P. Petroleum, which emerged in the middle 1970's quickly took over the erstwhile dominant leadership position of agriculture by accounting for 89.7% of Nigeria's total earnings in 1975, 97.5% in 1985, 96.1% in 1991 and 97.9% in 1992. (F.O.S., 1993 and C.B.N. 1993). Apart from the remarkable growth in earnings from petroleum which changed the composition of the nation's exports, the production of some of the agricultural commodities have not increased substantially due to the relative neglect of agriculure.

Table 1.2 NIGERIA'S FOOD IMPORTATION (1970-1992)

YEAR	VALUE (₦ MILLION)
1970	57.69
1975	277.86
1988	1844.30
1989	2252.80
1990	4080.90
1991	8680.40
1992	13742.70

SOURCES: Derived from data compiled from F.O.S and C.B.N's Economic and Financial Review, June 1993.

As a result of this neglect, food imports into Nigeria increased astronomically over the years from 1970 to 1992 (Table 1.2). This high increase in food importation has been the plight of Nigeria since the middle 1970s when petroleum emerged and attracted the rural population to live in the urban areas thereby decreasing food production.

The following data in Table 1.3 show that agriculture contribution to Nigeria's total exports continues to fall steadily from 8.3% in 1971-1975 period to 1.1% in the 1991-1992 period. The stagnation of Nigeria's agriculture is further evidenced by the fact that the rate of growth of the food sub-sector annually (2.0%) is still below the population growth rate put at 2.2% (C.B.N. 1993).

Table 1.3: VALUE OF AGRICULTURAL EXPORTS AS A PERCENTAGE OF NIGERIA'S TOTAL EXPORT

YEAR	AVERAGE VALUE OF AGRICULTURAL EXPORTS (₦ MILLION)	AVERAGE VALUE TOTAL EXPORTS (₦ MILLION)	AGRICULUTRAL EXPORTS AS PERCENTAGE OF TOTAL EXPORTS
971-75	260.8	3145.3	8.3
976-80	408.7	9093.9	4.5
981-85	276.6	9335.1	3.0
986-90	1656.1	47,666.3	3.5
991-92	1554.8	145,677.6	1.1

SOURCE: Computed from various issues of the Central Bank of Nigeria's Annual Reports and Statements of Accounts (1971-92)

This fact suggests that food supply would need to grow more than that in order to sustain the economy. It is clear from these data that, there would continue to be a deficit in Nigeria's food production annually since food demands outstrip food supplies. This justifies the urgent call for accelerated food production in order to feed the ever-increasing population in Nigeria.

The agricultural sector includes the livestock industry which is the major focus of this study. Nutritionally, mankind needs both plant and animal protein in order to keep fit and healthy always. "It has been stated that the average Nigerian adult requires about 60 grams of total protein of which 27 grams or 45% should come from animal sources". (Alake, 1993). It is noted with deep concern the very low level of animal protein consumption of Nigerians which is far below the required international standard. Animal protein consumption is always made easily accessible and available by raising livestock on farms, in houses, at the homestead and in schools. This way, livestock farmers raise these animals in large number and sell to the public.

The Federal Government of Nigeria has always tried to solve these production problems by introducing programmes like;

i. the 'Green Revolution' (1973)

ii. the 'Agricultural Development Programmes' (1975)

iii. the 'Operation Feed the Nation' (1976)

iv. the 'National Accelerated Food Production Program' (1976)

v. the 'River Basin Development Authority' (1976)

vi. the 'Directorate of Food, Roads and Rural Infrastructure (1986) and

vii. Formulated National Livestock Policy (1988) among others.

It has, however, been noted that all efforts made by Government to improve agriculture have not yielded the expected result. It has been noted that many agricultural inputs are getting out of reach of farmers, mechanization schemes have grounded to a halt for lack of spare parts, large scale development projects, in many cases, have turned out to be expensive exercises in futility in Nigeria. Adedipe (1988) stated that the low level of supply of agricultural products have forced the prices of food and raw materials to escalate in recent years. Atteh (1990), further noted that despite the fact that Nigeria's rural communities (which produce the bulk of food for the country) produce their own food, made their own farm implements, conducted their farming activities, constructed their own shelter and storage facilities, yet the role of indigenous credit institutions have not been fully appreciated. These indigenous or local credit institutions aid these rural farming communities very greatly.

It has therefore been observed that in order to improve on Nigeria's agricultural output, and have enough to export for foreign exchange earnings, there's a dire need for a good, assured, conducive, soft and easily obtainable credit for farmers. The Federal Government of Nigeria, on observing the importance and necessity of credit as a motivator for increased agricultural production, established the Agricultural Credit Guarantee Scheme (ACGS) in 1977 with the aim of making it easier for farmers of all categories to obtain loans from Commercial and Merchant Banks with relative ease for agricultural development. The Federal Government had earlier established the Nigeria Agricultural and Cooperative Bank in 1972 to enable farmers obtain loan on easier terms to boost agricultural production.

In its efforts to further ease the burden of farmers, the Federal Government received a World Bank assistance to float the National Livestock Projects Division in

order to cater especially for accelerated livestock production to increase the level of animal protein consumption in Nigeria.

1.2 THE NIGERIAN FARMERS AND CREDIT NEEDS

Nigeria is a nation of small farmers. This is evident by the fact that over 90% of Nigeria's total food production (including livestock) comes from small farms, (Olayide et al, 1979) while at least 57% of Nigeria's population earn their living from these small farms, (C.B.N., 1993). To improve agriculture therefore, there is the need for efficient agricultural credit for small farmers.

The hope for increased livestock production by millions of Ondo State's livestock farmers depended, among other things, on the amount and quality of factors of production such as land, labour and capital available. Of these, capital has always been the major constraint.

Olayide (1979) affirmed that, 'the agricultural modernization are rather complex and somewhat interrelated, but the consensus is that inadequate supply of capital is the central factor around which other factors exert their influence'. When improved capital base is combined with improved technology and a dynamic and effective extension organisation, greater opportunities exist for higher volume of production and farm income.

Availability of farm credit plays an important role in farm resources' allocation. It is only through the use of increased credit can further agricultural production expansion be made. It is the lack of credit facilities that has kept many farmers from adopting improved practices (Williams, 1988 & Akinbami, 1988). It is clear from the above, that credit is a major need of most Nigerian farmers (including livestock farmers), for further expansion and adoption of technology.

In view of the importance of animal protein in Nigeria's diet and the deficiency in livestock production, the Federal Government established the National Livestock Project Division (NLPD) in 1976 in all states of Nigeria (including Ondo State 1981), to provide specialised credit to livestock farmers for increased production. This is done to encourage these livestock farmers, who are usually small-holders to boost their production. Inspite of all these, Government has not been able to satisfy the yearnings of Nigerian farmers' ever-increasing demand for credit.

Therefore, the reason for this study stemmed from the need to determine the extent to which agricultural credit has relieved capital shortage and improved livestock production of small scale farmers. This study tried to examine the different causes of these in-adequacies such as high administrative costs, institutional bureaucracies, collateral, etc. It also tried to examine the cause of the persistence of these problems despite different efforts aimed at their solutions.

1.3 STATEMENT OF THE PROBLEM

Over the years, the Federal Government has launched many agricultural programmes aimed at increasing food and livestock production in Nigeria. This however, has not yielded the desired results. The demand for more animal protein consumption continues to increase thereby widening the animal protein deficiency gap despite the enormous potential of human, land and other material resources available for improvement in the country.

Studies conducted on public agricultural Credit Institutions in Nigeria by Osuntogun (1973) point to the need for increasing the volume of loan resources available to credit institutions so as to allow increase in the level of lending to individual borrowers (farmers).

In view of the above, and the necessity for increasing the level of credit to meet the increasing demand for animal consumption, the study tried to highlight some responses to the following questions:

i. What are the factors relating to credit acquisition, utilization and recovery in the study areas?

ii. What are the problems encountered by the respondents during the loans processing.

iii. Are there differences and similarities in the acquisition and utilization constraints being faced by livestock farmers in the study areas?

iv. What local methods are singularly or in combination used in fulfilling increased animal production in the study areas?

1.4 OBJECTIVES OF THE STUDY

The main objective of the study is to investigate the utilization and recovery of the agricultural credit on-lent to livestock farmers in Ondo State by the NLPD through the NACB, Akure.

The specific objectives include:

1. to determine whether credit size is significantly related to the farmers farm income.
2. To examine whether loan utilization by individual farmer (borrower) from the NLPD had any significant relationship with loan repayment.
3. To investigate if any significant difference exist in loan repayments among:
   i. borrowers of different personal characteristics; (education, age, social status).
   ii. farmers of different classes of livestock financed: (cattle, poultry, goat and pig).
   iii. farmers of different enterprises financed (broilers, goat breeding, cattle fattening, pig fattening).
   iv. farmers of different loan repayment demand visit levels
4. To determine if any significant relationship exists between loan repayment and profitability.

1.5 SIGNIFICANCE OF THE STUDY

In Nigeria, livestock farming is a major source of animal protein supply to the country's population. Some units of livestock are virtually raised in the ecological zones of Nigeria including Ondo State. However, livestock production is not adequate to meet the demand for Nigeria's animal protein consumption needs. Most livestock farm operators are now bankrupt. Many have stopped production while some are contemplating doing same unless adequate, soft and acceptable credit is made available to the industry. Therefore, this study found out some of the problems affecting livestock farmers' utilization of the agricultural credit lent to them by the NLPD and its subsequent recovery.

This study will therefore provide an insight into such constraints and proffer some innovative approaches for solving the problems of credit unavailability and/or

inadequacy in Ondo State.

Finally, this study will offer additional insight into other methods of agricultural credit utilization by livestock farmers and its subsequent approaches.

1.6 SCOPE OF THE STUDY

This study will look in depth into the various aspects of the NLPD's operations. it will also look into its connection with the NACB in joint administration, monitoring and supervision of the utilization of the credit issued and its recovery.

1.7 LIMITATION OF THE STUDY

Even though the time available for the study was sufficient, yet it was rippled with severe financial limitations which imposed some restrictions on the volume and depth of the data collected.

Absence of proper records by farmers might also influence the data. Inability or reluctance of respondents to divulge their financial involvement to NLPD posed a critical limitation to data collected. Years of loan analysed and the different enterprises involved may also have an effect.

