FACTORS INFLUENCING ACCESS TO CREDIT AMONG POULTRY FARMERS IN ONDO STATE, NIGERIA

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ABSTRACT
The study investigated factors influencing access to credit among poultry farmers in Ondo state, Nigeria. Multistage sampling technique was used to select respondents for the study and the primary data collected with structured questionnaire were analyzed using descriptive statistics and Ordinary Least Square regression. The mean age of farmers was 41.7±4.6, 63.3% were male and 72.5% married. Cooperative society formed the major source of credit while age (β =0.188), household size (β = 0.123), total income (β = 0.172), interest rate (β = 0.190) and distance to source of credit (β = 0.320) were the significant variables influencing poultry farmers access to credit. Access to credit is important for poultry production. It was recommended the access to formal credit should be made flexible.

Keywords: Access, agricultural credit, Ondo state and poultry.

INTRODUCTION

The availability of credit to the poor farmers is widely perceived as an effective strategy for increasing agricultural productivity. Livestock production particularly poultry which accounted for about 58.7% of total livestock production in Nigeria (Resource Inventory Management, 1992) has been an important sector in agriculture. Poultry production entails the rearing of birds such as domestic fowl, duck, quails, turkey, goose and guinea fowl, among others. Poultry birds may be are raised for the production of eggs, meat and manure. Poultry is an important source of employment, source of food/protein, vitamins and minerals in the diet of an average household (USDA, 1999). Despite the enormous potentials of poultry production, the level of production is very low due to inadequate capital or finance, high costs of production and feed ingredients, poor diseases and parasites control, inadequate supply of quality feed, among others. However, these problems are not unconnected with low capital which is one of the major challenges facing poultry production in Nigeria. Agricultural credit is essential for improving agriculture and transforming the rural economy. Credit provides the cash or liquidity required to promote the process of production and consumption in agriculture. Generally, the role of credit in agriculture and poultry production cannot be overemphasized and this is widely documented by several scholars; Nwaru (2011), Amao (2013) Olagungu and Babatunde (2011) and May & Fakayode (2009). The main objective of this study is to determine factors influencing access to credit among poultry farmers in Ondo State, Nigeria. The specific objectives are to assess the socio-economic characteristics of poultry farmers, identify the sources of credit and determine factors influencing access to credit among poultry farmers in Ondo State, Nigeria.

MATERIALS AND METHODS

This study was carried out in Ondo State in Southwest geo-political zone of Nigeria. The study area consists of 3, 441, 024 people (NPC, 2006). The major occupation is primarily farming however petty trading is also practiced. A multi-stage sampling technique was employed in the selection of One hundred and five (105) poultry farmers. The primary data collected with the aid of structured questionnaire were analyzed using descriptive statistics and Ordinary Least Square regression (OLS) was used to analyze factors influencing poultry farmers' access to credit in the study area.

$$Y = \alpha + \beta X_1 + ei \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 1$$

Y =Amount of loan accessed; β = vector of unknown coefficient; Xi = explanatory variables and ei is the error term. The explanatory variables include: X_1 = Age (Years); X_2 = Gender; X_3 = Marital status; X_4 = Education level; X_5 = Household size; X_6 = Total income (₦); X_7 = Interest rate; X_8 = Flock size(No of birds); X_9 = Distance to source of credit (Km).

RESULTS AND DISCUSSION

The result of the analysis (Table 1) shows the mean age of poultry farmers was 41.7±4.6years

which implies that they are economically active and productive (David et al., 2009) and 63.3% of the poultry farmers were male. The marital status revealed that 72.5% were married. This is in agreement with Awoniyi and Apata (2010), who reported that, most farmers in Ondo State are married people. The mean household size was about 7±5members per household. However, Badiru, (2010) who reported an average family size of over six members per household. However, large household size guaranteed the supply of farm labour. On the educational attainment of the poultry farmers, result shows that 50.8% had primary education while non-formal education accounted for 37.5%. Ojuekaiye (2001) posits that education influences farmers' decision on farmer's awareness, and acquisition of loans that can bring about increase in production.

On sources of credit available to poultry farmers, the result shows that cooperative society formed the major loan outlets with 61.6% which is not unconnected with the timely delivery of credit and the flexibility of the terms and conditions of loan. Friends/relatives accounted for 24.2%. Banks and money lenders accounted for 6.7% and 7.5% respectively. Informal sources reported that the low patronage of banks for loans was not unconnected with the high interest rate, lack of collaterals and the stringent conditions attached to bank loans.

Regression analysis on factors influencing access to credit by poultry farmers

The results (Table 3) shows that age (Beta =0.188), household size (Beta = 0.123), total income (Beta = 0.172), interest rate (Beta= 0.190) and distance to source of credit (Beta= 0.320) were the significant factors influencing poultry farmers access to credit in the study area. The result shows that R is 0.745 which implies a high correlation between amount accessed and women explanatory variables. The R^2 shows that 55.5% of the variation in the dependent variable (amount accessed) was explained by variations in the independent variables. The Adjusted R^2 shows that 51.3% of the variance in the dependent variable was explained by variations in the independent variables.

CONCLUSION AND RECOMMENDATION

Access to credit is important for poultry production. It was recommended the access to formal credit should be made flexible with review of collateral arrangements.

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Table 1: Socio-economic characteristics of poultry farmers n = 120

Variables	Frequency	Percentage (%)	
Age			
< 25	4	3.3	
25-42	62	51.7	
43-60	39	32.5	
>60	15	12.5	
Mean (SD)			**41.7±4.6**
Sex			
Female	44	36.7	
Male	76	63.3	
Marital status			
Single	11	9.2	
Married	87	72.5	
Widowed/Divorced	22	18.3	
Household Size			
< 5	13	10.9	
5-9	76	63.3	
10-14	19	15.8	
>14	12	10.0	
Mean (SD)			**7.2±4.5**
Educational status			
Primary education	61	50.8	
Secondary education	8	6.7	
Tertiary education	6	5.0	
Non-formal education	45	37.5	

Source: Field Survey, 2016.

Table 2: Sources of credit for poultry farmers n = 120

Sources of credit	Frequency	Percentage (%)
Friends/Relatives	29	24.2
Cooperative Society	74	61.6
Banks	8	6.7
Money lenders	9	7.5

Source: Field Survey, 2016

Table 3: Regression analysis on factors influencing access to credit by poultry farmers

Model	B	Std.error	Beta	T	Sig.
Age X_1	1708.76	840.96	0.188	2.032	0.045**
Gender X_2	6124.09	12392.47	0.038	0.494	0.622
Marital status X_3	5267.75	3530.00	0.129	1.492	0.139
Education X_4	-3630.16	8026.30	-0.034	-0.452	0.652
Household size X_5	-16042.21	10399.28	0.123	0.543	0.126
Total income X_6	2204.27	1252.02	0.172	1.761	0.082*
Interest rate X_7	18946.08	7413.18	0.190	2.556	0.012**
Flock size X_8	45987.45	14698.10	0.231	3.129	0.002***
Distance to credit source X_9	1.20	0.27	0.320	4.362	0.000***
Constant	-62582.63	61554.00		-1.017	0.312

Source: Author's compilation, 2016. * ** & *** sig @ 10%, 5% and 1%. R= 0.745; R^2= 0.555; AR^2=0.513.