AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.4, September-December, 2021https://ajemates.org
Impact Factor: SJIF 2020=5.536; SJIF 2021 = 5.57 Impact Factor URL: http://sjifactor.com/passport.php?id=21362
Ranking URL:http://sjifactor.com/masterlist.php?area=all&country=ng&ord=sjif

CREDITS REPAYMENT PRACTICES BY MEMBERS OF FARMERS MULTI-PURPOSE COOPERATIVE SOCIETIES (FMCS) IN SOUTH-EAST NIGERIA

Prof. O. T. Ibeneme
Department of Technology and Vocational Education
Nnamdi Azikiwe University, Awka-Nigeria
&
Augustina Ngozi Mmuo
Department of Social Sciences
Federal Polytechnic, Oko-Nigeria
tinammuo@gmail.com

ABSTRACT
The purpose of the study was to determined repayment of credit by members of Farmers' Multi-purpose Cooperative Societies (FMCS) in South-East Nigeria. Two research questions guided the study and four null hypotheses were formulated and tested at 0.05 level of significance. The study adopted descriptive survey design. The area of the study was South-East Nigeria. The population for the study was 4,277 Presidents of registered FMCs in South-East zone of Nigeria. The sample size for the study was 1079 drawn through stratified proportionate sampling technique using Taro Yamane formulae. The instrument used for data collection was Famers Multi-purpose cooperative societies' repayment of credits questionnaire (FMCSRCQ). The instrument was face validated by three experts- two from the department of Technology and Vocational Education and one from the Department of Educational Foundations both of Nnamdi Azikiwe University Awka. The instrument was pilot tested on 20 members of FMCS in Delta State and it yielded an internal consistency of 0.88. Frequency count, Percentages, Mean and Standard Deviation were used to analyze data related to the research questions. t-Test and Chi-square were employed to test the hypotheses at 0.05 level of significance. Findings from the study indicated among others that that Quarterly, six months, yearly and two years were the mode of repayment being utilized by members of the FMCs. Based on the findings, it was recommended among others that Commercial banks, microfinance banks, Bank of Agriculture should ensure that interest rates are fixed to the barest minimum.

Keywords: Repayment, Credit, Farmers, Cooperative, Societies

Introduction
Credit is the provision of money, commodities, items or services which payment will be made later as agreed by the concerned persons. According to Aryeetey cited in Aikaruwa and Sumari (2013), credit is an arrangement in which a lender gives money to a borrower, and the borrower agrees to repay the money, usually along with interest, at some future point(s) in time. The readiness and willingness to pay the money or credit are seen as the major factors to consider while demanding and supplying credit. This means that credit is given on trust and personal security or guarantees from known credit worthy individuals.

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.4, September-December, 2021https://ajemates.org
Impact Factor: SJIF 2020=5.536; SJIF 2021 = 5.57 Impact Factor URL: http://sjifactor.com/passport.php?id=21362
Ranking URL:http://sjifactor.com/masterlist.php?area=all&country=ng&ord=sjif

Muhammad (2015) classified credit sources into formal and informal.

Formal sources are also called institutional sources; they include financial institutions such as commercial banks, microfinance banks, Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) now known as Bank of Agriculture (BOA) among others. The loans are often granted by the government as part of its social investment. Informal sources otherwise referred to as non-institutional sources on the other hand include professional moneylenders, co-operative societies, traders and commission agents, relatives and friends.

Makorere (2014) stated that credit facility issued by financial institutions in form of loan to be repaid after an agreed period is risks-bound. These risks can take the shape and form of loan repayment risks, liquidity risks, fraud risks, regulatory risks, off-balance sheet risks and capital adequacy risks. According to the author, for financial institution to reduce risks, they need appropriate and effective loan repayment environments which include operating under sound loan provision processes, maintain an appropriate loan repayment administration, have clear procedures and criteria for evaluating a loan application, organized documentations and release of credits, efficient internal control systems and demanding adequate and easily reliable collaterals. In reality, it appears that most of the suggestions made by the author are currently being practice by most of the formal institutions. Consequently, most farmers may not be able to access such credits through the formal institutions, hence they mostly relied on the informal institutions, and cooperative society is one of them.

