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Original Research Article

Impact of Micro Credit on Poverty Alleviation among Female Headed Yam Farmers in Yakurr Local Government Area of Cross River State, Nigeria

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Abstract

Micro credit has been considered as the latest panacea for poverty alleviation, it allows the poor to become more self reliant, create employment opportunities, increase savings, enable them acquire entrepreneurial skills and not least, engage household in economically productive activities. Lack of micro credit has been described as one of the factor militating against the productivity of agriculture in Nigeria especially among the rural farmers. This study was designed to analyze the impact micro credit on poverty alleviation among female headed yam farmers in Yakurr Local Government Area of Cross River State. It specifically sought to identify the socio-economic characteristics of female yam farmers in the study, identify their sources of micro credit, assess the poverty status of those who access micro credit and those who did not and challenges in accessing micro credit. The study used purposive and simple random sampling techniques to select one hundred and three (103) female yam farmers from three (3) communities which are the major yam producing communities in Yakurr Local Government Area. Data were obtained from primary sources with the aid of a structured questionnaire and analyzed using descriptive statistics such as frequency count, mean, tables, percentages and Foster, Greer and Thorbecke (FGT) model. The result showed that 29.1% of the respondents were above 50 years with 48.5% of them having attained SSCE and had a mean farm size of 3.0ha. The finding showed that huge amount of their expenditure was spent on food (61.63% for those who access and 61.51% for those who did not access micro credit). Forty two percent of those who did not access micro credit were poor (0.42) while twenty six percent of those who access were poor (0.26). The major challenges encountered by female yam farmers in accessing micro credit were high interest rate, lack of collateral and guarantor. Based on the findings of the study, it was therefore recommended that massive awareness on the importance of micro credit in fighting widespread of poverty should be launched in the country.

Key Words: Micro credit , poverty alleviation and access.

INTRODUCTION

Yam *(Discorea Spp)* is an annual root tuber bearing plant with over 600 species out of which six (6) are socially and economically staples in terms of food, cash and medicinal values in the tropics (Ibitoye and Onimisi,

2013). The economically important species grown are *Discorea rotundata* (white guinea yam), *D alata* (yellow yam), *D. bulbifera* (aerial yam), *D. esculanta* (Chinese yam) and D. *dumetorun* (trifoliate yam). Out of *these Discorea rotundata* (white yam) and *Discorea alata* (water yam) are the most common species in Nigeria which are grown in the coastal region in rain forests, wood savanna and southern savanna habitats. They are grown in tropical regions and mostly produced in the savannah region of West Africa, with two distinct seasons; wet and dry (Ike and Inoni 2006).

Nigeria is said to be the world's largest producer of yam, with about thirty five million metric tons produced annually and accounting for 70-76% of the world total output (Ike and Inoni, 2006 and FAO, 2008). FAO (2010) reported that Nigeria alone in 1985 produced 18.3 million metric tons of yams from 1.5 million hectares, representing 73.8 percent of 28.8 million tons of yam produced in Africa (Ojo, Bulama and Mohammed 2013). Yam production is regarded as a source food security and employer of labour in many areas where it is cultivated. However, partly due to lack of farm inputs, finance and high rate of poverty, limited added value and the loss of soil fertility in these areas, total annual yam output have not been increasing as expected.

In Nigeria yam production which is traditionally carried out by men, increasingly more women across Nigeria are taking on yam production activities. Women make a significant contribution to the food production and processing of food stuff in Nigeria (Rahman, 2006; Ojo *et al.,* 2013). They provide about 60-80% of agricultural labour and are responsible for 80% of food production (Ingawa, 1999; Mgbada, 2002; Rahman, 2009 and Ojo *et al*., 2013). Although, about 70% of her population is engaged in agriculture, the reality is that Nigeria has not yet been able to attain self sufficiency in agricultural production (Obasi and Agu, 2000; Udoh, 2005). This may be related to the fact that despite women's significant contribution to Nigeria's agricultural production, women's productivity is often constrained by a lack of access to productive resources (Ojo *et al.,* 2013). Women have battled with various socioeconomic obstacles which affect their productivity in the agricultural sector. Even though it has been recognized that they play a major role in food production and processing, women have more difficulty in gaining access to resources such as land, credit and productivity-enhancing inputs and services than their male counterpart (Ojo *et al*., 2013; Udoh, 2005; Rahman, 2009).

