

Contributions of Microfinance Institution to Rural Farm Investment in Abakaliki Local Government Areas of Ebonyi State

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Abstract: In this paper work we study the contributions of microfinance institutions to rural farm investment in Ahakaliki local government area of Ebony, state. The primary purposes of the study is to describe the socio-economic characteristics of the firms involved in rural investment in the study area, to identify the various microfinance portfolios and farm investment options available to the farmers, to ascertain the level of access of farmer to the various microfinance portfolio of the micro finance institutions, to determine the effect of the socio-economic characteristics of rural farmers on their investment potentials and to analyze the farmers perceptions on the contribution of microfinance on the farm investment. However, the contributions of micro finance institutions among the rural farmers are an important service in agricultural production which has the ability of creating more revenue for rural farmers.

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1.0 Introduction

Robust economic growth cannot be achieved without putting in place well focused programmes to reduce poverty through empowering the people by increasing their access to factors of production, especially credit. The latent capacity of poor entrepreneurs would be significantly enhanced through the provision of microfinance services to enable them engage in economic activities and be more self-reliant, increase employment opportunities, enhance household income (Weala 2012).

Microfinance is all about providing financial services to the poor who are traditionally not served by the conventional financial institutions (Ogbunaka, 2010). Over the years, microfinance has emerged as an effective strategy for poverty reduction. A cross developing countries, micro, small and medium enterprises are turning to microfinance institution (MFLS) for any array of financial services.

Microfinance is acknowledged as one of the prime strategies to achieve the Millennium Development Goals (MDGs) and access to sustainable financial services enables owners of micro enterprises to finance income, build assets, and reduce their vulnerability to external shocks. According to Akanele and Oni (2009), the delivery of credit facilities to rural farmers is very poor and limited because among other thing they are unable to offer acceptable and marketable security when it is needed.

However only credits provided in the amount needed on terms required by farmers can modernize their farming methods (Oshuntogun and Olomide,

2007). According to Otero, (2006), these poor people are more exposed to the threats of contaminations, bad sanitation and disease than the rest of the population. The financial services provided by the Microfinance Institution (MFIs) in Nigeria included; saving credit and insurance facilities. Microfinance suppliers include commercial, and Microfinance bank. Consequently, Adugna and Heidhues (2005) in their own opinion deduced that credit provision to rural farmers can help to overcome the liquidity constraints of the poor and undertake some investments especially in improving farm technology and inputs acquisition which in turn leads to increased agricultural production.

2.0 Methodology

2.1.1 The Study Area

The study area is Abakaliki Local Government Area of Ebonyi State. The L.G.A is one of the 13 Local Government Areas of Ebonyi State with autonomous communities. These communities include; Amachi, Amagu, Edda, Izzi-unuphu, Ndiebor Okpuiturno, Ndiegu Okputumo, Enyigba and Abakaliki urban. Its headquarters is situated at Nkaliki which is 3km away from the state capital. The area covers an area of about 106 square kilometers with an estimated population of 285,758 (NPC 2006).

The Local Government Area is bounded in the North by Ebonyi Local Government Area; in the East by Obubra Local Government Area; and in the West by Ezza South Local Government Area. Climatic conditions such as rainfall are influenced by two major

winds which are North-East and South-West trade winds which give rise to the rainy and dry seasons. The rainy season starts from late April to early October and the dry season lasts from October to early April.

The people in the area engage in farming, artisanship, petty trading, buying and selling, civil service, teaching and public service. In the farming aspect, crops include: Yam, cassava, rice, sweet potatoes, maize, vegetable and cocoyam. They also rear livestock like: cattle, goat, sheep and poultry. The mineral resources deposited in the area include are lead, zinc, brine, limestone etc. Ebonyi River cuts across the boundaries of Amagu community and Okpuiturno Community down to Enyigba community. There are four (4) micro finance institutions within the Local Government Area. They include; Monarch Microfinance bank, Ndiagu Microfinance bank, Integrated Microfinance bank and Oziza Microfinance bank.

2.12 Sampling Technique

A purposive sampling technique was used in selecting the (4) four microfinance institutions that are responsible for giving micro-credit to the farmers. The microfinance institutions studied were Monarch, Ndiagu, Integrated and Oziza Microfinance bank Ltds. The list of loan beneficiaries from these banks formed the sample frame for the study. From this sample frame, a random sampling was done to select thirty (30) micro-credit beneficiaries from each of the bank purposively selected. This gave a total number of one hundred and twenty respondent (120) micro credit beneficiaries that were used for the study.

