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Utilization of Commercial Agricultural Credit Scheme Loans and Repayment Performance by Beneficiary Farmers in Anambah State, Nigeria

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Abstract : *This study investigated the utilization of commercial agricultural credit scheme loans and repayment performance by beneficiary farmers by using descriptive statistics, cross tabulation, logit and probit models and a cross sectional data of 250 farmers of Anambra State, Nigeria in 2015. Results showed that majority of the farmers that benefitted from the scheme were males. Farming experience of majority of the farmers was 5 years and above with farm size of 10 hectares and below. Profit earned by the farmer, amount of credit received, capital base, size of farm land, years of formal education, farming experience and output of the farmer after accessing the scheme were factors that influenced loan repayment performance of the beneficiary farmers positively. The farmers that benefitted from the scheme used the loan mostly for livestock production, crop production and agro-marketing. Recommendations were made based on the findings.*
Keywords: *Agricultural credit, repayment performance, beneficiary farmers, probit model.*

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I. Introduction

The crucial role of credit in the development of the agricultural sector is not in doubt. Agriculture has been unable to meet with its traditional roles such as provision of food for the generality of the populace, supply of raw materials, foreign exchange earnings and provision of gainful employment (Olatunji in Coker & Audu, 2015). Agriculture, as a sector, depends more on credit than any other sector of the economy because of the seasonal variations in the farmer`s returns and a changing trend from subsistence to commercial farming (Mahmood, Khalid & kouser, 2009). This is in view of the fact that credit plays an important role in enhancing agricultural productivity, especially in developing countries (Iqbal, Munir & Abbas, 2003). Studies show that growth rate of investment in agriculture is less than other economic sectors (Kohansal & Monsoori, 2009). Therefore in order to promote Commercial Agriculture in Nigeria, the Commercial Agricultural Credit Scheme (CACS) was introduced in 2009. The key agricultural commodities to be covered under the scheme are cultivation of target crops (rice, cassava, cotton, oil palm, wheat, rubber, sugar cane, jatropha carcus, fruits and vegetable), livestock (dairy, poultry, and piggery), and fisheries. Credit support to the target commodities shall be administered along the entire value chain of production, storage, processing, market and enterprise development. In Nigeria, credit has been recognized as an essential tool for promoting Small and Medium Enterprises (SMEs) and about 70 per cent of the population is engaged in the informal sector or in agricultural production (Olaitan, 2001).

Credit can be classified on the basis of duration or purpose (Nwosu, Oguoma, Ben-Chendo, Henri-Ukoha, 2010). On the basis of purpose, credit can be classified into personal, housing, automobile and agricultural credit. Agricultural credit is very important for sustainable agricultural development to be achieved in any country as it enhances the productive capacity of the resource poor farmers through provision of funds by banks or other financial institutions for investment in their farm activities. A major cause of banks' reluctance to make loan available for agro-related projects is a deficiency of resources necessary to appraise loan applications and administer loans once approved (Garikipati, 2008).

Given the inherent riskiness of this type of lending, it is essential for a bank to be able both to analyze applications in as much depth as necessary and to supervise the performance of recipients in order to help minimize both the risk of making bad loans and also the level of default on repayments (Buntaine, 2011). In a study conducted in 1976 by the CBN, shortage of primary production credit was identified as one of the major causes for declining agricultural production (Olaitan, 2001). This shortage was attributed to reluctance by the banks to provide credit for real sector activities, especially agricultural production. The reasons were obvious: Inherent risks associated with agricultural production; Urban/semi urban based nature and mode of operations of

the banks; High cost of' administration of agricultural loans and Inability of farmers to provide the necessary collateral. Credit administration is the follow up on credit created to ensure that loans so advanced are serviced and paid back at the right time so that when the depositors of the money needs it, they can have access to it (Adulrasheed & Etudaiye, 2010). Several factors are considered in the credit approval process but the most important ones are usually referred to as the seven canons of lending (Jhingan, 2002): character, capacity, capital, collateral, condition, cash flow and considerations.

