AN ASSESSMENT OF INFORMAL CREDIT SCHEMES AND POVERTY REDUCTION IN BENUE STATE

Orshi Philip Aondowase

Department of Political Science, Faculty of Social Science, Nasarawa State University, Keffi

Prof. George A. Genyi

Department of Political Science, Faculty of Social Science, Nasarawa State University, Keffi

Ibrahim Musa Aliyu (PhD.)

Department of Political Science, Faculty of Social Science, Nasarawa State University, Keffi

ABSTRACT

This paper is anchored on informal credit schemes and poverty reduction in Benue State. The study is aimed at assessing their impact on poverty reduction Benue State. Research questions were drawn on the basis of challenges faced by IFIs in mobilizing savings and disbursing same to members of these institutions and possible solutions in mobilizing savings and disbursing to members. The study was backed by the interpersonal distribution of income and social capital theory which define the relationship of certain people which transcend to their social and economic development. Also, the study adopted the use of mixed method of data collection with the aid of structured questionnaires in analysing data collected. Percentages and mean scores were employed in determining the effects of the credit scheme on poverty reduction in Benue State. Challenges of sustainability, such as loan diversion and poor repayment by recipients, poor funding of the sector were identified by respondents as major factors hindering the effective operation of IFIs. It's recommended that government should introduce soft capital base to registered IFIs for use as loan by its members is not enough and repayment done within IFIs guidelines, and government should register these institutions to encourage safety of people's money.

Keywords: Informal Credit Schemes, rural farmers, Poverty Reduction etc.

INTRODUCTION

In spite of over forty years of international aid in most developing countries, poverty remains a persistent problem. It is one of the major causes of social, political and economic exclusiveness (Khalid, Bashir and Mehmood, 2010; Hussain, 2012). The causes of poverty are complex and context-specific, but in general poverty tends to be linked with factors such as poor national economic performance, an unequal distribution of income and political structures that render poor people powerless (Cohen and Reaves, 1995). Poverty in Nigeria has been attributed to a lot of variables including neglect of agricultural sector, rapid population growth, corruption, poor educational system, high rate of unemployment, unequal distribution of income, collapse of business enterprises, failure of leadership regimes, political instability, terrorism, poor macroeconomic policies and environmental degradation (Ukpong and Ibrahim, 2014). It is also believed that the traditional system of agriculture is essentially a further reason for rural poverty in Nigeria.

Most practitioners of agriculture especially the small-scale farmers hardly have enough funds to carry out production activities due partly to inadequate earnings and access to credit facilities. This scenario has made most farming families to hardly have any savings to plough back into production, considering the pattern of their income and

expenditure. Thus, the need arises for the provision of credit to the majority of Nigerian farmers. Credit enables farmers to advantageously use inputs and factors of production, by granting farmers more access to resources. The traditional argument for the provision of agricultural credit is that, additional capital can be temporarily used to enhance the level of household's productive and physical capital (Eswaram and Kotwal, 1990).

Also, credit is an important factor which is expected to increase the production and income of an investor (Khalid, Bashir and Mehmood, 2010; Hussain, 2012). In rural areas of Nigeria, the small and marginalized farmers in order to meet the routine expenses readily depend on two sources of credit such as institutional and non-institutional. The noninstitutional source includes, money lenders, farmers, commission agents, relatives and friends but the amount available to intending borrowers maybe in relation to their number and purpose for which the money is required. The provision of credit to farmers will facilitate more expansion in both agricultural productions and or improve the standard of living of the members who either borrow or to members who did not borrow money from these informal financial institutions. Thus, instead of growing low yielding local crops, for example, access to credit may allow an increased use of improved seeds and fertilizers leading to higher crop output per unit of labour and land (Feder, and Zilberman 1985). This may in turn encourage the adoption of labour-saving technologies, such as animal traction in crop production (Zeller, 1999). Carter (1989) argued that credit could lead to efficient resource allocation, increase farmers' technical efficiency and, by implication, increase farmers' profitability.

The major thrust of this research therefore, is to examine the degree to which informal financial institutions have contributed to poverty reduction in Benue State from 2010-2020 with a focus on tuber crops multipurpose in Vandeikya, Gboko south farmers Adashi and Oyitoho Thrift and Loan scheme in Otukpo.