2.13 Data Collection

Primary data were used for the study. The primary data were collected through the use of questionnaire and interview schedule administered to the one hundred and twenty (120) microfinance credit beneficiaries.

2.1.4 Data Analysis

Data generated from the respondents were analyzed using both descriptive and inferential statistics. Objectives i, ii, iii and vi were analyzed using descriptive statistics such as tables, percentage, mean averages, frequency distribution. Objective (iv) was analyzed using ordinary least square (OLS) multiple regression analysis while Likert' scale formula was used to analyze objective (v).

2.1.4 Model Specifications

The following models were used for data analysis.

2.1.5 Multiple Regression Model.

The following models were used for data analysis.

$$y = F(x_1, x_2, x_3, x_4, x_5, x_6, x_7, x_8) \text{ implicit function}$$

$$y = b_0 + b_1 x_1 + b_2 x_2 + b_3 x_3 + b_4 x_4 + b_5 x_5 - b_6 x_6 + b_7 x_7 + b_8 x_8 \text{ explicit function.}$$

Where:

Y = Investment potentials of Rural farmers (numbers of Agricultural Investment for respondent)

X₁ = Sex (male=1

female=0)

X₂ = Age (years)

X₃ = Farm size (hectare)

X₄ = Household size

X₅ = Marital status (married 1, otherwise=0)

X₆ = Education level (years)

X₇ = Annual income (Naira)

X₈ = Membership of cooperative society (yes No=0)

X₉ = Occupation

U_i = Error term

2.1.6 Mean score

$$X = \frac{\sum fx}{Nr}$$

Where:

X = Mean score

Σ = Summation

F = Frequency of each respondent pattern

X = Value of Likert

n = no of items

Nr = Numbers of respondents

Decision point

$$4+3+2+1 = 10/4$$

$$= 2.5$$

Using 2.5 as the mean decision. Any item that has its mean scores (xs) up to 2.5 and above is regarded as strong factor. In computing the mean score (x) of each items, the frequency was multiplied with its appropriate Likert value and the sum deviated weight with the total number of respondents to the items.

This was computed with this equation.

$$X = \frac{\sum fx}{Nr}$$

Where:

X = Mean score

Σ = Summation

F = Frequency of each respondent pattern

X = Value of Likert

n = no of items

Nr = Numbers of respondents to each categories from the formula the weighed mean

2.1.7 Hypothesis Testing

A null hypothesis was tested using F- test at 5% level of significance based on multiple regression analysis

3.0 Results and Discussion

This chapter deals with result of analysis and discussion result of data collected from the field using appropriate statistical tools according to specific objectives of the study.

Socio-economic Characteristics of the Respondents

The socio-economic characteristics of rural farmers may have great influence on the level of patronage of existing microfinance institutions (MFI) in the study area. The socio-economic characteristics considered were gender, age, farm size, household size, marital status, educational level, annual income from farm and non-farm activities, membership of cooperative societies and occupation. The result of socio-economic characteristics of the respondents is as shown in Table 1. The result of the socio-economic characteristics of respondents on Table 1 shows that majority (60%) were male while 40% were female. This means that more male farmers were involved in agricultural activities and patronized microfinance institutions (MN) more than female counterparts. The age range of most of the farmers (36.6%) were within 41-50 years while the lowest (1.6%) falls within age bracket of 11 -20years. (Table 1), This implies that most of the farmers are still within their active age of agricultural production.

This is in agreement with the findings of Mbam (2010), who opined that mostly the middle age farmers accessed formal credit facilities as people in this age bracket are known to be more productive in farming system and tends to utilize every opportunity in productive activities than any people in the other age brackets. The farm size of most of the farmers (33.3%) ranged between 1,1- 1.5 hectares while only 8.3% had farm size above 2,0 hectares. This means that most of the farmers cultivate on small portion of land usually fragmented which does not encourage commercial agriculture.

The household size of the most of the respondents (3 9.2%) ranged between 5-10 persons while only 8.3% had household size of between 21- 50 persons. This means that farmers in the study area still maintain average household size. The implication of this is that the average household size of a farmer will enhance its productivity and reduces excessive expenditures of non farming activities. Result of the analysis on Table I shows that majority of the farmers (38.33%) were married while only 12.5% were single.

This means that most of the respondents were married and so may need more microfinance credit to expand their productive venture in order to cater for their families welfare. Most of the farmers (40.8%) and (28.3%) completed their primary and secondary education, while only 14.2% did not have any formal education. (Table 1) This means that most of the respondents were literate and could at least read and

understand. This will enhance the capacity of accessing formal credit sources. This is in line with Alimba (1995), that the rural people though they engage in other non-agricultural activities, they have farming as their major occupation.