However, conscious efforts have been made to guard against these limitations. While their impacts on data quality cannot be ruled out entirely, they have been reduced to the barest minimum possible.

1.8 DEFINITION OF TERMS

1. N.L.P.D. means National Livestock Projects Division of the Federal Ministry of Agriculture, Water Resources and Rural Development.
2. N.A.C.B. means Nigerian Agricultural and Cooperative Bank.

2.0 CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

2.1 THE CONCEPT OF AGRICULTURAL CREDIT

'Credit' which is a derivation from the Latin word 'Credo' meaning 'I believe' 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. Ewuola (1980) stated 'that agricultural credit is the temporary transfer of inputs in form of money, goods and/or services to a willing borrower for agricultural purposes with the borrower's potentiality, willingness and promise to repay in a particular form after use, and confidence by the lender that the borrower will comply with the terms of utilization and repayment with or without monitoring'.

Agricultural credit is the acquisition of, and control over funds, at a cost, for a specified time period. At the end of the contract period, the control ceazes and the funds revert to the creditor. (Famoriyo and Imoudu, 1986).

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 Ditto, 1985). Eluhaiwe (1993), defined "credit as an asset of financial reserve".

Ogunfowora, Essang and Olayide (1972), and Imoudu (1986) defined credit as a 'monetary or financial aspect of capital which can take such forms as:

i) money in cash or bank drafts;
ii) in kind as a biological and physical capital purchased and supplied to products'.

Miller also regarded credit to be a process of obtaining the right of the use of money, goods and services with agreement to repay in future date. This agreement may be in terms of legal documentation, promisory note, and pledging of estate property. Albert (1960) buttressed the assertion of Miller (1972) on credit by saying 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 some time in the future ...., thus providing a means for temporary transfer of assets or the use of such assets from a man or an organisation who has them to a man or organisation that has not'.

However, Oshuntokun (1975) defined agricultural credit as 'the sum total of the arrangement through which cash and kind inputs are made available to a farmer-producer who repays such inputs in the form stated in the repayment schedule with due interest'.

Credit, is part of agricultural finance which is the economic study of the acquisition and the use of capital in agriculture.

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) asserted that the idea of agricultural development is a process that involved adoption by farmers (particularly small farmers) of new and better agricultural practices, Patel (1972) and Oni (1978) revealed that most of these new practices have to be purchased, while few farmers have the financial resources to actually finance the purchases.

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. Under this situtation, agricultural development process becomes stunted (Famoriyo and Nwagbo, 1981).

For the purpose of this study, agricultural credit is hereby regarded as:

1. the motivating power embedded within an acquired fund, goods and services (animate or inanimate) which propel the fast establishment, growth and development of agricultural productive activities with high profitability or income, improved standard of living and longevity to the borrower and abundant food production to the nation with the promise of repaying the loan at a future date with the stipulated interest.

2. agricultural credit is the essence of sourcing for and acquiring external motivating financial, goods or services helps to boost agricultural production with the promise to repay such at an agreed future date with its stipulated interest.

2.2 THE ROLE OF AGRICULTURAL CREDIT IN AGRIC DEVELOPMENT

Credit plays an important role in agricultural development worldwide. Nigeria, like many other third world countries, is a country of small-scale farmers who are unable to accumulate capital for their work's progress because of low savings. Agricultural credit derives its role in agricultural development theory from a fundamental conception. The idea is that agricultural development is a process that involves adoption by farmers (particularly small farmers) of new and better agricultural practices (Famoriyo and Nwagbo, 1981). Adeyemo (1981) opined that 'credit facilities for small holders are very poor and limited because among other things they are unable to offer acceptable security. Consequently, the peasant producers are caught up in a vicious cycle, a low level of income leads to a low rate of savings which leads to a low rate of capital investments which leads to a low level of agricultural productivity which in turn leads to a low level of income. This is a vicious cycle from which many farmers cannot escape without some outside financial assistance'. He further said 'thus the idea behind government sponsored agricultural credit programme is to make it possible for farmers to use improved farm inputs which it is hoped would enable farmers to increase their productivity and hence enhance their level of income'.

Adeyemo (1981) agreed with the view of Nwosu and Ogunfowora (1977) who argued that for the vicious cycle to be broken, farmers must be helped to realize their productive potential through the provision of requisite production resources especially capital which has been identified as one of the factors militating against rapid agricultural modernization.

Oluwasanmi and Alao (1965) shared the view that credit can serve as a catalyst in carrying out various agricultural programmes while Wells (1974) argued that credit may fulfil a simple need for working capital to cover the period between planting and harvesting including stocking, breeding and culling of animals.

It would be seen that agricultural credit plays a major role in enhancing the quick establishment of agricultural enterprises and their progressive growth and development to a profitable status. Therefore, agricultural credit is essential to the working and growth of any economy involving substantial private investment. It is

therefore the most crucial element in prompting economic growth.

Farmers world-wide require production credit to expand the scope of their production and intensify their operation, modernise their farming operations by purchasing improved inputs and engaging in orderly marketing through improved storage of products.

However, the Food and Agricultural Organisation (FAO 1986), argued that agricultural credit cannot be solely useful to improve agricultural production in isolation of other physical conditions which can be used productively without credit. This assertion was also supported by Adeyemo (1984) who argued that "Inspite of the importance of credit as an instrument for improving a nations agriculture, it must be noted that its role is complementary to other developmental factors". The benefits of credit to farmers will be maximised if there are adequate transportation and communication systems available especially in the rural areas together with adequate storage facilities, insect and plant disease control measures development of good quality and high yielding varieties of seeds and of livestock, suitable land tenure arrangements and efficient extension services, etc'. He concluded his argument by saying that inadequate attention to these other factors for agricultural improvements in the past has led to the little impact that government credit efforts have made in agriculture in the past in Nigeria.

2.3 SOURCES OF AGRICULTURAL CREDIT IN NIGERIA

Credit institutions were primarily established to reduce the existing credit gap in agriculture and to find a means of making credit available to farmers especially the small-scale farmers.

Various sources of agricultural credit can be identified in Nigeria from which farmers can obtain loan. These, according to Famoriyo and Imoudu (1988), are savings, family arrangements, cooperative organisations, leasing, purchase contract, etc. Farmers of all categories obtain their credit from a variety of sources which include formal and non-formal institutional lenders.

A. INFORMAL OR NON-INSTITUTIONAL CREDIT INSTITUTION

This consists of those lending and gifts from relations, merchants, friends, local money lenders and such arrangements like 'esusu' credit institution, pledging of crops and/or land which represent a kind of indigenous mortgage whereby owner-occupier of land gives possession and use of land to a pledge creditor in return for a cash advance (Famoriyo and Nwagbo, 1981). These lenders always give quick and prompt credit services to their clients. The farmers receive credit in both cash and in kind, without any complicated loan procedural bottlenecks, delays or collateral securities.

Miller (1977) found out in his studies in the Western and Kwara States that about 58% of available credit to farmers were supplied by friends and relatives, 24% by money lenders and only 3% came from formal sources. Osuntogun (1973) agreed in the same vein from his studies of credit agencies for small-scale farmers in the then Western State that 32% of the needs of small-scale farmers in these villages came from friends and relatives while only 13% came from money lenders.

The disadvantages in the role of these informal sources include the inability of farmers to obtain the exact amount they needed because of scarcity of fund in the possession of the lender coupled with the high rate of interest which is as high as 90% (Miller 1977). The lenders operate according to their own desires and so charge any interest convenient to them.

B. FORMAL OR INSTITUTIONAL CREDIT

This is an established credit institution with legal backing which can also be influenced by government policies. As a formal body, it can sue any debtor and can be sued by anybody in the law court. Enough credit is always given at a relatively low interest rate when compared with informal sources to run agricultural businesses.

Up to 1980, the major institutional sources of agricultural credit were the Agricultural Loan And Credit Scheme (ALCS), the Nigerian Agricultural and Cooperative Bank (NACB), and the Agricultural and Rural Development Programme which gave credit in kind rather than in cash.

The commercial and merchant banks participation was not encouraging until recently because of the accretional state of agricultural production which takes long

time to mature.

The role of the CBN in the field of agriculture has been to channel credit to that sector through the monetary policy guidelines it issues to the banks from time to time.

The present measures taken by the CBN to improve Nigerian agriculture through institutional credit delivery system whitin the agricultural sector comprises the following:

1. Cooperative societies
2. Commercial and Merchant banks
3. Development Banks.
   a) Nigerian Agricultural and Cooperative Bank (NACB)
   b) Community Banks.
4. Agricultural Credit Guarantee Scheme Fund (ACGSF) through the commercial and Merchant banks and
5. State Agricultural Credit Programmes - such as Agricultural credit Corporations set up in most states of the Federation.

The main objective of these guidelines is to bridge the gap between the rural supply and demand of credit to farmers especially the small-scale farmers in the rural areas. Likewise the deregulation policy was formulated to raise the rate at which bank could borrow from it (CBN) with specific allocation of banks credit facilities to agriculture at a very reasonable interest rate (Agricultural Credit Policy guidelines system, 1990, fiscal year).

As seen above, the banking institutions play a key role in advancing loans to farmers in order to provide financial backing to agriculture (Nigeria Banking Almanac, 1985) and hence increase agricultural production.

COMMERCIAL/MERCHANT BANKS

The conventional banks were primarily established by the colonial masters to serve their economic interest. These banks did not show much interest in the indigeous enterpreneurship. The banks and their branches were located in the urban centres.

A total of about 765 rural bank branches have been established as at June,

1991 with about ₦8.3 billion mobilised while ₦5.1 billion was disbursed as loans and advances in Nigeria. The above was considered inadequate when compared with the need of the rural sector. Today more Commercial and Merchant Banks have now been licensed to operate in the country. All together, there are about 119 commercial and merchants banks in Nigeria. A good number of them are yet to be involved in the rural banking scheme. It is hoped that more rural branches will be operated in the future" (Eluhaiwe, 1993).

The low level of lending to the agricultural sector was because of the high risk of the sector and the large number of peasant farmers without collateral securities to back up their demand for credit.

