

## *Full Length Research Paper*

# Performances of micro credits among small scale maize farmers in Kagarko local government area, Kaduna State, Nigeria

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This study was carried out to analyze the performances of micro credit among small scale maize farmers in Kagarko local government area of Kaduna State. Random sampling technique was employed and 40 maize farmers (20 loan beneficiaries and 20 non loan beneficiaries) were purposively selected to analyze the performances of the credit. Data collected using a structure questionnaire to analyze the performances and results were interpreted using descriptive statistics. As shown, most of the respondents were between the age bracket of 31-40 and 41-50, for with and without loan respectively. In addition about 60% and 40% of the respondent for the two sets production (with loan and without loan respectively) had formal education. Furthermore,

majority of the beneficiary of the loan had 11-15 year of farming experience and 1-10 for non-loan formers. Loan granted for small scale farmers ranges between N500, 000 to N100, 000 for those that accessed the loan. However, the size of the loan does not give a significant impact on increasing production because of its volume and time of disbursement. It is recommended that loan should be given close to production cycle and according to the size of farm, farmers should be linked with high quality inputs dealers for the purchase of agricultural inputs at time.

**Keywords:** Microcredit, small scale farmers, loan beneficiaries, BOA

## INTRODUCTION

The primary objective of agricultural credit policy was to increase the volume of credit in rural areas so that small scale farmers could have access to loans to finance agricultural product and to test new technologies (Shaib *et al.*, 1997). Similarly, Adegeye and Dittoh, (1985) defined agricultural credit as the process of obtaining control over the use of money, goods and service in the present, in exchange for a promise to repay at a future date. The Nigerian National requirement for maize is estimated at about 16 million tonnes with a production around 10.3 million tonnes in 2013 with a supply deficit of about 5.7 million tonnes (NAERLS, 2014). Accordingly, government has initiated a number of credit policies and programs guidelines and micro-credit finance is one of the components of the programs designed to facilitate small scale holder farmers' access to bank credit and

and thus help to stimulate agricultural expansion or more especially to enhance output growth, also that provision of credit facility to farmers through mandatory sectoral allocation of credit guarantee is essential. Since in most cases, the adoption of intensive use of specific inputs and the existing inputs are predominant among small scale farmers. Hence reliable and dependable supply of agricultural credit is of paramount importance (Etim and Edet, 2013). Randy (1993) described credit as a vehicle for agricultural development and suggested that credit is necessary if the small scale farmers derived the benefit of improved technology. According to him, one reason for the importance attached to credit as a vehicle for rural development is the believe that lack of credit constitute a crucial and constraint to the adoption improved input and technologies which can lead to increase income and

enhance welfare.

According to Shaib *et al.* (1997), the primary objectives of the agricultural credit policy was to increase the volume of farmer credit facility in rural areas so that small scale farmers, could have access to loans to acquire and use new technology in agricultural production. Similarly Abe, (1981), opined that one of the major factors believed to limit Nigeria food production is inadequate supply of agricultural credit to small scale farmers, who are responsive for over 80% of Nigeria's total food production and with at least 40% of the country's population earning their living from these small forms. It is however regrettable that majority of the small holder farmers have not benefit from these instruments because they have not been able to address issue relating to time place, cost amount and form of credit. Small holder farmers are unable to obtain credit when it is most needed for farming operator, perhaps because most of the formal credit sources are not located near them. The cost of credit to farmer is usually high while the amount are sometimes inadequate, most credit sources do not have a mechanism for providing credit in kind even though it is more beneficial to the adoption process (Adedipe *et al.*, 1997).

Nigeria is the Africa most populous country with more than 200 million inhabitants as at 2019 ([www.worldometers.info](http://www.worldometers.info)) has the potential to become Africa economic power house. Maize is cultivated in virtually all the agro-ecological zones in Nigeria despite these the area cultivated for maize is still small. It appears that in 2012, out of about 20 million hectares of land cultivated to various food crops, about 6.37% was dedicated to maize (Figure 1). In Nigeria generally, the agricultural sector is characterized by both small and large scale farming respectively. This source further relieved that the predominant small scale farmers represent about 70% of the Nigerian who occupy about 62% of the total farmer holding producing about 75% of the total agricultural output (shaib *et al.*, 1997). Thus, while there are credits policies and incentives for crop production (including maize) there are no specific-credit support policies targeted for maize crop. The advent of micro – credit has latently come to provide success to small scale maize farmer under the food security programmed of the Federal and State government. The objective here is to alleviate poverty and improved nutritional standard of the populace. It is this type of intervention that encourages small scale maize farmers to form and register maize farmers groups to take advantage of the scheme (Olayide, *et al.*, 1980). The demand for agricultural credit exists because farmers typically do not have access to all the inputs required at the same time of each production cycle. Gall, (1996) pointed that the need for credit becomes acute only as techniques are modernized as more equipment and intermediate input (fertilizers, seeds and pesticides) are required and as increasing scarcity of land forces causes

