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INTRODUCTION

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NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

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APPENDIX/ANNEXURE

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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INFLUENCE OF CREDIT ADMINISTRATION ON FARMERS OPERATIONS IN OSUN STATES OF NIGERIA (A REVIEW OF THE NIGERIA MICROFINANCE POLICY)

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ABSTRACT
Evidence from the literature confirms that in Sub-Saharan Africa, agriculture occupies a priority status in their national economies. It is also the leading economic activity in the continent as it contributes up to 20 and 30 per cent of its Gross Domestic Product. Despite its immense contribution to the economy as a major revenue earner (at least in the immediate post colonial years), agriculture has been neglected by successive administrations in Nigeria. Further is the observation that there exists a huge financing gap in agricultural financing in Nigeria. The recent microfinance policy that established microfinance banks to cater for the poor, low income group and rural dwellers has been seen to be the efforts in the right direction among the scholars, professionals and practitioners in accounting, banking and finance. The extent to which farmers have benefited from the credit administration of Microfinance banks has not received much attention in the accounting and finance literature. Structured questionnaire was used to elicit information from farmers who are customers to the selected microfinance banks in Osun state of Nigeria on their access to credits from the microfinance banks. Data were analysed using mean score ranking method and Z – score statistics at 0.05 level of significance to analyse the impact of microfinance banks to agricultural development in Osun state of Nigeria. Findings show that the micro credit delivery system of the Nigeria microfinance banks is significant to farmers operations in Osun state Nigeria in term of credit access, adequacy, timeliness of credit delivery and convenient repayment term. It is suggested that the Microfinance policy be reviewed to ensure that microfinance banks give more attention to farmers so as boost agricultural production and create more jobs in the country.

KEYWORDS
Agriculture; Financing, Farmers, Credit, Microfinance banks, Nigeria.

1.0: INTRODUCTION
A proper agricultural financing method is expected to boost economy through increased food security, job creation, raw material supply, poverty reduction and industrialization. Onwudinjo (2012) averred that prompt and adequate financing is important in the growth and development of the agriculture as it enables farmers to move on to the level of technology that could create a sustained basis of production. With the advent of the Oil boom in the 1970's the fortunes of Nigeria Agriculture declined drastically. As a result, Nigeria became a food-deficit country that had to rely in importation of food to feed its population. Also apart from the oil boom saga, there are some other constraints hindering the development and the growth of agriculture in Nigeria. The most critical of these constraints include lack of appropriate technology, land tenure system, poor infrastructure, underdeveloped marketing system and lack of finance (capital and credit). While most of these problems have generated a lot of interest and debate among academics and policy makers in Nigeria, much still needs to be done in the area of agricultural financing through microfinance banks.

Sanusi (2010) observed that the annual demand for agribusiness financing over the next 40 years is projected at $6.5bn per annum, compared to the current annual fund supply of $1.5-$5bn. This presents a huge financing gap which call for examination and development of policies and implementation frameworks to minimize the gap in the interest of agricultural development in the region. Sub-Saharan Africa is the only major region in the world where poverty is increasing rather than going down and where human development indicators tend to worsen. Agricultural finance would enable farmers at the rural level to contribute significantly to the country's Gross Domestic Product.

The issue of Agricultural finance could easily be said to be the most critical of the constraints facing agricultural development in Nigeria, as it is vital to the development and procurement of the appropriate technology, design and- construction of necessary infrastructure, development and maintenance of adequate marketing system, as well as modernization of the land tenure system. Agricultural financing in its broadest sense, involves pre-project manning and feasibility evaluation, taking investment decision, actual investment and funding of projects, profitable management of projects and post-project evaluation. This broad concept of agricultural financing ensures that funds channeled to agriculture are profitably used for its development with a concomitant spill over and multiple effects to the other sectors of the economy. For example Eze et al (2010) examined the agricultural financing policies of the government of Nigeria and effects on rural development and found that though the government has made serious efforts at making good agricultural policies through schemes, programmes and institutions, it has not been able to back them up with adequate budgetary allocation and financing coupled with corruption in the execution of the policies.