2.5 CREDIT AND AGRICULTURAL PRODUCTION

As has been noticed in the above-mentioned places, it was found that many of the farmers who participated in the programme (NLPD) would not have participated if they were not issued the credit they received. This would have further worsened the consumption level of animal protein in Ondo State. Therefore in support of Oluwasanmi and Alao (1965), credits are direly needed at this severely austere time to keep the stagnated agricultural sector, especially the livestock production sub-sector moving with all the modernity it would need. When credit is granted on time, at low interest rate and without bureaucratic bottlenecks, it is used for the assigned purpose, it would be less misused by diversion into other productive or consumptive purpose as discovered by Ewuola (1980). Credit has been recognized as a good catalyst for agricultural (including livestock production) development. It is a very essential ingredient that provides the unequal incentive to adopt new technology that would have otherwise been impossible or difficult to attain.

2.6 CLASSIFICATION OF FARM CREDIT

'While farmers borrow for various purposes, farm credits could be classified on the basis of:

i. type of borrowers (individual, group or company or institutional loans
ii. type of enterprises financed (livestock or crop)

iii. purpose of loan (production or consumption credit)
iv. use of loan (production or real estate loans)
v. length of loan (short, medium or long term loans)
vi. security (secured or unsecured loans)
vii. repayment arrangement (cash, produce, lumpsum or instalment);
viii. form of disbursement (cash, kind, cash and kind)
ix. degree of supervision (supervised or unsupervised credit)
x. the expected productivity of the project financed (positive, negative and neutral credit, Ewuola 1980).

Credit can also be classified according to the purpose for which production credits is sought. There are three main purposes for which production credit can be acquired. They are;

a. credit purely used to finance the acquisition of farm machinery and equipment;
b. credit used for the purchase of seeds, livestock disease and pest control, fertilizers and payment for hired labour and
c. Credit used for the purchase of land, irrigation system and technology. (Ewuola, 1980).

2.7 PROBLEMS OF AGRICULTURAL CREDIT IN NIGERIA

There are some problems that are associated with institutional agricultural credit delivery system in Nigeria. These problems can be classified into three;

1. BANK OR FINANCIAL INSTITUTIONAL-RELATED PROBLEMS

Include untimely disbursement which is due to administrative bottlenecks, high cost of administering loans, inadequate supervision or monitoring of loans disbursed to borrowers, inadequacy of bank branches in the rural areas, low or non participation of some banks in lending to agriculture; delay in settlements of claims in the case of ACGS; non-liberalization or lending policies like interest rate, collateral requirements, and inadequate loans and advances approved for farmers. These problems group together to form a formidable threat to small-holder farmers from obtaining ready

credit from institutionalized service.

2. GOVERNMENT-RELATED PROBLEMS Which include inconsistencies in Government's agricultural policies such as changes in interest rates regimes, banning and unbanning of agricultural inputs, poor and inadequate infrastructural facilities, such as extension services, transportation, etc., inadequate research support for improved methods of production and credit delivery systems, government delays in the issuance of certificates of occupancy, political instability which had led to one government approving one programme while another cancels it.

3. FARMER RELATED PROBLEMS These incldue poor loan repayment and high rate of defaults; lack of or inadequacy of well-organised and viable farmers groups, high level of illiteracy among the small-holder farmers, lack of tangible collaterals to secure credit facilities, bio-physical problems of climate, soil, water, heat and other environmental factors and mismanagement of credit. Most farmers prefer rather not to use credit than to be called debtors since each farmer would be proud to have done his work by himself without any external help.

CHATPER THREE

RESEARCH METHOLOGY

3.1 AREA OF STUDY

This study covered Ondo State, located in the south western part of Nigeria. By simple random sampling method, 14 out of the 26 local government areas (L.G.A) in Ondo State were chosen. A total of 37 towns and villages were covered which represent the greatest areas of the concentration of the beneficiaries.

3.2 SAMPLING PROCEDURE

A list containing the names of individual borrowers who had fully repaid their loans and those still having outstanding debts (sampling frame) was collected from the Projects Division (NLPD). The information collected from there was confirmed at the NACB, Akure.

From the sample frame collected, the number of full repayments for the whole two phases of the disbursements was 98 as against the 259 with outstanding loans thus making a total of 357 borrowers as at June, 1994. From this total of 357 livestock farmers, 150 was selected as the sample size by stratified random sampling made up of 67 borrowers selected from those with full repayment and 83 from those with outstanding loans.

3.3 INSTRUMENT FOR DATA COLLECTION

A structured, pre-tested interview schedule preparedfor this purpose was used. The reason for this was because some of the respondents (farmers) were illiterate who could not read or write. The schedule contained both open-ended and close-ended questions with relevant demographic and non-demographic information needed. Some of the non-demographic questions asked revolved round the identified major variables like credit administration, loan utilization, profitability, and loan repayment. A copy of the schedule is attached as Annexure.

The pre-testing of the schedule was carried out at Ado-Ekiti with some livestock farmers with similar conditions like those farmers slated for interview.

3.4 DATA COLLECTION

The instrument was administered to the livestock farmers benefitting from the loan throughout the areas of study by directly interviewing the respondents with the aid of trained enumerators who were conversant with the farmer's problems, knew their cultures, norms and values and who approached respondents cordially.

The respondents were not met on their livestock farms during the day. Some were met in their houses, and homestead poultry houses, pig's pen and goat houses at their most convenient time for good responses and cooperation.

Questions were asked mostly in the farmer's local language by the trained interviewers and the researcher. Answers were recorded in the interview schedule. The researcher closely supervised the few interviewers in order to assist them in difficult situations which could lead to some errors in their process of interviewing the farmers.

The response rate was finally encouraging. A total of 150 interview schedules were successfully completed and returned.

3.5 MEASUREMENT OF VARIABLES

3.5.1 INDEPENDENT VARIABLES MEASURED

A. DEMOGRAPHIC CHARACTERISTICS OF THE FARMERS: The following variables were measured.

i. Age - in years.

ii. Highest educational level of respondent - non-literate, primary education, secondary education, teachers' education, technical education, polytechnic education, university education.

iii. Primary occupation - agricultural, non-agricultural.

iv. Farm size (Animal farm) - hectares and number of animal heads.

B. LOAN UTILIZATION: Utilization here included the amount of loan they obtained, the amount they spent on the enterprise for which the loan was granted and how the balance was used.

The following variables were measured to ascertain loan utilization;

i. Loan type obtained - cattle fattening, sheep fattening, goat breeding, poultry layer, poultry broilers, pig fattening and purchase of stock.

ii. Profitability of enterprise - profit, loss, undecided.

C. MONITORING OF EXTENSION AND CREDIT STAFF

Monitoring here includes all supervisory visits made to borrowers by the extension and credit officers of both agencies i.e. NLPD and NACB.

The following form the summary of the variables measured here;

i. distance of farmer's house from his farm and distance to his nearest customers

ii. frequency of creditors visits to farmer's farm before disbursement.

iii. frequency of creditors visits to farmers farm for supervision.

iv. frequency of creditors visits to demand repayment.

v. Distance of farmer's farm to creditors office nearest to him.

D. ENTERPRISES FINANCED: The following enterprises were measured:

i. grassland establishment;

ii. cattle fattening

iii. purchase of stock;

iv. sheep fattening;

v. goat breeding;

vi. poultry (layer) keeping;

vii. poultry (broiler) production and

viii. pig fattening

DEPENDENT VARIABLE

LOAN RECOVERY OR REPAYMENT

Loan repayment was measured thus:

i. Loan repayment - zero (0%) means no repayment

- 100% means full repayment.

3.6 ANALYTICAL TECHNIQUE

Percentages and frequencies were used to measure the independent variables (earlier mentioned). Inferential statistics which include ANOVA, T - test, product

moment correlation 'r' were used to measure differences as well as relationships between loan recovery and;

i. Borrower's personal characteristics;
    1. Educational level of repsondents;
    2. Age of respondents
ii. Loan Utilization
    1. Size of loan
    2. Percentage of loan spent as approved
iii. Monitoring
    1. Number of extension and credit officers' visit to demand repayment.
iv. Enterprises Financed;
    1. Profitability of the enterprise.

Results were presented in tables.

CHAPTER FOUR

RESULTS AND DISCUSSION

In this chapter, the major findings of the study as related to its specific objectives are made available.

The needed data are presented in forms of appropriate table and discussed at length as required as much as found relevant to the stated objectives.

The chapter is presented in different sections as follows;

Section I: Borrowers' demographic characteristics

Section II: Loan size and farmers income relationship

Section III: Loan utilization and loan repayment relationship

Section IV: Loan repayment differences with selected variables.

Section I

4.1.0 BORROWERS' DEMOGRAPHIC CHARACTERISTICS

The demographic characteristics of borrowers dealt with in relevance to the study included: age, sex, education, social status, family size, loan size, farm size, farmer's visit to credit staff, credit staff visits to farmers, net enterprise income and profitability.

i. **AGE:** Mean age of farmers was 40.5 years ranging from 21 to 65 years (table 4.1). A total of 39.3% of borrowers fell within 31 to 40 years age bracket while 38.7% fell within the 41 to 50 years of age bracket.

Table 4.1 AGE OF BORROWERS (N = 150)

Borrowers' age (Yrs)	Fequency	Percentage
under 30	18	12.0
31 - 40	59	39.3
41 - 50	58	38.7
51 - 60	12	8.0
above 60	3	2.0
Total	150	100.0

Mean age = 40.5

Range = 21 to 65 years

Source: Field Survey, 1994.

Therefore a total of 12.0% fell below the age of 31 years while 10.0% were above 50 years. While this is not a totally bad trend, it is however disturbing that the proportion of the younger ones taking over the profession is too few.

ii. **SEX:** A total of 58.7% of the borrowers were (male) while 41.3% were females. This is a fair distribution as both sexes were equally involved in the livestock business.

iii. **EDUCATION:** Borrowers came from all classes of education in the society. It ranged from no formal education (3.3%), primary school certificate (4.7%); secondary school certificate (18.0%); teachers' certificate (23.3%); technical college and trade centre (10.0%); polytechnic graduate (20.7%) and university graduates (20.0%). While the largest concentration of livestock borrowers were polytechnic graduates (20.7%) other classes also benefited.

Information regarding the specific professional studies of the participants in the program was not sought. Nonetheless, their chosen career (profession) in addition to their basic educational attainment would have influenced/assisted them to prosper in their livestock enterprise.

iv. **SOCIAL STATUS:** A large concentration of the borrowers (62.7%) were government officials. Ordinary citizens followed with 23.3%. About one tenth (10.7%) were chiefs. 2.0% were religious leaders and Obas constituted 1.3%. It could be said that these loans cut across social status in the community.