Statement of the Problem

Clearly, the relatively poor rate of accessing finance from the FFI in Nigeria is a source of worry to policy makers in Nigeria, especially in the formulation of monetary policy by the CBN. Recent empirical evidences in Nigeria points to growing importance and the influence of IFI pooling 40% of finance used in rural economies (Ariyo & Bekoe, 2012; Ogbuabor & Malaolu, 2013). This hampers the savings mobilization efforts of deposit money banks and other formal financial institutions in Nigeria because most informal sector transactions are conducted without the stringent conditions of FFI (Buehn & Schneider, 2008).

Benue state is a typical rural setting with 20 of its 23 LGAs regarded as rural (NBS, 2017). The state's population taken as an aggregate of the 23 LGAs stand at 6,141,300 population (2022) – projection, and can therefore be described as small-scale rural farmers inhabiting the vast rural settings of the state. Given that agriculture is the dominant economic activity in the rural areas. In this way most, rural dwellers in Benue State have resulted to these self-help groups to meet their financial needs. With scarce attention paid to the resilience of these institutions in extant literature on poverty reduction. This study hopes to fill this gap. Several factors continue to constrain accessibility to credit among rural dwellers, small farm holders, artisans, and market women for reasons such as the lack of collateral and limited information regarding the procedure for accessing credits from FFI. It is with a view to filling this vacuum that exist in Benue State that this study seeks to examine

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the impact of informal financial institutions on poverty reduction amongst small scale farmers in rural Benue.

Study Area

Benue state, which is located in the North Central region of Nigeria, was created in 1976 and has a total population of 7,139,127 as at 2022 census estimates, which makes her the 9th most populated state in Nigeria (NBS 2023), with an average population density of 119 persons per km². However, the distribution of the population according to Local Government areas clearly marked duality. It is crowded with many people because of its fertile lands and numerous Local and International markets. The State also consist of three major languages, namely Tiv, Idoma and Igede, with few other speaking tribes as Etilo, Jukum, Hausa and Igbo's who are majorly settler tribes. The state currently has 23 local government council wards, seven (7)of the local government councils are from Benue North East and Benue North West Senatorial districts and 9 Local Governments from Benue South Senatorial districts respectively.

The study shall be guided by the following research questions;

- i. What are the challenges faced by informal financial institutions in mobilizing savings and disbursing same loans to small farm holders in Benue State?
- ii. What are the ways of mobilizing savings and disbursing same to small scale farmers in

CONCEPTUAL FRAMEWORK

Informal Credit Schemes

The informal credit schemes are microfinance outlets that operate outside the regulatory and supervisory authorities of the financial system. They are non-government regulated groups such as rotating savings and credit associations, unregistered cooperative and self-help groups (Oluyombo, 2007). They are providers of finance in rural areas and semi-urban centres as a result of the exclusion of poor people from financial services by government regulated financial institutions due to the high transaction costs, high risk, lack of infrastructural facilities and lack of adequate/acceptable collateral (Akingunola and Onayemi, 2010).

Olayemi, 2008) identify the IFI as the rotating savings and credit association, money lenders, daily contribution scheme, social club and cooperative, thrift and credit association. According to Richter (2011) about 90% of the rural sector financial needs are satisfied by IFI to five active occupational groups, namely: farmers, artisans, market women, traders and local manufacturers. Simkhada, (2004), Sharing Microfinance Resources and Knowledge in South Asia identify IFIs to include: trade and input supply financing, cooperative societies, Esusu, families, friends and money lenders. Similarly, Iganiga (2008) identifies money lenders, friends, relatives, savings collectors, rotating savings and credit association, credit unions and cooperative societies as the main IFIs in Nigeria. In this study, IFI is construed to mean as groups that are collectively owned and managed by members. These groups mobilize savings from individuals and provide short-term loans to members, and sometimes to non-members, at varying interest rates,

Rural Farmers in Benue State

Rural farmers have been defined in different ways by different authorities based on certain characteristics peculiar to them. According to Erabor (2003), a small-scale farmer is a

farmer who cultivates crops and rear animals in order to produce food for use by himself and family only.