Owing to the importance of Agricultural financing to the Nigerian economic development, adequate assessment is given to the various source of capital available to agricultural activities and most importantly the impact of microfinance banks in financing agriculture. These among others shall form the crux of this research work.

STATEMENT OF THE PROBLEM
Agricultural development remains very vital to the growth and development of every economy. The sector's roles include improving food security, resource employment and poverty alleviation. Evidence from the literature indicates that agriculture accounts for the single largest portion (about 40%) of national economic output (GDP) in Nigeria (Attah; 2008). But so far, both private and public sectors investment in terms of loans and credit to agricultural development have been described to be meagre and disappointing. Various sources of credits available to farmers for development have been explored in the literature. The Nigerian Microfinance policy framework established microfinance banks with the purpose of purveying credits to the poor, low income group and rural dwellers. Studies in this regards linking microfinance banks to agrofinancing are limited in the Nigerian context. This study attempted to examine the Nigerian microfinance policy with regards to the extent to which farmers in Osun state have benefited from the microfinance banks credit administration. The following ***SPECIFIC OBJECTIVES*** are expected to be achieved in course of the study:

1. Establish relationship between microfinance banks credit and agricultural development
2. Assess the perceived benefits and threats of microfinance banks as source of agricultural credit

RESEARCH HYPOTHESIS

The hypotheses of the study are stated in null form as follows:

HO1: There is no significant impact of microfinance banks credits on agricultural development in Osun state Nigeria

HO2: There are no differences in the perception by farmers in Osun state of the benefits of Microfinance banks credits

LITERATURE REVIEW AND CONCEPTUAL UNDERPINNINGS

In Sub-Saharan Africa, agriculture occupies a priority status in their national economies as the sector serves as a key driver of growth, wealth creation and poverty reduction. It is also the leading economic activity in the continent as it contributes up to 20 and 30 per cent of its Gross Domestic Product (Onuba 2010). Agriculture was the major revenue source to the nation prior to discovery of oil in the early 1970. It occupied a pre-eminent position among other sectors of the economy as averred Oyemakinde, (2003). Despite its immense contribution to the economy as a major revenue earner (at least in the immediate post colonial years), agriculture has been neglected by successive administrations in the country. A proper agricultural financing method is expected to boost economy through increased food security, job creation, raw material supply, poverty reduction and industrialization. The formal banking system in the continent have been said to lack the capacity, skills and resources to single-handedly finance the expected exponential growth in the agricultural sector. Onwudinjo (2012) also observed a huge financing gap in agricultural financing in Nigeria thus calling for further empirical studies on microfinance banks credit impact on agricultural development.

The private investment in agriculture in terms of banks' credits is the least among all economic sectors. Banks are generally reluctant to finance agriculture. For instance, from 2006-2008, the average total annual flow of bank credits to agriculture was only 2.27% of their total credit (Eboh, 2011). In public sector investment to agriculture, within 2002-2007, federal government spends 4.3% while state governments spend on the averaged 3.4%. Moreover the long term average ratio of agriculture to GDP is about 0.07, indicating less than one tenth of the sector's share of the GDP. This collaborates with the observation by Sackey (2011) that public policy towards agriculture in Nigeria prior to 1974 has been taxing agriculture to finance other sectors. According to Onwudinjo (2012), the huge financing gap in agricultural sector also manifests itself in Federal government budgets. The projected federal government funding for agriculture and food security over a four year period (2008-2011) is about N935 billion. But, total federal budget for agriculture and water resources in 2008 was less than N120 billion, as against the projected funding needs of about N319 billion for 2008. This meagre flow of credits does not correspond with agriculture's status in the national economy.

