IMPACT OF LOANS ON RURAL FARMER'S PRODUCTION OUTPUTS

A CASE STUDY OF MITYANA TOWN COUNCIL

BY

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A RESEARCH DISSERTATION SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR AWARD OF A BACHELOR'S DEGREE IN BUSINESS ADMINISTRATION (ACCOUNTING AND FINANCE) OF KAMPALA INTERNATIONAL UNIVERSITY

AUGUST, 2019
DECLARATION

I, Nassali Aisha certify that this Research dissertation is my original work and has never been submitted by any one in any institution, University for any award.

SIGN ..................................... DATE 4/9/2019

NASSALI AISHA

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APPROVAL

I, the undersigned certify that Nassali Aisha did this Research proposal under my supervision and is now ready for submission and examination.

Sign, ..................................  Date: ..................................

MS. MUDONDO ERINAH
SUPERVISOR
DEDICATION

I dedicate this dissertation to beloved family, my friends and sisters, my academic supervisor and all those who contributed significantly to my education.
ACKNOWLEDGEMENT

I extend my special thanks to the almighty God for his wonderful blessing and guidance. Without God’s intervention I would not have reached this far.

I am grateful to my supervisor Ms. Mudondo Elinah for the great assistance and guidance given to me throughout the research process without which the research would not have been a success.

Special thanks go to my respondents who spared their time to give me the data required to accomplish this study.

Special thanks go to all my lecturers at KIU and teachers in all schools I attended. Without all of you, finishing this course would not be easy. I will live to remember you. God bless you.

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CHAPTER ONE:
INTRODUCTION

1.0 Introduction.

The chapter presented the background of the study statement of the problem, purpose of the study Objectives of the study, research questions and the significance of the study.

1.1 Background to the study

In finance, a loan is the lending of money from one individual, organization or entity to another individual, organization or entity. A loan is a debt provided by an organization or individual to another entity at an interest rate, and evidenced by a promissory note which specifies, among other things, the principal amount of money borrowed, the interest rate the lender is charging, and date of repayment. A loan entails the reallocation of the subject asset(s) for a period of time, between the lender and the borrower. In a loan, the borrower initially receives or borrows an amount of money, called the principal, from the lender, and is obligated to pay back or repay an equal amount of money to the lender at a later time. The loan is generally provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. In a legal loan, each of these obligations and restrictions is enforced by contract, which can also place the borrower under additional restrictions known as loan covenants. Although this article focuses on monetary loans, in practice any material object might be lent. Acting as a provider of loans is one of the principal tasks for financial institutions such as banks and credit card companies. For other institutions, issuing of debt contracts such as bonds is a typical source of funding. (Guttentag, 2012)

Agriculture loans are helpful in minimizing financial constraints encountered by farmers. Agriculture small loan schemes offer small rural farmers a simple access to loan. These schemes use non-formal loan-structural arrangements like collateral substitutes, group loaning, collateral free loans, short term progressive loans and varied installments schedules. The agriculture small loan institutional and operational framework is different than formal business financial institutions. The primary source of funds for agriculture small loan institutions is not on deposits collection. The agriculture small loan institutions provide financial services mostly to small scale
and landless farmers. In addition to provide farming loan, agriculture loan institutions also provide non-credit services like capacity building, vocational trainings and assisting in marketing of agriculture commodities. To fulfill the farmers’ demand for optimal use of inputs in agriculture farming, an efficient credit market can be helpful for improving the efficiency of crops productivity, farmers’ livings and sustained growth. (Feder, et al., 1990).

In spite of recent improvements in agriculture loan sector, the increase in crop production is still a challenge. For agriculture small loan institutions, it is very important to understand the nature and context of agriculture crops and their potential role. Actually, agriculture financing needed a different approach as compared to typical microfinance organizations. The characterization of agriculture sector include the unpredictable returns on capital, slower velocity of capital, higher uncontrolled natural risks and lack of finance & business knowledge by farmers. Although it is believed that higher output levels can be achieved by applying new production technology but to gain access to such technology, credit is prerequisite particularly for the small subsistence farmers with little or no capital of their own. Hence, agriculture small loan is conceived very critical in enhancing crop production and mitigating many challenges associated with agriculture growth (Miller, 2011).

1.2 Statement of the Problems

Ugandan Government through effort made to support local government such as municipality, Town councils in projects like finance to cater for rural citizens particularly those in agriculture production a case in Uganda wealth creation, NAADS, Centenary Bank Agriculture loan among others for better improvement of economy have motive agriculture production and assist farmers in linking farmers to suppliers with high quality seeds and fertilizers, low-cost banking maximize crop yields, cover the costs of planting and harvesting and selling. Despite all these efforts in place farmers are continuously harvesting low output this need to study Impacts of loan

1.3 Purpose of the study

The purpose of the study was to investigate the impact of loans on rural farmer’s production outputs.
1.4 Objective of the study

i. To analyses types of rural loans given to farmers to boost production.

ii. To assess requirements of loan to farmers.

iii. To examine effects of loans on rural farmer’s production out puts.

1.5 Research question

The following question was guide the study.

i. What are some of requirements of loan to farmers?

ii. What are types of rural loans given to farmer’s to boost production.

iii. What are effects of loans on rural farmer’s production out puts?

1.6 Scope of the study

1.6.0 Time scope

This research covered the period of 2017-2018 and areas like the total loan and GDP. Moreover, the study is limited to the Ugandan economy. It is equally limited by time and limited source of data.