For the purpose of this research, the rural farmer in Benue State is a farmer who cultivates a relatively small area of land between less than 1-5 hectares, has a user-right to larger area of land and whose labour force comprises mostly of family members, (sometimes engages the services of commercial or hired labour to carry out farm activities or operations). The rural farmer in Benue State mostly uses crude implements and mostly adopts traditional methods of farming which translate to low level of agricultural output, income and savings. They produce at a subsistence level, especially for home consumption, but most times produce in excess which is sold out to generate revenue. An estimated number of six hundred and twenty-four thousand, one hundred and fifty-eight (624,158.00), farmers have been registered with the Benue State ministry of Agriculture and rural development (BSG Ministry of Agriculture 2021). These rural farmers are mostly subsistence farmers who produce mostly food crops such as yam, cassava, maize, sweet potatoes, tomatoes and pepper, water yam, soya beans, millet, guinea corn, sugar cane oranges, mangoes etc., they also are known to have needs ranging from shortage of fertilizers for planting of crops, pesticides for pest control, poor seedlings, unavailability of improved seedlings, accessible roads for transportation of their goods to urban centres or to markets, poor storage facilities, issue of middle men in business transactions etc. In Benue state, rural farmers basically have no access to formal credit; the only available sources of credit are found in the informal sector in particular self-help groups known as BAM or ADASHI which in the literature is known as rotating savings and credit association. According to Anyanwu (1973), these groups have impressively struggled to bridge financial short falls for a credit that is of outstanding significance in the modern economic system.

Poverty Reduction

Poverty Reduction is one of the world's most critical challenges, and it is suggested that the private sector has an important role to play in facilitating the economic growth, generation of employment and purchasing options needed for significant poverty reduction. Poverty is highly correlated with many negative measurable aspects of standard of living and therefore reducing poverty can have a positive impact on the lives of millions of people around the world. Poverty reduction can also be seen as a set of measures, both economic and humanitarian, that are intended to permanently or temporarily lift people out of poverty. It is also lifting of majority of people from conditions of life, which seeks to reduce economic and non-economic poverty levels in a group of people. This helps to take people away from extreme poor conditions to conditions of survival and meeting at least the basic necessities of life, such as food, shelter and clothing. Poverty entails more than the lack of income and productive resources to ensure sustainable livelihoods. It is a manifestation which includes hunger and malnutrition, limited access to education and other basic services, social discrimination and exclusion as well as a lack of participation in decisionmaking. Various social groups bear disproportionate burden of poverty. The world social summit identified poverty eradication as an ethical, social, political and economic imperative of mankind and called governments at all levels to address the root causes of poverty, provide for basic needs for all and ensure that the poor have access to productive resources, including credit, education and training.

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Informal credit schemes and poverty reduction in Benue state

Studies have shown that financial development increases average growth in a country (Levine 1997; Levine 2005), but what impact does it have on the poor? Beck et al (2007) examined the impact of financial development on poverty. They found that financial development helps the poorest, as it disproportionately increases the income of the poor, that is, the income of the poor grows faster than average GDP per capita and thereby reduces income equality. Beck et al (2007) also found a relationship between financial development and a decrease in the part of the population living on less than \$1 per day.

Financial development reduces poverty indirect through economic growth. It can generate more jobs and thereby decrease the unemployment rate which is positively correlated with poverty (Zhuang et al, 2009). In the early stages of financial development, evidence shows an increase in wage difference between skilled and unskilled workers. In a later stage of financial development however, the wage difference decreases and hence, has a positive impact on poverty reduction (Galor & Tsiddon, 1996). Financial development also reduces poverty directly through the use of financial services. Access to savings, credit, and insurance services promotes poverty reduction as it increases overall income and reduces income equality through for example investments in business expansions and protection against risks such as natural disasters. The use of financial services also smoothens consumption over time preventing undernourishment in the face of shocks, and reduces general undernourishment through investments in productivity enhancing equipment (Claessens & Feijen, 2007).

Empirical Review

Edgcomb and Garber (1998 in Oluyombo, 2012) have shown that IFI have positive impacts at individual, household, enterprise and community levels. The study revealed that existing clients utilizing IFI in Honduras had more profits than new clients and clients enterprises improve as a result of changes in business development. More clients than new clients increase the scale of their business, employ more workers, improve the quality of their products, and source cheaper credit to increase their profitability. At the household level, the result indicated that more clients than new clients increased their savings, household income and assets over a year period.

Okonkwo (2012) studied an NGO finance program to determine the changes that the program savings and loans services have brought to the beneficiary's business activity, assets accumulation, consumption, nutrition, level of income and household expenditure. The result showed that significantly more of the existing clients than new or incoming clients own the house they live in but no significant difference was noticed in the accumulation of household assets and household income. Increase in household income and assets could not be traceable to membership of the program Oloyede (2008) reported the effectiveness of IFI in attracting rural finance for rapid rural development.

Wanyama (2008) reported that IFI members used their profit to address long term poverty reduction measures such as the education of children with the hope that the children will soon be gainfully employed after education. They failed to take cognisance of the fact that education was never a guarantee to a better paying job in Nigeria now, and that what if the child decides to do petty business in a long run.