Poverty is a crucial problem in all developing countries including Nigeria (Agbaeze and Onwuka, 2014). One of the strategies towards poverty alleviation by government and non-government organization is the use of microcredit (Ugbajah and Uguwamba, 2013). Microcredit has implication for household economic empower-ment, self employment, trainings and skill acquisition. Micro credit facilitates vocational skills training, credit opportunity for self employment, improve income of people among household and enhance empowerment of poverty alleviation (Chuks 2007; Nkpoyen and Bassey, 2012; Ediomo-Ubong and Iboro, 2010; Ahmed and Saif, 2013). Micro credit has been considered as the latest panacea for poverty alleviation, it allow the poor to become more self reliant, create employment opportunities, increase savings, enable them acquire entrepreneurial skill and not least, engage household in economically productive activities. It is in this context that micro credit has recently assumed a certain degree of prominence.

Micro credit programme is expected to increase self-employment profits, reduce poverty, create jobs and enhance growth of indigenous firms. The failure of financial sector to promote affordable credit to the poor is often viewed as one of the factors that reinforce the vicious cycle of economic, social and demographic structures that ultimately cause poverty (Liton et al., 2011; Coker and Audu, 2015).

Lack of credit has been described as one of the factor militating against the productivity of agriculture in Nigeria especially among the rural farmers. The problem of inadequate micro credit to rural household attracted the attention of Nigeria government and led the federal government into creating specialized institution such as Nigeria Agricultural Cooperatives and Rural Development Bank (NACRDB) and People Bank of Nigeria (PBN) and the Family Economic Advancement Programme (FEAP) and renamed as Bank of Agriculture (Ugbajah, 2012).

In spite of the positive impact of micro finance institution to the nation's economy, many of the disadvantaged economically active poor remains financially excluded as put by National Development Insurance Company report (NDIC, 2011). Despite government effort in establishing numerous programme, project and the bank for the provision of financial assistance to the agricultural sector, however access to micro credit is affected by socio-economic characteristics of the rural farmers, institutional incentives and constraint that define the financial environment. This has undermined rural income activities due to lack of capital for investment and has prevented farmers from adopting improved farming practices (Ugbajah, 2012).

In Nigeria in general and Yakurr local government area in particular, the agricultural production system is dominated by smallholder farmers. These farmers operate mainly within the limits of their highly insufficient resources which tend to constrain their capacity to employ most recommended technologies in their farms (Ohen and Ajah 2015; and Okereke 2012). This diminishes the ability of these smallholders to optimize food production for both domestic consumption and for income generation. The necessity of this study is based on the fact that there seems to be a gap in knowledge existing in the area of this subject matter in relation to the study area. Therefore, this study was conceived to fill this

perceived existing gap in knowledge as a contribution to knowledge towards effective policy formulation.

In view of the foregoing this research paper intends to answers the following research questions.

1. What are the socio economic characteristic of the farmers?
2. What are the sources of micro credit?
3. What are the poverty status of those who access micro credit and those who did not?
4. What are the challenges in accessing micro credit?

Objectives of the study

The main objective of this study was to assess the impact of micro credit on poverty alleviation among female yam farmers in Yakurr Local Government Area of Cross River State.

The specific objectives were:

1. To identify the socio-economic characteristics of female yam farmers in Yakurr LGA.
2. To identify their sources of micro credit.
3. To assess the poverty status of those who access micro credit and those who did not.
4. To identify the challenges in accessing micro credit and to make recommendations based on findings.

Literature Review

Theoretical issues

Various theories of poverty have been formulated with the most widely cited include poverty caused by individual deficiencies (Rainwater, 1970); poverty caused by cultural belief system that support sub culture of poverty (Murray, 1984; Asen, 2002); poverty caused by economic, political and social distortion or discrimination (Jencks 1996; Blank, 1997 and Quigley, 2003); poverty caused by geographical disparities (Bradshaw, 200) finally poverty caused by cumulative and cyclical interdependencies (Myrdal, 1957; Sher 1977). Poverty cause by cumulative and cyclical interdependencies is the most appreciated. The previous theories have demonstrated the complexity of the sources of poverty while this theory is by far the most complex and to some degree builds on components on each of other theories, in that it look at "the individuals and their community as caught in the spiral of opportunity and problems that make effectives responses nearly impossible"' (Bradshaw, 2000). The cyclical explanation explicitly look at individual situation and community resources as mutually independent, with a faltering economy for example creating individuals who lack resources to participate in the economy which make economy survival even harder for the community since people pay fewer taxes.