However, it looks an unhealthy development that the largest proportion were civil servants. One could suspect that since the loan scheme was not specially designed for them but for all and sundry, they utilized their privileged positions to take advantage of the package. This amounts to abuse of privileges.

v. **FAMILY SIZE:** Only 12 of the farmers (8.0%) were not married while only one respondent was a widow. Modal family size was 4 with 42.7% above and 37.3% below the modal size. Majority of farmers (77.3%) had 0 to 5 family members while 22.0% had 6 - 10 members and 0.7% had eleven members.

Mean borrowers' family size was 3.9 with a standard deviation of 2.4. Size ranged from zero to 11 members.

The era of having large family sizes among farmers as found out by this study, compounded by the present economic hardship is gradually fading out. The education level of most of the respondents may also contribute.

vi. **LOAN SIZE:** NLPD loans to borrowers ranged from ₦1,840.00 to ₦30,000.00. (Table 4.2). Mean loan was ₦7,275.10.

Table 4.2 SIZE OF LOAN BORROWED BY FARMERS (N = 150)

Loan Size (₦)	Frequency	Percentage
under 2,000	1	0.7
2,001 - 5,000	53	35.3
5,001 - 8,000	30	20.0
8,001 - 11,000	32	21.3
11,001 - 14,000	7	4.6
14,001 - 17,000	19	12.7
17,001 - 2,0000	4	2.7
20,0001 - 23,000	3	2.0
Above 23,000	1	0.7
Total	150	100.0

Mean = ₦7,275.10

Range = ₦1,840.00 to ₦30,000.00

Source: Field Survey, 1994

About 35.3% took loans ranging from ₦2,001.00 to ₦5,000.00. Next to these were the ₦5,001.00 to ₦8,000.00 group which formed 20% followed by those of ₦8,001.00 to ₦11,000.00 group which formed 21.30%. This trend progressed steadily and ended with only one farmer who got ₦30,000.00 and formed 0.7%.

Depending on the enterprise, a loan of about ₦7,000.00 can hardly go a long way in cattle, pigs, goat or even broilers for commercial purposes. However, it could have been more favourable for homestead livestock projects designed for domestic consumption.

However, at time of issue it might have been somehow valuable, but subsequent trends, such as inflation, might render it almost meaningless.

vii. **FARM SIZE:** Physical sizes of these farms were very small. For most (88.0%) of them, their farm sizes were not more than one hectare. Only one farmer (0.7%) had 10.0 hectare of land for his livestock farm. The others ranged between 1.1 to 5.0 hectare.

While small land sizes might suffice for enterprises like poultry, as well as piggery, goat keepers and cattle farmers definitely need larger farms.

viii. **ENTERPRISES FINANCED**: Enterprises covered by the NLPD loans varied widely within the livestock sub-sector. As found out by the study, (Table 4.3); such enterprises included: Goat breeding, poultry (i) layers, (ii) broilers; pig fattening, cattle fattening and sheep fattening.

Small ruminants (sheep and goats) made up a total of 38.9% of the loans, poultry (layers and broilers) made up a total of 41.3% of the loans, while pigs and cattle made up 10.7% and 9.3% respectively.

Table 4.3: ENTERPRISES FINANCED BY NLPD LOANS

Enterprice	Frequency	Percentage
Goat breeding loan	53	35.4
Poultry layers loan	36	24.0
Poultry Broilers loan	26	17.3
Pig fattening loan	16	10.7
Cattle fattening loan	14	9.3
Sheep fattening loan	5	3.3
Total	150	100.0

Source: Field Survey, 1994.

Most of NLPD loans were short-term loans of not more than 24 months each. While goat breeding and poultry layers' production loans were for a duration of 24 months each, broiler production loans covered a period of 12 months while others were for 6 months duration only. They were more of fattening loans or for market target production purposes. Broilers in particular were targeted against festive occasions.

ix. **CREDIT STAFF VISITS TO FARMERS FARMS:** Credit officers visited farmers farms for supervision of loan's utilization between one and ten times: 120 farms forming 81.3% were visited between 1 and 5 times while 28 farms representing 18.7% were visited between 6 to 10 times. Only two farms were not visited at all. All those visited have a mean of 3.4 and a standard deviation of 2.1. It could be said from this research finding that these visits had a significance in the proper utilization of the loan.

x. **ENTERPRISES NET INCOME AND PROFITABILITY**: Since repayment of NLPD's loan hinged largely on the farmers profits, it was found that out of 30 farmers (20.0%) who did not repay at all, 3 of them incurred losses.

103 farmers (68.6%) made profit.55 (53.4%) of them repaid fully, 36 (34.9%) repaid their loans partially while 12 (11.7%)did not repay their loan. It could be deduced from the available data (Table 4.4) that 12.0% of the farmers sustained losses, 68.7% made profit from their enterprises while 19.3% were undecided as to their categorisation. It would be noticed that the greater part of farmers who made

profit repaid their loans fully. The income ranged from ₦100.00 to ₦312,451.00 with a mean of ₦109,012.60 and a standard deviation of ₦266,963.00.

Table 4.4: FARMERS VIEW OF THEIR PROFITABILITY AGAINST REPAYMENT LEVEL (N = 150)

vel of Repayment	Profit/Loss	Fequency	Percentage
repayment	Loss	3	2.0
	Profit	12	8.0
	Undecided	15	10.0
	Sub-total	**30**	**20.0**
tial Repayment	Loss	14	9.3
	Profit	36	24.0
	Undecided	9	6.0
	Sub-total	**59**	**39.3**
l Repayment	Loss	1	0.7
	Profit	55	36.7
	Undecided	5	3.3
	Sub-total	**61**	**40.7**

Total losses = 18

Total profit = 103

Undecided + full repayment = 5

Undecided + partial repayment = 9

Undecided + no repayment = 15

Total 29

Source: Field Survey, 1994

4.2.0 SECTION II

4.2.1 RELATIONSHIP BETWEEN CREDIT SIZE AND SELECTED FINANCED VARIABLES

In this section, loan size for individual respondents was measured and analysed. In a similar vein, farmers' income from the respective enterprises were sought on individual basis. Findings from these analyses are presented below:

a) LOAN SIZE: Considering the size of loan granted by the Division (NLPD) to the present crew of borrowers, a range of ₦1,840.00 to ₦30,000.00 with a mean of ₦7,275.10 was obtained. About 54.0% made up of 74 current borrowers interviewed obtained amounts that were below the mean while the rest 76 farmers representing 46.0% of the current borrowers interviewed obtained credit between ₦7,460.00 and ₦30,000.00 (Table 4.2).

The study found that the loan granted majority of the respondents was totally inadequate and so led most of them to fend for additional credit from informal sources as evidenced by 63.0% of the farmers who got additional credit from informal sources. 5 respondents (3.3%) from commercial banks and only 52 respondents which make up only 34.7% did their work with only the credit from NLPD.

This diversion of credit source might have been due to too much delay and unnecessary bureaucracies, risks to life of farmers and late disbursement.

The Table 4.2 above also shows that most borrowers were small holder farmers whose credit required no collateral and were not given much money. This large number of respondents with these small unsecured loans confirmed the fact that the small scale borrowers form the bulk of its clients.

This large number of loan beneficiaries make loan servicing and recovery very difficult and so would need more effective supervision, great overhead costs and large institutional and administrative requirements to be effective.

b. FARMERS INCOME

Total enterprise gross income in respect of each financed livestock project was sought. The income range from ₦1,000.00 to ₦690,000.00 with a mean of ₦26,038.46 (Table 4.5).

Although the range looks very wide, it is not unexpected as the enterprises vary very widely.

Table 4.5 FARMERS TOTAL INCOME FROM THE ENTERPRISES FINANCED

INCOME (₦)	FREQUENCY	PERCENTAGE	CUMMULATIVE
0 - 10000	29	22.8	22.8
10001-20000	25	19.7	42.5
20001-30000	23	18.1	60.6
30001-40000	14	11.0	71.6
40001-50000	6	4.7	76.3
50001-60000	2	1.6	77.9
60001-70000	5	3.9	81.8
70001-80000	5	3.9	85.7
80001-90000	3	2.4	88.1
90001-100000	1	0.8	88.9
100001-110000	0	0.0	88.9
110001-120000	2	1.6	90.5
Above 120000	12	9.5	100.0
Total	127	100.0	

Mean = ₦48,806.00

Range = ₦1000.00 to ₦690,000.00

Source: Field Survey, 1994.

c) FARMER'S EXPENDITURE

Farmers' expenditure on their livestock enterprises varied very widely from ₦2,573.00 to ₦591,000.00 per enterprise. While the modal range was ₦10,001.00 to ₦15,000.00 covering 21.3% of the respondents (Table 4.6). Only 5.0% spent under ₦5,000.00 on their livestock projects. Mean expenditure was ₦37,759.32 on the borrowers' livestock enterprises.

A total of 56.10% of the respondents spent up to ₦20,000.00 on their projects while as high as 73.10% spent not more than ₦30,000.00 on theirs. However, while a total of 11.3% spent between ₦30,001.00 and ₦50,000.00 on their chosen enterprises, as high as 15.60% spent over ₦50,000.00 on their projects.

Table 4.6 FARMERS' EXPENDITURE OF THEIR ENTERPRISES

penditure (₦)	Frequency (N = 150)	Percentage	Cummulative
5,000	7	5.0	5.00
-10,000	23	16.3	21.30
01-15,000	30	21.3	42.60
01-20,000	19	13.5	56.10
01-25,000	12	8.5	64.60
01-30,000	12	8.5	73.10
01-35,000	6	4.3	77.40
01-40,000	5	3.5	80.90
01-45,000	4	2.8	83.70
01-50,000	1	0.7	84.40
e 50,000	22	15.6	100.00
T A L	141	100.0	

Mean = ₦37,759.32

Range = ₦2,573.00 to ₦591,000.00

Source: Field survey, 1994.