1.6.1 Content of the Scope

This study is organized in five chapters and data analyzed from empirical stand point. The first chapter talks on introduction of the loans, its impact on effects of loans on rural farmer’s production out puts.

1.6.2 Geographical Scope

The research carried out in Mityana Town council in Mityana district area where practice of farmers are.
1.7 Significance of the Study

The outcome of the research project was to be of great benefit to the farm managers in agricultures. By identifying strengths and weaknesses of loans, policy formation can be made in future by drawing from the research outcome.

The financial analyst was fine interest in the outcome of the research project work. It was go a long way to adding to their knowledge when was be of great importance in the exercise of their responsibility of giving professional advices to their client.

On a personal note, the study would be an invaluable asset to this researcher as a progressive student of economics. Finally, future researchers both student and non-student would also find this study indispensable.

1.8 Conceptual framework

Figure 1: Conceptual Framework

<table>
<thead>
<tr>
<th>INDEPENDENT VARIABLE</th>
<th>DEPENDENT VARIABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOANS</td>
<td>Production output</td>
</tr>
<tr>
<td>- Unsecured Loans</td>
<td>- Land Preparation</td>
</tr>
<tr>
<td>- Open-ended Loans</td>
<td>- Planting</td>
</tr>
<tr>
<td>- Close-ended Loans</td>
<td>- Spraying</td>
</tr>
<tr>
<td>- Non-Conforming Loans</td>
<td>- Fertilizers</td>
</tr>
<tr>
<td>- Secured Loans</td>
<td></td>
</tr>
</tbody>
</table>

Intervening Variable

- No Financial Access
- Low-Quality Resources
- Side-Selling
- No Access To Markets

Source; modified and adopted from the (Rosenbery, 2009)
This shows the relationship between two variables; the independent variable is loan which includes Unsecured Loans, Open-ended Loans, Close-ended Loans, Non-Conforming Loans and Secured Loans. The Dependent Variable is performance defined factors like Land, Preparation, Planting, Spraying and Fertilizers Performance depends on credit risk management system and to enhance the level of loan performance, institutions should make sure that credit management system is advance and working with high skilled employees in the institution. When client has been screened well and check by credit officer's production output No Financial Access

Low-Quality Resources, Limited Agricultural Skills, Side-Selling and No Access. To Markets

The credit risk management system depends on client appraisal, credit terms and conditions which influence loan performance. Credit management system contributes large portion on loan performance, if credit has been managed well causes improvements on production output and high profit among farmers. But if it is not it causes loan default, low profit and lack of cash flow in the institution.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature. A review of the past literature is a crucial endeavor for any academic research. This chapter reviews literature on loans and various aspects on farmer’s production output.

2.2 Definition of the key terms

Large loans into small units for wide distribution. The steady trend toward institutionalization of savings, together with the application of stricter controls (reflected in higher costs) of public distribution of securities, have led many concerns to "wholesale" their debt securities directly to the large investing agencies. "While securities privately placed by business corporations generally mature after longer periods than do term loans, and in fact "straddle" the medium-term and long-term business credit markets, it would be illogical to differentiate medium-term private placements from term loans. Both media compete in the same credit market. (Glover, D., & Kusterer, K. 2016).

Term loans are closely related to, but are to be differentiated from, purchases by banks of instalment contracts arising from the sale of commercial and industrial equipment. The bulk of such instalment paper pays out over periods exceeding a year, and in a sense reflects the extension of term credit to the buyer of the equipment as well as to the seller who transfers the contract to the bank. There are a number of reasons why it is inadvisable to regard the acquisition of such instalment contracts by a bank as term lending. (Chen, J., & Hu, Q. 2015).

Definition of farmers is basis for study on them, and is also an important basis for construction of Chinese modern agriculture. China has a brilliant ancient agricultural civilization, so the concept of farmers was recognized early in the old times.
According to relative literatures, initial demarcation on farmers was mostly made based on their identity. For instance, in “Gu Liang Zhuan · Cheng Yuan Nian” (BC590), it is recorded that, “there are four types of civilians, namely, bookmen, merchants, farmers, and craftsmen.” “Four types of civilians” here may refer to the system of “Four types of civilians for different occupations” by Guan Zhong. When as prime minister of Qi Guo, Guan Zhong implemented this system. And he regarded the following as measure for stabilizing the national order: sons of scholars as scholars forever, sons of merchants as merchants forever, sons of farmers as farmers forever, and sons of craftsmen as craftsmen forever”. Afterwards, “Han Book Shihuo Records” named as the first Chinese economic history, further expounded on the signification of “four types of civilians”, namely, “those that learn to be an official named as bookmen, those that plough and plant named as farmers, those that make handicrafts named as craftsmen, and those that sell goods names as merchants”. From the classification standard, we can see that, farmers at that time referred to those “that plough and plant” and undertook agricultural production. This knowledge has been influential until now. “Ci Hai” published by Shanghai Ci Pressing House in 2014, and “Dictionary of Economics” in 2011 explained respectively on farmers like this: “laborers who directly conducted agricultural production”, and “laborers who directly conducted agricultural production (not including agricultural workers).”

Externally, definition on farmers by the American Everett M. Rogers is production in general. Desai (2015) pointed out that the three main objectives of institutional finance for the agricultural and rural sector are, promoting growth, ensuring better equity and making financial operations viable. There is relatively a longer operating cycle for a farm enterprise, especially for a tree crop farmer, there is a vast gap between the time of expenditure and income generation.