This theory has it origin in economic in the work of Myrdal (1995), who developed theory of inter locking, circular interdependence within a process of cumulative causation, that helps explain economic under development. Myrdal note that "personal and community well being are closely linked in a cascade of negative consequences, and that the closure of a factory for instance can lead to a cascade of personal and community problems including migrating of people from a community". Thus the interdependence of factors creating poverty actually accelerates once a circle of decline is started.

Circle of poverty is define by Sher (1977); as "a circle by which education and employment at the community and individual level attract to create a spiral of disinvestment and decline, while advancing communities, the same factor contribute to growth and well-being". For example at the community level a lack of employment opportunity lead to migration, closing retails stores and declining local tax revenues, which lead to deterioration of schools, which lead to poorly train workers, leading to firm not being able to utilize cutting edge technology and the inability to recruit new firms in the area, which lead back to greater lack of employment.

This circle repeat itself at the individual level the lack of employment lead to lack of consumption and spending due to inadequate savings which mean that individual cannot invest in training and individual also lack the ability to invest in business or to start their own businesses, which leads to lack of expansion, erosion of market and disinvestment, all of which contribute back to more inadequate community opportunities. Health problem and inability to afford preventive medicine, good diet and a healthy living environment become reasons for the poor fall further behind. This cycle of poverty also means that people who lack ample income fail to invest in their children's education, the children do not learn as well in poor quality schools and they fall further behind when they go to get jobs. They are also vulnerable to illness and poor medical care.

Theory of financial inclusion deals with the challenges of better access, thereby making financial services available to all and spreading equality of opportunity and tapping the full potential of the economy. Financial inclusion implies an absence of price and non-price barriers on the use of financial services. The United Nations defines the goals of financial inclusion as follows:

1. access at a reasonable cost for all households to a full range of financial services , including savings or deposit services, payment and transfer services , credit and insurance.
2. Sound and safe institutions governed by clear regulation and industry performance standards.
3. Financial and institutional sustainability, to ensure continuity and certainty of investment.
4. Competition to ensure choice and affordability for clients.

Financial inclusion can help individuals cope better with poverty, especially the challenges of irregular income and occasional large bills. It can also pull them out of poverty through improved education and health care. For micro enterprises, financial inclusion can provide funds for setting up and expanding and for improving risk management.

On a macro scale, it can boost economic growth by mobilizing savings. It can also draw more firms into formal sector, raising tax revenues and making workers eligible for better protection and benefits, (Standard Chartered Bank 2004).

Financial repression refers to the notion that a set of government regulation, laws, and other non-market restriction prevent the financial intermediaries of an economy from functioning at their full capacity. The policies that cause financial repression include interest rate ceiling, liquidity ratio requirement, capital controls, restriction in market entry on market into financial sector, credit ceiling or restriction on directions of credit allocation and government ownership or dominion of banks. Economist have commonly argued that financial repression represent the efficient allocation of capital and therefore impairs economic growth.

Mekinnon and Shaw (1993) were the first to explicate the motion of financial repression. While theoretically and economy with and efficient financial system can achieve growth and development through efficient capital allocation. Mekinnon and Shaw argue that historically many countries including developed ones but especially developing ones have restricted competition in the financial sector with government interventions and regulations, according to their argument, a repressed financial sector discourages both savings and investment because the rate of returns are lower than what could be obtained in a competitive market. In such a system, financial intermediaries do not function at their full capacity and fail to channel savings into investment efficiently thereby impeding the development of the overall economic system. The key reason for government to implement financial repressive policies is to control fiscal repressive policies by having a credit control over the financial system.