abandoning of the bush fallow system in agricultural production. The objective of the study is to analyze the performances of micro- credit among small scale maize farmers in Kagarko Local Government Area of Kaduna State.

## METHODOLOGY

Kagarko Local Government Area is located in South-Eastern part of Kaduna State, it covers an area of 1, 8640 square kilometers land mass with a projected population of 322,700 based on 2016 population census. The headquarters of the Local Government is located at Kagarko and the people are predominantly farmers. However, the Local Government lies in the savannah region with dry and rainy seasons. The dry season starts from October – April while rainy season from May – October with average annual rainfall of 71mm. Similarly, the area is blessed with a branch of banks namely: the BOA, Unity Bank PLC, and Kagarko Community Bank. Data for this study area was collected between May to June 2018 in maize producing zone of Kagarko Local Government Area. The areas (Zones) were purposely selected and comprises of Maganda, Jere, Kagarko Gabas and Kagarko. Yamma. The respondents used for this research were randomly selected for the list of maize farmers who were involved in maize production, supported staff from Kaduna State Agricultural and Rural Development Authority and BOA. Forty respondents were selected (20 members from loan-beneficiary groups and the other 20 members from non-beneficiary groups for this study one respondent each of the aforementioned areas. Data for this study was collected using structured questionnaires administered to the 40 randomly selected respondents (20 loan beneficiary and 20 non- loan beneficiary) the data collection was facilitated with the aid up 2- KSARDA – staff and community leaders, information collected from the respondent includes person information and crops production data and information and status of loan utilization etc. The major analytical tools of use in this study were simple descriptive statistics which includes percentage and tabulation.

## RESULTS AND DISCUSSION

This section discusses the major findings of the study in the light of objectives of the research as shown in (Table 1). The loan benefiting farmers are of the age bracket between 31-40 constitute the highest beneficiary of the loan whereas in non beneficiary 45-50 age bracket were the ones that benefit most from the loan with a percentage of 45% and 40% respectively. Table 2 shows that all the respondents of the two categories were males (100-40). This implies that men are the active force of