This implies that almost all the projects made heavy personal private investments in their respective enterprises. For whatever reason, they never depended solely on credit for executing their projects of interest. This is an indication of desire and interest in their respective projects. They probably only sought financial assistance in aid of their project execution. This was quite different from situations where desire to benefit from loans was the main motivating factor for loan application. Such might likely lead to fund misuse. Not much of such practices is expected from these types of agro-enterprises. It was also noted that some of those who had some capital of their own before applying for credit from NLPD had commenced their livestock business before the loan was disbursed to them while those without thier own prior capital waited till the loan was disbursed before starting their livestock businesses. Their success or failures hinged on the NLPD's loan. These borrower or farmers took prompt care of their livestock whenever their was any problem or disease attack while they reported the case to the Division. They only

supplemented their own capital with the loan to expedite their livestock enterprises.

d) NET PROFIT

A total of 103 of all respondents claimed to have made profit from their enterprises (Table 4.4) This made up 68.7%. Those who made losses were 18 which constituted 12.0%. The rest 19.3% operated at break-even point.

Although loan fund averaged ₦7,275.10, mean expenditure per enterprise was ₦37,759.32, and farmers' gross income averaged ₦26,038.46, net profit had only a mean of ₦14,056.78 per enterprises ranging from ₦150.00 to ₦182,000.00. (Table 4.7)

Table 4.7 FARMERS' NET PROFIT ON THEIR ENTERPRISES

Net Profit (₦)	Frequency	Percentage	Cummulative %
Under 1000	9	10.2	10.2
1,001-5,000	25	28.4	38.6
5,001-10,000	25	28.4	67.0
10,001-15,000	5	5.6	72.6
15,001-20,000	11	12.5	85.1
20,001-25,000	4	4.6	89.7
25,001-30,000	2	2.3	92.0
30,001-35,000	1	1.1	93.1
35,001-40,000	2	2.3	95.4
Above 40,000	88	4.6	100.00

Mean = ₦14,056.78

Range = ₦150.00 to ₦182,000.00

Source: Field Survey, 1994.

A total of 67.0% of respondents made profits only as high as ₦10,000.00. Most respondents made profits below the mean. Almost 85.1% of them had profits not more than ₦20,000.00. Only a total of 14.90% made profits exceedingly ₦20,000.00.

The high mean expenditure per enterprise and high mean gross income per enterprise being high and net profits being relatively low were due to heavy enterprise capital outlay. This could be reasonably recovered over time. Loan fund was probably only for maintenance or for meeting running costs.

Although the profit margin was not much, it covered costs, loan fund and left some margin.

e) CREDIT SIZE AND FARMERS INCOME

Mean credit size was only 19.2% of mean enterprise expenditure, 27.93% of mean enterprise gross income and 51.75% of mean enterprise net profit.

A Pearson Correlation analysis was run to determine if any relationship existed among the financed variables. The outcome is presented in matrix form in Table 4.8.

Table 4.8 CORRELATION MATRIX OF SELECTED VARIABLES

	AGE	CHY	HEL	TFS	NOLK	LSTOT	ETC	FOCVTF	ORLHY	FOVTCBD	LFPTINC	LFPTP	AAPRT
AGE	1.00												
CHY	0.35	1.00											
HEL	0.03	0.01	1.00										
TFS	0.44	0.82	0.03	1.00									
NOLK	0.04	-0.04	0.18	0.03	1.00								
LSTOT	0.10	0.06	0.12	0.07	0.44	1.00							
ETC	-0.01	0.12	-0.26xx	0.22xx	0.13	0.26xx	1.00						
FOCVTF	0.02	-0.01	0.06	0.02	0.01	-0.18	-0.34xx	1.00					
ORLHY	0.23	0.02	0.03	0.51xx	0.05	-0.03	0.10	0.09	1.00				
LFS	-0.08	0.03	0.07	0.05	0.06	-0.08	-0.05	0.15	-0.03				
FOVTCBD	-016	0.03	0.18	0.01	-0.03	0.06	-0.14	0.39xx	0.00	1.00			
LFPTINC	0.08	-0.04	0.06	-0.03	0.09	0.10	-0.07	0.03	-0.05	0.05	1.00		
LFPTP	0.05	-0.01	0.02	-0.02	-0.02	0.04	-0.09	0.07	-0.07	0.05	0.95xx	1.00	
AAPRT	0.19	-	0.05	-	0.40	0.54	-	0.17	-	-	-	-	1.00

a x = Statistically significant at 5% level a xx = Statistically significant at 1.0% level

a xxx = Statistically significant at 0.1% level

KEY

AGE = Age of respondent

CHY = Children Helping You

HCL = Highest Educational Level

TFS = Total Family size

NOLK = Number of Livestock Kept

LSTOT = Loan Size (Total) Naira

ETC = Estimated Transport Cost (Naira)

FOCVTF = Frequency of Creditors Visits to Farmers

ORLHY = Other Relatives Helping You

LFS = Livestock Farm Size (Ha)

FOVTCBD = Frequency of Visit Before Disbursement

LFPTINC = Total Livestock Enterprise Income

LFPTP = Total Livestock Enterprise Net Profit

AAPRT = Total Loan Repaid

Between credit size and total income, there was a positive but no statistically significant relationship (r=0.10). In similar fashion, the relationship between credit size and enterprise net income (r = 0.04) was not statistically significant at the 0.05% level. Credit size did not relate significantly to income (gross or net). Enterprise financed from loan did not vary significantly with any form of income.

This could be due in part to the fact that loan fund formed only a little proportion of total investment and total income. This could also be partially due to the fact that loan fund from NLPD might have been supplemented with the farmers' family labour and personal income used in order to expedite their livestock projects and avoid losses. It could also be partially due to the fact that the loan fund from NLPD might have also been supplemented with other funds received as "helping gifts" from friends, family members and sometimes from farmers' children in order to either start or boost or enlarge the livestock business.

Since the institutional credit received from NLPD might be very insignificant when compared with these huge collated resources, it would have therefore formed very little part of the total investment and the total income of thier enterprises.

f) LOAN FUND SIZE AND LOAN REPAYMENT

A total of 61 respondents (Table 4.4) made full repayment of their loans. This is only 40.7% of all respondents. Out of these, 60 (98.4%) were those who made profits from their livestock business. Only one of these (1.63%) sustained losses and yet repaid fully.

Only 30 respondents (20.0%) made no repayment at all. Out of these, 40.0% made profits from their enterprises but yet did not repay. A total of 3 respondents (10.0%) sustained losses and so did not repay while 15 respondents (50.0%) who were undecided did not repay also.

In all, 59 respondents (39.3%) made partial repayment. Thirty-six (36) of these (61.0%) made profits while 14 of them (23.7%) made losses out of their livestock business and yet, made partial repayments. However, 15.3% of those who made partial repayments, were undecided.

In a Pearson Correlation analysis, loan size and loan repayment correlated positively and significantly at the 0.1% level ($r = 0.32$). This implies that as loan size increased, so also loan repayment increased. Those who made the higher repayments were those who obtained the bigger amounts of loan.

This is an important and an encouraging development as it will encourage higher levels of disbursement of the NLPD loans to short-term livestock enterprises.

This study also found that eventhough the extension and credit staff of the NLPD and NACB visited some farmers for upto 15 times (2.7%) yet 2 farmers (1.3%) were not visited at all for proper loan utilization while 69 farmers (46.0%, Table 4.9) were not visited during Loan Repayment Demand visits. This showd a gross neglect of proper supervision of loan utilization which opened the way for the various degrees of loan diversion (17 farmers, 11.3%) farmers making small profits (68.6%, Table 4.4) low level of loan repayment (80%), the ultimate difficulty for would - be - beneficiaries to secure the loan and the continuity of the low level of animal protein consumption in Ondo State.

Therefor, much supervision needs to be done by the NLPD to unsure improved and proper loan utilization, better profit and loan repayment.

However, much still needs to be done by the NLPD to ensure improved loan recovery situation especially as there are reasonable numbers of people who made profits from their livestock businesses and had not repaid anything or have only partially repaid. This will serve as a means of encouragement and a pointer to programme's success.

4.3.0 LOAN UTILIZATION AND LOAN REPAYMENT

a) LOAN UTILIZATION

Data obtained showed that 133 respondents representing 88.7% of the borrowers spent all the loan obtained on the approved enterprises while only 17 borrowers representing 11.3% of the respondents spent part of the loan obtained on the approved enterprises and other activities.

This finding confirmed the fact that all the loan acquired by farmers was not always spent for the approved enterprises or for productive purposes. Part of the loan was always diverted for other uses; as affirmed by Miller (1977) and Ewuola (1980) that a sizeable percentage of farmer's credit went to other uses. This finding also reveals the inadequacy of supervision for the total use of the loan for productive purposes. Nonetheless, it still showed that farmers of all categories would, no matter the stringency of the supervision, divert part of whatever credit acquired to non-productive purposes very pressing to them. This assertion agrees with those of Ewuola (1980) and Ogunfiditimi (1980) that loans are sometimes diverted to other ventures. This study however found out that the degree of diversion of the credit to other ventures will continue to increase in line with the increase in cash disbursement to farmers. It is believed that the enterprises of the greater number of respondents (88.7%) who used the loan as approved would flourish and be profitable and so afford their quick repayment. It is advised that credit be given very largely to farmers in kind rather than cash in order to forestall mis-use.

b) PROPORTION OF LOAN DIVERTED

Cash loan can hardly avoid being diverted. (NLPD loans were given both in cash and kind). It was claimed by farmers that 92% of loans were received by farmers in cash (cheque). Only 8% was given in kind. This made it very easy for farmers to divert the cash loan to other relatively pressing needs.

The study found that portions of the loans diverted averaged 20.75%. Only 17 farmers (11.3%) diverted part of their loans. It ranged from 44% to 7%. Only one borrower diverted over 40% of his loan. Two of them diverted between 30% and 40%, four diverted between 20% and 30%; six diverted between 10% and 20% while 4 others diverted less than 10% of their loans.

Use of the diverted loans were sought. Avenues of diversion included liquidation of previously owed debts (about 6% of respondents) while others included repayment of family medical expenses, paying children's school fees, and only one borrower invested a proportion (10%) of his loan on his house construction.

