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Evaluation of Credit Repayment Behaviour Among Farmers Multipurpose Cooperative Societies (Members) in Abia State, Nigeria

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ABSTRACT

This study examined the credit repayment behaviour among farmers' multipurpose cooperative members in Abia State Nigerian credit has been one of the critical inputs in agriculture, also regarded as an effective means of economic transformation and poverty alleviation. Credits affect the performance of agriculture by providing resources for the purchases of inputs and adoption of new technology. The study specifically examined the range of amount of credit applied amount approved, amount disbursed and amount repaid by the FMCS, to investigate socio-economic factors affecting the FMCS members' credit repayment ability and ascertain major problems affecting FMCS members in credit repayment. T-test statistics and a multiple econometric model of the ordinary least square OLS) were used. The joint effect of the explanatory variable and model account for 91.9% of the variations in the factors affecting the FMCS member's credit repayment ability. Four coefficients, educational qualification, farm size, credit application cost, collateral value are significant. Age, membership duration and income of members are not significant but they showed a positive relationship with credit repayment factors affecting the members credit repayment ability are significant 0.00 significant level. This study therefore, recommends among others the following; FMCS should endower to educate their members on financial discipline and management hence significantly influence credit repayment. Lending institutions should ensure that whoever they are lending needs a minimum threshold. This will help to reduce defaulting.

INTRODUCTION

Credit has been considered not only as one of the critical inputs in agriculture, but also is regarded as an effective means of economic transformation and poverty alleviation Mensah (1999). The performance of the agricultural sector depends to a large extent on the availability of credit. Credit affects the performance of agriculture by providing resources for the purchases of inputs and adoption of new technology Nwankwo (2019). Credit plays a crucial role in amplifying the development of agriculture and rural economy. As Oladeebo and Oladeeo (2019) argued that it acts as a catalyst that activates the engine of growth, enabling it mobilize inherent potentials and advance in the planned or expected direction. Rahji (2020) as described credit/loanable fund or capital as more than just another resource. However, to truly serve as waterway of agriculture and rural development, credit should be accessible to the farmers. Kohansal and Mansoori (2019) believed that credit access is important for improvement of the quality and quantity of farm products to increase farmer's income and reduce rural-urban migration. On their part, the

benefitting farmers are expected to make the best or productive use of the borrowed fund and be able to repay on or before the due date, to enable the loan administrators' extension of the facility to other farmers in need of it. This has not always been the case as credit administration has been plagued by numerous challenges, including incessant cases of loan default that has characterized the scheme in many parts of the developing world.

The role of agricultural credit is closely related to providing needed resources which farmers cannot source from their own available capital. In respect of this, the provision of agricultural credit has become one of themost important government activities in the promotion of agricultural development in Nigeria Olagunju and Adeyemo (2019). The importance of agricultural credit is further reinforced by the unique role of Nigeria agriculture in the macroeconomic framework along with it significant role in poverty alleviation. Realizing the importance of agricultural credit in fostering agricultural growth and development, the emphasis on the institutional framework for agricultural credit is being emphasized since the era of microfinance banks in Nigeria.

This study will be informed by the perceived farmers limited access to agricultural credit. Despite the crucial role of credit in agricultural production and development, farmers still have limited access to farm credit. Awoke (2004), noted that items acquisition and repayment are fraught with a number of problems especially in the small holder farming. Awoke (2004) reported that large rate of default has been perennial problem in most agricultural credit scheme organized or supported by Nigerian government. Most of the defaults arose from poor management procedures. Loan diversion and unwillingness to repay loans. According to Saleem and Janm (2014) various researches have put forward the benefits, problems, access and role of credit for increased productivity. But prompt repayment of credit is necessary for good credit worthiness.

Inability of borrowers to repay amount of loans collected is crucial for the long-term sustenance of the credit institutions. As a result, many studies have tried to examine loan repayment performance of many socio-economic groups. Members of the cooperative group are selected based on the fact that, they share some common characteristics and goals which tend to bind them together. Over the years credit offerings organizations have found it comfortable and less riskier in granting loan facilities to groups as opposed to individual farmers because they envisaged that members of a group would hold each other in check to prevent misapplication of a source of worry to many financial institutions in Nigeria. Many researchers have done a lot by identifying some factor which hinder the smooth repayment of loans granted to societies. The empirical literature unravels a lot of factors influencing repayment of loan facilities by farmers. Despite the effort, very little has been done in respect of studying factors which influence the repayment of group loans. This research has become very necessary because farmers residing in rural areas considered to be the food basket of the national hardly survive without the cooperative farming. However, despite the expected appreciable role of cooperative groups in promoting loan repayment of its members, limited studies have tried to investigate the loan repay competence of cooperative farmers in Abia State.