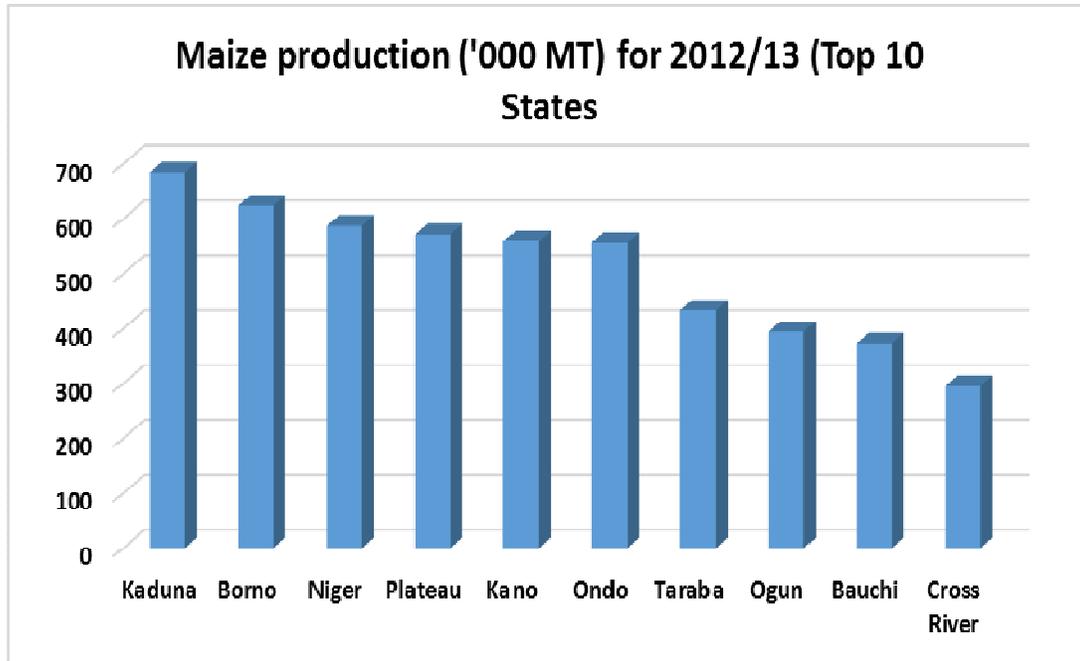


Figure 1. Top 10 producing states account for 58 % of the total national production in 2012/13 (8,695,000 tons).

Table 1. Distribution of the respondent by age

| Age      | loan beneficiary farmers |            | No-loan beneficiary farmers |            |
|----------|--------------------------|------------|-----------------------------|------------|
|          | Frequency                | Percentage | Frequency                   | Percentage |
| 20-30    | 3                        | 15         | 2                           | 10         |
| 31-40    | 9                        | 45         | 7                           | 35         |
| 41-50    | 7                        | 35         | 8                           | 40         |
| Above 50 | 1                        | 5          | 3                           | 15         |
| Total    | 20                       | 100        | 20                          | 100        |

Source field survey, 2018

Table 2. Distribution of the respondents by sex.

| Sex    | Loan beneficiary farmers |             | Non-loan beneficiary |             |
|--------|--------------------------|-------------|----------------------|-------------|
|        | Frequency                | Percentages | Frequency            | Percentages |
| Male   | 20                       | 100         | 20                   | 100         |
| Female | 0                        | 0           | 0                    | 0           |
| Total  | 20                       | 100         | 20                   | 100         |

Source: field survey 2018

farming in Kagarko Local Government Area. This could be due to the fact that majority of the people in Kagarko Local Government Area do not allowed their women to partake rigorous farming activities, however they allow their women in some postharvest activities and household jobs while outside work are mostly left for men, widows and divorcee. Table 3 shows that high proportion of the respondents of both the two categories were married, 80-40 (loan beneficiary farmers) and 90-40 (non- beneficiary farmers) are married, while 20-40 (loan beneficiaries) and 10-40 (non- loan beneficiaries) were

single. However, divorced and widowed were observed to be non- participants. This could be due to the fact that some people by nature do always prefer to claim married or single status rather than expose their marriage break, especially among elderly female. Table 4 shows 45% of the respondents in the loan beneficiary farmers have a medium family size of 5-10 members while 40% of the respondent are non-loan beneficiary farmers have a family sizes ranging from 11-15 members. This implies that non-loan beneficiary farmers have the higher number of household member that the loan beneficiary farmers

**Table 3.** Distribution of the respondents by marital status.

| Status   | Loan beneficiary farmers |             | No- Loan Beneficiary Farmers |             |
|----------|--------------------------|-------------|------------------------------|-------------|
|          | Frequency                | Percentages | Frequency                    | Percentages |
| Married  | 16                       | 80          | 18                           | 90          |
| Single   | 4                        | 20          | 2                            | 10          |
| Widow    | 0                        | 0           | 0                            | 0           |
| Divorced | 0                        | 0           | 0                            | 0           |
| Total    | 20                       | 100         | 20                           | 100         |

Source field survey, 2018

**Table 4.** Distribution of the respondents by household size.

| Household | Household Size Loan Beneficiary Farmers |            | Non-loan beneficiary farmers |            |
|-----------|---|------------|------------------------------|------------|
|           | Frequency                               | Percentage | Frequency                    | Percentage |
| Below 5   | 8                                       | 40         | 4                            | 20         |
| 5-10      | 9                                       | 45         | 3                            | 15         |
| 11-15     | 2                                       | 10         | 8                            | 40         |
| 16-20     | 1                                       | 5          | 5                            | 25         |
| Total     | 20                                      | 100        | 20                           | 100        |

Source: field survey 2018

**Table 5.** Distribution of the respondents by education attainment.

| Educational level | Education loan beneficiary farmers Level |            | Non-loan beneficiary farmers |            |
|-------------------|--|------------|------------------------------|------------|
|                   | Frequency                                | Percentage | Frequency                    | Percentage |
| Pri. Edu          | 2  | 10         | 1                            | 5          |
| Sec. Edu          | 8  | 40         | 5                            | 25         |
| Ter. Edu          | 4  | 20         | 3                            | 15         |
| Qur'anic          | 6  | 30         | 10                           | 50         |
| Others            | 0  | 0          | 1                            | 5          |
| Total             | 20                                       | 100        | 20                           | 100        |