Empirical studies have identified several sources of fund for the operators of the agricultural sector apart from the financial resources provided directly by the far owners. They are broadly grouped into formal sources and the informal sources. The informal source is distinguished from the formal source because strict rules and conditions are not normally observed before accessing the fund. They include farmer's personal income; Friends, relatives and neighbors; Money lenders; Farmers associations/ cooperative societies; The self – help groups (SHGs) like Rotatory Savings and Credit Associations (ROSCAS) and ESUSU groups, which exits in various parts of Nigeria. Formal sources of funds include the Commercial Banks, Merchant Banks, Insurance Companies, Nigerian Agricultural and Cooperative Bank, Microfinance Banks, Government Agencies and International Development Agencies, Co-operative Societies etc.

THE MICROFINANCE BANKS

Microfinance is about providing financial services to the poor who are traditionally not served by the conventional financial institutions. Three features distinguished microfinance from other formal financial products. These are the smallness of loans advanced, the absence of asset–based collateral, and simplicity of operations. The basic concept underlying the emergence of microfinance banks is community oriented . One of the reasons for the microfinance policy was the deficiency in the existing microfinance outfits of the federal government. For example in the utilization of the SMEEIs fund, as s at December 2004, only 8.5 billion (29.5%) of the N28.8 billion Small and Medium Equity Investment Scheme (SMEEIs) fund had been utilized. Moreover, 10% of other fund meant for micro credit had not been utilized due to lack of an appropriate framework and confidence in the existing institution that would have served the purpose. This policy provides an appropriate vehicle that would enhance the utilization of fund. Other evident facts are weak institution capacity, weak capital base, existence of huge un-served market, economic empowerment of the poor, employment generation and poverty reduction, the need for increased saving opportunity and the interest of local and international communities in Micro financing (CBN 2005). Nigeria's microfinance industry has grown terrifically due largely to the growing informal business sector and the reluctance of banks and other existing financial institutions to fund these emerging small businesses (Babangan2, 2010; Oladejo, 2011).

However, the Nigerian microfinance industry is still in its infancy, serving an estimated 1 million out of the estimated 40 million people the industry could be serving as observed Mohammed and Hassan (2008). MFIs emerged after the wildly popular informal financial sector was well established and currently co exists with this informal sector. As against 2007, the total assets of MFBs grew by 136.3 per cent from N75, 549.92 to N178, 516.34. Aggregate deposit also grew by 101.6 per cent from N41, 217.71 to N83, 072.97. Number of customers as at 31st October 2010 stood at 2,020,567 while the average deposit size was 41,110. Aggregate loans and advances rose by 170.5 per cent from N22, 850.23 to N61, 811.52. The number of loan account as at 31st October 2010 was 623,353,000; average loan size was 104,750, while average case load was 144. The Nigeria Deposit Insurance Corporation (NDIC 2012) has reported that the total deposit mobilisation created by the 596 (60%) Microfinance Banks (MFBs), which rendered their accounts at the end of March 2011, was N326.85billion.

Arogundade (2010) opined that the conventional retail banking system might not be able to provide required form of loan facility to meet the peculiar needs of the Nigeria Small and Medium Enterprises (SME), considering so many factors such as collateral and security adequacy, administrative processing bottlenecks, high cost interest rates on loans and so on. Mushtaque, Chowdhury and Mosley (2004) suggest that MFIs have broad impacts like stabilizing volatile financial sectors, using derived demand to increase employment, and providing institutional inspiration. But Mohammed and Hassan (2008) observed that as microfinance continues to grow as an alternative source of funding certain challenges must be overcome. However, observations show that some microfinance banks require collaterals from borrowers and also charge higher interest rates. Because of these sharp practices, CBN withdrew the license of many in September, 2010.