Cooperative society has been defined as incorporated association in which persons come together on their own free will to obtain some economic service which would be too difficult or too costly for them to obtain by individually (Okechukwu, 2011). International Cooperative (2015) defined cooperative society as autonomous association united voluntarily to meet their common economic, social and cultural needs and aspirations through a democratically-controlled enterprise. Taiwo, Udenze, and Agbasi (2015) saw cooperative society as an organization for the promotion of economic interests of its members. Co-operative generally is a type of business owned and managed democratically by members with similar interest. The services and benefits offered by cooperative society are distributed to members equitably on the basis of the share capital and patronage. Mbanefor (2012) noted that the spirit of co-operative as outlined by Rochdale Equity Pioneers is based on the value of honesty, openness, caring and social responsibility.

There exist a slight distinction between Co-operative and other forms of business organizations like Sole Proprietorship, Partnership, Limited Liability Company and Corporations. The differentiation is in the areas of the business practices. Okoli and Ezenwafor (2014) identified patronage refund as an element of co-operative societies which distinguished it from other forms of business. This means that earnings are returned to the patrons on the basis of how much each member contributed to the cooperative in a business year. Another practice is limited on equity.

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.4, September-December, 2021https://ajemates.org
Impact Factor: SJIF 2020=5.536; SJIF 2021 = 5.57 Impact Factor URL: http://sjifactor.com/passport.php?id=21362
Ranking URL:http://sjifactor.com/masterlist.php?area=all&country=ng&ord=sjif

This means payment to members according to the co-operative bye-law and legislations. Another practice is co-operation among co-operatives meaning working with other co-operatives through joint ventures, federated co-operatives, marketing agencies to improve efficiency.

In Co-operative societies, there are principles and practice which guide every member of the organization. These principles are the guiding rules which guide the activities of the members. It is these principles of co-operation that differentiate a co-operative society from other business organization. The principles of co-operation which are rules and regulations guiding the co-operative societies must be written in order to be effectively carried out. In a centenary congress organized by the International Co-operative Alliance (ICA) in Manchester which reviewed the 1995 ICA, adopted and endorsed the following co-operative principles: Voluntary and open membership, democratic management and control, member economic participation, autonomy and independence, education, training and information, co-operation among co-operatives, and concern for community. Members of cooperative societies are therefore obliged to observe these principles so as to ensure smooth operations and survival of their enterprise.

Cooperatives can be classified either as single-purpose or multi-purpose. Single-purpose cooperative societies usually have the objectives of providing only one service to themselves. For instance, Consumers cooperative societies sought to eliminate the problems created by middlemen in the supply chain of goods; while Producers Cooperative societies entails coming together of small producers to compete with large producers. Multi-purpose cooperative societies on the other hand are set up with the objectives of providing multiple services to their members. Farmers Multi-purpose Cooperative Society (FMCS) is one of them.

According to Agbo (2010), Farmers Multi-purpose cooperatives is a cooperative society that undertake diversified activities on the basis of a fully integrated framework of activities, planned according to the need of the socio-economic life of members. This type of cooperative societies is gaining wide popularity among Nigerians because of a number of benefits which include reduced administrative costs, diversification of interests and services, economies of scale and linkage of economic activities.

Despite the laudable objectives and the noble role play by FMCS, in Nigeria, it has been observed that FMCs who have the capability to extend credit face problems of default in the repayment of the principal and the accrued interest. The reasons for the default were attributed to poor management procedures, loan diversion and unwillingness to pay back loans (Nwafor, Fortune, Theresa, & Umebali, 2018). The consequence of this development when not properly evaluated is that FMCS may not be able to perform their roles and fulfil their obligations to their members optimally. The problem of this study put as a question is: What is the situation regarding repayment of credits by FMCs in South-Eastern Nigeria?