Review of related studies

Agbaeze and Onuwuka (2014) in their study on the Impact of Micro Credit on Poverty Alleviation in Nigeria.: The case study of Enugu East Local Council. Their findings revealed that rural farm households that had access to credit had higher total expenditures (food and non- food) compared to those who did not access credit. Also incidence of poverty was higher in farm households not using credit (0.75) when compared with farm households using credit (0.52). This observation was further strengthening by the values supported for depth and severity of poverty in the two categories of the rural farm households in the study area which was higher for non users of micro credit.

In a study carried out by Obisesan (2013) on Credit Accessibility and Poverty among Smallholder Cassava Farming Households in South West, Nigeria. The result shows that 66.7% of the entire households were poor. This indicates high rate of poverty among farmers. Furthermore, 69.2%, 57.2%, 68.4%, 66.6%, 57.6% and 58.3% of the households that source their credit from local money lenders, cooperatives, bank, government agencies, farmers group, relatives and friends were poor. However, households with no access to credit had highest poverty incidence with 74.5% described poor. The depth and severity of poverty was higher among those with money lenders as their sources of credit.

Edoumiekuno, Karimo and Tombofa (2014); studied Determinant of Household's Income Poverty in South South Geopolitical Zone of Nigeria. Use the FGT model and logit regression in their analysis. The result showed that male contributed 0.4924, 0.203 and 0.113 poverty incidence, gap and severity respectively. The study showed that male contributed more (91.56%) to poverty than female (8.44) in the zone. Olubayo, Akinleye and Soremekun, (2003); examined poverty determinants among farmers in Ogun State, Nigeria. The study employed Foster-Greener Thorbecke (FGT) model; regression analysis and frequency count in their analysis. The result showed that among poor farmers the poverty incidence was more of older and less for younger, farm operators. Further, the FGT measures indicated that poverty incidence, depth and severity were 25.3%, 23.3% and 21.5%, respectively.

Adebo and Ajiboye, (2014) in their study on Comparative Analysis of Poverty Level among Rural and Urban Farmers in Ekiti and Ondo State, of Nigeria. Using the Foster Greener-Thorbecke (FGT) measure the result showed that 78% and 57% of the rural and urban farmers from the two states respectively were poor. Based on the on the poverty line of ₦5668, the depth and severity of poverty was 0.3889 and 0.1875 for the urban dwellers. For the rural dwellers, the depth and severity of poverty was 0.2613 and 0.0856, showing that there was a higher level of poverty among households in the rural areas than the urban area in the study area.

Salami and Atiman, (2013); in their study on Analysis of Poverty Determinant among Households in Adamawa North Senatorial District, Nigeria; using a multistage sample approach, a total of 400 household were selected and interviewed. The studied revealed that using the FGT model of assessment, 0.84 percent of the households covered by the study were poor and would have to mobilize financial resources up to 41.80% of and $2US (₦300)per day for each household members to be able to escape poverty. Depth and severity was 0.84 and 0.86 respectively.

Analysis of Poverty Profile and Socio-economic

Characteristic Determinants of Welfare among Urban Households of Ekiti State, Nigeria was carried out by Akereke and Adewusi (2011). Using a multistage sampling approach revealed that 38.30% of the household covered by study were poor and would have mobilized financial resources up to 41.80% of one US dollar (130) per day (for each household members) to be able to escape poverty. Female household in the study area appear to be more vulnerable to income poverty with poverty incidence, depth and severity values of 0.239, 0.402 and 0.191 respectively. Highest level of poverty was found among household with higher number of dependent with value of 1.00, 0.715 and 0.511 for incidence, depth and severity respectively.

In a study carried out by Ike and Uzokwe, (2015); on Estimation of Poverty among Rural Farming in Delta State, Nigeria; the study determined the expenditure pattern of the people and subsequently estimated their level using head count index, poverty gap index, percentage mean and frequency distribution of the data analysis, the result revealed that 70% of the respondent were poor base on the poverty line drawn at two third mean monthly expenditure of ₦5010, while the remaining 30% were not poor person.

Ugbajah and Nenna (2014), in their study on Assessment of Bank of Agriculture (BOA) Credit Delivery, Use and Constraints among Farmers in Anambra State Nigeria; report that the respondents in the area encountered some problems which hindered their ability to obtain Bank of Agricultural (BOA) Credit. This problem include bureaucracy, delay in loan disbursement, administrative cost, high interest rate, conditionality of loan procurement, illiteracy and lack of collateral. Among the problems listed above bureaucracy had the highest mean score of 3.00 was found as the most serious constraint to use BOA credit facilities.