Mrema (2008), reported a significant supportive effect of IFI loan on employment, increase in salaries and establishment of surviving businesses. The IFI also helped members

and their families to be lifted out of poverty because members were able to send their children to school.

Nomor T and Fefa J. (2015) examined the effects of IFIs on development of Makurdi Local Government area of Benue State. The specific objectives were to determine the effect of informal financial institutions on poverty reduction amongst small and medium enterprise owners. The study design was the survey method and random sampling was used to select 300 respondents as questionnaire item were used to collect data. Chi-square was employed in the test of hypotheses using SPSS version. Dependency theory was used in analysing the data. Findings showed that IFIs were more effective in reducing poverty among members than non-members. Furthermore, the institutions guarantee more access to credit for members than non-members and lastly, IFIs were effective in promoting investment among members as compared to non-members.

Okoye and Idris (2014) investigated the effect of informal financial institutions on poverty alleviation in Nigeria with the objective of determining the influence of IFI on poverty alleviation. A survey design was adopted and questionnaire instrument was used to collect data from 480 respondents and analysed using simple percentages and mean counts. The result showed low effects of IFI on poverty alleviation based on low mean counts. Low education, poor infrastructure and default in loan payments were identified as institutional problems, poor and meagre loan amounts were mentioned as inhibiting poverty.

Kudi, Sambe and Ayati (2013), examined the effects of Informal financial Institutions on socio-economic development of Adikpo town. The specific objectives were to determine the effect of informal financial institutions on poverty reduction. The study design was the survey method and random sampling was used to select 200 respondents as questionnaire item was used to collect data. Chi-square was employed in the test of hypotheses using SPSS version 16.0. Dependency theory was used in analysing the data. Findings showed that IFIs were more effective in reducing poverty among members than non-members. Furthermore, the institutions guarantee more access to credit for members than non-members and lastly, IFIs were effective in promoting investment among members as compared to non-members.

Mohammed (2015) examined the socio-economic impact of informal financial sector on inclusive growth in North Central Nigeria with the objective of ascertaining the relationship between informal financial sector; and growth of small and medium scale enterprises, income generation and employment in North Central Nigeria based on the theory of financial constraint and model generation. Using panel data and instrument of questionnaire, data was obtained from 150 respondents and analysed using the legit probability model. The result revealed a positive and significant relationship between earnings from loan and employment and growth of enterprises in North Central Nigeria.

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Hazell and Haddad (2001) opine that poverty consists of some interacting deprivations-physiological and social. Physiological deprivation describes the inability of individuals to meet or achieve basic material and physiological needs which can be measured either as a lack of income, which limits access to food and to education, health, housing, water and sanitation services or by the failure to achieve desired outcomes, such as a high-quality diet rich in micronutrients, health status, educational attainment and the quality of health, water and sanitation services received.

Adeola and Evans (2017) studied the effectiveness of informal system in poverty reduction variables across developing countries within West Africa, factors such as regulatory framework, cultural norms, institutional support, and technology advancement shapes the system, they discovered that these mentioned factors helps in improving the standard of living of the rural population. The result showed that improved cultural norms, improved technology and institutional supports enhance the standard of living of the rural population.

Studies like morduck (1999) and Khandker (2005) have empirically shown that microfinance has a positive impact on poverty reduction by improving income levels conditions though results vary significantly across regions and populations, suggesting that the effectiveness of microfinance is contingent upon local socio-economic conditions.

Okonkwo (2012). The notion that cooperatives provide opportunities for pooling financial resources of the people of limited financial means, which is considerably questionable given the very little impact that have been made manifest resulting from the activities of these financial institutions, as far as the subject matter of poverty reduction is concerned. Given the level of poverty prevalent amongst the people, it is opined to be difficult for the poor to provide that pool of resources capable of alleviating them from poverty.

Studies by Yunus (2007) have also investigated the role of IFIs lending in post disaster recovery, an aspect of poverty reduction, Yunus (2007) discussed the role of the grameen Bank's microcredit program in Bangladish after a catastrophic flood, showing that the informal financial sector was instrumental in rebuilding efforts which indirectly contributes to poverty alleviation.

Dercon and De Weerth (2006) investigated informal insurance mechanism in Tanzania. They found that risk-taking through informal networks provides crucial protection against income shocks, which can force households into poverty. While these informal mechanisms do not eliminate risks, they can reduce vulnerability and prevent households from failing into poverty.