Research Questions

1. What are the modes of credit repayment by members of FMCS in South-East Nigeria?

AJEMATES

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.4, September-December, 2021https://ajemates.org
Impact Factor: SJIF 2020=5.536; SJIF 2021 = 5.57 Impact Factor URL: http://sjifactor.com/passport.php?id=21362
Ranking URL:http://sjifactor.com/masterlist.php?area=all&country=ng&ord=sjif

2. What are the ratings on utilization of modes of repayment of credit by members of FMCS in South –East Nigeria?

Hypotheses

1. There is no significance difference between urban and rural members of FMCS on modes of repayment of credit.
2. There is no significance difference between male and female members of FMCS on modes of repayment of credit.
3. There is no significance difference between urban and rural members of FMCS on their mean ratings of utilization of modes of repayment of credit.
4. There is no significance difference between male and female members of FMCS on their mean ratings of utilization of modes of repayment of credit.

Research Method

The design of this study was a descriptive survey design. This study was carried out in the South-East zone of Nigeria. South-East zone of Nigeria is made up of five states namely Anambra state, Abia state, Enugu state, Ebonyi state and Imo state. South-East has 94 Local Government Areas sharing boundaries with Cross-Rivers, Akwa-Ibom, Delta, Benue, Edo and Kogi States. The area was chosen for the study because it has many Famers' Multi-Purpose Co-operative Societies members who have need to access and repay credits. The population of this study was 4,277 which consist of Presidents of active registered Famers' Multi-Purpose Co-operative Societies from the five states of South-East zone of Nigeria namely Anambra, Abia, Ebonyi, Enugu and Imo states. A sample size of 1079 Presidents of farmers' multi-purpose co-operative societies was used for the study. The sample size was drawn using stratified proportionate random sampling technique. The FMCS were stratified along the five states in the study area and sampled proportionately based on the population of the FMCS in the states using Taro Yemane formula. The instrument for data collection was a 16 items structured questionnaire titled "Famers' Multi-Purpose Co-operative Societies Repayment of Credits Questionnaire (FMCRCQ)". The validity of the instrument was established through the opinions of three experts. In order to establish reliability of the instrument, copies of the instrument were administered on 20 members of FMCS in Delta State who were not part of the study sample. Data collected were analyzed for internal consistency and an overall reliability coefficient of 0.88 was obtained. Copies of the Famers' Multi-Purpose Co-operative Societies Accessibility and to Credits Questionnaire (FMCSACQ) were administered on the Presidents of the respective FMCs by the researcher with the help of five research assistants (one from each state). Frequency count, percentage, mean and standard deviation were used to analyze data related to the research questions and to ascertain the spread of the respondents' responses to the mean. Data for research questions one were analyzed using frequency count and percentages while for research questions two were analyzed using mean and standard deviation. The following keys to the codes were used in analyzing data to answer research questions two and four:

AJEMATES

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.4, September-December, 2021https://ajemates.org
Impact Factor: SJIF 2020=5.536; SJIF 2021 = 5.57 Impact Factor URL: http://sjifactor.com/passport.php?id=21362
Ranking URL:http://sjifactor.com/masterlist.php?area=all&country=ng&ord=sjif

Response Scale	**Rating Real Limits of Numbers**
Frequently (F)5	4.50-5.00
Occasionally(O)4	3.50-4.49
Rarely (R)3	2.50-3.49
Very Rarely (VR)2	1.50-2.49
Never (N) 1	0.50-1.49

For research questions one any item that score up to 51 percent "Yes" were regarded as an indication that the respondents agreed with the statement under consideration. Chi-Square was used to test the null hypotheses one, two while t-test statistics was used to test the null hypotheses three, four at 0.05 level of significance. A null hypothesis was not rejected where the p-value> 0.05. Otherwise, the null hypothesis was rejected.

Presentation of Results

Research Question 1

What are the modes of credit repayment by members of FMCS in South-East Nigeria?