Objectives of the Study

The broad objective was to examine loan credit repayment behaviour among farmers multipurpose cooperative societies(farmers) in Abia State, Nigeria.

The specific objectives were to:

i. determine the socioeconomic characteristics of members in the area of study;

ii. examine the amount of loan applied for, amount approved, amount disbursed and repaid by the famer-members;

iii. determine the socioeconomic factors influencing farmers' loan repayment; and

iv. ascertain the challenges faced by the members of farmers multipurpose cooperative societies credit repayment.

Hypotheses Testing

H_{01}: socioeconomic factors influencing farmers' multipurpose cooperative

(FMCS) members are not significant determinant of loan repayment of members in Abia State.

H_{02}: Factors affecting the FMCS members' credit do not significantly affect repayment.

Various researchers have put forward the benefits, problems, access and role of credit for increased productivity but prompt repayment of credit is necessary for good credit worthiness.

The review was done under the following sub headings: Conceptual framework and Empirical Literature

Cooperatives societies in Nigeria like their counterparts all over the world are formed to meet people's mutual needs. Cooperatives are considered useful mechanism to manage risks for member in agriculture. Through cooperatives, farmers could pool their limited resources together to improve agricultural output and this will enhance socio-economic activities in the rural areas (Ebonyi & Jimoh, 2002). Arua (2004) viewed cooperatives as an important tool of improving the living conditions of farmers. According to Bhuyan (2007) cooperatives are specially seen as significant tools of the creation of jobs and for the mobilization of resources for income generation. Levi (2005) asserted that cooperatives employed more than 100 million men and women worldwide.

In Nigeria, cooperative provides locally needed services, employment and input to famers, cooperatives also provide opportunities to farmers to organize themselves into groups for the purpose of providing services which will facilitate output of members. According to Nweze (2002) cooperative societies serve as avenues for input distribution. Through their nation-wide they developed strong and reliable arrangements for the distributions of food crops, fertilizers, agro-chemicals, credits, seeds, and seedlings. Bhuyan (2007), stressed that rural cooperatives played an important role in mobilizing ad distributing credit to the famers, He further stressed that cooperative provide members with a wide range of services such as credit, health, recreational and housing facilities, Agricultural cooperatives are also useful in the dissemination of information about modern practice in agriculture. Hemida (2008) reported that cooperatives provide functional education to members in the areas of production, processing and marketing of agricultural produce. The education of cooperative members could be formal where members are trained in courses like accounting and farm management. They could also be trained informally through the attendance of national and international conference and seminars.

The most important reasons for cooperative failure in Nigeria according to Borgens (2001) include; the shortage of trained managers, lack of understanding of the principle and approaches of cooperatives and inability of cooperative member to cope with the modern methods and tools of production. Malthus (1999) also identified some of the problems facing cooperatives in Nigeria to include: shortage of skilled personnel, inadequate financing, excessive government control and lack of trust among members. Onje (2003) added that the problem of dishonesty among cooperative leaders is another factors retarding the growth of cooperative in Nigeria. According to Borgens (2001), the participation of cooperatives in marketing of agricultural produce is low result of poor organizational structure, inadequate infrastructural facilities and administrative bottlenecks.

According to Ololade and Olagunju (2013), agricultural credit is very important for sustainable agricultural development to be achieved in any country of the world. Rural credit has proven to be a powerful instrument against poverty reduction and development in rural areas farmers are particularly in need of such instrument (ie credit), because of the seasonal pattern of their activities and their important uncertainty they are facing Agricultural credit enhances productivity and promotes standard of living by breaking vicious cycle of poverty of small scale farmers.