Ugbajah and Ugwumba (2013), carry out a study on Analysis of Micro Credit as a Veritable Tool for Poverty Reduction among Rural Farmers in Anambra State, Nigeria; using frequency and percentage distribution the result revealed that farmer in the area encountered some problems which hindered them from access to credit for full participation in agricultural production for poverty reduction. These constraints include poor access to information and credit facilities, illiteracy, distance to microfinance institutions, small farm holding and lack of extension services, while those of repayment include family responsibilities, environmental problems, low market prices, rising cost of production and other problems.

Ololade and Olagunju (2013), in their study on Determinant of Access to Credit among Rural Farmers in Oyo state Nigeria; using frequency and percentage distribution. They asserted that the constraints facing rural farmers in credit acquisitions were lack of collateral security (73.3%) half of the respondents complained lack of guarantor and high interest rate (54.3% and 51.9%) The mode of repayment and lack of information about the credit availability were 28.6% and 23.8% respectively

Using frequency and percentage distribution, Coker and Audu (2015) in their study on Agricultural Micro Credit Repayment performance: Evidence from Minna Micro Finance Bank Nigeria; result revealed that majority (66.89%) of the respondent indicated that short period of loan tenor was a major obstacle in loan access and loan repayment closely follow was the high interest rate (55%) and loan repayment period (54%).

Ojeka, Effiong and Eko (2016) in their study on Constraint of Agricultural Development in Nigeria; opined that some of the constraints includes diversion of funds meant for investment in agriculture to others areas of interest, increase food imports and lack of requisite technologies for the facilitation of agribusiness etc. explanatory variables such as food export, rainfall and exchange rate are the significant determinant of agricultural output in Nigeria as revealed by the empirical result.

According to Awotodunbo (2008) in his study on Appraisal of Finance Constraint to Small Scale Farming in Etsako East Local Government Area of Edo state; the result revealed that collateral requirement of banks need for adequate farm record and the unwillingness banks to finance agricultural enterprise is likely to make banks fund more difficult to access.

In a study carried out by Omorodion, Nwigwe, Omonona and Okoruwa (2012); on Microfinance and Poverty Reduction in Nigeria. They asserted that micro credit scheme in Nigeria is bedevil by a number of factors. The factors include corruption, lack/inadequate awareness, lack of collateral, poor loan repayment, socio-cultural practices, limited number of microfinance branches, poor staffing and poor business proposals. Others are poor business strategies, ineffective regulatory oversight, improper planning, and limited financial base of microfinance institutions. It includes poor access to land and poor monitoring and evaluation by top ranking stakeholders.

MATERIAL AND METHODS

Study area

The study was carried out in Yakurr Local Government Area which comprises of 13 wards. Yakurr is one of the LGA in Central Cross River State. The Local government Area was carved out of Obubra in 1987. Yakuurr lies between Latitudes 5^0 37" and 5^0 58" North of the equator and Longitudes 8^0 00" and $8^0$19" East of the Greenwich Meridian. It is bounded by the North by Abi Local Government Area, South by Akampka LGA, East by Obubra LGA and West by Biase LGA. It has an area of 670km^2, density of 338.66inh/km^2 and population of 196,

271 as at 2006 census (National Population Commission 2006). Yakurr records a high rain fall of about 2000mm annually (Yaro , Okon and Obongha 2015).

Major settlement in the LGA include: Agoi-Ibami, Assiga, Mkpani, Ekori, Nko, Ugep, Agoi Ekpo, Nyima, Agoi Efreke and Idomi. The people of Yakurr local government area are largely farmers and celebrate new yam festival. The most pronounced festival is "Leboku"

The cash crops include oil palm, ground-nut, raffia palm, cocoa, cashew and rubber. Food crop grown include are yam, cocoa, cassava, plantain, okra, beans, maize and pumpkin, water yam, cocoyam and trifoliate yam. These crops are grown in economic quantities. The location of this local government within the tropical rainforest gives it the ecological basis for population of a wide range of tropical agricultural crop with wide range of potential for industrial convention.