Table 1
Modes of Credit Repayment by members of FMCS in South-East Nigeria

S/N	**Modes of Repayment**	**Yes**		**No**		**Remarks**
		Freq	**%**	**Freq**	**%**	
1	Weekly	19	1.973	944	98.027	No
2	Fortnightly	142	14.745	821	85.255	No
3	Monthly	236	24.506	727	75.494	No
4	Quarterly	614	63.759	349	36.241	Yes
5	Six months	837	86.915	126	13.085	Yes

AJEMATES

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.4, September-December, 2021https://ajemates.org
Impact Factor: SJIF 2020=5.536; SJIF 2021 = 5.57 Impact Factor URL: http://sjifactor.com/passport.php?id=21362
Ranking URL:http://sjifactor.com/masterlist.php?area=all&country=ng&ord=sjif

6	Yearly	742	77.050	221	22.950	Yes
7	Two Years	693	71.962	270	28.038	Yes
8	Three years	107	11.111	856	88.889	No

The data presented in Table 1 indicated that the respondents agreed that items 4, 5, 7, and 7 with (F > 51%) are the modes of credit repayment for members of the FMCs. However, the respondents disagreed with the other four items 1, 2, 3 and 5 with (F < 51%) as modes of credit repayment for members of the FMCS. Based on that, it can be concluded that four modes of credit repayment were available to members of the FMCS in South eastern Nigeria.

Research Question 2

What are the ratings on utilization of modes of repayment of credit by members of FMCS in South –East Nigeria?

Table 2: Utilization of Modes of Credit Repayment by members of FMCS in South-East Nigeria

S/N	Utilization of Modes of Repayment	N	Mean	Std. Dev.	Remarks
9	Weekly	963	1.34	1.523	Never
10	Fortnightly	963	1.47	0.543	Never
11	Monthly	963	1.29	0.864	Never
12	Quarterly	963	3.69	1.343	Occasionally
13	Six months	963	4.56	1.231	Frequently
14	Yearly	963	4.52	0.183	Frequently
15	Two Years	963	3.58	1.325	Occasionally
16	Three years	963	1.87	0.132	Very Rarely

The data presented in Table 2 show the ratings of the respondents on the utilization of mode of credit repayment by members of FMCs. The mean rating for the eight items

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.4, September-December, 2021https://ajemates.org
Impact Factor: SJIF 2020=5.536; SJIF 2021 = 5.57 Impact Factor URL: http://sjifactor.com/passport.php?id=21362
Ranking URL:http://sjifactor.com/masterlist.php?area=all&country=ng&ord=sjif

presented ranges from 1.34 to 4.56. Two items (13 & 14) were rated as frequently utilized, Two other items (12 & 14) were rated as occasionally utilized, only item 16 was rated as very rarely utilized, while three items (9, 10 & 11) were rated as never utilized. Based on this, it can be concluded that Quarterly, six months, yearly and two years were the mode of repayment being utilized by members of the FMCs.

Hypothesis 1

There is no significance difference between urban and rural members of FMCS on modes of repayment of credit.

Table 3: Chi-Square Analysis on Urban and Rural members of FMCS on their modes of repayment of credit

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	56.000[a]	7	.229
Likelihood Ratio	33.271	7	.958
Linear-by-Linear Association	6.998	1	.008
N of Valid Cases	963		

The data presented in Table 3 indicated that the value of the test statistic is 56.000 while the degree of freedom (df) is 7. The corresponding p-value of the test statistic is 0.229. Therefore, it can be concluded that since the p-value is greater than the level of significance (0.05), the null hypothesis was not rejected, which is an indication that there is no significant difference between the urban and rural members of Farmers Multi-purpose Cooperative Societies on their modes of repayment of credit.

Hypothesis 2: There is no significance difference between male and female members of FMCS on modes of repayment of credit.

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.4, September-December, 2021https://ajemates.org
Impact Factor: SJIF 2020=5.536; SJIF 2021 = 5.57 Impact Factor URL: http://sjifactor.com/passport.php?id=21362
Ranking URL:http://sjifactor.com/masterlist.php?area=all&country=ng&ord=sjif

Table 4: Chi-Square Analysis on Male and Female members of FMCS on their modes of repayment of credit

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.153[a]	7	.398
Likelihood Ratio	3.251	7	.573
Linear-by-Linear Association	1.102	1	.009
N of Valid Cases	963		

The data presented in Table 4 indicated that the value of the test statistic is 3.153 while the degree of freedom (df) is 7. The corresponding p-value of the test statistic is 0.398. therefore, since the p-value is greater than the level of significance (0.05), the null hypothesis was not rejected, which is an indication that there was no significant difference between the male and female members of Farmers Multi-purpose Cooperative Societies on their modes of repayment of credit.