Source: field survey, 2018

**Table 6.** Distribution of the respondents by farmers occupation.

|                | Major farmers occupation Loan beneficiary |            | Non-loan beneficiary farmers |            |
|----------------|---|------------|------------------------------|------------|
|                | Frequency                                 | Percentage | Frequency                    | Percentage |
| Farmer         | 10  | 50         | 9                            | 45         |
| Trader         | 3   | 15         | 6                            | 30         |
| Business       | 6   | 30         | 2                            | 10         |
| Civil Servants | 1   | 5          | 3                            | 15         |
| Total          | 20  | 100        | 20                           | 100        |

Source: field survey 2018

were somewhat better up in terms of western Education which could be a restrain to large household size.

Table 5 shows the educational attainment of the respondents; majority of the respondents in both the two groups had secondary education i.e. 40% for the loan beneficiary and non-loan beneficiary farmers respectively. This implies that the remaining of 60% and 40% of the loan beneficiary and non-loan beneficiary respectively, had western education i.e. primary, secondary, and tertiary. This also entails that as the farmers' level of education increase, their ability to accept and adopt new agricultural technologies also

increases than fairly literate farmers who are generally suspicious of the working operation of the credit scheme fund. The result of (Table 6) shows that about 60% of the respondent in the loan beneficiary farmers has farming as a major occupation and constitute between 50-45% in loan beneficiary and non loan beneficiary. Business seconded farming in loan beneficiary and trading in non loan beneficiary constituting of 30-30% respectively. As indicated in (Table 7), 15-18% of the respondents in the loan beneficiary farmers were member of various co-operative societies mainly organized and facilitated by Kaduna State Agricultural and Rural Development

**Table 7.** Distribution of the respondents by membership of co-operative society.

|       | Membership loan beneficiary farmers |            | Non-loan beneficiary membership |            |
|-------|-------------------------------------|------------|---------------------------------|------------|
|       | Frequency                           | Percentage | Frequency                       | Percentage |
| Yes   | 13                                  | 65         | 9                               | 45         |
| No    | 7                                   | 35         | 11                              | 55         |
| Total | 20                                  | 100        | 20                              | 100        |

Source: field survey 2018

**Table 8.** Distribution of the respondents by hectarage devoted to maize production.

| Hectarage      | Farm size Loan beneficiary |            | Non-Beneficiary Farmers |            |
|----------------|----------------------------|------------|-------------------------|------------|
|                | Frequency                  | Percentage | Frequency               | Percentage |
| Less than 1    | 8                          | 40         | 9                       | 45         |
| 1-2            | 8                          | 40         | 6                       | 30         |
| Greater than 2 | 4                          | 20         | 5                       | 25         |
| Total          | 20                         | 100        | 20                      | 100        |

Source: field survey 2018

**Table 9.** Distribution of the respondents by farmland acquisition.

| Method    | Loan beneficiary farmers |            | Non- loan beneficiary farmers |            |
|-----------|--------------------------|------------|-------------------------------|------------|
|           | Frequency                | Percentage | Frequency                     | Percentage |
| Lease     | 3                        | 15         | 1                             | 5          |
| Purchase  | 5                        | 25         | 3                             | 15         |
| Inherited | 8                        | 40         | 14                            | 70         |
| Rent      | 3                        | 15         | 2                             | 10         |
| Gift      | 1                        | 5          | 0                             | 0          |
| Other     | 0                        | 0          | 0                             | 0          |
| Total     | 20                       | 100        | 20                            | 100        |

Source: field survey 2018

**Table 10.** Distribution of respondents by amount of money received

| Amount of money you received | Loan beneficiary farmers |            | Non-loan beneficiary farmers |            |
|------------------------------|--------------------------|------------|------------------------------|------------|
|                              | Frequency                | Percentage | Frequency                    | Percentage |
| 100,000                      | 5                        | 25         | 14                           | 70         |
| 200,000                      | 5                        | 25         | 5                            | 25         |
| 300,000                      | 3                        | 15         | 1                            | 5          |
| 400,000-500,000              | 7                        | 35         | 0                            | 0          |
| Total                        | 19                       | 95         | 20                           | 100        |