Direct rural credit for working capital purposes includes only loans for crops. The regular crop loan system is normally used but loans for soil and moisture improvement, land reclamation and leveling, simple soil turning operations which farmers periodically undertake are rarely planned for. Therefore, the need to combine them and working capital loans and credit for all these purpose like well irrigation, purchase of farm implements, power tiller, tractor etc. is too
obvious to elaborate. Thus, rural financial institutions should adopt a more flexible approach to
direct rural credit rather than confine to the "avowed" purpose for extending such credit

Johan F.M. Swinnen and Hamish R. Gow (2013) Observed that agriculture credit markets work
imperfectly even in countries with a developed market economy and government intervention in
the market is widespread. For most of the banks, financing agriculture is a high-risk activity
because of low profitability in the sector, high nominal inflation, problems with collateral
because of uncertain property rights and ineffective land markets.

Elizabeth Coffey (2012) identified that although numerous new or reformed financial institutions
have emerged, substantial gaps persist in many rural financial markets. These gaps relate to
scarce provision of formal agricultural credit to small farmers, a paucity of medium- and long-
term lending, and few deposit facilities in rural areas. The absence of these financial services has
important implications for agricultural development and for small farm households. Major
segments of agriculture cannot modernize without the support of a strong financial system. An
increasingly capital-intensive agriculture requires access to working capital and seasonal loans
along with medium- and long-term credit.

Productivity of Agricultural Credit: A Review of Other Important Issues To address the issue of
productivity of agricultural credit, we have to look at the conditions precedent that makes credit
effective. In the following section, we review these issues. We need to recognize the fact that
Indian agriculture is going through a fundamental change in recent times and in some areas
leading to agrarian distress.

Technology Issues: Indian agriculture has gone through a fundamental change after the green
revolution years. Farmers have shifted from their traditional crops to varieties that improve
yields, but are resource intensive. An estimated 40 percent of the Gross Cropped Area was listed
under high yielding varieties This is also seen in the shift in cropping pattern from coarse cereals
to other grain. For instance, between the decade of the 2013 and 2015 the area under Rice,
Maize, Wheat, Tur, Sugarcane, Oilseeds, grew dramatically, the area under Jowar, Bajra, Ragi,
Barley, Small Millets, gram, and fibers other than Cotton and Jute fell This shows a significant
movement away from saved seeds [which were under the control of the farmers] towards
purchased inputs.
N.S. Parthasarathy (2014) observed that the rural financial system has played an important role in Syrian agriculture through state owned agricultural credit institutions, fixed subsidized interest rates, and integration of input, credit and output procurement. In agricultural lending, average loan size has been increasing and the number of beneficiaries is dwindling suggesting that the smaller farmers may be gradually getting left out. In the lower zones, for farmers with no collateral, the group lending concept through micro-finance groups could be tried out on a pilot scale, the concept is particularly suited where communities have strong group cohesiveness and are ready to assume responsibility for supervising their funds.

Working group on agriculture credit, cooperation and crop insurance (2012-17) has observed that in the past few decades, credit has played a very important role in supporting agriculture production and investment activities. The flow of agriculture credit has increased tremendously in agriculture loans. Credit is a key factor in agricultural development. In the context of technological up gradation and commercialization of agriculture which is envisaged in the coming years, it is necessary that credit support to agricultural sector is stepped up considerably. There is a close relationship between the credit and agricultural productivity. The ratio of inputs to outputs in agriculture has been a constant. The real solution lies in enhancing the profitability of agriculture by increasing the productivity and reducing the cost of production so as to make the agricultural produce competitive in the international market.

Muhammad and Shah (2013) in their study, ‘Agricultural Production Credit Requirements in D.I. Khan District’ concluded that the system of disbursement of loans of credit institution was not based on the actual needs of the farmers. He further stated that the structure of the society was such that resourceful farmers succeeded in securing loans more than their requirements while non-influential farmers failed to fulfill even their requirements.

Kurulkar (2014) in his published work on the topic of ‘Agricultural Finance in Backward Region’ reported glaring defects in the set-up of co-operative credit system. He pointed that out of the ten sample owners who obtained long-term credit from the co-operative banks, 30% could not secure short-term credit. Lack of short-term or production credit to the farmers who availed long-term credit resulted in lower output per acre, thereby resulting in over dues.
2.3 Theoretical framework

Recovering policy

The debt collection policy (recovery policy) of the bank is built around dignity and respect to customers. The Bank was not to follow policies that were unduly coercive in recovery of dues from borrowers. The policy is built on courtesy, fair treatment and persuasion. The bank believes in following fair practices with regard to recovery of dues from borrowers and taking possession of security (properties / assets charged to the bank as primary or collateral security) (known as security repossession) and thereby fostering customer confidence and long-term relationship.

The repayment schedule for any loan sanctioned by the Bank was to be fixed taking into account the repaying capacity and cash flow pattern of the borrower. The bank was to explain to the customer upfront the method of calculation of interest and how the Equated Monthly Installments (EMI) or payments through any other mode of repayment was to be appropriated against interest and principal due from the customers. The bank would expect the customers to adhere to the repayment schedule agreed to and approach the Bank for assistance and guidance in case of genuine difficulty in meeting repayment obligations (Pandey, I. M 2013).

The Bank's Security Repossession Policy (taking possession of the mortgaged properties under SRESI Act or acquiring the property as nonbanking asset through enforcement of decree) aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property. All the practices adopted by the bank for follow up and recovery of dues and repossession of security in consonance with the law (Robinson, 2014).