Okonkwo (2012) studied an NGO finance program to determine the changes that the program savings and loans services have brought to the beneficiaries business activity, assets accumulation, consumption, nutrition, level of income and household expenditure. The result showed that significantly more of the existing clients than new or incoming clients own the house they live in but no significant difference was noticed in the accumulation of household assets and household income. Increase in household income and assets could not be traceable to membership of the program Oloyede (2008) reported the effectiveness of IFI in attracting rural finance for rapid rural development.

Theoretical Framework:

This work adopted the theory of interpersonal distribution of income to back up the work.

Theory of Interpersonal Distribution of Income

The theory of interpersonal distribution of income was propounded by David Ricardo and Carl Max in 1977, which talks about income wages and distribution of these equally among a group of people, and later the theory of interpersonal distribution of income as advanced by the Human capital school, (Becker, 2002 and Olomola, 1991) provides the theoretical link between credit and production. This theory shows the differences in ability arising from differential education, skill acquisition or training, assess to factors of production such as credit that influences chances of individual farmers earning adequate or inadequate produce.

Frank, (2007), interpreted interpersonal income distribution in two (2) ways:

- 1. The functional distribution of income
- 2. The size distribution of income

The functional distribution of income is the distribution of income among factors of production. It is an integral part of economic analysis of relative prices, output and employment that focus on some basic economic concepts such as remuneration of their services such as rent, wages and profit. This is also called the rule of thumb saving decisions by capitalist and workers. It is rigid technique by which labour and capital are combined to produce output.

The size distribution of income is the income among persons and or households which depends on household savings, self-investment in human capital or the purchase of education that determined the distribution of poverty within the society.

RESEARCH METHODOLOGY

To achieve these objectives, the study used a case and historical research design which involves qualitative and quantitative approaches.

Research Design

Haque and Yamao (2008) argued that the opinions of the clients/members are critical in an effective assessment of informal finance providers and to determine the benefit of the program on their income, employment, consumption, nutrition, housing, health, and sanitation and land ownership. As program participants, they are in the best position to appraise the cooperatives based on their own expectations from the program. The function of research design is to provide for the collection of relevant evidence with minimal expenditure of effort, time and resources.

Population of the Study

The geographical population of Benue State is put at 6,141,300 [NPC Estimated figures 2022) - estimates, also the target population of the selected three (3) informal financial institutions in Benue state is put at 1,423 members put together from the three (3) selected informal financial institutions (2023) in the state. This is represented in the table below.

Senatorial Districts	Selected Local Government	Names of IFI	Membership Strength
Zone A	Vandeikya	Tuber crops multipurpose society	570
Zone B	Gboko	Gboko south farmers Adashi	442
Zone C	Otukpo	Oyitoho thrift and loan scheme	411
TOTAL	3	3	1,423
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Table 1: shows the selection	of three IFIs in	Benue State,	according to	senatorial	districts
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Source: Researcher's Compilation 2023

Table 1 above shows the selection of three informal financial institutions in the state according to geopolitical zones; also a representation of the membership strength for the selected IFIs is identified above.

Sampling Size and Sampling Techniques

The sample is a group of items taken from the population, so that the needed information can be obtained for the purpose of analysis. Sample refers to any sub-set or sub-group of the population. Having determined the target population, the researcher must decide the way of selecting a sample using an appropriate sample technique. Therefore, based on the nature of subject matter of this research, systematic random sampling method would be employed in the selection of the respondents. Benue State has already been grouped into three senatorial districts namely Benue North west, Benue North east and Benue South senatorial districts respectively, and in each senatorial district one (1) IFIs would be selected.

For the purpose of interview, a purposive sampling method would be adopted for the selection of five (5) officials of each scheme or programmes.

Sample Size

For the purpose of this research, the study intends to employ the Taro Yamane (1969) sample size formula to determine the sample size of respondents from the three senatorial districts as presented below.

$N = \frac{N}{1+N(e)^2}$

Where: n is the sample size,

N is the population size

E is the level of precision $(0.05)^2$

Thus, the total population for the three (3) selected IFIs from the three senatorial districts of Benue State is put at (1,423) members based on 2022 field survey. Applying the formula above, the sample size is determined as thus:

 $N = \frac{1,423}{1+1,423}(0.05)^2$

N = <u>1,423</u>

1,424 (0.0025)

N = 399.719 (400 approximate)

Therefore 400 respondents are recognized as the sample size for the study. In view of these 400 questionnaires will be administered to the sampled respondents based on the sample size determined above. The questionnaires will be administered in each sampled IFI in the sampled local government area and will determine using the following formula;