Further investigation was done to see if the diversion was particularly applied to specific enterprises. It was found out that four main enterprises were involved:

Goat breeding;

Poultry layers production

Poultry broilers production and

Pig fattening

The misuse was about uniformly distributed among the enterprises. It was further probed to see if loan diversion has anything to do with profitability. Since the loan fund diverted was averagely small (20.75%), it had a little or no effect on profitability. Almost 70% of those who diverted parts of their loans still made profit. About 25% sustained various degrees of losses, while the balance was undecided. As a matter of details however, the borrower who diverted 44% of his loan incurred losses. This may not be important as some borrowers who even diverted as low as 23% and even 7% of their loans even incurred losses.

c. FREQUENCY OF FARM VISITS

Only two farms (1.3%) were not visited at all while 80% of the respondents' farms were visited between one and five times and 18.7% were visited between 6 and 10 times. This finding contrasted with Ogunfiditmi's (1980) view that "most of the loans are not supervised" but agreed with Ewuola's (1980) view that the loans were supervised despite some logistic problems, inadequate number of supervisory staff and poor condition of the roads between the loan bases and some farms among other things.

d. FREQUENCY OF REPAYMENT DEMAND VISIT

It was found that no repayment demand visit was made to 46.0% of the borrowers (Table 4.9) because of the visits to these farms might have been made along with other casual supervisory visits to the farms.

It might also be that those owing were still owing while no demand was made of them to repay. Borrowers who repaid without being asked to do so did so in order to obtain fresh loan, according to the finding of this study.

The highest number of visits recorded was 15, and the mean number of visits to demand loan repayment was 4.08 times. About 88.6% of the borrowers had been visited up to 5 times to demand repayment. This indicated that it was not the number of times borrowers were visited for repayment demand that matters but the willingenss to repay voluntarily with little or no pestering.

Table 4.9 FREQUENCY OF CREDIT STAFF VISITS TO BORROWERS TO DEMAND REPAYMENT

NUMBER OF VISITS	FREQUENCY (N = 150)	PERCENTAGE
0	69	46.0
1 - 5	64	42.6
6 - 10	13	8.7
11 - 15	4	2.7
TOTAL	150	100.0

SOURCE: Field Survey, 1994.

e) LOAN REPAYMENT

All the loans were known to be due for repayment as recognised by the borrowers. A total of 64 respondents (42.6%) had fully repaid their loans (Table 4.10). Thirty - eight percentage (38%) made partial repayment while 19.33% made no repayment at all.

Table 4.10 PATTERN OF LOAN REPAYMENT BY NLPD BORROWERS

REPAYMENT STATUS	FREQUENCY (N = 150)	PERCENTAGE
Full repayment	64	42.67
Partial repayment	57	38.0
No repayment	29	19.33
	150	100.00

A breakdown of 64 borrowers who fully repaid shows that 96.88% made profit out of their enterprises. (Table 4.11). The break-even of the uncertain as well as the losers made uniform contribution of 1.56% each.

Borrowers with partial repayment were made up of 52.63% profit enterprises while the break even and losers were close (22.81% and 24.56% respectively).

Livestock farmers who had not repaid anything out of their due loans consisted of 48.28% of break-even, 34.48% of profiters and only 17.24% of losers.

It therefore means that if more effort is made to ensure repayment by those who made profit, over 70% of loans will be recovered. With additional efforts on others, more will be recovered. However, a surer way out is to ensure that all loans are closely supervised for profit making. This will be a sure way to ensure loan recovery.

Table 4.11 A BREAKDOWN OF LOAN REPAYMENT BY PROFITABILITY STATUS

LOAN REPAYMENT	PROFITABILITY STATUS	FREQUENCY (N = 150)	% OF SUB-TOTAL	% OF TOTAL
FULL REPAYMENT	Profit	62	96.88	41.33
	Uncertain	1	1.56	0.67
	Loss	1	1.56	0.67
	Sub-total	64	100.00	42.67
PARTIAL REPAYMENT	Profit	30	52.63	20.00
	Uncertain	13	22.81	8.67
	Loss	14	24.56	9.33
	Sub-total	57	100.00	38.00
NO REPAYMENT	Profit	10	34.48	6.67
	Uncertain	14	48.28	9.33
	Loss	5	17.24	3.33
	Sub-total	29	100.00	19.33
	TOTAL	150		100.00

Source: Field Survey, 1994

4.4.0 LOAN REPAYMENT AND SELECTED CHARACTERISTICS

Investigation was made to find out if any significant relationships existed between loan repayment on one hand and other selected grouped criteria on the other.

4.4.1 LOAN REPAYMENT AND BORROWERS' PERSONAL CHARACTERISTICS

These characteristics included highest education, age and social status.

a) EDUCATIONAL LEVEL AND LOAN REPAYMENT

The correlation coefficient of highest educational levels with loan recovery was ('r' = 0.05). This was not significant at 5%. This showed that even though there might be some correlation between the two variables, yet it was insignificant to be recognised. This result removed the fear that literate farmers default more than the illiterate farmers. This result showed that both classes of farmers have the same tendency to default and to repay. This showed further that loan repayment has no relationship with the farmers educational level.

b) AGE OF FARMERS AND LOAN REPAYMENT

The study found that there was no significant relationship between age of farmers and loan repayment (r = 0.19). Farmers with age bracket studied (21-65 years) have the same tendency to repay their loans as age had no correlation with loan recovery. As long as farmers are still actively at work on their farms, they can be considered for the loan they applied for without any fear on recovery.

According to Pearson product moment correlation, there is no relationship between age and loan recovery. This finding agreed with Miller (1975) Ajayi-Obe (1978) and Ewuola (1984) on age and credit size, which could motivate each age group to repay

on their own since age was not significantly related to loan repayment. However, caution must be taken in giving credit to farmers over 70 years old because of possible factors associated with advanced age.

c) SOCIAL STATUS AND LOAN REPAYMENT

The study found that there was no significant relationship between loan repayment and social status of the farmers ($r = 0.18$). This is because farmers drawn from all statuses who received and utilised the loan have equal tendency of defaulting or repaying the loans depending on the pre-disposition or willingness of the farmer to either pay or default.

It was even discovered that some of those farmers of high ranking statuses defaulted more than the lower status farmers leading to poor repayment position. This assertion agree with Ewuola (1980) who said that farmers of all social statuses will default despite the stringency of supervision. It is however believed that if more supervision of proper loan utilization and persuasion of farmers to repay are done, more farmers of all the social statuses will repay their loan.

ANALYSIS OF VARIANCE

A social science one-way ANOVA was done using Tukey option to find out if there were significant differences in loan repayment among borrowers of different education, age and social statuses. The respective F values obtained were

Education $F = 3.32$

Age $F = 1.11$

Social status $F = 1.84$

None of these was statistically significant at 5% level. This implies that there were no statistically significant differences in loan repayment among farmers of different ages, highest education and social status.

4.4.2 LOAN REPAYMENT AND DIFFERENT CLASSES OF LIVESTOCK

Loan repayment was also analysed to find out if significant differences existed in loan repayment among various classes of livestock enterprises using the social science one-way ANOVA Tukey option. The classes are cattle, goat, pigs, sheep and poultry. The finding indicated that there were no significant differences among the different classes of livestock farmers.

4.4.3 LOAN REPAYMENT AND DIFFERENT ENTERPRISES

To find out if loan repayment had any significant differences among different types of livestock enterprises, one-way ANOVA Tukey option was also used.

The different livestock enterprises included:

Goat breeding

Sheep fattening

Pig fattening

Cattle fattening

Poultry production : Layers

Poultry production : Broilers

An f value of $f = 5.04$ was obtained which is significant at 1% level. Further analyses indicated which enterprises differed in loan repayment. While loan repayment rates did not differ significantly among livestock farmers who obtained goat breeding, sheep fattening, pig fattening and cattle fattening loans, it differed significantly between the two classes of poultry farmers i.e. Layers' producers and broiler producers.

4.4.4 LOAN REPAYMENT AND DIFFERENT LOAN REPAYMENT DEMAND VISITS

Loan repayment is supposed to rise with increase in loan repayment demand visits, as well as with farm visits as farm visits were supposed to promote profitability which will lead to increased repayment, ceteris paribus.

a) NUMBER OF CREDIT OFFICERS SUPERVISORY VISITS TO BORROWERS' FARM AND LOAN REPAYMENT

There was no correlation between the number of credit extension officers supervisory visits to farmers farms and loan repayment as is ($r = 0.17$). This study found out that, those with high social statuses attracted more farm visits but they did not repay more. Likewise, the poor farmers who had made some losses and those who misused their loans attracted fewer visits. Therefore officers' visitations are not directly related to increase in repayment capacity. It is even appalling to find the truth as posited by Olasoji (1980), that even when all enterprises are fine and profitable, some borrowers may not repay. This further attested to the fact that the number of credit officers' visits to borrowers' farms does not significantly correlate with loan repayment.

b) NUMBER OF CREDIT AND EXTENSION OFFICERS VISITS TO BORROWERS TO DEMAND REPAYMENT

This study found out that repayment drive visits to borrowers had no correlation with loan repayment ($r = 0.17$). This showed that the more visits made to demand repayment the less repayment is made. It is often the habit of many credit institutions to threaten loan defaulters with court action, which to some constant defaulters, have become mere threats because of their non-implementation. Only 2.5% of those who repaid did so for fear of being dragged to court.

This finding showed that there was no significant relationship between loan

recovery and frequency of credit repayment demand.

c) Having established that no significant relation-ships existed between loan repayment on the one hand and farm visits and loan repayment demand visit on the other, it was decided to check if significant differences existed in loan repayment among farmers of different loan recovery demand visits. The visits were grouped as:

0 visit

1-5 visits

6-10 visits

11-15 visits

Result of the data analysis subjected to one-way ANOVA. Tukey option gave an F value of 1.479.

This shows that there were no significant differences in loan repayment among farmers given different loan repayment demand visits.

4.4.5 LOAN REPAYMENT AND PROFITABILITY

It may be true that when a business is profitable, repayment of loans on the business can be conveniently done. This claim was supported by the findings of this study. A positive, statistically significant and very strong correlation existed between loan repayment and net income or profit ("r" = 0.95) as measured from the farmers' point of view. This figure was statistically significant at 0.1% level.

This finding agrees with the findings of Ewuola (1980) in his study of food crop, tree crop and grain marketing institutional credit users in Ondo State. Repayment strongly and positively correlated with profitability. It can easily be deduced that farmers repayment capacity is based on their making profit in their enterprises. It could

also be true that those who default in repayment might have been due to losses they sustained in their enterprises which militated against their profitability. This agreed with Agunbiade (1976) who opined that where proper feasibility (proper planning, costing, budgetting) reports are prepared, strictly followed and profit is made, loan repayment is likely to be boosted tremendously.