The annual farm income of majority of the respondent (46.7%) ranged between 60,001-70,000, while all other income brackets ranged from only 3.3% to 12.5%. This implies that the farmers in the study area generated more income from agricultural activities, since agriculture is the major source of income to the farmers. The result of the analysis on Table I on annual non-farm income shows that majority (39.16%) of the respondents earned an income bracket of 20,001-30,000 while the minority earned (8.33%) within an income bracket of 60,001-70,000.

This means that lesser farmers indulged in the non-farming activities, this is because the credit givers (MFIs) is basically focused for the agricultural farming activities. Majority of the respondents (66.67%) belonged to cooperative societies while only (33.33%) do not belong to any. This implies that loans are sourced mainly by the farmers who belong to cooperative societies (Table 1). Finally, the majority of the respondents were mainly full time farmers (50%), while the remaining 50% combined farming and other non farming activities. This means that most of the respondents had no other occupation through which they earned additional income to support their agricultural activities. This probably may be attribute to the credit they source for their farming activities.

3.12 Various Microfinance Portfolios and Farm Investment Options Available to Farmers in the Study Area

Various microfinance portfolios and farm investment options available to the farmers were studied and shown in Table 2.

Table 2: Distribution of Various Microfinance Portfolios and Farm investment Options Available to the Farmers.

Farm investment options	Frequency	Percentage
Food crops enterprise	60	50.00
poultry enterprise	15	12.50
Piggery enterprise	10	8.33
Cash crops enterprise	5	4.17
Processing and marketing enterprise	20	16.67
Snailery enterprise	10	8.33

Source: Field Survey, 2014

Table 2 Shows that most of the respondents (5 0%) obtained loan from microfinance institutions (MFIs) to carry out food crops production while the least was (4.17%) who obtained loan from

microfinance institutions (MF1) for cash crops enterprise, This means that food crops are mostly produced by farmers in the study area through loan obtained from microfinance institutions (MFI).

3.1.3 Level of Access of Farmers to the Various Microfinance institutions Portfolios in the Study Area

3.1.4 Whether loans were obtained for farming activities

The analysis was carried out to identify whether loans were obtained by the respondents for farming activities. The result is presented in Table 3.

Table 3: Distribution of respondents according to whether loans were obtained for farming activities

Parameters	Frequency	Percentage
Acquisition of loan for farming activities		
Yes	120	100
No	0	0

Source: Field Survey, 2014

Table 3, indicates that all the farmers in the study area acquired Agricultural loan for their farming activities. This means that farmers in study area patronize the microfinance institutions more than every other source in the study area.

3.15 Formal sources that farmers obtained loans from their farming activities

The respondents were classified according to sources with which they obtained loan from the formal sources. They are as follows: -

Table 4: Distribution of Respondents according to types of formal loan sources they obtain loan from

Formal source	Frequency	Percentage
Microfinance Bank	35	29.17
Commercial Bank	25	20.83
NACRDB Bank	12	10.00
Co-operative societies	17	14.17
Merchant Bank	10	8.33
Government owned agric	15	12.50
Credit co-operation	10	8.33

Source: Field Survey, 2014

Table 4 shows that most of the respondents 29.17% obtained their loan from microfinance institution while only 10.00% obtained from NACRDB, cooperative societies and credit cooperation respectively meanwhile 8.33 obtain from merchant Banks, this is because it is not readily available to the farmers. This could also imply that there are easily accessibility and charge low interest rate. This is in agreement with the findings of Sach (2004) who asserted that formal micro credit source is a precondition for effective fulfillment of agriculture in Nigeria especially in rural areas and that such role

are generating internal capacity for feeding the growing population by providing surplus food and fiber for home and industries.

31.6 Whether loans obtained was adequate for farming business

Adequacy of loan obtained from the MFIs in the study area, was analyzed and the result of the study is shown on Table 5.

Table 5: Distribution of the Respondent according to adequacy of loan tamed for farming activities

Adequacy of loan Borrowed	Frequency	Percentage
Yes	98	81.67
No	22	18.33

The result of the analysis on Table 5 shows that most of the respondents (81.67%) were of the view that loan obtained was adequate for their farming activities. As opposed to fewer farming (18.33%) that inferred that the loan obtained were inadequate: This means that most of the respondents were satisfied with the credit facilities granted to them. This implies that their farming activities may be enhanced visa-a vis there welfare.