There are quite a number of natural resources that are found in Yakurr namely Kaolin, sandglass, quartzite, dried coffee, kola-nut and natural honey.

The people of Yakurr Local Government Area are known for their farming, craft and workmanship. Currently the population density has led to intensified strain on land, forest and other natural resources, leading to escalating pastoral scarcity. Crop free period seldom exceed one year and in some areas constant cropping is usually practiced.

Population size

The population of the study area comprises of all the female headed yam farmers in Yakurr Local Government Area.

Sampling procedure

Purposive and simple random techniques were used in the selection of one hundred and three respondents from three communities which are major yam producing communities in the study area. This was done in proportion to size. Ugep 43, Mkpani 33 and Idomi 27. Out of 103 respondents only 34 of them accessed credit.

Source and method of data collection

Data were obtained from primary sources through the use of a well structure questionnaire. The questionnaire was used to elicit pertinent information from the farmers in the study area. The questionnaire was drawn to obtain information on the socio-economic characteristics of the farmers, sources of credit, poverty status, and challenges encountered in accessing credit in the study area.

Data Analysis

The data were analyzed using descriptive statistics such as frequency count, mean, tables, percentages and the FGT model. The socio-economic characteristics of the farmers were analyzed using descriptive statistics (objective one), sources of credit were analyzed using descriptive statistics (objective 2), the challenges encountered in accessing micro credit were analyzed using descriptive statistics (objective four), the assessment of poverty status was analyzed using the FGT model (objective 3).

The FGT poverty measure

The FGT poverty measure was used to analyze poverty level of the yam farming households. Using the Foster Greer and Thorberke (1984) model which includes the head count ratio P_o, poverty (income) gap ratio P_1, and poverty severity P_2, the simplest and most common measures of poverty is the headcount ratio or the "incidence of poverty". The poverty headcount is the number of people in a population who are poor, while the poverty headcount ratio (H) is the fraction who are poor. The FGT is presented below:

$$P_a = 1|n \sum_{i-1}^{q} \left(\frac{z-y}{z}\right)^{a} \quad \text{.....(1)}$$

Where $\alpha = 0, \text{Po} = 1|n \sum_{i-1}^{q} \left(\frac{z-y}{z}\right)^{o}$ ...

$$\text{poverty incidence or head count} \quad \text{.....(2)}$$

The poverty headcount and the headcount ratio are only concerned with the number of people below the poverty line. They are insensitive to the depth or severity of poverty and to changes below the poverty line. However, the headcount ratio is the most commonly used measure of poverty because of its simplicity and ease of calculation (Fields, 1997). The Pa index proposed by Foster et al. (1984) incorporates some degree of concern about poverty through a poverty aversion parameter α. (Fields, 1997).

α=1,P_1=

$$1|n \sum_{i-1}^{q} \left(\frac{z-y}{z}\right)^{1} \text{ poverty gap or depth} \quad \text{.....(3)}$$

$$\alpha = 2, P_2 = 1|n \sum_{i-1}^{q} \left(\frac{z-y}{z}\right)^{2} \text{ poverty severity} \quad \text{.....(4)}$$

Where;

n = Total number of the sampled under consideration
y= monthly per capita expenditure of the i^{th} household
i= Individual household
z = Poverty line 2|3 mean per capital expenditure of all

household
α = takes a value of 0, 1,2, for headcount, poverty gap and poverty severity
q = the number of sample household population below the poverty line
z-y = the appropriate shortfall below the poverty line.

The poverty line

This is a pre-determined and well defined standard of income or value of consumption in the study. The line was based on the expenditure of households. 2/3 of mean per capita expenditure was used as the line. The mean per capita household expenditure (MPCHE) was obtained by dividing the total of all individual households per capita expenditure by the number of households surveyed.

Per capita Expenditure (PCE)

= total Exp ……(5)
Household size

Mean per capita Expenditure (MPHE)

=Total household PCE …… (6)
Total number of household

RESULTS AND DISCUSSION

Socio-Economic Characteristics of the Respondents

A greater proportion of the respondents (29.1%) were elderly people whose age ranges from 51 years and above. The mean age of the respondent was 39.7 years. This implied that they are still in their active years and can face the rigorous activities in yam farming

Most of the respondents had trading as their secondary occupation which constitute about (35.0%) of the total respondents. This implies that farmers in the study area had off farm activities.