In finance the term recovery refers to collection of amount due. The normally recovery depends on the purpose, time and condition, business running process. The manager can fix installment period on the basis of nature of their business example: Installment fixes on salaried person on the monthly basis, Business person normally 1 year per installment (Pandey, I. M. 2013).
Client appraisal

The first step in limiting credit risk involves screening clients to ensure that they have the willingness and ability to repay a loan. Credit risk management is one of the most important activities in any company and cannot be overlooked by any economic enterprise engaged in credit irrespective of its business nature. It was the process to ensure that customers pay for the products delivered or the services rendered. Kenny, S., & Gowran, R. J. (2014) describe credit management as methods and strategies adopted by a firm to ensure that they maintain an optimal level of credit and its effective management.

Microfinance Institutions use the 5Cs model of credit to evaluate a customer as a potential borrower (Madura, 2014). The 5Cs help MFIs to increase loan performance, as they get to know their customers better. These 5Cs are: character, capacity, collateral, capital and condition.

Character- Character is a tool that provides weighting values for various characteristics of a credit applicant and the total weighted score of the applicant is used to estimate his credit worthiness (Muñns, M. 2015). This is the personal impression the client makes on the potential lender.

Collateral- Collateral is any asset that customers have to pledge against debt (Severino, F. 2015). Collateral represents assets that the company pledges as alternative repayment source of loan. Most collateral is in form of hard assets such as real estate and office or manufacturing equipment. Alternatively accounts receivable and inventory can be pledged as collateral. Lenders of short-term funds prefer collateral that has duration closely matched to the short-term loan.

Capital- According to Weston and Eugene (Ross, S. A. 2013), Capital is measured by the general financial position of the borrower: as indicated by a financial ratio analysis, with special emphasis on tangible net worth of the borrower’s business. Thus, capital is the money a borrower has personally invested in the business and is an indication of how much the borrower has at risk should the business fail. Condition refers to the borrower’s sensitivity to external forces such as interest rates, inflation rates, business cycles as well as competitive pressures. The conditions focus on the borrower’s vulnerability.
Conditions- Lenders consider a number of outside circumstances that may affect the borrower’s financial situation and ability to repay, for example what’s happening in the local economy. If the borrower is a business, the lender may evaluate the financial health of the borrower’s industry, their local market, and competition. Some lenders develop their own loan decision “scorecards” using aspects of the 5 C’s and other factors. Example: borrower’s credit used vs. credit available.

Capacity- Refers to your ability to meet the loan payments. The prospective lender wanted to know exactly how you intend to repay the loan. The lender was to consider the cash flow from the business, according to (Cowan, N. 2014) defines cash flow as the cash a borrower has to pay his debt. Cash flow helps the MDI’s to determine if the borrower has the ability to repay the debt, the timing of repayment and the probability of successful repayment of the loan. Lenders were also to consider payment history as an indicator of future payment potential. For example, if you have a history of not paying back loans then it becomes more difficult to obtain additional loans.

Nelson (2014) views credit risk management as simply the means by which an entity manages its credit sales. It is a prerequisite for any entity dealing with credit transactions since it is impossible to have a zero credit or default risk.

2.4 Types of loans

Conventional Loans

Conventional loans are mortgage loans from mortgage lending institutions not backed by an agency of the government. Conventional loans can be either conforming or non-conforming. (Renuart E. 2013)

Conforming Loans

A conforming loan conforms to the guidelines set by Fannie Mae and Freddie Mac. The main guideline is the maximum loan amount. This amount can vary depending on the home’s location for example, a house in a high-income area can be eligible for a larger loan than one in a general
income area. Other qualification guidelines are concerned with the borrower's debt-to-income ratio, loan-to-value ratio and credit history. (Adelino, M., Schoar 2013)

Non-Conforming Loans

Non-conforming loans do not conform to the qualifications and guidelines set by Fannie Mae and Freddie Mac corporations. If you require a loan larger than a conforming loan, you were to be looking at non-conforming loans, such as jumbo loans.

Secured Loans

With a secured or collateral loan, you leverage personal property to obtain the loan. If you default, the property is transferred to the lender. The interest rate and loan amount can vary depending on the value of the property you leverage. Generally, higher value property can get you a larger loan and possibly a better interest rate, although other factors such as loan length and credit history was also to be taken into consideration.

Common examples of personal property used to secure a loan include these possessions:

- Houses
- Vehicles
- Savings accounts and CDs

Unsecured Loans

Unsecured loans are not backed by collateral, so the interest rate and size of the loan is determined by your credit history and income. Unsecured loans are also known as personal or signature loans. If you have a good income, sterling credit and a solid payback plan, these can be a good option.

Open-ended Loans

Open-ended loans are loans with a fixed-limit line of credit that can be borrowed from again after they have been repaid. Credit cards are one type of open-ended loan. A home equity line of
credit, or HELOC, is another. HELOCs work like this: The lender approves you for a certain amount of credit based on a percentage of your home’s appraised value, minus the balance owed on your mortgage. The sum acts as a credit line you can borrow from, pay back and borrow from again.