1.7 Effects of socio-economic characteristics of rural farmers on their investment in the study area

Multiple regression Analysis was done to determine the effects of socio-economic characteristics the rural farmers on their investment potentials. Result obtained was presented in Table 6.

The result of multiple regression analysis in table 4 shows that the co-efficient of multiple determinations R² was 0.649 64.90%. This means that about 64.90% variation in the dependent variable (investment potentials of rural farmers) was explained by the combined changes of explanatory variable used in the regression model. It is believed that explanatory power of the chosen model were not exaggerated since R² (64.90%) was in numerical value closely related to the adjusted R² 62.7%.

This was further confirmed by the values of the overall standard error of estimate (SEE 0.46.582) which constituted about 37.7% of total variation that was not explained. This regression model is of good fit because the co-efficient of multiple determinations was very high. The statistical reliability of the estimates of regression co-efficient was established using standard deviations from the estimates or standard errors of the co-efficient which were less than half of the estimates showing their statistical reliability.

Most of the explanatory variables were significant at 1%, 5% and 10% level of significance as shown in Table 4. The overall significance of the regression result was also confirmed by the F* value

(F-29. 559) since F* ratio is high and is greater than F* Table at 5% level of significance, the regression is statistically reliable. The coefficient of age (X_1) was negative; indicating negative relationship with investment potentials. This is true and conforms to the

prior expectation because to the significant factor that can influence an individual's investment potential, Increase in age decreased the investment potential of the farmers because the old farmers in the study area may be reluctant to invest in agricultural ventures.

Table 6: Result of Multiple Regression Analysis

Variables	Variables NAMES	Regression coefficient	Standard error	T-value	Level of significance
Y	Investment potentials of rural farmers				
B ₀	Constant	-2.072	0.485	-4.277	S*
X ₁	Age (years)	-0.018	0.010	-1.833	S**
X ₂	Farm size (ha)	0.030	0.013	2.373	S**
X ₃	Household size (member)	0.005	0.009	0.528	NS
X ₄	Marital status	0.540	0.061	8.916	S*
X ₅	Educational level (yrs)	0.005	0.031	0.175	NS
X ₆	Annual Income (Naira)	0.0013	0.011	1.142	NS
X ₇	Co-operative Membership society	0.133	0.143	-0.93	NS

Source: Field Survey, 2014

S* indicates significant at 1% level.

S** indicates significant at 5% level.

S*** indicates significant at 10% level.

$R^2 = 0.649 = 64.90\%$

Adjusted $R^2 = 0.627 = 62.7\%$

F-ratio = 29.559

Standard error of estimates (SEE) = 0.46582

Durbin-Watson (DW) = 2.349

This is in consonance with the findings of Okumade (2007) who opined that older people may be able to cope with vigorous farming activities and hence the amount of credit obtained may be diverted to other non-agricultural activities. The sex of the respondent (X_2) bore positive coefficient meaning that there is no gender bias in the investment potentials of the rural farmers in the study area.

This is in disagreement or a contrary view with the findings of Mbam (2010) who cited Ayanuwale and Alimi (2004) maintained that men folks have more of loan request granted to them than that of women counterpart. The co-efficient of household size (X_3) was positively signed, indicating that positive relationship exists between the respondents investment size. The higher the household size, the higher the investment potential.

This seems to be true because farmers with high household size on more investment venture in order to get more income for household sustainability. This conforms to the findings of Hudon (2007) who asserted that rural farmers access formal credit, to enable them increase their farm size and output level. Iganiga (2008) also maintained that any amount of credit available to rural farmers' disposal determine their productive capacity. However, marital status (X_4) was positively signed indicating that positive

relationship is existing between farmer's marital status and their investment potentials.

This agrees with the- prior expectations because both married and single farmers invested in agricultural related activities. And as such there is no martial barrier in investing in agriculture in the study area. Educational level attained by the farmers (X_5) bore a positive coefficient; Indicating that the higher the educational level attained by the respondents the more they invest in agriculture. This is one true and conforms to the a-priori expectation as educated farmers tend to invest more than their illiterate ones. This could he attributed to their ability to understand the terms and conditions for loan acquisition and repayment. Moreover, the annual income (X_6) of the respondents was positive meaning that their annual income increased with increase in investment.

This is true and met the a priori expectations as farmers' annual income usually increase when their investment potential increase. This is because more income is generated from different sources were investment was made. This result is particularly true and in line with theoretical background of study. Finally, membership of cooperative society (X_7) was negatively singled.