Imoudu and Onaksapnome (1992) contended that agricultural loan is a crucial input in small holder agriculture because it enables small scale farmers to establish and expand their farms as this could increase their income and ability to repay loan. Farmers need credit to meet the fixed capital requirements for creating adequate infrastructure to adopt new strategy of production and also meet the variable expenses (Modi and Raj, 1999) and thus enhanced the demand for credit. The increased demand for agricultural credit can be met by a systematic expansion of rural credit system (Kumar et. al, 1987). Farmers access to credit facilities in supported to be an accelerator of agricultural development through a wide spread break away from traditional and by fostering the generalized adoption of developed and from traditional technology and by fostering the generalized adoption of developed and improved technology (Bolarinwa & Fakoya, 201). Flores (2004) corroborating this assertion "stated that institutional credit if made available to farmers could ameliorate some of that farmers' problems such as small farm size, low output, low income and low social-economic status. It can also relieve farmers of the excessive interest impose on them by the informal creditors who usually charge high interest rate of between 100 300 percent per annum, Based on the above consideration and the vital role of credit in agricultural development, government initiated different policy measures for extending financial assistance to small-scale farmers through a farm credit scheme at low interest rates. Some of the credit institutions established are the: Agricultural Credit Guarantees Scheme; Nigeria Agricultural Insurance Scheme, Rural Banking Scheme: Agricultural Credit Corporation: Cooperative Thrift and Credit Society (Bolarinwa & Fakoya, 2011).

It has been confirmed that a well-managed institutional credit scheme aided agricultural development while poorly managed credit programme has been instrumental to agricultural stagnation in many developing countries (Alabi *et al.*, 2007). These farm credit schemes have been functioning for many years; it has therefore become pertinent to ascertain their impact on the beneficiaries.

Credits play a vital role in economic transformation and rural development (Ojiako & Ogbukwa, 2012). Agricultural or farm credit is a crucial input required by the smaller holder farmers to establish and expand their farms with aim of increasing agricultural production, enhancing food sufficiency, promoting household and national income, and augmenting the individual borrower's ability to repay borrowed fund. It enables the poor farmers to tap the financial resources and take advantage of the potentially profitable investment opportunities in their immediate environment (Ojiako & Ogbukwa, 2012). The need for credit facilities is necessitated by the limitations of self-financing, uncertainty pertaining to the levels of output, and the time lag between inputs and output (Kohansal & Mansoori, 2009).

However, its accessibility is imperative for improvement in the quality and quantity of farm Products, so as to increase famer's income and reduce rural-urban drift (Ojiako & Ogbukwa, 2012). It is believed that farm credit is an indispensable tool for achieving socioeconomic information of the rural communities. If well applied, it would stimulate capital formation and diversified agriculture, increase resource productivity and size of farm operations, promote invasions in farming. Marketing efficiency and value addition while enhancing net farm incomes (Nwagbo *et al.*, 1989). In Nigeria, the acclaimed importance of credits in agribusiness promotion and development. Notwithstanding, their acquisition, management and repayment have been burdened

with numerous challenges (Oboh & Ekpebu, 2011; Afolabi, 2010), especially for the smallholder farmer (Awoke, 2004). In the case of credit acquisition and management, Rhaji (2000) observed that lack of adequate, accessible and affordable credit is among the major factors responsible for the systemic decline in the contribution of agriculture to the Nigeria economy. With respect to repayment high levels of loan default among borrowers remain a major impediment.

Awoke (2004) reported that the high rate of default arising from poor management procedures, loan diversion and unwillingness to repay loans has been threatening the sustainability of most public agricultural credit schemes in Nigeria. In the same vein, Olagunju and Adeyemo (2007) argued succinctly that the problem of default in the repayment of agricultural loans is one of the factors that have militated against the development of the agricultural sector in Nigeria, because it dampens them willingness of the financial institutions to increase lending to the sector.