$N1 \times Total population of each sampled IFI in a LG Area Grand total of the population of the selected six IFIs$

Where N1 = sample size,

Therefore, the sample size for each informal financial institution is represented in table 3

Senatorial District	Local Government area	Name IFI	Population	Sample size
Zone a	Zaki-biam	Yam seller's corporation.	570	161
Zone b	Tarka	Tse-Gyer bam	442	137
Zone c	Oju	Okada Union thrift and loan	328	81
Total	3	3	1,423	400
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Table 2: sample frequency showing each IFI and samples size

Source: Researcher's Compilation 2023

Table 2 represents a total sample size of 400 from the three (3) selected IFIs in the three (3) Local Government Areas and the three (3) Senatorial districts of Benue State.

Method of Data Collection

The study will employ the use of structured questionnaire in an open and closed ended form to obtain data from the sampled respondents. The questionnaire will be designed to measure the level of agreement with some views according to Likert scale. This method is expected to assist the researcher to assess the impact of informal financing on poverty reduction in the target area which is Benue State.

Method of Data Analysis

The analysis of data requests a number of closely related operations such as establishment of categories, the application of these categories to raw data through coding, tabulation and then drawing statistical inferences. In the case of the topic under discussion, the data collected for this research has to be analysed using simple statistical tools such as the SPSS and chi-square for the compilation of the data acquired from the field through the questionnaire. They will also assist in the test of significance and relationship of the assumption of the research. On the other hand, the qualitative data would be analysed based on the collated responses of respondents to the questions. The quantitative data from the questionnaire will be subjected to analysis using SPSS.

DATA ANALYSIS AND INTERPRETATION OF RESULT

This chapter interprets data and analyses it.

ltem	Frequency	Percentage
1. Strongly agree	209	54.3
2. Agree	108	28.1
3. Undecided	50	12.9
4. Disagree	17	4.4
5. Strongly Disagree.	1	0.3
Total	385	100

Table 3: Respondents views based on whether a member's level of contribution influences their chances of accessing loans from these IFIs in Benue State

Source: Field Survey, September 2023

Table 3 represents responses from the sampled population on the basis of whether a members level of contribution influences his chances of accessing loans from these IFIs in the study area, From the survey it was found that 209 member representing 54.3% strongly agreed that a member's level of contribution gives him better opportunity to access loans more than other members Also 108 respondents representing 28.1% agreed to the fact that a member's contribution power helps the member to get loans approved more than those with low contribution strength. 50 respondents from the sampled population representing 12.9% were undecided as their reasons were that they also get loans as at when due too, so they see no favour been given because one has a higher contribution strength than others, 17 and 1 respondents representing 4.4% and 0.3% disagreed and strongly disagreed with the fact that one can get loans approved faster because he has a better contribution in the scheme than others.

Table 4: Respondents views based on whether a member's sex or age disparity influences his chances of accessing loans from these various IFIs in Benue State

ITEM	Frequency	Percentage
1. Strongly agree	200	51.9
2. Agree	150	38.9
3. Undecided	10	2.6
4. Disagree	25	6.5
5. Strongly Disagree.	0	0
Total	385	100

Source: Field Survey, September 2023

Table 4 shows respondent's views as it regards member's sex or age disparity in accessing loans from these IFIs. From the survey report it is clear that 350 respondents agreed that a member's sex and age affect his or her chances of accessing loans. 200 respondents representing over 51.9% strongly agree while 150 respondents representing 38.9% also agreed to these facts, 10 respondents representing 2.59% of sampled population were undecided indicating that loans are given to whoever applies for loans, 25 respondents representing 6.49% disagreed with notion claiming that age and sex are not a barrier in accessing loans in these IFIs.

Table 5: Respondents views based on whether a member's family or personal friendship
with officials influences his chances of accessing loans from these IFIs in Benue

ITEM	Frequency	Percentage
1. Strongly agree	250	64.9
2. Agree	90	23.4
3. Undecided	29	7.5
4. Disagree	10	2.59
5. Strongly Disagree.	6	1.55
Total	385	100

Source: Field Survey, September 2023

Table 5 Represents responses as to whether friendship to officials and family members are favoured more than others when it comes to accessing loans. 250 respondents representing 64.9% agreed that friendship and family relations are given preferential treatment than others while 90 respondents representing 23.4% said members friendship to official are an accessory to granting of loans faster. 29 respondents representing 7.5 |% were undecided in giving their views on this subject matter, 10 respondents and 6 respondents representing 2.29 and 1.55% disagreed, giving reasons that every member who applies for a loan is given, that its mostly on first come bases and level of contribution that determines once chances of getting loans faster and easily.