**Close-ended Loans**

Closed-ended loans are loans that cannot be borrowed from again, like student loans, mortgages and car loans. The loan decreases with each payment. If you want more credit, you have to apply for a new loan. If you need a set amount of money and nothing more, this is a common way of doing so. (Panneer selvam, R. 2014)

Demand loans are short term loans that are typically in that they do not have fixed dates for repayment and carry a floating interest rate which varies according to the prime lending rate. (Paciorek, A. 2017)

A subsidized loan is a loan on which the interest is reduced by an explicit or hidden subsidy. It refers to a loan on which no interest is accrued while a student remains enrolled in education. (Jack 2013)

Concessional. A concessional loan, sometimes called a "soft loan", is granted on terms substantially more generous than market loans either through below-market interest rates, such loans may be made by foreign governments to developing countries. (A. Volcker 2013)

**2.5 Effects of loans on rural farmer’s production out puts.**

Cost to serve - Rural financing involves higher transaction costs than in urban areas (aggregation issue), because of distances between borrowers, lower population densities, lower quality infrastructure and the impact of seasonality and risk of rural production activities. This means banks and related financial institutions tend to focus more on urban than rural clients.

Seasonality and loan term structure – frequently long gestation periods from planting/livestock birth to harvest/slaughter means that agricultural credit may need to be repaid in “lumpy installments”
Heterogeneity of farming and lack of information — range of farm and non-farm income can make the assessment of loan suitability more complex.

Production and yield risks uncertainty due to natural hazards such as weather, pests and disease.

Market and price risk fluctuations in price, particularly where markets are likely to be imperfect and information may be lacking.

Risk of loan collateral limitations local farmers may lack land title or land value may be low, moveable farm assets such as livestock and equipment are higher risk forms of security.

Moral Hazard

With risky debt and limited liability, the higher the loan interest rate, the lower the borrower's net return from a project and the greater his incentive to switch to a riskier project (Finkelstein, A. 2013).

There are two periods and three points in time \(\{0, 1, 2\}\). At time 0, the borrower knows that he needs funds next period \((t = 1)\) to invest in one of two mutually exclusive projects \(\{h, l\}\). Each project requires a $1 investment, which is assumed to be financed by a bank loan. The projects have the following characteristics: If the project is successful with probability \(\mu_i\), it generates a cash flow \(X_i, i\in\{h, l\}\) and zero otherwise. It is also assumed that \(X_h > X_l\) and \(\mu_h < \mu_l\). Hence, \(l\) is a low-risk project and \(h\) is a high-risk project. It is further assumed that \(X_l \mu_l > X_h \mu_h\). That is, the low-risk project is socially optimal. At time 0, the market interest rate at time 1 is random. (Thakor, 2016)

Investment Distortions

Moral hazard created by debt financing is not limited to the asset-substitution problem described above. Loan commitments also address overinvestment, underinvestment, and suboptimal liquidation problems. From a modeling point of view, papers in this category use Boot, Thakor, and Udell’s “tax now, subsidize later” idea but relax the “simple-project” assumption. (Admati, A. R., DeMarzo. (2018)).
Help Banks Balance Reputational and Financial Capital Optimally

Loan commitments are discretionary contracts because the MAC clause gives the bank the right to refuse a loan when the borrower requests it. However, if a bank honors its commitment even when it is costly to do so, it can enhance its reputation for keeping its promises. A good reputation makes its future commitments more valuable because borrowers are willing to pay a premium for a credible commitment. Thus, a bank may use the loan commitment to enhance its reputation. (Seabright, P. 2010).

The commitment and service fee combination is not the only screening mechanism. (Clinical Oncology. 2014) develop a rationale for using commitment and usage fees jointly. In their model, there are three types of borrowers: good (G), medium (M), and bad (B). G is more likely than M to have a profit-able project and therefore more likely to take down the loan. B does not have a project to invest in. The bank wants to lend to G and M but not to B. In this case, the commitment fee alone is not enough to separate the types because if the fee is set to a level at which M can invest and B does not wish to invest, G will mimic M although he can pay a higher fee. Note that the commitment is more valuable to G than to M because G is more likely to exercise its option. Solving this problem requires making M's contract less attractive to G's manager. This is achieved by reducing the payoff to firm M in the state in which the loan is taken down, by increasing the interest rate. This increase diminishes the value of the commitment less for M than for G because M has a lower probability of taking down the loan. Because the bank operates in a competitive market, it reduces the commitment fee to compensate M for the higher interest rate. The problem is that this simultaneous reduction in the commitment fee makes the contract attractive to B. A usage fee makes the contract expensive for B because he never takes down the loan. On the basis of their model, Shockley and Thakor make the following four predictions and provide evidence to support them. First, if the fee structure helps reveal the borrower's type, loan commitments should contain a pricing structure with multiple fees when the firm has assets that are hard to value or the firm's credit quality is poor. Second, there must be a negative correlation between interest rate markups and usage fees (James, C. M. 2013). shows that the structure of the borrower's industry determines the terms of loan commitments. In industries with imperfect competition, the option to acquire financing at predetermined rates enhances the borrower's strategic position and creates value for the
borrower. A firm that has access to resources at a lower marginal cost than its competitors has a strategic advantage that it can exploit to gain a larger market share and higher profits. A firm can create such an advantage by purchasing, for a fixed initial fee, an option to acquire financing on favorable terms. The ability to exercise the commitment makes the firm a strategic threat to its rivals and moves the industry to an equilibrium more favorable to that firm. Therefore, it is optimal for all firms to acquire bank loan commitments, altering the industry equilibrium in the process.
CHAPTER THREE
METHODOLOGY

3.0 Introduction

This Chapter presents the research designs, techniques, method of data collection, study population, sampling and procedures of data collection, data presentation and analysis and the limitations.