Whatever the cause, one direct consequence of loan default is that it has caused considerable reduction in the loan able funds to greater majority of loan seckers and also requires substantial amount of administrative cost and time to recover the amount in default (Udoh, 2008), Partly because of the high default rate, most credit institutions are becoming more reluctant to extend loan to smallholder farmers (Afolabi, 2010; Olagunju & Adeyemo, 2007) in dire need of the facility. Towards curtailing loan defaults and enhancing loan repayment performance Nigeria farmers, formation and memberships of farmers groups have been advocated. A group is a collection of individuals among whom a set of interdependent relationship exist (Ofuoku & Urang. 2009). Groups are characterized by interaction. shared values and beliefs, common goal, structure and ideology (Ofuoku & Urang. 2009). Cooperatives are forms of groups that have been encouraged among famers as instruments for social and economic transformation (Ijere 1992). Under the cooperatives membership model, farmers were encouraged to become members of cooperative associations, which would be registered, have elected officials and be holding regular meetings with documented minutes. The belief was that working under associations and groups, farmers would be empowered to speak and act with one voice and consequently it became easier for them to process credit through financial institutions As long as the members of cooperative societies desire to remain in the group, it is expected that they will give up to expectations, norms and values of the group (Ofuoku and Urang. 2009)

METHODOLOGY

This study was carried out in Abia State, in the agricultural zones of the state. The indigenous ethnic group in Abia state are the Igbo (98% of population) and a small population Igala (2% of the population) who live mainly in the non-western part of the state. Abia is a populated state in the Federal Republic of Nigeria and the second most densely populated states. The population of the study is made up all the members of agricultural cooperatives in Abia State. Abia State has a total of two thousand seven hundred and eighty-seven (2787) registered agricultural cooperative societies with a membership strength of thirteen One hundred and forty six thousand, four hundred and ten (463,410) (Cooperative Department Ministry of Commerce and Industry. Abia State).

To determine the sample size, of the purpose of questionnaire distribution, multi-staged sampling technique was adopted. At the first stage, the state was divided into three agricultural zones, namely- Ohiafa, Abia and Umuahia. The tree zones were selected. In the second stage, a sub-sampling also called a two stage sampling was carried out but judgmentally selecting two local government each from the agricultural zones making a total of six so as to help achieve the main objectives. According to Micheal, Oparaku and Oparaku (2012), Judgment sampling makes use of typical cases among the population to be studied, which the researcher believed was the result needed. In the third stage otherwise called the three- stage sampling, the simple random sampling technique used to select two towns each from each of the three selected local government in the

agricultural zone. The fourths stage was at random selection of two members of cooperative societies from each of the two towns. The table below shows the LGAs selected, towns, names of societies, their membership strength and sample size which was determined using the Taro Yamani Formula 1964.

		Town	Male	Female	Total
1.	Igwe bu ike FMCS	Ukwa	4	11	15
2.	Chukwu bu ike anyi FMCS	Osisioma	6	9	15
3.	Onye Aghala Nwanne ya FMCS	Obehi	16	21	37
4.	Nwanyi bu ihe FMCS	Eluama	3	7	10
5.	Chibuzor FMCS	Oboro	5	7	12
6.	Oso di Ama Mba FMCS	Bende	11	13	24
7.	Ngozi Chukwu ka FMCS	Ebem	2	35	37
8.	Ikwu na ibe FMCS	Ohafia	12	15	27
9.	Ebubechukwu FMCS	Olokoro	22	31	53
	Total		**81**	**149**	**230**

Field Survey, 2022

Bike = $\frac{146410}{230}$ 9.5 = 10

Chukwu bu ike anyi $\frac{146415}{230}$ 9.5 = 10

$\frac{146410}{230}$ = 23

$\frac{146410}{230}$ = 6

$\frac{146410}{230}$ = 8

$\frac{146410}{230}$ = 15

$\frac{146410}{230}$ = 23

$\frac{146410}{230}$ = 17

$\frac{146410}{230}$ = 34

The researcher explored tow sources of data which are the primary and secondary data. The primary data will be obtained from members of the six (6) selected cooperative societies in the three local government selected from the agricultural zone of the state, using a structured questionnaire.

Objective (i) of the study was analyzed using descriptive statistics such as frequency and percentages; Objective (ii) was analyzed using mean and standard deviation; Objective (iii) was analyzed using regression analysis. Objective (iv) was analyze using five point likert scale of strongly agreed, agreed, undecided, strongly disagree and disagree. The t-test statistics was used to test the hypotheses of the study. All the analyses were done using SPSS version 17.