Statement of the Problem

Also the problem of rapid agricultural development in Nigeria indicates that efforts directed at achieving expanded economic base for farmers were frustrated by scarcity of and restrictive access to loanable fund (Odoemena & Obinna, 2010). Lack of access to adequate formal production credit in Nigeria has continued to impair the harnessing of the economic potential of the productive sector, particularly the agricultural sector and hence its contribution to growth and development. As part of efforts to further enhance credit supply to the agricultural sector, the Central Bank of Nigeria (CBN) has approved the extension of the terminal date of the Commercial Agriculture Credit Scheme (CACS) from September 30, 2016 to September 30, 2025. It will never be sufficient merely to give out loans or credit facilities, it is important to ensure that the welfare increases as expected due to such intervention is achieved. In spite of the importance of loan in agricultural production, its acquisition and repayment are fraught with a number of problems especially in the small holder farming (Awoke, 2004). This study therefore analyzed the utilization of commercial agricultural credit scheme loans and repayment performance by beneficiary farmers in Anambra State, Nigeria.

Objectives of the Study

The broad objective of this study was to analyze the use of Commercial Agricultural Credit Scheme (CACS) loans by the beneficiaries in Anambra State, Nigeria. To achieve this, the specific objectives were to:

1. describe the socio-economic characteristics of the farmers in the study area;
2. analyze the use of Commercial Agricultural Credit Scheme (CACS) loans by the beneficiary farmers; and
3. determine the factors that influence the loan repayment performance of the beneficiary farmers.

Hypothesis of the Study

Socio-economic characteristics do not significantly influence repayment performance of beneficiary farmers who accessed agricultural credit scheme.

II. Theoretical Framework

Loanable Funds Theory:

In economics, this theory revolved mainly around the role of market in the economy. In other words, it is a theory of the market interest rate. Both the supply of money available for borrowing and demand for money to be borrowed depend upon interest rates. According to this approach, the interest rate is determined by the demand for and supply of loanable funds. Loanable funds include all forms of credit, such as loans, bonds or savings deposit (Becker & Ivashina, 2014). The same would also be true in the "market for loanable funds". The loanable funds market consists of borrowers and loaners of fund. Cash loans may be repaid with alternative schedules each with its own time pattern of costs (Arene, 2016). The demand and supply of loan-able funds through the banking system are driven by the rate of interest. According to the loan-able funds theory, the long run equilibrium rate of interest is determined at the point of intersection of the demand and supply curves of loan-able funds. Economics agents, households and firms borrow money respectively, for purchase of consumption goods and for investment in productive capital (Oladeebo & Oladeebo, 2008). Their borrowing decisions are influenced by the rate of interest charged on the money they borrow to finance their farming activities.

III. Methodology

The study area was Anambra State of Nigeria and it adopted a descriptive survey design. Simple random sampling was applied in selection of respondents for the study. The sample was drawn from members of All Farmers Association of Nigeria (AFAN), Anambra State branch. AFAN has a total of 548 members. Out of this number, 200 of them have so far benefited from the scheme while 348 are yet to benefit. Thus from the 200 beneficiaries, 100 farmers were randomly selected. Also, 150 farmers were also selected from those that have not benefited. This gave a total of 250 farmers for the study.

Primary data were collected with the aid of detailed and well structured questionnaire administered to AFAN farmers. These farmers consist of beneficiaries of CACS and those who are yet to benefit. Information collected included the socio-economic characteristics of the farmers and their repayment performance. The 250 questionnaires were administered with the help of well-trained personnel who were conversant with the study

area and used for the study. Out of the returned questionnaires, 100 were beneficiaries while 150 were non-beneficiaries. Objectives 1 and 2 were realized using descriptive statistics and cross tabulation while objective 3 was realized using probit model. Logit model was employed to test the hypothesis.

Model Specification

The probit and logit models which determined the repayment performance and factors that influence the repayment performance of the beneficiary farmers respectively are given below.

The probit model is given as:

$Pi = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6 + B_7X_7 + B_8X_8 + B_9X_9 + B_{10}X_{10} + \mu$

Where,

Pi = dependent variable which becomes one (1) if the farmer repaid the credit and zero (0) otherwise.

X_1= profit earned by the farmer after accessing CACS (in Naira)

X_2= amount of credit received (in Naira)

X_3= capital base of the farmer (in Naira)

X_4= farm land size (in hectares)

X_5= sex of the farmer (1= male and 2= female)

X_6= household size of the farmer (in numbers)

X_7= years of formal education of the farmer

X_8= farmers' farming experience (in years)

X_9= age of the farmer (in years)

X_{10}= output of the farmer after accessing the scheme.

The logit model is given as:

$$\ln \left[\frac{P}{1-p}\right] \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \mu_i$$

Where,

P_i = probability of accessing credit (1) and not accessing it (0)

X_1 = household size

X_2 = educational attainment

X_3 = farmers experience

X_4 = farm size

X_5= age of farmer.