This means that negative relationship exists between membership of a cooperative society and farmers' investment potential. This did not conform to

the a priori expectations because cooperative societies are expected to encourage their members to make more investment in agricultural activities.

3.1.8 Distribution of the respondents according to the perceptions of the contributions of microfinance to farm investment in study

Microfinance institutions may contribute immensely in providing the investment potentials of rural farmers in the study area. Result of the analysis shown on Table 7.

Table 7: Mean Score on the Perception of Respondents on the Contributions of MFI investment in the Study Area

Item	SA	A	D	SD	N	X	Decision
Increased investment improved crop varieties	40	78	2	0	120	3.3	Accepted
Improved decision making ability	32	88	0	0	120	3.2	Accepted
Increased access to land	26	71	28	0	120	3.0	Accepted
Encouraged the use of agrochemicals.	21	96	3	0	120	3.1	Accepted
Employment of more labour	16	38	57	9	120	2.5	Accepted
Vi Increase income generating capacity	27	76	14	3	120	3.0	Accepted
Vii Enhanced access to extension service	30	30	40	20	120	2.57	Accepted

Source: Field Survey, 2014

Table 7 shows that all the mentioned factors were accepted by respondents as contributions of microfinance institutions to rural farm investment in the study area. They include the following credit finance institutions have increased my investment on improved crop varieties (3.3), credit finance institutions have increased my investment potential on improved crops varieties (3.2), it has improved my decision making ability (3.0), it has increased my access to more farm land (3.1), it encouraged my use of agrochemicals in my farm (3.1), it has assisted me to employ more labour (2.5), it enhanced my access to extension. This conforms with the findings of Paul

(2004) that distance of farmers household which is usually at remote places is capable of depending them from accessing formal credit which will in turn hinder them from improving on various farm enterprises vis a vis exploiting their full investment potential.

3.1.8 Constraints to microfinance contributions to farm investment

So many factors militate against the operation of microfinance institutions in the study area. A 4-point Likert' scale was used to obtain mean score which determine major constraints to microfinance institutions (MFIs) in the study area. Result of the analysis is shown Table 8.

Table 8: Mean score on constraints to microfinance institutions to farm investment in the Study area

Item		X	Decision
i.	Lack of collateral	2.5	Accepted
ii.	Unwillingness of the bank to attend to	3.0	Accepted
iii.	the farmers -		
iv.	Inaccessibility of loan	2.6	Accepted
v.	Untimely credit disbursement	2.6	Rejected
vi.	Discrimination among farmers	1.9	Accepted
vii.	High repayment rate on loan	3.0	Rejected
viii.	Lack of credit institutions	2.1	Accepted
ix.	Risk and uncertainty.	2.6	Accepted
x.	High interest rate of loan	2.8.	Accepted
xi.	Lack of relevant information	2.1	Rejected
xii.	Insufficient marketing channel	2.2	Rejected
	Total	120	100

Sources: Field Survey, 2014

The decision rule for the 4-point Likert scale was 2.5. Any item with a mean score above the decision point were accepted as constraints to microfinance institutions while those with decision points lower

than the cut-points were not accepted as major constraints in the study area. From the mean score analysis above, the following constraints were

accepted because main means decision score point were above the cut off point.

They are lack of collateral (2.5) unwillingness of the bank to attend to the farmers (3.0) inaccessibility of loan (2.6) untimely credit disbursement (2.6) high repayment rate of loan (3.0) risk and uncertainty on the farmers (2.6) high interest rate on loan (2.8). However; the underlisted factors were rejected because they scored lower than the point. They include discrimination among farmers (1.9) lack of credit institutions (2.1) lack of relevant information (2.1) and insufficient marketing channel to produces (2.2). This means lack of credit institutions, lack of relevant information, insufficient channel to produce and discrimination among farmers is not a strong factor militating against rural farmers in obtaining the formal credit.

3.7 Hypothesis Testing

The null hypothesis which states that there is no significance difference between the socio economic characteristics of rural farmers and their investment potentials in the study area was tested using F-test at 0.05 degree of significance as shown below

$$\begin{aligned} F\text{-cal} &= R^2 \frac{(N-K)}{1 - R^2 (K-1)} \\ &= 0.649 \frac{(120 - 8)}{1 - 0.649 (8-1)} \\ &= 9 \times 112 \frac{72.688}{2.457} \\ &= 29.58 \\ \therefore F\text{-cal} &= 29.58 \\ F\text{-tab at } 0.05 \text{ level of significance} &= 2.09 \\ F\text{-critical (V2=N-K)} &= 120-8 \text{ } 112 \\ V' &= K-I=8-1=7 \end{aligned}$$

Decision Rule

If $F\text{-cal} > F\text{ tab}$, reject the null hypothesis otherwise accept the alternative. $F\text{-cal } 29.58 > F\text{-tab } 2.09$, therefore the null hypothesis was rejected and the alternative accepted. This implies that the socio-economic characteristics of the rural farmers have significant effect on their investment potentials in the study area.