3.1 Research design.

The researcher used a descriptive and analytical research design in establishing a relationship between loans and farmer's production. Both methods were applied in order to exhaust all the areas in research. The study is based on a single case study to enable a broad cross section of researchers in order to facilitate the great understanding of the phenomenon and apply a series of statistical tests to help in the presentation of the data to the researcher.

3.2. Population of the study

The study population consisted of mainly 70 employees who work in Mityana Town council

3.3 Sampling size

The sample size consisted of mainly employees who work in Mityana Town council. The research was obtained after employing Solven's formula

Where by: n= the sample size

e = the level of significance, that is 0.05

N is total population of respondent that is 70

a= the level of significance that 0.05

\[ n = \frac{n}{1 + n(e)^2} \]
\[ n = \frac{70}{1 + 70(0.05)}^2 \]

\[ n = \frac{70}{1 + 70(0.0025)} \]

\[ \frac{70}{1.175} \]

N = 59.57

n = 60

Sampling size is 60

**Table 1: Sample size and composition**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Population size</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top level management</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Financial Controller</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Lower management</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Middle management</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Agriculture officer</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Farmers representative</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Loan officers</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>70</strong></td>
<td><strong>60</strong></td>
</tr>
</tbody>
</table>
3.5 Research Instruments

3.5.1 Questionnaire

This is research used the self-administered questions that are structured and semi structured and the questionnaires were in two forms, namely:

The open-ended questionnaire in which the responses by the participants are free according to their understanding.

The close ended questionnaire in which the response are provided by the researcher and the participants choose one of them accordingly, for example strongly agree, agree or strongly disagree.

The researcher left out questionnaires to mainly the literate group. These mainly included the staff members. The researcher also allowed / gave four days to respondents to study and fill the questionnaire.

3.5.2 Validity and Reliability

In order to ensure and maintain a high level of validity and reliability in this study, the researcher did the following: Questionnaires were pre-tested. Ambiguous questions were made clear and irrelevant questions deleted.

3.5.3 Data collection methods

Data was collected from both primary and secondary sources. Secondary data was got by extracting information regarding entrepreneur education and job creation by reading newspapers, journals, text books plus the already existing information on internet and magazines. Primary data was got from the field.

3.5.4 Data collection methods

Data collected from both primary and secondary sources. Secondary data was got by extracting information regarding hygiene and customer satisfaction in selected hotels by reading newspapers, journals, text books plus the already existing information on internet magazines. Primary data was got from the field.
3.5.5 During the data gathering

The nature of the work and busy schedule of some prospected respondents, the researcher through research assistants scheduled appointments for respondents. The researcher availed himself to give necessary explanation on some questions where need be.

3.5.6 After data gathering

Weeks, primary data collected through questionnaires which respondent returned back to the researcher to allow him to go ahead to analyze the data. Completed questionnaires were coded, edited, categorized and entered in to the computer for data processing and analysis.

3.6 Sampling Procedure

The study was carried out using purposive sampling. It is the sampling method used to carry out research for data for a specific purpose and this was applied by selecting top level and lower level management.

3.6.0 Sources of data collection

The researcher was used both primary and secondary sources of data.

3.6.1 Primary data and Secondary data

Primary data was obtained from the respondents who included the above-mentioned levels of management representatives and Secondary data was be obtained from periodical reports and company profile, book reviews and other publications and surfacing internet on specific websites.

3.7.0 Data collection tools

The researcher used questionnaires, and interviews to obtain up-to-date information.

3.7.1 Questionnaires

The researcher set questions and devices to respondents to fill and the researcher used responses to make conclusion.
3.7.2 Interviews

These involve face-to-face interactions with the respondents where the interviewer asked questions that respondents answered.

3.8 Data presentation and analysis

The researcher analyzed and make complete interpretation of results. The data was collected together, compared and to enable the researcher to develop new ideas of other sources. The data presented in a report was documented and in form of tables, graphs and excel. The questionnaire was be edited to remove inconsistency.

3.9 Data analysis

After the collection of raw data, it presented using frequency tables in raw figures and percentages of the results then to be calculated using tools like SPSS and Spearman’s Correlation used to analyze data.

3.10 Limitations of the study

Limited source of information

The research in this area was few therefore limitation of information on the study/research topic; however, the researcher used internet to get information.

Scarcity of time

The limitation of time factor to complete the research, however the researcher budgeted well time properly to see that the report is finished in time.

The researcher might be limited by finance

To facilitate conduct of research in terms of printing and looking for information, however the researcher tried to solicit for funds to enable a successful compilation of the research report or work.
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This Chapter was to deal with analysis interpretation and presentation of the discussion of findings.

4.1 Profile of the respondents

In this study, the researcher described the respondent’s profile in terms of gender, age, marital status and level of education.

Table 2: Showing the Marital status of the respondents

<table>
<thead>
<tr>
<th>Marital status</th>
<th>No of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>35</td>
<td>58</td>
</tr>
<tr>
<td>Married</td>
<td>25</td>
<td>42</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data 2019

The Status of respondents according to their marital status stated that the majority of the respondents were single making up 58% of total respondents included in this study, while females represented 42% of the total respondents interviewed in this study.
According to pie chart 1, 58% of total respondents included in this study, while females represented 42% of the total respondents interviewed in this study.

Source: Primary data 2019
According to Figure 1 graph 58% of total respondents included in this study, while females represented 42% of the total respondents interviewed in this study.