AGRICULTURAL FINANCING IN NIGERIA

The issue of Agricultural finance could easily be said to be the most critical of the constraints, as it is vital to the development and procurement of the appropriate technology, design and- construction of necessary infrastructure, development and maintenance of adequate marketing system, as well as modernization of the land tenure system. Agricultural financing in its broadest sense, involves pre-project Manning and feasibility evaluation, taking investment decision, actual investment and funding of projects, profitable management of projects and post-project evaluation. This broad concept of agricultural financing ensures that funds channelled to agriculture are profitably used for its development with a concomitant spill over and multiple effects to the other sectors of the economy. Therefore, owing to the importance of Agricultural financing in Nigerian economic development; adequate assessment is given to the various source of capital available to agricultural activities, the impact of government in financing agriculture in Nigeria and also the importance of financial institution (such as commercial banks and merchants banks) in financing agriculture and other credit policy agents in appropriate enhancement of agricultural development in Nigeria.

Eze et al (2010) examined the agricultural financing policies of the government of Nigeria and effects on rural development .The study found that though the government has made serious efforts at making good agricultural policies through schemes, programmes and institutions, it has not been able to back them up with adequate budgetary allocation and financing coupled with corruption in the execution of the policies. It is recommended that for the government agricultural financing policies to achieve its target of rural development, Nigeria will need an adequate level of strategically targeted investment in agriculture, upgrade rural infrastructure, boost productivity, and increase competitiveness of the farm output, in addition to fighting corruption.

AGRICULTURAL FINANCING AND ECONOMIC DEVELOPMENT

A recent study shows that agricultural finance impacted positively on farm income. Total average farm income generated by ACGSF beneficiaries is larger than that generated by non- beneficiaries (CBN, 2007). This higher income may be because of the leveraging associated with borrowing which is a major form of agricultural financing and a constituent of most agricultural policies. Increased income should translate into higher demand for goods produced by other sectors of the economy. This is a boost to consumption expenditure and, ultimately, the national income.

Generally, credit is expected to generate sufficiently new income out of its use to meet incurred cost, repay the loan plus the interest within the long-term period and leave a surplus for the borrower. Gaibraith (2002) put it succulently: 'At a certain stage in agricultural development, agricultural credit clearly does become a strong force for further improvement when a man with energy and initiative who lacks only resources for more and more efficient production is enable by the use of credit to eliminate the one block on his path to improvement". Ogunfowora et al (2001) affirms that unless production Is made available in suitable terms, the majority of small farmers will be seriously handicapped in-adopting profitable technology. According to Jhingan (2003), the agricultural sector addresses some of the most basic of man's material pursuit collection of nature's bounty, hunting, fishing, animal rearing and food cultivation.

In spite of the growing importance in oil, Nigeria has remained essentially an agrarian economy with agriculture still accounting for significantly shares in Gross Domestic Product (GOP) and total exports as well as employing the bulk of the labour force. Available data show that at independence in 1960 the contribution of agriculture to the GDP was about 60%, which is typical for developing agrarian nations. However, this share declined over time to bring about 25% between 1975 and 1979, this was due partly to the phenomenal growth of the mining and manufacturing sectors during the period and partly as a result of the disincentive created by the macroeconomic environment. Similarly, the growth rate of agricultural production exhibited a downward trend during the period. Thus, between 1970 and 1982, agricultural production stagnated at less than the percent (1%) annual growth rate, at a time when the population growth was between 2.5 to 3.0 per cent per annum. There was a sharp declined in export crop production, while food production increases only marginally. Thus, domestic food supply had to be augmented through large imports. The food import bill rose from a mere $4112.88 million annually during 19870-I974 to W1, 964.8 million in 1991.

The table 1 below shows the contribution of Agriculture to the Gross Domestic Product (2001- 2007.).