It can also be advised that in order to encourage repayment, all necessary agricultural support services should be supplied to supplement the farmers' efforts of providing feed, veterinary medicines, good and viable stock, where all these are tied to their successes in the livestock industry.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF THE MAJOR FINDINGS

The study examined the effectiveness of agricultural credit, its utilization and recovery as pertaining to livestock programme financing in the Ondo State branch of the National Livestock Projects Division. From the study carried out, the following findings were obtained.

Most of the farmers (88%) in the study areas were aged between 21 and 65 years old while 2% were below 30 years old. The mean age of the farmers age was 40.5 years.

On educational attainment of farmers, a generally high level of education (96.7%) of different classes was observed among the sampled farmers.

58.7% of farmers who participated in the program were males and 41.3 were females.

86% of the farmers were christians, 12% were muslims and 2% were traditional believers.

91.3% of the farmers were married, 8% were single and 0.7% were widowed.

Majority (58%) of the sampled farmers had agriculture as their primary occupation. This included livestock farming. Other participants (42%) engaged themselves in other occupations like trading (19.3%), Civil Service (17.3%) artisans (4.7%) and others unspecified vocations (0.7%).

Most of the cross-section of the society participated in the program starting from the Obas to the ordinary citizens. 1.3% were Obas, 10.7% were Chiefs, 62.7% were Government officials, 2% were Religious leaders while 23.3% were ordinary citizens.

On family size of farmers, some of the farmers were found to be polygamous. Majority of them (77.3%) had a family size of 0 to 5 people, 22% had between 6 and 10 people while 0.7% had a family size above 10 people. The mean family size was 3.93.

Total number of children indicated a mean of 4.03 children per family and a range of 2 to 12 children.

It was found however, that no relationship existed between education and loan repayment meaning that repayment rate was independent of education. Likewise, it was found that no relationship existed between the age of the farmers and loan repayment since any farmer of any age had the tendency to repay his/her loan or not. In the same vein, it was found that no relationship existed between social status and loan repayment since anybody in any social status could repay his/her loan or not.

5.2 LOAN UTILIZATION BY BORROWERS

All the 150 farmers obtained credit from the NLPD. It was discovered that in addition to the credit got from NLPD, mostly because of its insufficiency, 62% of them borrowed from informal sources while 3.3% got additional loans from commercial banks.

This study discovered that those who borrowed only from the NLPD constituted the largest number of those who have partially repaid their loans, some fully repaid and those who have not repaid at all.

Size of loan taken by borrowers ranged from the smallest amount of N1,840.00 to N30,000.00. About 97% of the loans were N16,000.00 and below which were unsecured loans that required only 2 guarantors to stand surety.

Loans were mostly disbursed in cash (cheque 92%) while the disbursement in kind (8%) was retained by the agency (NLPD) to supply the borrowers some veterinary drugs and other livestock farming inputs. It would be seen that the percentage of loan granted in cash opened the way for misuse of loan and so militated against prompt repayment of the loan as at when due.

It could be inferred from this result that there was a very good relationship between loan disbursement in kind and prompt loan repayment because of the fact that things or materials issued as loan in kind were not easily diverted and used otherwise as loan in cash would have been so misused.

88.7% of the loan was spent on the approved enterprise while 11.3% of the loan was partially spent on the approved enterprise.

The borrowers who diverted some of their loans on some non-farm uses, were found to have used the loans on paying old debts (58.8%), paying children's school fees, paying medical expenses, repairing of houses and so on.

5.3 MONITORING

Here the Extension and Credit Officers made supervisory visits to 18.7% of the farms between 6 and 10 times. 1.3% of the farms were not visited at all while 80.0% of the farms were frequently visited between one and five times. It was found that the frequency of farm visits was very good, yet it had no effect on or relationship with loan repayment.

Many purposes were found to have been responsible for those farm visits. These included carrying out preliminary livestock farm feasibility survey (38.1%) giving technical advice before and after livestock arrival (59.3%), advice on grassland establishment (0.6%), marketing of livestock product (0.6%) among other things. It was found that 99.2% of the visits were official while only 0.8% were unofficial.

Farmers were frequently visited to demand loan repayment for as much as fifteen (15) times. The visits ranged between zero and 15 times. 51.3% of the borrowers were visited between one and ten (10) times to demand repayment. This study however, found that there was no relationship between the number of visits to demand repayment and loan repayment.

Farmers were financed from both far and near. Distances ranged from the very state office of the NLPD in Akure to as far as 120 kilometres off in the riverine areas of the state. It was found that farmers that were of close distance were more frequented than those of far distance because of many factors, which logistics formed the core.

5.4 ENTERPRISE FINANCED

The types of loans given included cattle fattening (9.3%), sheep fattening (3.3%), Goat breeding (35.3%), Poultry Layer (24%), Poultry Broiler (17.3%) and pig fattening (10.7%). It would be seen from the above finding that Goat breeding (35.3%) constituted the greatest financed enterprise while sheep fattening (3.3%) was the least financed enterprise.

On loan repayment, it was noticed that Goat breeding had the highest repayment trend of full repayment (43.3%) and partial repayment (24.5%).

On profitability of farmers' enterprises, it was found that 83.6% of the farmers made profit while 16.4% made losses, according to the farmers views. Among those who made profit, 12 borrowers did not repay at all, 36 made partial repayment and 55 repaid fully. Among those who made losses, 3 borrowers did not repay at all, 14 repaid partially while one fully repaid.

The study found that the NLPD financed both full and part-time farmers. It financed 27 full-time farmers (18%) and 123 part-time farmers (82%). 27 of the part-time farmers (18.0%) made no repayment at all, 43 (28.7%) made partial repayment while 53 (35.3%) fully repaid their loan. Likewise 3 full-time farmers (2.0%) made no repayment at all, 10 (6.7%) partially repaid while 14 (9.3%) made full repayment of their loans.

Viewing these repayment trends critically, it would be agreed that there was a strong relationship between profitability of enterprise financed and loan repayment.

5.5 CONCLUSION

Findings from the study showed that Borrowers came from all classes of the society and reared the financed livestock. These borrowers mostly between 21 and 65 years old were literates. This helped them to adopt new techniques in their livestock farming work. Also it was found that farmers within the study area (Ondo State) required loan to establish and expand their farms and therefore needed credit to boost their enterprises. Among the formal sources of credit available to livestock farmers, the

National Livestock Projects Division (NLPD) was the most effective source.

Among the determinants of loan recovery studied, only one was found to have related with loan recovery significantly. This was profitability of enterprises financed. It could then be concluded that because the greatest part of the loans was given in cash, many borrowers mis-used them on non-farm activities leading to unprofitability of their enterprises. This made it difficult for them to fully repay their loans regardless of the number of Extension and Credit Officers visits to demand repayment.

Livestock Farm Credit utilization on the approved enterprise in the approved ways revealed that credit availability had an effect on each livestock enterprise - mostly on poultry layers and broilers which were heavily capital - intensive enterprises than on the other livestock enterprises considered in the study area. It could be concluded that utilization of livestock credit in the appropriate ways, had helped the said enterprises to make substantial profit. This study found that livestock farmers in the study areas spent more money on livestock farm inputs like feed, veterinary drugs, salt lick, foundation stock, day-old chicks, building of animal houses, poultry cages, paying for water and electricity supplies, hired labour etc.

Also based on the findings of this study, it could be rightly concluded that only few farmers were primarily engaged in livestock production in Ondo State.

5.6 RECOMMENDATIONS

From the findings of this study, and in line with governments' efforts to improve upon animal protein consumption which is prevalent in Nigeria and the building of agriculturally self-reliant nation which can be achieved through increased productivity in all its ramifications: the following recommendations are hereby made:

1. More Extension and Credit Staff should be employed in order to facilitate more frequent supervisory visits for effective loan utilization and recovery.

2. NLPD's veterinary clinics should be established in the rural areas in order to help their clients overcome some of the problems they face in the course of livestock production. This will reduce the very high cost of seeking veterinary services from the state and private veterinary clinics often borne by the livestock farmers alone.

3. More logistics' facilities should be provided to enable the Agencies (NLPD and NACB) staff to effectively monitor the loan beneficiaries.

4. As important as it is for the Agency (NLPD) to enlarge its coverage and to embrace more borrowers, so it is also necessary that more loans should be given in kind to discourage mis-use. This will also reduce the number of unnecessary applications,save the extension and credit officers' time which would be used productively and conserve the Agency's resources.

5. As it was found that repayment had increased with increase in profitability, the NLPD is hereby advised to finance only profitable enterprises with well-written feasibility reports.

6. Farm credit should be provided in the right amount and at the right time that they are needed to enhance profitability of the farmers' enterprises.

7. It is hereby recommended that more interested illiterate farmers should be encouraged to participate in this programme in view of their present low participation in the programme.

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DEPARTMENT OF AGRICULTURAL ECONOMICS AND EXTENSION

FEDERAL UNIVERISTY OF TECHNOLOGY, AKURE

AGRICULTURAL CREDIT UTILIZATION AND RECOVERY:

A CASE STUDY OF THE NATIONAL LIVESTOCK

PROJECTS DIVISION IN ONDO STATE

INTERVIEW SCHEDULE:

This questionnaire is designed to obtain information which will help to examine the utilization and recovery of agricultural credit issued by the national livestock projects division of the Federal Ministry of Agriculture, Water Resources and Rural Development, Akure to livestock farmers in Ondo state through the Nigerian Agricultural and Cooperative Bank, Akure. Any information obtained will be used only for academic purposes.

I shall be very grateful, for sparing some few minutes of your time to answer the following questions:

DEMOGRPAHIC VARIABLES

1. Name of Town/Village ..... Date .....

2. Local Government Area: .....

3.a) Your Age: ..... Years b) Sex: Male..... Female .....

4.a) Marital Status: (Check one): Married .....; Single: .....

Divorced .....; Number .....

b) If married, state number of wife (wives) ..... Number....

c) Number of children ..... Number of children living with and helping you .....

d) Other relatives living with and helping you: .....

5. What social status do you hold in your community (check one)?:

Oba ..... Chief:..... Government official:.....