X_6= sex of farmer

X_7= capital base of the farmer

The independent variables chosen were guided by the study by Kohansal and Mansoori (2009) who used logit model to ascertain the factors affecting on loan Repayment Performance of farmers in Khorasan-Razavi Province of Iran. After the analysis, the significant independent variables were adjudged to be the ones that influence loan repayment among farmers who accessed the agricultural credit scheme.

IV. Results and Discussion

Objective 1: Socio-economic Characteristics of the Farmers.

The socio-economic characteristics of the farmers discussed included farmers' gender, household size, age, level of education, own bank account, marital status, farming experience, farm size, capital base, need for credit, credit sources and kind of labour used. The result is presented in table 1.

Table 1: Descriptive Statistics of the Socio-economic Characteristics of Farmers in Anambra State of Nigeria. (N=250)

Socio-economic Variables	Frequencies	Percentages	Mean
Farmers' sex			
Male	168	67.20	
Female	82	32.80	
Total	250	100.00	
Farmers' household size			
5 and below household members	126	50.40	5.48
6 to 10 household members	118	47.20	
Above 10 household members	6	2.40	
Total	250	100.00	
Farmers' age group			
21 to 40 years	77	30.80	46.54
41 to 60 years	156	62.40	

Above 60 years	17	6.80	
Total	250	100.00	
Farmers highest education qualification			
No education at all	44	17.60	
Primary education	28	11.20	
Secondary education	67	26.80	
Tertiary education	87	34.80	
Postgraduate education	24	9.60	
Total	250	100.00	
Farmers own bank account			
Yes	248	99.20	
No	2	0.80	
Total	250	100.00	
Farmers marital status			
Married	167	66.80	
Divorce	2	0.80	
Widowed	19	7.60	
Never married	62	24.60	
Total	250	100.00	
Farmers years of farming experience group			
5 years and below	86	34.40	10.43
6 to 10 years	76	30.40	
11 to 15 years	28	11.20	
16 to 20 years	31	12.40	
Above 20 years	29	11.60	
Total	250	100.00	
Farmers farm size group (in hectares)			
10 hectares and below	228	91.20	525.03
11 to 20 hectares	12	4.80	
21 to 30 hectares	3	1.20	
31 to 40 hectares	3	1.20	
Above 40 hectares	4	1.60	
Total	250	100.00	
Farmers capital base by group			
10 million Naira and below	231	92.40	1,500,000
11 to 20 million Naira	11	4.40	
Above 40 million Naira	8	3.20	
Total	250	100.00	
Farmers has need for credit			
Yes	241	96.40	
No	9	3.60	
Total	250	100.00	
Farmers credit source			
Family only	45	18.00	
Friends and family only	38	15.20	
Banks loan only	3	1.20	
Personal savings only	135	54.00	
Cooperatives only	6	2.40	
Bank loan and personal savings only	10	4.00	
Family and personal only	8	3.20	
Personal savings and cooperatives	1	0.40	
Family and cooperatives	4	1.60	
Total	250	100.00	
Kind of labour used by the Farmers			
Mechanized	4	1.60	
Human beings	220	88.00	
Mechanized and human beings	26	10.40	
Total	250	100.00	

Source: Field survey, 2015

Table 1 shows that 67.2% of the farmers are males while only 32.8% are females. The result indicates that most of the farmers interviewed are males suggesting that AFAN has more male members than females. Majority of the farmers have a household size of five or below. The mean household size of the farmers was 5.48. The result suggests that most farming households in Anambra state have relatively low household members and may be engaging more hired labourers than household labour. Most of the sampled farmers were in the age group of 41 to 60 years. The mean age of the farmers was 47 years. The result suggests that most of the farmers are in their active age of productivity. The result also shows that most of the farmers (34.80%) have tertiary education qualification showing that the farmers in the study area are well educated.

The result as regards ownership of bank account shows that the majority of the farmers (99.2%) own bank account while only 0.8% of the farmers do not own bank account. The result here was expected as most of the farmers were expected to own bank account which is one of the preconditions to access the Commercial Agricultural Credit Scheme (CACS). The distribution of the farmers based on their farming experience shows that majority (91.2%) of the sampled farmers in AFAN has farm sizes of 10 and below hectares. Analysis on capital base of the farmers shows that 92.4%, 4.4% and 3.2% of the farmers have capital bases of 10 million Naira and below, 11 to 20 million Naira and, above 40 million Naira respectively. The mean capital base of the farmers is ₦1,500,000.