TABLE 1: CONTRIBUTION OF AGRICULTURE TO GROSS DOMESTIC PRODUCT 2001-2007

Period	Total GDP (#B)	Agric share of GDP	% Share of Agric in Total GDP
2001	431.78	182.66	42.30
2002	451.71	190.37	42.14
2003	495.01	203.01	41.01
2004	527.58	216.21	40.98
2005	561.83	231.46	41.19
2006	595.82	248.60	41.72
2007	632.86	267.06	42.20

Source: CBN (2005, 2007) GDP is at 1990 constant price.

In discussing the role of agriculture to economic development, Binswanger, et al (1999) said the agriculture has both backward and forward linkages with itself and other sector of the economy. It supplies raw materials to the agro allied sector which enhance the provision of foods, job opportunity and income to those engage by the sector as well to the government. Thus playing a key role in agriculture led industrialization (see also Vogel 1994 and Adelman 1984). Anyanwu, et al (1997) also observed that the role of the agriculture in transforming both social and economic framework of an economy through the food provide the people and the raw materials it provide for the industrial sector. The sector is also essential for the expansion of employment opportunity which makes it possible for poverty reduction; improvement of income distribution and the speeding up of industrialization and improvement of a nation's balance of payments.

The World Bank (1997) further posited that agriculture plays an important role in the overall economic development of a country, to the extent that a country that is able to achieve a 4 percent annual growth rate in agriculture will record an improvement in technology and increase in agricultural production is capable of reducing food import bills, which in the long run can translate to a favorable terms of trade, which in tune can be used in increasing the importation of manufactured capital goods that would possibly improve the living standard of the people.

Qureshi, et al. (1996) reiterated that an increase in the rate of agriculture can also increase the demand for credit and as rapid increase in agriculture raises the demand for credit, farmers income will rise and ability of farmers to self-finance themselves would in long run improve thereby improving their well-being.

THE CHALLENGES FACING AGRICULTURAL FINANCE POLICIES IN NIGERIA

Following are some of the identified challenges of agricultural finance policies in Nigeria:

- ✓ **Paucity of loan funds:** The portfolio of funds deployed to agricultural financing among Nigerian commercial banks is less than one percent of the aggregate investable funds;
- ✓ **Low management capacity of farmers:** Most farmers who should benefit from the financing policies lack the basic skills of farm management, including record keeping.
- ✓ **Lack of adequate skills to deliver services effectively:** Most of the credit institutions undertook lending to agriculture without the use of trained agricultural credit officers with knowledge of agriculture and the constraints holding back farmer performance.
- ✓ **Inadequate funding of public agricultural financing institutions:** The NACRDB, for instance, has a capital base of N50 billion to be contributed to by the Federal Government and the CBN in a 60:40 ratio. To date, only about N23 billion has been paid up. These institutions cannot deliver effectively in the face of this dearth of funding.;
- ✓ **There is a general lack of interest among commercial banks because agricultural finance in Nigeria is longer term**
- ✓ **Inadequate funding of public financing institutions:** Government owned development banks, such as the Nigerian Agricultural Development and Cooperative Bank are poorly funded
- ✓ **High dispersion of farmers which increases the lending and recollection costs;** a lack of acceptable collateral by small-scale farmers; seasonality and low profitability of smallholder agriculture; and the high cost of borrowing money;
- ✓ **Financial institutions are unwilling to support farmers:** even with the mandatory (preferred sector) lending and guarantee of exposure citing low productivity and higher risk relative to other sectors.