Hypothesis 3: There is no significance difference between urban and rural members of FMCS on their mean ratings of utilization of modes of repayment of credit.

Table 5: Summary of t-test Analysis between the mean responses of urban and rural members of FMCS on their mean ratings of utilization of modes of repayment of credit

Position	N	Mean	SD	Df	t-value	p-value	Remarks
Urban	467	4.36	0.27	961	0.59	0.19	Not Significant
Rural	496	4.30	0.45				

The data presented in Table 5 revealed the mean response of Urban (4.36) and Rural (4.30) members of FMCs; the data revealed that both the Urban and Rural members of FMCs agreed on the utilization of modes of repayment of credit. The data from the table also shows that there is no significant difference between mean response of Urban and Rural members of FMCs ($t = 0.59$, $df = 961$, $p = 0.19 > 0.05$) on the utilization of modes of repayment of credit.

Hypothesis 4: There is no significance difference between male and female members of FMCS on their mean ratings of utilization of modes of repayment of credit.

Table 6: Summary of t-test Analysis between the mean responses of Male and Female members of FMCS on their mean ratings of utilization of modes of repayment of credit

Position	N	Mean	SD	Df	t-value	p-value	Remarks
Male	637	4.44	0.21	961	0.58	0.09	Not Significant
Female	326	3.89	0.32				

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.4, September-December, 2021https://ajemates.org
Impact Factor: SJIF 2020=5.536; SJIF 2021 = 5.57 Impact Factor URL: http://sjifactor.com/passport.php?id=21362
Ranking URL:http://sjifactor.com/masterlist.php?area=all&country=ng&ord=sjif

Data presented on Table 6 revealed the mean response of Male (4.44) and Female (3.89) members of FMCs; the data shows that both the male and female members of FMCs agreed on the utilization of modes of repayment of credit. The table also revealed that there is no significant difference between mean response of male and female members of FMCs ($t = -0.58$, $df = 961$, $p = 0.09 > 0.05$) on their mean ratings of utilization of modes of repayment of credit.

Discussion of Findings

Findings from research question 1 revealed that Quarterly, six months, yearly and two years were the mode of repayment of credit by members of the FMC. This finding is in line with Makorere (2014) whose results show that factors like interest rate, grace period, profitability, moral hazard, electricity rationing, and economic stability have strong effects in stimulating loan repayment behaviour. Because the longer the repayment period, the higher the interest rate. Kareem, Arigbabu, Akintaro and Badmus (2012) also validated this finding, according to them, the major way by which co-operative society increase co-operators capital formation is by granting credit services. The co-operative society gives timely loan to co-operators with varying modes of repayments which empower members to own their own business for sustainable socio-economic development and their wellbeing.

The study also revealed that there is no significance difference between male and female as well as urban and rural members of Farmers Multi-purpose Cooperative Societies on their modes of credit repayment of credit facility.

The findings for research question 2 shows that Quarterly, six months, yearly and two years were the mode of repayment of credit being utilized by members of the FMCs. This finding may not be unconnected with the fact that a farming season is made up of a year and it takes a year to produce most of the crops with the exception of few crops that may require more than a year. Other variables such as the experience of the farmer in the line of business and the yield produced within farming season as well as the amount obtained might also play a significant role in that regards. This is in agreement with Mohammad and Hooman (2009) who found out that farmer's experience, income; received loan size and collateral have positive effect while loan interest rate, total application costs and number of installation implies a negative effect on repayment performance of recipients.