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ITEM	Frequency	Percentage		
1. Strongly agree	352	91.4		
2. Agree	33	8.57		
3. Undecided	0	0		
4. Disagree	0	0		
5. Strongly Disagree.	0	0		
Total	385	100		

Table 6: Respondents views based on whether a member's occupational status in the society influences his chances of accessing loans from these IFIs in Benue State

Source: Field Survey, September 2023

Table 6 is self-explanatory, here almost all sampled respondents were in support of the fact that one's occupational status in the society guarantees a member fast and easy loan granted. 352 respondents representing 91.4% strongly agreed that highly placed persons such as chiefs, security personnel's, mechanized farmers with almost high and very productive yields yearly are booked ahead for loan distribution than others, 33 respondents representing 8.57% also agreed that highly placed individuals who are members of these IFIs are on first line distribution of loans before other members will get should they make a request.

This shows that the higher placed a member is in the society the better chances he has to accessing loans than other members in Benue state.

Table 7: Respondents based on whether there exist any sufficient regulations or legal
framework to enhance operations of IFIs in Benue State

ITEM	Frequency	Percentage		
1. Strongly agree	5	1.3		
2. Agree	26	6.7		
3. Undecided	51	13.3		
4. Disagree	46	11.9		
5. Strongly Disagree.	257	66.6		
Total	385	100		

Source: Field Survey, September 2023

Table 7 represents respondent's views on the whether there exist any sufficient regulations or legal framework to enhance operations of these informal financial institutions in the state, responses were drawn as follows. Only 5 respondents representing just 1.3% of the total number of sampled populations strongly agreed that there exist regulations guiding the activities of IFIs in the study area, 26 respondents representing 6.7 % also agreed that these regulations exist. 51 respondents that's 13.3% were undecided while 46

and 257 respondents representing 11.9% and 66.6% disagreed and strongly disagreed that there exist any sufficient legal regulations or framework protecting these institutions. These clearly indicate that these institutions exist with just formal or verbal agreement to back them up.

Table 8: Respondents views based on whether loans should be given based on first come bases of every member of these IFIs in Benue State

ITEM	Frequency	Percentage
1. Strongly agree	300	77.9
2. Agree	51	13.3
3. Undecided	0	0
4. Disagree	5	1.3
5. Strongly Disagree.	29	7.5
Total	385	100

Source: Field Survey, September 2023

Table 8 indicates that over 300 respondents representing 77.9% and 51 respondents representing 13.3 % were of the opinion that they strongly agree that loans should be given on the basis of first come basis, this implies that only those who applied for such loans for their farm use should be given and not on personal grounds of either friendship, family relations or highest contribution should benefit from the scheme. 5 respondents as well 29 others representing 1.3% and 7.5% either agreed or strongly agreed. This indicates that loan disbursement should be given based on other methods rather than first come basis, to take care of emergency. These emergencies are either health challenges or seizure of personal belongings.

Table 9: Respondents views based on whether loans should be given on level of repayment of previous loans by members of these IFIs in Benue State

ITEM	Frequency	Percentage	
1. Strongly agree	311	80.7	
2. Agree	63	16.4	
3. Undecided	0	0	
4. Disagree	5	1.3	
5. Strongly Disagree.	6	1.6	
Total	385	100	

Source: Field Survey, September 2023

Table 9 represents responses from the sampled population on the basis of whether loans should be given based on level of repayment of previous loans by members. It was noticed that over 97.1% of the respondents strongly agreed that loan disbursement should be done on a member track record of repayment to avoid unforeseen circumstance thereafter. 311 respondents representing 80.7% strongly agreed, 63.4 % also agreed to the method when it comes to new loan disbursement, very few respondents objected to the rule which are 11 respondents measuring about 2.9% of the sampled population had different views such as, poor yearly crop yields, flooding which hinders small farmers from realizing full production yield, witch-craft activities of members of their family etc. could also hinder a members fine track record of repaying loans obtained from these informal financial institutions, thereby making it look like the member has a chronic issue of non-loan repayment.