4.0 Summary, Conclusion and Recommendations

4.1 Summary

This study focused on the contributions of microfinance institutions to rural farm investment in Abakaliki L.G. A of Ebonyi State. Data were collected from 120 contact farmers who patronized microfinance institutions (MFJ) in the study area using questionnaire and interview schedule. Data were analyzed was done using both descriptive and inferential statistics. Result of the analysis shows that majority (60%) of the respondents were male whose age ranged between 41-50 years (36.6w).

Their farm size ranged between 1.1-1.5 ha (33.3%) while the majority (39.2%) of household size falls within 5-10 persons, however, most of the respondents (38.33%) were married and with 28.3% completing their secondary education. Between 60,000- 70,000 was realized as the annual farm with a majority of (46. 7%), while 20,001-30,000 was also realized for annual non-farming income. About 50% of the respondents were full time farmers, and 66.67% belonged to co-operative societies in the study area.

Further analysis showed that most of the respondents (50%) engage in mainly food crops production as their microfinance portfolio. Result further reveled that all the farmers in the study area need loan to expand their productive capacity. The result of multiple regression analysis confirmed that socioeconomic characteristics of the farmers had significant effect on their investment, potentials in the study area. High value of co-efficient of determination 64.90% (R^2) was obtained. This implies that about 64.90% variation in the dependent variable was caused by changes in the independent variables used in the regression model.

All the coefficients of the independent variables were positive except that of age (xi) and membership of cooperative societies (x7). The result was however, statistically reliable and significant at 1%, 5% and 10% levels of significance. The respondents perceived that microfinance institutions (MFIs) contributed to their farm investments in the following areas: in the use of improvement crops varieties (3.3), improvement in decision making ability (3.2), increased their access to more farm land (3.0), encouraged use of agro chemicals (3.1), increase in the amount of labour employed (3.5), increased income generated capital (3.0) enhanced access to extension services (2.57).

Finally, major constraints identified to militate against the activities of MFI in the study area were lack of collateral (2.5), unwillingness of the banks to attend to the farmers (3.0), inaccessibility of loans (2.6), untimely credit disbursement (2.6) high payment rate on loan (3.0), risk and uncertainly on the farmers (2.6), high interest rate (2.8) while following were not accepted as constraints discrimination among farmers (1.9), lack of credit institutions (2.1), lack of relevant information (2.1) insufficient marketing channel to produce (2.2).

4.2 Conclusion

Contributions of microfinance institutions among the rural farmers are an important service in agricultural production which has the ability of creating more revenue for rural farmers. From the analysis carried out, the result showed a positive utilization of microfinance institutions as a credit source for loan acquisition by the rural farmers. If

Agricultural activities are carried out in a large scale production, by this, farmers can improve the economy. However, farmers have been faced with a lot of agricultural credit acquisition constraints, which need to be addressed, if the economic growth and development are militated, there is need to return to the agricultural sector with special attention given to the credit acquisition to farmers in rural areas to produce for consumption and commercial purposes.

Base on the finding of this research, it can be concluded that both males and females are engaged in agricultural production and both gender have access to existing Microfinance institutions in the study area. Also there are numbers of Microfinance institutions in the area such as Monarch Microfinance bank, Ndiagu Microfinance bank, Integrated Microfinance bank and Oziza Microfinance bank, these institutions will help in farmers' expansion and commercialization of agricultural product, thereby enhancing high level of production.

4.3 Recommendation

Based on the finding, the following recommendations were made:

1. Financial institutions should make credit available to the rural farmers at the right time and not after cropping seasons.
2. Government should help in reduction on high interest rate as to enable the rural farmers to have easy access to credit.
3. Government should direct the lending bank to put branches within the farmers reach.
4. Prosper extension service delivery should be provided to educate the farmers about availability of formal source of credit and how to effectively utilize them for agricultural production.
5. The credit made available to the farmers should be under strict supervision to ensure full utilization of this loan for agricultural production.

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