Model Specification

$Y = y(x_1, x_2, x_3, y_4 \ldots\ldots X_n)$ …….. eq (1)

The linear from of the model is explicitly specified as follows:

$Y = a + \beta_1 + \beta_2 y_2 + \beta_3 y_3 + \beta_4 y_4$ ……eq (2)

The semi log form of the model is specified thus

$Y = a + \beta_1 \log x_1 + \beta_2 \log x_2 + \beta_3 \log x_3 + \beta_4 \log x_4 \ldots\ldots\ldots\ldots \beta_k \log x_k \ldots\ldots\ldots..eq(3)$

The double log from of the model is specified thus

$\text{Log } Y = a + \beta_i \log y_1 + \beta_i \log x_1 + \beta_2 \log x_2 + \beta_3 \log x_3 + \beta_4 \log y_4 + \beta_K \log y_4 \ldots\ldots\ldots..eq(4)$

The econometric form of the model becomes more realistic with introduction of the random or scholastic term ε. the econometric form of the model is expressed thus;

$Y = a + \beta_1 Y_1 + \beta_2 Y_2 + \beta_3 Y_3 + \beta_4 Y_4 + \beta_5 Y_5 + \beta_6 Y_6 + \beta_7 Y_7 \ldots\ldots\ldots\ldots\ldots\ldots eq\ (5)$

Where:

a = intercept

Y = amount of loan applied (in naira)

B_1- β_9 = Regression coefficient

ei = Error term.

The a and β_s are the parameters for estimation and ei is the error term.

X_1 = Age of members (yrs)

X_2 = Level of Education (yrs)

X_3 = family size (number of persons)

X_4 = membership duration (yrs)

X_5 = farm size (ha)

X_6 = Income of members (₦)

X_7 = loan repaid (₦)

ei = constant term

RESULTS AND DISCUSSIONS

Socioeconomic characteristics of the members of multipurpose cooperative societies.

A total of 150 questionnaires were distributed but only 145 was duly answered. The analysis was based on one hundred and forty-six respondents. The socioeconomic characteristics discussed include sex, age, marital status educational qualification, family size, farm size, duration of membership and total income of farmers.

Table 1: Distribution of Respondents Based on their Socioeconomic Characteristics

Options	Frequency (146)	Percentage (100%)
Sex		
Male	47	32.19
Female	99	67.81
Age (yrs)		
≤ 20	-	-
21-30	7	4.89
31-40	22	15.07
41-50	86	58.90
51-60	25	17.12
Above 60	6	4.11
Marital status		
Married	104	71.23
Single	23	15.75
Divorced	3	2.06
Widow/widower	16	10.96
Educational qualification		
Primary	10	6.85
Secondary	71	48.63
Tertiary	6.5	44.52
Family size		
1-3	19	13.01
4-6	87	59.59
7-9	37	25.34
10 - 12	3	2.06
Farm size (ha)		
1.00-2.00	98	67.12
2.01-4.00	36	24.66
4.01-6.00	9	6.16
Above 6.00	3	2.06
Duration of membership (yrs)		
Less than 5	15	10.27
5-10	28	19.17
11-15	66	45.22
Total income of (monthly) N		
Less than N30.00	22	15-07
30.000,01-60.00	59	40-41
60.000,01-90.00	35	23.97
90.000,01-120.00	27	18.39
Above 120.00	3	2.06

Source: Field survey 2022

Table 1 show the socioeconomic characteristics of the respondent, with respect to sex, 67.81 percent of the respondent were females while 32.19 percentwere males indicating more active participation of female than males in farmers' multipurpose cooperative societies activities. The age of the respondents showed that between 20yrs-30yrs constitutes 4.80 percent between 31-40yrs constitutes 15.07 percent, between 41-50 yrs constitutes 58-90 percent between 51 – 60yrs and above 60 yrs constitutes 17.12 percent and 4.11 percent respectively. The indicated that majority of the respondents are within the active, economic and productive stage of life.

Marital status showed that married respondents constitute 71-23 percent, single constitutes 15.75 percent while divorced and widow/widower constitutes 2.06 and 10.96 respectively. This implies that majority of the respondents are marred and joined FMCS because they know what they gain from been a member. Educational qualification showed that primary school constitutes 44.52 percent. This implies they acquire enough education which can help to enhance their economic activities. Family size shows that between 1-3 persons constitute 13-01 percent, between 4-6 persons constitutes 59.59 percent, while between 7-9 persons and between 10 persons and above constitutes 25.34 percent and 2.06 percent respectively. This indicated large households and high level of dependency ratio among the FMCS.