Half of the farmers (49.5%) had household size ranging 1-5 persons. The mean household size was 6 persons. Most of the respondents had Senior Secondary School Certificate which constitutes about 48.5% of the total respondents. This implies that most of the farmers could read and write.

About 41.7% of the respondents have farm income ranging above 150,000. The mean income was 115,791.3 naira. Low income earners are prone to higher risk because little problem can drive them out of the business. (Table 1)

Farming characteristics of the respondents:

The years of farming experience of the respondents as shown in table 2 revealed that most of the respondents had farming experience ranging between 1-10 years. This group constitutes about 51.5% of the total respondents while only 22.3% of the farmers had experience above 20 years. The mean farming experience is 12.59.This implied that most of them had gain enough experience from farming and could know how to go about their farming business.

The farm size of the respondents in the study area shows that majority of the respondents had farm size ranging from 1-3 hectares (74.8%) The mean farm size was 3.0 hectares. This implies that farmers in the study area were small scale farmers.

Access to Micro credit

As can be seen from Table 3, Majority of the respondents (66.9%) did not use any form of micro credit while 33.0 % had access to credit.

Sources of micro credit used by the respondents

The result in Table 4 shows that 29% and 23.5% of the total respondents sourced their credit from micro finance institutions and money lenders respectively. While 20.6% and 20.6% of the respondents access credit from rotating saving association and Village/ church associations respectively.

Monthly mean expenditure of food and non food

The result from Table 5 shows that majority of the respondents spend more of their expenditure on food (61.63%) compared to non food expenditure (38.39%). Those who access micro credit spend more on food (57.9%) and non food (57.8%) compared to those who did not access micro credit. This implies that, food expenditure accounted for more than half of all household expenditure. This finding agreed with that of Obisesan (2013) which accounted same. Credit in peasant farmers hand will enable her enjoy huge profit, satisfaction and greater welfare.

Poverty status of the respondents

Table 6 showed the poverty status of those who access micro credit and those who did not access micro credit in the study area. The result shows that the incidence of poverty was higher for farmers who did not access micro

Table 1. Distribution of Respondents Based on Socio-economic Characteristics

S/N	Variables	Frequency	Percentage
1	Age(yrs)		
	21-30	26	25.4
	31-40	24	23.3
	41-50	23	22.3
	Above 50	30	29.1
	Total	103	100
	Mean = 39.7		
2	**Secondary Occupation**		
	Farming	27	26.2
	Trading	36	35.0
	Civil servant	16	15.5
	Private salary job	24	23.3
	Total	103	100
	Household Size:		
	1-5	51	49.5
	6-10	40	38.8
	Above 10	12	11.6
	Total	103	100
	Mean = 6		
4.	**Educational Level**		
	FLSC	9	8.7
	SSCE	50	48.5
	NCE/HND/NURSING	25	24.3
	B.sc	15	14.5
	M.sc	4	3.9
	Total	103	100
5.	**Farm Income**		
	Income (₦)	Frequency	Percentage
	1-50,000	18	17.4
	51,000-100,000	27	26.2
	101,000-150,000	15	14.7
	Above – 150,000	43	41.7
	Total	**103**	**100**
	Mean 115, 791.3		

Source: Field survey 2016.

credit (0.42) when compared with farmers who access credit (0.26). This implies that they were more poor farmers in the group that did not access micro credit compared to farmers who accessed micro credit. This observation was further strengthening by the values reported for depth and severity of poverty in two categories of the rural farmers in the study area. This work is in line with work done by Agbaeze and Onwuka (2014) and Obisesan (2013). The poverty depth for those who access was 0.082 this implies that 8.2% is the extent to which the poor falls below the poverty line. Therefore the total amount require to bring a single farmer from poverty will be ₦900.93 and ₦23,424.1 is the amount require to bring all the farmers who access credit from poverty. The poverty depth for those with no access to credit was 0.12 this implies that 12% is the extent to which the poor falls below the poverty line. The total amount require to bring a single farmer in this group will be ₦627.59 and ₦26,358.7 is the amount require to bring all the farmers who did not access credit from