The result of the analysis on the need for credit by the farmers shows that the majority of the farmers (96.4%) agreed that they need credit in their farming business while only 3.6% of the farmers disagreed to it. The result here implied that there is need for government to create other avenues to provide credits to the farmers apart from the CACS. In addition, the result of farmers' credit sources shows that majority (54%) of the farmers depended on personal savings while the least number of farmers (1.2%) of the farmers get credit from the bank. The implication of this result is that most farmers still source their credit from personal savings. Also, it may be possible that farmers still see sourcing for loans as a complex thing to do. Finally, table 1 also shows that most of the farmers (88%) still depend on human beings for their farming activities. The result here implies that most of the farmers use only manual labour and goes a long way to show the subsistent nature of farming in the state. This finding could be the effect of poor availability of capital for farming.

Objective 2: The Use Commercial Agricultural Credit Scheme (CACS) Loans by the Beneficiary Farmers.

Table 2: Descriptive cross-tabulation analysis of the use of the Loans by Farmers that accessed the scheme (N=100)

First Kind of Production Farmers Engaged in			
		Access to the Scheme	
		Yes	Percentages (%)
First production choice of the farmer	Crop production	66	66.00
	Livestock production	30	30.00
	Agro-marketing	4	4.00
	Total	100	100.00
Second Kind of Production Farmers Engaged in			
Second production choice of the farmer	Livestock production	12	85.71
	Agro-marketing	2	14.29
	Total	14	100.00
Third Kind of Production Farmers Engaged in			
Third production choice of the farmer	Agro-marketing	2	66.67
	Feed milling	1	33.33
	Total	3	100.00
Fourth Kind of Production Farmers Engaged in			
Fourth production choice of the farmer	Storage	1	100
	Total	1	100

Source: Field survey, 2015

Table 2 shows the first, second, third and fourth choices of the farmers as regards the use of the loan accessed. As regards their first choice, the result shows that 66% of the farmers that accessed the loan for crop production while, 30% and 4% of the farmers that accessed the loan used it for livestock production and agro-marketing respectively. Similarly, out of the 14 farmers who accessed the loan and were engaged in at least two agricultural activities, 12 of them engaged in livestock production while only 2 engaged in agro-marketing.

Also, of the 3 farmers who accessed the loan and were engaged in at least two agricultural activities, 2 of the farmers were engaged in agro-marketing while 1 of the farmers engaged in feed milling. Lastly, among the 100 farmers sampled who accessed the loan, only one farmer who was involved in the four different agricultural activities engaged in storage of agricultural product. Hence, based on the analysis, 66 farmers out of the 100 that accessed the loan used their loan in at least crop production only, 42 of the farmers used the loan in at least livestock production only, 4 of the farmers used their loans in at least agro-marketing while 1 farmer used their loan in at least either of feed milling or storage. The implication of the results here is that majority of the farmers who accessed the scheme used the loan for crop production and livestock production (but mostly crop production) and used the loan least in either of feed milling or storage. The result here were expected considering the demand for food crops and livestock in the state and Nigeria at large but the result that only one farmer each among the 100 that accessed the credit scheme engaged in either feed milling and storage shows that a lot of attention need to be channeled to value-addition of agricultural products. This is because, with low agricultural activity on food processing and packaging, loan for storage and processing

facilities would not be accessed. It is also possible that the huge monetary involvement in feed milling may limit farmers who may wish to go into such agricultural activity.

Objective 3: Determine the factors that influence the loan repayment performance of the beneficiary farmers.

Table 3: Probit analysis of the loan repayment performance by farmers (N=100)

Explanatory variables	Coefficient	P value
Profit of the farmer after accessing CACS (X_1)	3.44	0.06
Amount received from the scheme by the farmer (X_2)	1.34	0.04*
Capital base (X_3)	1.66	0.02*
Farm size (X_4)	0.01	0.04*
Sex (X_5)	-0.39	0.44
Household size (X_6)	-0.04	0.72
Years the farmer has spent in formal education (X_7)	0.23	0.78
Years the farmer has spent in farming (X_8)	0.012	0.81
Age of the farmer (X_9)	-0.06	0.10
Output in quantity of the farmer after accessing CACS (X_{10})	0.0002	0.02*
Constant	4.37	0.01*

Source: field survey, 2015; *= significant at 5%, Prob > chi^2= 0.00, Pseudo R^2= 0.50

In doing this probit analysis, the study focused on only those that benefited from the scheme. This was done to streamline the result of the analysis strictly on those that repaid the loan collected on or before duration and those that did not. From the result presented in table 3, the study discovered that the explanatory variables used significantly at 0.05 explained the repayment of the loan borrowed by the farmers in the scheme. This was based on the Prob>chi^2 value of 0.00 (which was less than the maximum probability value of 0.05) and Pseudo R^2 value of 0.50 (which explains by how much the explanatory variables explains the movements in the dependent variable.