The study also revealed that there is no significance difference between male and female as well as urban and rural members of Farmers Multi-purpose Cooperative Societies on their mean ratings on utilization of modes of repayment of credit facility. This is in line with the findings of Kivai and Urassa (2014) who assert that cooperative societies is made up of both male and female members living in both urban and rural areas, therefore, their utilization of modes of repayment may not be influence by either gender or geographical location.

Conclusion

The study determined repayment of credits by members of FMCS in south eastern Nigeria. Based on the findings that

AJEMATES
African Journal of Educational Management, Teaching and Entrepreneurship Studies
VOL.4, September-December, 2021https://ajemates.org
Impact Factor: SJIF 2020=5.536; SJIF 2021 = 5.57 Impact Factor URL: http://sjifactor.com/passport.php?id=21362
Ranking URL:http://sjifactor.com/masterlist.php?area=all&country=ng&ord=sjif

emerged from the study, it is expected that when these variety of repayments available and are adequately utilized; it will reduce significantly the cases of default in the repayment of credit facility. That will contribute significantly to the socio-economic development of the nation as well as ensure the sustainability of the FMCs.

Recommendations

Based on the findings of this study, it is recommended that:

1. Commercial bank loans, member deposit, microfinance bank loan, Bank of Agriculture should ensure that interest rates are fixed to the barest minimum.
2. Commercial bank loans, member deposit, microfinance bank loan, Bank of Agriculture should ensure that FMCs are kept abreast on the new products and services targeted at them.

REFERENCES

Aikaruwa, D. &Absanto, G. (2012).Credit rationing and loan repayment performance: the case study of Victoria savings and credit cooperative society. *Global Advanced Research Journal of Management and Business Studies, 2*(6), 328-341.

Asogwa, B. C., Abu, O. &Ochoche, G. E. (2014).Analysis of peasant farmers' access to agricultural credit in Benue State, Nigeria.*British Journal of Economics, Management & Trade, 4*(10),1525-1543.

Bitter, K. (2017). Dispersant Performance: Finding new results in existing data. International oil spill conference proceedings. Madrid 704-724

Chandio, A. A., Jiang, Y., Saihto, J. G. M. &Larik, S. A. (2016). Impact of formal credit on agricultural output: Evidence from Pakistan. *African Journal of Business Management, 10* (8), 162-168.

International Cooperative Alliance (ICA) (1995), Statement on the Cooperative Identity, in *Review of International Cooperation*, *88*(3).

Makorere, R. F. (2014). Factors affecting loan repayment behaviour in Tanzania: Empirical evidence from Dar es Salaam and Morogoro regions. I*nternational Journal of Development and Sustainability, 3*(3), 458-492.

Muhammad, A. S. (2015). Sources and uses of agricultural credit by farmersIn Dera Ismail Khan (District) Khyber Pakhtonkhawa Pakistan.*European Journal of Business and Management, 3*(3), 111-121.

Ofana, O.G.,Efefiom, E.C and Omini, E.E (2016). Constraints to Agricultural department in Nigeria. International Journal of Development Economics.4(2),19-33

Oguonu, C. &Ezeibe, C. (2014).Access to formal and informal credit by smallholder farmers in Nigeria.*The Social Sciences, 9*(6), 476-481.

Okechukwu, R. (2011). Distribution of improved varieties of cassava and potential impact on root yield and

disease reduction in Nigeria. *African Journal of Root and Tuber Crops*, *9*(1), 58-63.

Okoli, C. I. & Ezenwafor, J. I. (2014). Administrators' assessment of the provisions of cooperative education for success of agricultural cooperative business owners in Anambra State. NAU Journal of Technology & Vocational Education, 1(1), 76-85

Taiwo, A. O., Udunze, U. M., &Agbasi, O. E. (2015). Effects of cooperative membership on the empowerment of women in Osun state of Nigeria. *International Journal of Business and Economics Research.,2,* 21–29. doi:10.11648/j.ijer.20150402.11

United Nations Industrial Development Organization (2001). Industrial Development Reports. Accessed at www.unido.org/resources - publication flagship-publication-Industrial-development-report-series/industrial-development-report-2001. Retrieval date 21/3/19

AJEMATES