Table 3: Showing respondents’ Age bracket

<table>
<thead>
<tr>
<th>Respondents Age bracket</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>26-35</td>
<td>25</td>
<td>41.6</td>
</tr>
<tr>
<td>36-45</td>
<td>20</td>
<td>33.3</td>
</tr>
<tr>
<td>46-50</td>
<td>10</td>
<td>16.6</td>
</tr>
<tr>
<td>50 above</td>
<td>5</td>
<td>8.3</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data 2019

In regard to age group of the respondents, Majority of the respondents were of active age group of 26-35 years with percentage of 41.6%, followed by 36-45 age group with 33.3%, then 46-50 years with 16.6% and then 50 and above with 8.3%.

Figure 4: Pier chart showing the marital status of the respondents

Source: Primary data 2019
According to pie chart 2, 26-35 years with percentage of 41.6%, followed by 36-45 age group with 33.3%, then 46-50 years with 16.6% and then 50 and above with 8.3%.

**Figure 5: Graph chart showing the Age bracket of the respondents**

![Age bracket chart](image)

Source: Primary data 2019

According to Figure 2 graph, 26-35 years with percentage of 41.6%, followed by 36-45 age group with 33.3%, then 46-50 years with 16.6% and then 50 and above with 8.3%.

**Table 4: Showing level of education of respondents**

<table>
<thead>
<tr>
<th>Level Education</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>Diploma</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Degree</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Masters</td>
<td>5</td>
<td>8.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data 2019
The level of education of the respondents, according to the data reveal that some of the respondents had attained diploma of education with a percentage of 50%, followed by a bachelor’s degree of 25%, and the majority of the respondents with a certificate with percentage of 16%, a masters with 8.3 % of the respondents had masters in the education.

**Figure 6: Pier chart showing the level of education of the respondents**

![Pie chart showing the level of education of the respondents](image)

**Source: Primary data 2019**

According to pie chart 3, 50%, followed by a bachelor’s degree of 25%, and the majority of the respondents with a certificate with percentage of 16%, a masters with 8.3 % of the respondents had masters in the education.
According to Figure 3 graph, 50%, followed by a bachelor’s degree of 25%, and the majority of the respondents with a certificate with percentage of 16%, a masters with 8.3% of the respondents had masters in the education.

4.2 Effects of loans on rural farmer’s production out puts.

Table 5: Showing Effects of loans on rural farmer’s production out puts.

<table>
<thead>
<tr>
<th>Effects of loans on rural farmer’s production out puts</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>particularly where markets are likely to be imperfect</td>
<td>20</td>
<td>33.3</td>
</tr>
<tr>
<td>Infrastructure and the impact</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>Production and yield risks uncertainty</td>
<td>25</td>
<td>41.7</td>
</tr>
<tr>
<td>Market and price risk fluctuations in price,</td>
<td>5</td>
<td>8.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data 2019
According to the table from above, 33.3% of the respondents agreed that production and yield risks uncertainty with 41.7% of the respondent agreed, infrastructure and the impact had 16%, and 8.3% showed that market and price risk fluctuations in price.

**Figure 8:** Pie chart showing the Effects of loans on rural farmer's production output of the Respondents

<table>
<thead>
<tr>
<th>Effects of loans on rural farmer's production output</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particularly where markets are likely to be imperfect</td>
<td>33.3%</td>
</tr>
<tr>
<td>Infrastructure and the impact</td>
<td>41.7%</td>
</tr>
<tr>
<td>Production and yield risks uncertainty</td>
<td>16.7%</td>
</tr>
<tr>
<td>Market and price risk fluctuations in price</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Source: Primary data 2019

According to pie chart 4, 33.3% of the respondents agreed that production and yield risks uncertainty with 41.7% of the respondent agreed, infrastructure and the impact had 16%, and 8.3% showed that market and price risk fluctuations in price.
Figure 9: Graph chart showing the Effects of loans on rural farmer’s production outputs of the respondents

![Graph showing the Effects of loans on rural farmer's production outputs](image)

Source: Primary data 2019

According to graph 4, 33.3% of the respondents agreed that Production and yield risks uncertainty with 41.7% of the respondent agreed, Infrastructure and the impact had 16% and 8.3% showed that Market and price risk fluctuations in price.

4.3 Types of loans

Table 6: Showing Types of loans

<table>
<thead>
<tr>
<th>Types of loans</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional Loans</td>
<td>5</td>
<td>8.3</td>
</tr>
<tr>
<td>Conforming Loans</td>
<td>25</td>
<td>41.7</td>
</tr>
<tr>
<td>Secured Loans</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>Non-Conforming Loans</td>
<td>20</td>
<td>33.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Primary data 2019
According to the table from above, 8.3% of Conventional Loans, Conforming Loans is 41.7% of Secured Loans, 16.7% and Non-Conforming Loans is 33.3%.

**Figure 10: Pie chart showing Types of Loans**

![Pie chart showing Types of Loans](image)

Source: Primary data 2019

According to pie charts, 8.3% of Conventional Loans, Conforming Loans is 41.7% of Secured Loans, 16.7% and Non-Conforming Loans is 33.3%.

**Figure 11: Graph chart showing the Types of Loans**

![Graph chart showing the Types of Loans](image)

Source: Primary data 2019
According to graph 5, 26-35 years with percentage of 41.6%, followed by 36-45 age group with 33.3%, then 46-50 years with 16.6% and then 50 and above with 8.3%.