Profit earned by the farmer after accessing CACS insignificantly increased the possibility of the farmer repaying the loan by 3.44. What this means is that the more profit the farmer make, the less likely it becomes for the farmer not to repay the loan. The finding here was expected considering that the farmer was expected to repay the loan from the improved profit gotten from the farm as a result of loan received from CACS. The amount received by the farmer in the scheme significantly increases the possibility of the farmer to repay the loan by 1.34. This implies that the more loan a farmer collects, the more the likelihood of the farmer repaying the loan. The result here was not expected as increased amount of loan accessed was expected to reduce their ability to pay. Results such as this could be the effect of increased profit which the huge loan accessed has helped them to make as well as the need to either maintain such credit worthiness or improve it. The capital base of the farmer as well as the farm size of the farmer significantly increased the repayment of the loan by the farmer by 1.66 and 0.01 respectively. This means that the higher the capital base and farm size of the farmer, the greater the ability of the farmer to repay the loan. The results here were expected as huge capital base and farm size allows the farmer to spread its cost and make more profits than those with smaller capital base and farm size.

The number of years the farmers spent on education and the years of farming experience insignificantly increased farmer's repayment of the loan by 0.23 and 0.012 respectively. What this means is that the more years a farmer spends on formal education and in farming, the more the likelihood of the farmer repaying the loan borrowed from the scheme. The results here were expected as higher education level of the farmer as well as higher farming experience in years of the farmer were expected to make influence the farmer's repayment of the borrowed loan. In addition, a well educated farmer as well as an experienced farmer was expected to know the likely consequences of defaulting in his or her loan repayment obligations as it could affect his chances of getting further loans from schemes such as CACS as well as getting credit facility from its suppliers and partners.

The result in table 3 also showed that quantity of output of the farmer after accessing CACS significantly increases farmer repayment of the loan borrowed by 0.0002. What this result means is that the higher the output of the farmer the more likely the farmer repays the loan borrowed. This finding was expected considering that a higher output of the farmer would enable the farmer in repaying the loan. Therefore, the more the farmers' output the more it was expected of the farmer to repay the loan borrowed for the business.

On the other hand, sex of the farmers (which in this case is the dummy for female farmers with respect to the male farmers) as well as household size of the farmer insignificantly reduced the repayment of the loan by the farmers by 0.39 and 0.04 respectively. The result here means that a farmer being female

(with respect to male farmers) and the more the household size of the farmer, the less the possibility to repay of the loan. The result here calls for concerns especially the gender result. This is because, over the years, efforts has been made to improve on the gender inequality among male and female but the result here (though insignificant) shows that not much has been achieved in the study area, since being a female farmer reduces the ability of the farmer to repay the loan borrowed. Another implication is that female farmers' participation in credit schemes would be affected as the result here shows that female farmers were more credit unworthy than their male counterparts. Also, farmers with large household farms defaulted more than those with small household sizes. This buttresses the debate against large household sizes and the need to control it in the country.

The result further showed that farmers' age insignificantly reduce the farmers' repayment of the loan borrowed by 0.06. This means that the older the farmer in age, the lesser the possibility of the farmer to repay the loan borrowed from the scheme. The result here was not expected as the result somewhat was against the previous findings on the experience of the farmer having a positive effect on a farmer repaying the loan borrowed. Alternatively, findings such as this could be the effect of poor management of the farm due to old age on the part of the farmer. Again, an eighty years old farmer may have been farming for only 10 years while a forty years old farmer may have been farming for 20 years. Hence, results such as this could be possible.

Lastly, the result of the analysis further showed that the constant term significantly increased the farmers' repayment of the loan by 4.37. What this means is that an increase in other variables not included in the model would increase the repayment of the loan borrowed by the farmer by 4.37. These variables could be in the form of number of installmental payment of the loan accepted, value of collateral facility, credit application cost, time lag between when the loan is given and when applied, interest payment for the loan among others.