ITEM	Frequency	Percentage		
1. Strongly agree	221	57.4		
2. Agree	109	28.3		
3. Undecided	3	0.8		
4. Disagree	50	12.9		
5. Strongly Disagree.	2	0.55		
Total	385	100		

Table 10: Respondents views based on whether loans defaulters' properties be sized should the member fails to repay his or her loans by the end of the farming season

Source: Field Survey, September 2023

Table 10 indicates responses of respondents based on whether loan defaulters properties be sized should the member fail to repay his or her loan by the end of every farming season, and it was noticed that 221 members representing a total of 57.4% and 109 respondents representing 28.3% were strongly in support of the idea, this will serve as deterrent to other who refused to repay loans obtained from these informal financial institutions. Also 50 respondents representing 12.9% and only 2 members representing 0.5% objected to the idea of sizing a member's property during time of default. It is clear members of these institutions feel if a member's property is at risk of being seized the member would go all out to find a way to repay the IFI and avoid the shame accompanied afterwards.

Table 11: Respondents views based on whether government should regulate the activities of these IFIs, monitor financial flows, and pave way for recovery of loans in times of death of the owners

ITEM	Frequency	Percentage
1. Strongly agree	221	57.4
2. Agree	150	38.9
3. Undecided	0	0
4. Disagree	11	2.8
5. Strongly Disagree.	3	0.8
Total	385	100

Source: Field Survey, September 2023

Table 11 shows Respondents responses on the bases of whether government should regulate the activities of these IFIs, monitor its financial flow, pave way for recovery of contributed funds in times of death of officials in Benue State, the results were as follows. 221 members representing 57.4% of the total sampled population strongly agreed. 150 members representing 38.9% of the total respondent agreed with the suggestion stressing the fact that government intervention in regulating these institutions would give them more confidence even in the advent of loose of life of officials, or unforeseen circumstances, their monies will be safe. Only 3 members representing 0.8% of the total sampled population strongly disagreed, also 11 members representing 2.8% also disagreed on government intervention.

ITEM	Frequency	Percentage
Provision of loan able funds to official for lending to members of IFIs	102	26.5
Provision of monitoring teams to track contributed funds	100	25.9
Help in monitoring loan disbursement	81	21.0
Increase provision of farming inputs to rural areas and make them consistent	51	13.3
Provision of more markets and discouragement of interference of middle men	51	13.2
Total	385	100

Table 12: Respondents views based on suggesting better ways to improve the activities	s of
IFIs in the study area	

Source: Field Survey, September 2023

Table 12 shows Respondents responses on the bases of suggesting better ways the government can intervene in improving the activities of these IFIs in the study area, and the responses were as follows. 102 respondents representing 26.5% were of the opinion that government should provide enough funds available to owners of these institutions which would be made available for lending to members, 100 respondents representing 25.9% said monitoring teams should be provided by government to track contributed funds to avoid misuse by officials. Also 81 respondents representing 21.0% of respondents opted for intervention in monitoring loan disbursement for effective use by farmers, this will help in reducing loan diversion thereby finding it difficult to repay such loans to these associations. Also 51 members representing 13.3% opted for increase and consistency in provision of farming inputs (fertilizer, herbicides, pesticides etc.) to be made available to them at all times. Also 51 members representing 13.2% were of the opinion that middle men should be discouraged by government as the don't take risk of money lending, they do not engage in farming activities but enjoy almost the same benefits as they farmers thereby reducing their total gains during sell in the markets.

DISCUSSION OF FINDINGS

- 1. Rural farmers must be encouraged to join rural cooperative societies to enable them access easy and less free loans to improve their capital base for use on their farm to improve on their poor state.
- 2. Cooperative guidelines should emphasize that guarantor(s) agree(s) with the purpose for which loans are obtained for and monitor such loan disbursement to avoid loan diversion for other uses which will not promote or improve agricultural yield of small-scale farmers within the study area.
- 3. Also, Government at all levels should help in regulating these informal sectors by registering these institutions, monitoring its financial flows and providing avenues where recovery of funds will be made possible in times of death of owners and or officials of these institutions in charge of contributed funds in Benue State.

CONCLUSIONS AND RECOMMENDATIONS

This study has examined the productivity of various inputs in the production function of small-scale farmers in Benue state, also the research work after thorough investigation and analysis recommended the following in line with the objectives under study.

- 1. Rural farmers should be encouraged to join rural cooperatives bodies to pave way for free and cheap loans to be used for their farms.
- 2. Cooperative guidelines should emphasize that guarantor(s) agree(s) with the purpose for which loans are obtained for and monitor such loans disbursement.

3. Also, Government at all levels can help in regulating these informal sectors by registering these institutions, monitoring its activities and financial flows and providing avenues where recovery of funds will be made possible in times of death of owners and or officials in charge of contributed funds

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