6. Indicate the highest educational standard you attained (check one):

i. University Graduate .....

ii. Polytechnic Graduate/Technician .....

iii. Trade Centre/Technical College Graduate .....

iv. Teachers' Certificate; .....

v. W.A.S.C./G.C.E/S.S.C.E: .....

vi. Secondary Class IV (S.75).....

vii. Primary/Standard VI: .....

viii. Non-literate .....

7. Religion (Check one):

Christianity ..... Muslim:..... Traditionalist:.....

Others (specify):.....

8. Your major occupation: .....

9. Any other occupations you engage in (check as appropriate):

a) Civil service: ..... b) Trading: .....

c) Artisan ..... d) farming..... other(specify).....

10. a) Do you own a livestock farm? Yes: ..... No:.....

b) Number of acres/hectares/are:.....

11. Estimate the size by number of animals kept i.e. number of animals kept:

12. How did you acquire the land for livestock farm? (check one):

i) rent ..... ii) bought ..... iii) leased ..... iv) inherited .....

v) family ..... vi) gift .....; vii) community .....

b) If rented, how much do you pay on rent annually? ₦...../year

c) Is the livestock farm (or part of it) insured at present? Yes....; No.....

d) If insured, at what value? ₦.....

e) From which source did you learn about the loan scheme of the NLPD/NACB?:

i) Friends: ..... ii) Relatives: ..... iii) NACB's dvertisement:.....

iv) Cooperative societes: ..... v) Mass media: a) Newspaper .....;

b) Radio: ..... c) Television: ..... vi) other (specify) .....

13. Are you a member of any of:

a) Farmers Union: Yes: ..... No: .....

b) Cooperative society Yes: ..... No: .....

c) Farmers Congress: Yes:..... No: .....

d) Farmers Groups: Yes: ..... No: .....

14. Name the Union, Society, Congress or Group: i) .....

ii) ..... iii) .....

SECTION TWO: SOURCES OF CREDIT

15.a) Have you ever borrowed for livestock purposes before?

Yes:.....; No: .....

b) From what sources have you borrowed for livestock production before? (You can check more than one):

i) Nigerian agricultural and cooperative Bank (NACB): .....

Commercial Bank: .....

Relatives, Friends, Money-lenders, Traders, etc .....

16. How much did you borrow from National Livestock Projects Division, NLPD, Akure? in

	Cash	Kind	Total
1990	₦.....	₦.....	₦.....
1991	₦.....	₦.....	₦.....
1992	₦.....	₦.....	₦.....
1993	₦.....	₦.....	₦.....
1994	₦.....	₦.....	₦.....

17. Collateral Security Offered:

Please indicate the type of collateral security you offered:

i) None ..... ii) Guarantors only:.....

iii) Conveyance or Certificate of Occupancy: .....

iv) Shares/Insurance Certificate: .....

v) Mortgage ..... vi) Others (specify) ...

Administrative Matters:

18. When did you apply for the loan? ..... month ..... year

19. When did you fulfil all the requirements for the loan i.e. when you submitted all

the necessary forms, photographs and presented both guarantors for investigation? ..... month, ...year.

20.a) Did you collect your loan at once? Yes .....; No .....

b) or in installments Yes .....; No .....

21. When was the first installment of your loan given to you?

..... month .....year

22. In what form was your loan disbursed to you? (check only one):

- Cheque (through Bank) .....
- In kind .....
- Combination of cheque and kind .....

23. Do you think the disbursement of the loan was timely or late?

i) early ..... ii) just timely..... iii) late.....

24. How many times did you visit the NLDP/NACB's Office, Akure before you got your loan? .....

25. Can you estimate what it cost you (transport):

per trip ₦..... on the whole ₦.....

26. How many times did the Credit Officer(s) and the Livestock Extension Officer(s)

from NACB and NLPD visit your livestock farm before and after you got the loan? .....

27. What was the purpose of the visit? (mark as appropriate):

i) Preliminary livestock farm feasibility survey.....

ii) Advise before livestock arrival .....

iii) Advise after livestock arrival .....

vi) Advise on grassland establishment .....

v) Advise on harvesting/culling of livestock .....

vi) Marketing of livestock produce .....

vii) Not Official .....

28. How many times have Credit Officers visited you to demand repayment of the loan to date? .....

29. How was the loan expected to be repaid (check one):

i) By instalments ..... ii) lump sum .....

iii) Don't know .....

30. Are you always given receipt for all monies you pay to the Credit staff? Yes..... No .....

31. Do you pay back your loan by (Check one):

i) cheque ..... ii) cash ..... and iii) cheque and cash .....

32. Does the NLPD help you to market your produce or find market for it? Yes: ..... No: .....

SECTION THREE UTILIZATION OF LOAN

33. Which type of loan did you take? (check one under each year):

	1990	1991	1992	1993	1994
Grassland establishment					
Purchase of Stock					
Cattle fattening					
Sheep fattening					
Goat Breeding					
Poultry layer					
Poultry broiler					
Pig fattening					
Western N'dama Cattle Breeding					

34. How much of the amount obtain from the JLPD/NACB (as indicated in No. 16) did you use for this enterprise shown in No 33 above? Please estimate:

1990 ₦..... .....%

1991 ₦..... .....%

1992 ₦..... .....%

1993 ₦..... .....%

1994 ₦..... .....%

35. For which of the following "emergencies" did you use the balance? (Check one)

i) On my house (building) .....

ii) Paying for or buying a vehicle .....

iii) Paying children's school fees: .....

iv) Liquidating previous debts .....

v) Paying medical expenses on family member(s) .....

vi) To marry new wife (wives) .....

vii) Spent during an important festival or ceremony .....

viii) To pay my "Ajo" or "Esusu" contribution .....

ix) To buy clothes or household equipment .....

x) For other purposes (specify) .....

36. Profitability of Enterprises

Will you say that you made a profit from using the loan? (Check one)

i) profit .....; loss: ..... iii) undecided: .....

SECTION FOUR RECOVERY OF LOAN

37. Is your last loan due for repayment now?

Yes:..... No..... Don't know: .....

38. Have you fully repaid the last loan you obtained? Yes: ..... No: .....

39. When did you fully repay the loan? ..... years ..... months ago

40. Please state how much of this loan you have repaid.

1990 ₦..... .....%

1991 ₦..... .....%

1992 ₦..... .....%

1993 ₦..... .....%

1994 ₦..... .....%

41. What do you consider as your main reason for repaying the loan when due among the following reasons: (Check only one):

To enable me to get another loan .....

It was due for repayment .....

I don't want to be called a debtor .....

I do not want to be dragged to court .....

I don't want my guarantors to be prosecuted .....

I want to recover my documents .....

Credit Staff did not give me any peace .....

They deducted it at the source - No alternative .....

42. What do you suggest should be done to those who have not repaid? (Check one)

i) Take them to court .....

ii) Put them in prison .....

iii) Sell their property .....

iv) Take over their livestock farms .....

v) Publish their names in Newspapers for the public to see

vi) Leave them alone .....

vii) I don't know .....

SECTION FIVE ATTITUDE TO REPAYMENT

43. Which among the following is the major reason why you have not yet fully repaid your loan? (Check only one).

It is government's money, no need to repay it .....

I was advised not to repay it .....

I have no money to repay it .....

My animals/livestock did not produce well .....

Credit staff was not available to collect the repayment ....

I have nothing at stake - no collateral .....

The Division/Bank cannot force me to repay .....

I was given the loan too late, so I should use it for one year before I repay. .....

I have not yet sold my livestock produce .....

I sold at a loss (Poor market) .....

My livestock was devastated by diseases/pests .....

I did not know when loan was due for repayment .....

44. Would you need additional loan from the division before you can repay? Yes ..... No.....

45. Do you know that repayment of your past loan entitles you to another? Yes ..... No.....

46. Have you ever been sued to court for not repaying your loan before? Yes ..... No.....

47. In case you were sued to court for non-repayment, which of the following steps

would you take? (Check only one):

Hurry to find the money and pay up .....

I would face the court action squarely .....

I would hide myself from the law enforcement agents .....

Others (specify) .....

48. Please give the quantity and cost of each of the following inputs if you used them last year, 1993:

Input	Quantity/Kg/Litre	Cost	Source of Purchase
i. Fertilizers			
ii. Herbicides			
iii. Insecticides			

49. Where do you sell your livestock produce and in what forms? (Check as appropriate):

i) On the farm: ..... ii) At home: .....

iii) In the Market ..... iv) Raw/Whole/Live animal: .....

v) In parts: ..... vi) Processed.....

50. Who are your major customers?

a) Wholesales ..... b) Retailers ..... c) Consumers .....

d) Industry ..... e) Institutions ..... f) Government Agencies (specify):

.....

51.a) How far is the distance of your farm from your house? .....km/miles

b) How far is the nearest of these customers to your farm? .....km/miles

52. From your previous experiences as a loan beneficiary, will you prefer loan from any of the following financial institutions to NLPD/NACB loan? Yes: ..... No: .....

i) Commercial Banks ii) Money Lenders .....

iii) Friends and Relatives: ..... iv) Community Bank: .....

v) Peoples Bank ..... Other Sources (specify) .....

53. Please compare livestock loans from NLPD/NACB with livestock loans from other sources (check the appropriate ones):

		Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
i.	Lower interest rate ...					
ii.	Released on time.....					
iii.	Less paper work					
iv.	Simpler Security demands					
v.	Closer to the farmers					
vi.	Timely Disburseeent ...					
vii.	Adequate supervision/ monitoring of disbursed loan					
viii.	Adequate amount of loan and advances approved and made available to farmers					
ix.	Low cost of administering loan					
x.	Easily payable					
xi.	Others (Specify)					

54. Please fill this table:

Your total Expenditure on your livestock farm	Your total Livestock farm income	Your total Profit
(₦)	(₦)	(₦)
1990	.....	.....
1991	.....	.....
1992.....	.....	.....
1993	.....	.....
1994	.....	.....

SECTION SIX: PROBLEMS AND SUGGESTIONS

55. Please state problems you had in obtaining loan from NLPD:

i) .....

ii) .....

iii) .....

iv) .....

56. Suggest what you would like government to do concerning farm credit in your area:

i) ..... ii) .....

iii) ..... iv) .....

Thank you for your co-operation.