Farm size shows that between 1.00 -2.00ha constitute, 67.12 percent between 2.01-3.00 constitutes 24.66 percent while 4.01-6.00ha and above 6.ha constitutes 6.16 percent and 2.06 percent respectively. This implies that majority of the respondents are small holders farmers that is why they joined cooperatives to pull their resources together to achieve a common goal.

Duration of membership shows that less than 5 yrs constitutes 10.27 percent, between 5-10yrs constitutes 19.17 percent, between 11-15yrs constitutes 45.22 percent while above 15yrs constitutes 25.34 percent. This implies that they are gaining something reasonable that is why they stayed remain a member for a long period of time.

Total monthly income of the respondents shows that less than N30,000 constitutes 15.09 percent between N30,000.01 and N60,000 constitutes 40.41 percent between 60,000.01 and N90,000 constitutes 23.97 percent between N90,000.01 and N120,000 constitutes 18.49 percent implied relatively low considering the economic dependency ratio and loan repayment burden.

Table 2: Distribution according to the amount of money applied for, amount approved, amount of money disbursed and amount rapid by the FMCS members

Options	Freq	Min (N)	Max (N)	Mean (N)	Std Dev.
Amount applied	146	50.500	450.500	201927.35	95343.404
Amount approved	146	50.500	450.500	248534.19	101139896
Amount disbursed	146	50.500	450.500	248534.19	101139896
Amount repaid	146	50.500	450.500	174576.92	107175.372

Sources: Field survey, 2022

Table 2 show with respect of the range of amount applied for amount approved, amount received and amount of money paid for by cooperative members. The minimum amount of money applied for, approved disbursed and repaid was fifty thousand, five hundred naira (N50,500) respectively. The maximum amount applied, approved, disbursed and repaid for was four hundred and fifty

thousand, five hundred naira (N450,500). On the average the amount of money applied for, approved, disbursed and repaid by the applicant was two hundred and one thousand, nine hundred and twenty-seven naira, thirty five kobo (N201927.35) Two hundred and forty-eight thousand, five hundred and thirty-four naira nineteen kobo, for approve and disbursed respectively while on hundred and seventy four thousand five hundred and seventy six naira ninety-two kobo repaid.

Table 3: Distribution of respondents based on economic factors affecting the FMCS credit repayment by the members

Variables	N	Mean	Std. Dev
Unprofitable scale of operation	146	3.75	0.655
Defective Management and shortage of skilled manpower	146	3.46	0.422
Inadequate storage and service input	146	3.55	0.755
Inadequate and ill-time supplies of required input	146	3.84	0.733
Administrative bottle necks	146	2.66	0.876
Corrupt and dishonest staff	146	3.53	0.422
Poor educational status of members patron	146	2.33	0.775
Low membership strength	146	3.77	0.557
Financial problem	146	3.89	0.64

Sources: field survey, 2022.

Table 3 shows all the factors affecting the FMCS members in repaying loan. Unprofitable scale of operations (3.75), defective management (3.46), inadequate storage and service inputs (3.55) inadequate and ill-time supplies of required input (3.84) Administration bottle neck (2.66) corrupt and dishonest staff (3.63) poor educational status of members patron (2.33) low membership strength (3.77) and financial problems (3.89). they were all identified a factors affecting the repayment of credits, however, inadequate and ill-time supplies of required inputs, and financial problems were identified to be major organizational factors affecting the FMCS members in credit repayment.

Table 4 Distribution of respondents based on the challenges faced by members of FMCS in credit repayment.

1.	**High interest rate**	**45**	**30.82**
2.	Short repayment period	110	75.34
3.	Relatively small amount of credit disburse	135	92.47
4.	Delay and difficulty in getting credit approved	120	82.19
5.	High cases of partiality and favourism	110	75.34
6.	Lack of collateral	95	65.07
7.	Changes in government policies	56	38.36
8.	High cost of input materials	130	89.04
9.	Administrative bottle neck	120	82.19

Source: Field survey 2022; *Multiple response recorded

Table 4 show the challenges faced by members of FMCS in credit repayment. Majority of the FMCS members (92.47%) agreed that the amount disbursed to them was relatively small, high cost of input materials (89.04%) while delay and difficulty on getting credit approved and administrative bottle neck was (82.19%) respectively short repayment period (75.34%) lack of collateral was (65.07%) and high cases of partiality and favoritism when disbursing credit to members. These

constrains were considered as major problems the members of FMCS faced in credit repayment while high interest rate (30.82%) and changes in government policy were also constraints but they are minor significant.