METHODOLOGY

This section focuses on the research techniques adopted and used for this study with the aim of achieving the research objectives. The study covers microfinance banks and their customers in the Osogbo and Ife-Ijesha axis of Osun State. Both primary and secondary data were used for the study. Primary data were collected from a sample of Small farmers (entrepreneurs) to determine their perceptions about the credit administration of the MFBs on their operations. The reason for the choice of primary data is because, first hand information are required from the respondents who are supposedly customers of the chosen Microfinance banks. The source of primary data therefore is the research instrument (questionnaire) administered on the respondents. The questionnaire used was the five point scaled questionnaire (Likert type) consisting of few but relevant questions to the study. In choosing the sample frame, eight micro finance banks were selected from the Osogbo and Ife-Ijesha axis of Osun State were considered. The choice of this location was borne out of the observed predominance of the MFBs in the area. This of course is seen to be of possible positive impact on the ability of the researchers to gather relevant and timely data for the study. The bias in the choice of numbers chosen from each of these towns was deduced from their geographical sizes and economic activities within the towns. A total of 15 questionnaires were administered on the customers of each microfinance banks located in the selected axis on one come one serve inside the banking hall (using six well supervised and guided research assistants to cover two banks each within a week).The sample size then becomes a total of 120 questionnaires administered on the respondent Farmers. Only 110 out of the questionnaires were found useful for the purpose of data analysis due to some not being properly completed. The sampling method adopted here was the purposive (a non probabilistic) sampling method. In this wise only identified customer of the micro finance banks who are farmers (entrepreneurs) were made to complete the structured questionnaire. The dependent variable is agricultural product delivery while the independent variable is MFBs credit administration measured by access to credit, adequacy and timeliness of credits as well as convenience of repayment term farmer-entrepreneurs. Considering the volume of data required, a computer based statistical software (SPSS – Statistical Package for Social Sciences) was used in the course of data analysis for data collected from the questionnaire. ANOVA was used to analyse objective one while Mean score was used to measure the degree of perception of the most preferred benefits of the credit administration of the sampled MFBs.

DATA ANALYSIS AND DISCUSSION OF RESULTS

Data was presented using descriptive statistics and analyzed through simple percentage analysis. Special statistical packages called SPSS was used to obtained the result given below. We made use of 110 respondents for the analysis.
The first objective on the influence of MFBs credits on agricultural development was analysed using ANOVA using the ordinary least square model of the following order:
$Y = a + b1x1 + b_2x_2 + b_3x_3 + b_4x_4 + e$
Where
Y= Agricultural Product Delivery
a = constant
bj -b_n = Coefficients of the variables
x_1 = Ease of credit Access (EFC)
x_2= Adequacy of credit (AFC)
x_3 = Timeliness of credit (TFC)
x_4= Convenient Repayment term (CRT)
e = error term/ stochastic error
Also Z- score statistics was employed in analysing the second objective on the perceived benafits of MFBs credits to farmers operations. Symbolically representation of Z – Score statistics is given below:
Z= X-N/sdx
Where Z represents the z- score value,
X is sample mean,
N is the population mean and
Sdx is the standard error of the mean which is calculated as standard deviation divided by root of the sample size.
The test adopted 95 confidence levels which is 0.05 level of significance and is given as 1.96 Z-value. Testing the overall significant of the z-score implies testing the null hypothesis. Ho against Hi, if the null hypothesis is true i.e. the zones and sample means do not lie within population means at 0.05 significant level, we accept the null hypothesis that there is no significant relationship between the dependent and independent variables, but if it is otherwise, we will reject the null hypothesis and accept the alternative hypothesis.

ESTIMATION RESULT

The regression results showing the relationship between level of impact measured agricultural product delivery and the following explanatory valuables- ease of access to credits, adequacy of credits, timeliness of credits and convenience of repayment term were presented in Table 1.2. The table shows the coefficient of the independent variables, with ease of credit access (EFC) having the highest with Beta value of 0.161 meaning that EFC has the highest impact on agricultural delivery..
The multiple R was 0.300 meaning that about 30% change in agricultural delivery were explained by the explanatory variables. The R^2 was 90% meaning that about 90% change in agricultural delivery were explained by the explanatory variables. The f value was 2.849 and statistically significant at 0.027 probability level. As expected, apriori ease of credit access had positive and significant relationship with agricultural delivery.
The analysis and hypotheses tested are hereby presented in the table below:

RESEARCH HYPOTHESIS I

The hypotheses of the study are stated in null form as follows:
HO1: There is no significant impact of microfinance banks credits on agricultural development in Osun state Nigeria

TABLE 2.1: COEFFICIENTS OF VARIABLES

		Unstandardized Coefficients		Standardized Coefficients	T	Significant
Mode		B	Standardized Error			
1	(Constant)	1.253	.392		3.203	.002
	EFC	-3.851 E- 02	.085	-.043	-.453	.652
	AFC	-3.621 E – 02	.111	-.030	-.327	.744
	TFC	.181	.103	.161	1.746	.083
	CRT	9.912 E- 02	.133	.071	.744	.458

- **Predictor: (constant), EFC, AFC, TFC, CRT**
- **Dependent variable: Agricultural Product Delivery**

TABLE 2.2: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Standardized Error Of The Estimate
1	300	.090	.059	.73

- **Predictor: (constant), EFC, AFC, TFC, CRT**
- **Dependent variable: Agricultural Product Delivery**

TABLE 2.3: ANALYSIS OF VARIANCE (ANOVA)

Model		Sum of Squares	Df	Means square	F	Significant
1	Regression	6.464	4	1.616	2.849	0.27
	Residual	65.236	115	.567		
	Total	71.700	119			

HYPOTHESIS II

HO2: There are no differences in the perception by farmers in Osun state of the benefits of Microfinance banks credits

Table III shows the mean scores of Perceived influence of Ease of Access to MFBs credits and Adequacy of credits on Farmers operations ranked first and second with mean scores of 3.78 and 3.74 respectively. The Timeliness of credits for farmer's operations attains middle ranks of mean scores 3.56. However, convenient repayment terms was ranked last of the four MFBs credits influence on farmers performance.

TABLE 3.1: PERCEIVED INFLUENCE OF MFBS CREDITS ON FARMERS' OPERATIONS

Statements	Mean	Rank
Ease of Access to MFBs credit	3.78	1st
Adequacy of MFBs credit	3.74	2rd
Timeliness of MFBs credit	3.56	3rd
Convenient repayment terms	3.45	4th

Source: Authors compilation 2013

TABLE 3.2: SUMMARY OF THE RESULT

	X	N	SD	SDX	Zc	Zt	Remark
Q1	3.78	3.98	1.317	0.107	1.96	1.96	Significant
Q2	3.74	3.93	1.148	0.159	1.96	1.96	Significant
Q3	3.55	3.83	1.669	0.134	1.96	1.96	Significant
Q4	3.45	3.65	1.326	0.109	1.96	1.96	Significant

Significance level: 0.05

Source: Authors deductions 2013

CONCLUSION AND RECOMMENDATIONS

The results of this research reveal that the Nigerian microfinance policy establishing Microfinance banks is a boost to agricultural financing and is capable of promoting agricultural development in Nigeria. Agriculture occupies a priority status in Nigeria as the sector serves as the key driver of growth, wealth creation and poverty reduction for a large portion of the population. It is the leading economic activity in the country contributing about 40 per cent of GDP and providing 60 percent of employment in 2010. More than 80 percent of Nigeria agricultural production is dominated by poor and small-scale producers in the rural areas. This group lacks access to capital to acquire the needed inputs to increase output and incomes. To overcome this challenge, farmers have continued to exploit various avenues by relying on both non-institutional and institutional sources of credit one of which is the Microfinance banks (MFBs). The fact of the matter is most of the smallholder farmers lack access to capital to acquire the needed inputs to increase their productivity and incomes and reduce their poverty. In the light of the above the following recommendations may be found useful:

- ✓ Adequate attention should be given to agricultural growth policies, finance and provision of rural infrastructure.
- ✓ Review of microfinance policy to give attention to farmers and opportunities to access credits from microfinance banks. Farmers require credit to purchase seeds, fertilizers, herbicides, and buy or rent mechanized equipment and related activities.

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