Conclusively, the findings here showed that an increase in profit of the farmer after accessing CACS (X_1), amount received from CACS (X_2), capital base of the farmer (X_3), farm size of the farmer (X_4), education of the farmer (X_7), years of farming experience (X_8) and output of the farmer after accessing CACS (X_{10}) increased farmers ability to repay the loans borrowed. This result is in line with the findings of Oladeebo and Oladeebo (2008) whose study in Oyo State established that the amount of loan obtained by farmers, years of farming experience with credit use and level of education were the major factors that positively influenced loan repayment among small scale farmers in Oyo State, Nigeria. The result also agrees with the findings of Kohansal & Mansoori (2009) in Iran which concluded that farmers' experience and received loan size have positive effect on loan repayment performance of farmers in Iran. While, an increase in farmers sex (female with respect to male) (X_5), household size (X_6) and age of the farmer (X_9) reduces their ability to repay the loans borrowed. This result conforms to the study of Oladeebo and Oladeebo (2008) who found that age of farmers influenced loan repayment negatively. In addition, the significant determinants of a farmer repaying the loan borrowed were the amount received from CACS (X_2), capital base of the farmer (X_3), farm size of the farmer (X_4) and output of the farmer after accessing CACS (X_{10}).

Hypothesis Testing

Socio-economic characteristics do not significantly influence repayment performance of farmers who accessed agricultural credit scheme.

Table 4: Logit analysis showing relationship between socio-economic characteristics and beneficiary farmers (N=100)

Explanatory variables	Coefficient	P value
Household size of the farmer (X_1)	-0.08	0.44
Years of formal education (X_2)	0.06	0.08
Years of farming experience (X_3)	-0.11	0.00*
Farm size (X_4)	0.0006	0.61
Age (X_5)	0.07	0.01*
Sex (X_6)	1.54	0.00*
Capital base (X_7)	5.90	0.00*
Constant	-5.73	0.00*

Source: Field survey, 2015; *= significant at 5%, Prob>chi2= 0.00, Pseudo R^2= 0.48

Table 4 shows the logit regression summarized result for the socio-economic determinants of the farmers who accessed the scheme. The explanatory variables selected accounted for 48% of the farmers benefiting from the scheme.

Specifically, the study found that household size and farming experience have negative impact on a farmer's ability to access the scheme or not to. This implies that the longer the household size of a farmer and the more the number of years of farming experience, the less likely the farmer is able to access the scheme. This result is not expected because farmers with more number of years of farming experience are anticipated to access the loan faster.

Conversely, number of years spent on formal education, farm size, age, sex and capital base of the farmer have a positive impact on a farmer accessing the scheme. This implies that the more education a farmer has, in addition to the larger the farm size, the more advanced in age, the more the farmer's capital base; the more likely the farmer is to access the scheme. In addition, the more farmers that are females, the more likely they are to access the scheme with respect to male farmers. This result in favour of females is expected because recent literatures have shown evidence of women involvement and contributions in agricultural activities. Moreover, recent calls for proposals (for example, AERC collaborative research project, 2018) distinctly encouraged qualified women to apply.

In addition, four (4) socio-economic variables of the farmers who accessed the scheme (years of farming experience, age, sex and capital base of the farmer) were significant. While three (3) socio-economic variables (household size, years the farmer spent on formal education and farm size) were not significant at any level of probability. Therefore, we reject the null hypothesis and conclude that socio-economic characteristics significantly influence repayment performance of farmers who accessed agricultural credit scheme ($P<0.05$).

V. Conclusion

The study investigated the utilization of commercial agricultural credit scheme loans and repayment performance by beneficiary farmers in Anambra State, Nigeria. Descriptive statistics, cross tabulation, logit and probit models were employed to investigate the utilization of commercial agricultural credit scheme loans (CACS) and repayment performance by beneficiary farmers in Anambra State, Nigeria. The farmers that benefitted from the scheme used the loan mostly for livestock production, crop production and agro-marketing. The signs of the coefficient and significance of the independent variables were used to determine the factors that influenced the loan repayment performance of the beneficiary farmers. Results showed that X_1, X_2, X_3, X_4, X_7, X_8 and X_{10} were factors that influenced loan repayment performance of the beneficiary farmers positively. The significant factors of a farmer repaying the loan borrowed were X_2, X_3, X_4 and X_{10}.

Recommendations

1. Educative seminars should be conducted for female farmers in the study area to teach them possible ways of acquisition and repayment of loans.
2. Loan disbursement should be targeted at young farmers with larger farm size because they are more likely to adopt new innovations in agriculture.
3. Effective monitoring of disbursed credit is critical to enhance prompt credit recovery of loan from the farmers in the study area.

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