Source: field survey 2018

**Table 11.** Distribution of the respondents by the amount of maize produced.

| Maize produce t/h | Loan beneficiary farmers |            | Non-Loan Beneficiary Farmers |            |
|-------------------|--------------------------|------------|------------------------------|------------|
|                   | Frequency                | Percentage | Frequency                    | Percentage |
| 7                 | 7                        | 35         | 2                            | 10         |
| 5                 | 3                        | 15         | 3                            | 15         |
| 3                 | 4                        | 20         | 4                            | 20         |
| 2                 | 3                        | 15         | 1                            | 5          |
| 1                 | 3                        | 15         | 10                           | 50         |
| Total             | 20                       | 100        | 20                           | 100        |

Source: field survey 2018

Authority (KSARDA), however 45% of the respondents in the loan beneficiary farmers were also member of co-operative society. This implies that loan beneficiary farmers were more active participant in the activities of

the co-operative society, so as to acquire input subsidy and other benefits and similarly the education status (Table 5) of the loan beneficiary members, give them a propound advantage in the activities of the co-operative

society, access loan and attend farmers meetings and trainings. Table 8 shows that 40%, 40% and 20% of the respondents in loan beneficiary farmers dedicated their land to maize production which is less than 1 hectare (40%), 1-2 (40%) and greater than 2 (20%) respectively, while non loan beneficiary farmers dedicated their land to maize production between less than 1, 1-2 and greater than 2 respectively. This implies that in spite of the loan obtain, the micro-credit do not always results in the expansion of the area cultivated among those farmers that benefited from loan.

Table 9 shows that about 70% and 40% of the respondent in the loan beneficiary farmers had acquired their farmland through inheritance respectively and the remains 35% on farmland were acquired through lease, rent or gift while 15% and 70% of the non-loan beneficiary farmers acquired their farmlands through purchased and inheritance respectively and only 15% acquired their farmland through either lease or rent. This implies that majority of the farmlands of the two categories of the respondent were acquired through inheritance and this may not favour production intensification of agriculture due to the land tenure, fragmentation and small land holdings. Table 10 shows that most respondent in loan beneficiary farmers receive the amount between ₦100, 000- ₦500, 000 with a percentage of 35, 25, 25 and 15, while 70% of the respondent in non-loan beneficiary farmers receive the amount of ₦100, 000 This implies that the non-loan beneficiary farmers do not collect micro credit loan and hence cannot increase their production compared to those that were able to secured micro credit loan from the bank. The major reason could be that they do not have an organized cooperative society and may be skeptical to collect loan due to their level of education. The result of (Table 11) shows that about 35% of the respondent in loan beneficiary farmers were able to produce a maximum of (3--7 tones) while 50% of the respondent in non-loan beneficiary farmers produce maize of 1 tones . This implies that loan beneficiary farmers produce more of maize than non-loan beneficiary farmers, this could be attributed to loan they acquire to expand their production and increase farm size either through leasing or mortgage or purchase.

## Conclusion

The study was carried out to analyze the use of micro credit in maize production among small scale farmers in Kagarko Local Government area of Kaduna State. Random sampling technique was employed to select 40 maize farmers (20 loan beneficiaries and 20 non loan beneficiaries). Data collected was analyzed using descriptive statistics such as percentage and frequency. The result shows that majority of the respondents, were between the age bracket 31-40 and 41-50, for with and

without loan respectively. In addition about 60% and 40% of the respondent for the two sets production (with loan and without loan respectively) had formal education i.e. (primary secondary and tertiary education). Furthermore, majority of the loans beneficiary had 11-15 years of farming experience and 1-10 for non-loan formers. Loan granted for small scale farmers ranges between ₦500, 000 to ₦100, 000. Based on the result obtained herein, it can be concluded that problems such as supply of credit at the right time and the right amount needed by the farmers from the bank is lacking, also sources of high-quality and improved inputs and credit instrument should be made accessible and available to farmers and other production constraints should be facilitated as a matter of necessity be addressed, so that small scale maize farmers can gain more access to sufficient and timely supply of credit facilities in cash and kind for smooth adoption of improved technologies to intensify their production.

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## Authors' declaration

We declared that this study is an original research by our research team and we agree to publish it in the journal.

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