Table 2. Distribution of respondents based on farming characteristics

S/N	Variables	Frequency	Percentage
	Farming Experience		
	1-10	53	51.5
	11-20	27	26.2
	Above 20	23	22.3
	Total	103	100
	Mean =12.59		
	Farm Size (ha):		
	1-3	77	74.8
	4-6	15	14.6
	Above 6	11	10.6
	Total	103	100
	Mean = 3.0		

Source: Field survey 2016

Table 3. Access micro credit by the respondents

Access to credit	Frequency	Percentage
Yes	34	33.0
No	69	66.9
Total	103	100

Source: Field survev 2016

Table 4. Distribution of respondents based on sources of micro credit

Credit source	Frequency	Percentage
Microfinance	10	29.4
Cooperative/credit society	2	5.9
Money lenders	8	23.5
Rotating saving association	7	20.6
Village/church association	7	20.6
Total	34	100

Source: Field survey 2016

Table 5. Monthly Mean food and non food expenditure of the respondents

Expenditure	No access	Percentage	Access	Percentage
Mean food expenditure	27908.84	61.51	38405.88	61.63
Mean non food expenditure	17464.49	38.49	23927.35	38.39
Total expenditure	45,370.33	100	62319.1	100
Table B				
Expenditure	**Food Exp.**	**Percentage**	**Non food Exp**	**Percentage**
Access	38405.88	57.9	23927.35	57.8
No access	27908.84	42.1	17464.49	42.2
Total expenditure	66314.76	100	41391.84	100

Source: Data analysis 2016

Table 6. Poverty Status of the respondents

Poverty status	Access	No access
Incidence	0.26	0.42
Depth	0.082	0.12
Severity	0.036	0.044
MPCHE	16479.7	7844.9
Poverty line 2/3 of MPCHE	10986.5	5229.9

Source: Data analysis, 2016

Table 7. Distribution of the respondents based on constraints in accessing credit

Challenges	Frequency	Percentage
High interest rate	75	16.9
Short term loan repayment	34	9.2
Delay in loan disbursement	20	5.4
Lengthy procedures	23	6.2
Lack of Guarantor	50	11.3
Lack of Collateral	65	14.7
Self sufficient	27	7.3
Fear	50	11.3
Lack of awareness	19	5.1
Inability to read and write	20	0.4
Poor harvest	21	5.7
Lack of motivation	19	5.1
Nepotism	9	2.4
Small farm size	11	2.9
Total	443*	100

Source: Field survey 2016
*Total exceeded 103 due to multiple responses.

poverty. The poverty severity was 0.036 and 0.044 for those who access and those who did not access credit. This implies that 3.6% and 4.4% is the distance separating the poor from the poverty line and the inequality among the poor. The distance is shorter for those who access credit.

Challenges encountered by farmers in accessing micro credit

According to Table 7, the challenges that was common or severe to most of the respondents in the study area was high interest rate at 16.9%, followed by lack of collateral at 14.7%, the least was nepotism at 2.4%. Other challenges encountered include lack of guarantor, fear, short term loan repayment and lengthy procedure at 11.2%, 9.2%, and 6.2% respectively. This work is in line with work done by Coker and Audu (2015), (Ugbajah and Ugwumba, 2013)

High interest rate was the highest/most severe challenges encountered by the farmers because farming activities in the study area requires loan with low interest rate considering the gestation period of crop yield. Also nepotism was the least challenges because funds are diverted from qualified persons to unqualified persons.

CONCLUSION

Micro credit is the life blood of agricultural production. Therefore the financial needs of the farmers cannot be under estimated. The study concluded that most farmers are poor because of restriction associated with micro credit access.

Recommendations

1. Early disbursement of micro credit to the farmers to meet up with peak period of their credit need.
2. Policy makers and bankers should focus on providing loans to farmers with low cost of credit.
3. Ensure close monitoring for those benefiting so that the loan do not become fungible.
4. Lengthy procedures and the requirement of collateral and high profile guarantor before disbursement of loan should be reduced.
5. Owing to the advantage of formal education, more illiterate women should be encouraged to acquire formal education by sitting adult education school within their locality.
6. Massive awareness on the importance of micro credit

in fighting widespread of poverty should be launched in the country.

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