Table 5: Socioeconomic factors influencing farmers multipurpose cooperative members on loan repayment

Model	B	Std. error	T	Sig.
Constant	-101310.445	23721.009	-4.697	0.000
Age	122.919	683.911	0.179	0.858
Educational qualification	14254.736	2126.529	6.703	0.401
Farm size	3765.288	5074.751	0.742	0.304
Membership duration	2602.924	2053.858	1.269	0.207
Family size	15311.937	3878.798	3.948	0.000
Credit application cost	03.254	0.064	-3.768	0.000
Income	1.254	1.241	1.368	0.174
Credit obtained	-0.016	0.143	-0.114	0.909
Collateral	-0.204	0.090	-2.260	0.026
R	0.059			
R^2	0.919			
Adj. R^2	0.912			
F-Statistic	135.160			

Source: Computation from field survey, 2022

Socioeconomic factors were regressed on the amount of loan repaid. Table 4.4 showed that precision of the model in general the join effect of the explanatory variable in the model account for 91.9% of the variations in the factors affecting the credit repayment four coefficients namely; educational qualification, farm size, loan application cost and collateral value were significant at 5% and 1% respectively.

Age, membership duration and income for the members were not significant but is show positive relationship with credit repayment.

The organizational factors affecting the FMCS members' loan repayment ability are not significant.

Table 6: T-test statistics of factors affecting the members' credit repayment ability.

Variables	T	df	Sig.	Mean diff	Std error	95% interval difference lower	Confidence of the upper
Unprofitable scale of operations	555.002	145	0.000	3.74	0.663	3.50	3.76
Defective management and storage of skilled manpower	44.157	145	0.000	3.45	0.432	3.30	3.61
Inadequate and ill-time supplies of required production	65.520	145	0.000	3.83	0.743	3.63	3.86
Inadequate storage and service input administrative bottlenecks	43.553	145	0.000	3.54	0.765	3.29	3.60
Corrupt and dishonest staff	53.852	145	0.000	3.52	0.432	3.46	3.72
Poor educational status of members patron	34.820	145	0.000	2.32	0.765	2.31	2.58
Low membership strength	72.500	145	0.000	3.76	3.62	3.62	3.82
Financial problem	75.993	145	0.000	3.84	0.653	3.64	3.83

Source: Computation from field survey, 2022

T-test was employed to test the hypothesis. The result of the Test shows that all the factors (Unprofitable scale of operation, defective management and shortage of skilled manpower, inadequate and ill-times of required production, inadequate storage and service input, administrative bottlenecks, corruption and dishonest staff, poor educational status of member patron, low membership strength and financial problems) are significant. All the t-calculated values were significant at 0.000 significant level. This implies that the organizational are not significant.

CONCLUSION

The study examined the evaluation of credit repayment behaviour among members of farmers' multipurpose cooperative societies in Abia State. Education qualification, farm size, credit application cost, and collateral value are significant in influencing the credit repayment of the members of FMCS. From the result, a year increase in the educational qualification of the members will being about N14.254, 74 increase in the member's repayment ability. An increase in the member's farm size by a hectare will bring about N3,765.29 increase in the members' repayment ability about N1.00 increase in the members' credit application cost will bring about 25 reductions in the members repayment ability. A naira increase in the collateral value bring about N0. 204 reduction in the farmers' repayment ability.

RECOMMENDATIONS

Based on the above findings, the following recommendations were made. The farm should be encouraged to move into farm settlement where they can have access to increase farm land. The invariable will increase their productivity, income consequently credit repayment.

1. Credit application cost should be made to be free since it was being identified to be reduce members' repayment ability
2. Members of FMCS can be made to improve on their repayment of farm credit by adoption of income support measures which would serve as panacea.

3. Collateral value should be less so as to encourage members to borrow for agricultural production and repay with ease.
4. Leading institutions should ensure that whoever they are lending to meets a minimum threshold in asset value before loans are accessed. This will help to reduce default

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