4.5 Requirements of loan to famers

Table 7: Showing assess requirements of loan to famers

<table>
<thead>
<tr>
<th>Assess requirements of loan to famers</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location Income</td>
<td>5</td>
<td>8.3</td>
</tr>
<tr>
<td>Assets</td>
<td>25</td>
<td>41.7</td>
</tr>
<tr>
<td>Purchase</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>collateral</td>
<td>20</td>
<td>33.3</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary data 2019

According to table from above, 8.3% Location Income, Assets is 41.7, Purchase is 16.7% and collateral 33.3%

Figure 12: pie chart showing the Requirements of loan to famers

Source: Primary data 2019
According to figure 6, 8.3% Location Income, Assets is 41.7, Purchase is 16.7% and collateral 33.3%.

Figure 13: Graph chart showing the Requirements of loan to famers

Source: Primary data 2019

According to graph 6, 8.3% Location Income, Assets is 41.7, Purchase is 16.7% and collateral 33.3%.
Table 8: Showing Correlation between Loans and Farmer’s

<table>
<thead>
<tr>
<th></th>
<th>Total Loans</th>
<th>Total Farmer’s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Loans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1.000</td>
<td>.872(****)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.005</td>
</tr>
<tr>
<td>N</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total Farmer’s</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.872(****)</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.005</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>60</td>
<td>60</td>
</tr>
</tbody>
</table>

*** Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data 2019

The table above shows that there is a very strong positive relationship between loan and farmers at Pearson correlation (r) of 0.872. A change in loan may affect farmers by 872% implying that loan greatly affected by farmers.
Table 9: Regression Model

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.943a</td>
<td>.889</td>
<td>.878</td>
<td>.14219</td>
<td>.889</td>
<td>80.342</td>
<td>1</td>
<td>10</td>
<td>.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-1.424</td>
</tr>
<tr>
<td></td>
<td>collateral</td>
<td>.418</td>
</tr>
<tr>
<td></td>
<td>Assets</td>
<td>.479</td>
</tr>
<tr>
<td></td>
<td>Purchase</td>
<td>.271</td>
</tr>
</tbody>
</table>

Model 1 revealed that the predictor variable (collateral) can influence up to 87.8% variation in Farmer's (adjusted R²=.878, p<.05). Furthermore, a unit change in loans for 31.5% variance in Farmer's (Beta=.315, p>.0530), while a unit change in loans for 0.7% variance in Farmer's (Beta=.007, p<.05) and a unit change in Purchase for 28.3% variance in Farmer's (Beta=.283, p<.05). Similarly, predictor variables altogether account for up to 92.3% variance in Farmer's (adjusted R²=, p<.05).
5.0 Introduction

This chapter covered conclusions, summary and recommendations

5.1 Discussing of findings

5.1.1 Effects of loans on rural farmer's production outputs.

The finding showed that 8.3% Conventional Loans, Conforming Loans is 41.7 of Secured Loans is 16.7% and Non-Conforming Loans 33.3%

5.1.2 Types of loans

33.3% of the respondents agreed that Production and yield risks uncertainty with 41.7% of the respondent agreed, Infrastructure and the impact had 16% and 8.3% showed that Market and price risk fluctuations in price.

5.1.3 Requirements of loan to farmers

8.3% Location Income, Assets is 41.7, Purchase is 16.7% and collateral 33.3%

5.2 Conclusion

Loan to motivate Agricultural extension to rural farmers reform requires policy vision and determination, and a nationwide strategy that can be implemented. Whether to decentralize and devolve, totally privatize or institute contractual arrangements with the private sector (including venture capital companies, non-governmental organizations, rural producer organizations, and extension advisory service firms), or promote end-user financing (or co-financing) of extension
these are country-specific questions requiring systematic analysis and preparation, gradual change, system coordination and system oversight.

In putting together a strategy for extension and information services, it was useful to refer to the diversified strategies and the emerging consensus on lessons learned mentioned in section I of this paper, to the proposals regarding the design and implementation of communication for rural development cited in section II, and also to the considerations in section III regarding food security.

5.3 Recommendations.

The research recommends that parents and policy makers should be more involved in monitoring and guiding students on their engagements in social networks.

The study revealed that the rural farmers had limited access to agricultural credit. They are mostly constrained by many factors like non-availability of credit institution in the area, high interest rate required by the operators, lack of acceptable collateral security required to secure loan. To improve rural farmers' access to agricultural credit, the existing social organization/farmers groups should be strengthened and fortified. The group should be made accessible to all farmers in the rural area. Extension agents would be of great assistance in this respect. Awareness should be created by extension agents and also linking the rural farmers to available credit facilities. Farmers should also be encouraged to applied for the credit as early as possible to avoid delay experienced in disbursing the fund.

Three major recommendations are put forward for consideration by governments. The first requires a strong, forward looking policy favoring agricultural extension and communication for agricultural and non-agricultural rural development with a focus on food security. The second proposes the establishment of a platform to promote dialogue and collaboration among all relevant sectors to favor extension / communication activities for food security. And the third proposes public sector institutional change to enhance the new and expanded policy and strategy. Supporting these recommendations are a number of suggestions as to their accomplishment.
It is recommended that governments develop a new and expanded policy agenda for agricultural extension and communication for rural development focusing national attention on food security and income generation of the rural poor.

In a new vision of the public sector role in promoting food security, governments focused on national attention on agricultural extension and rural development and their role in fostering food security.

Establish Alliances with all Sectors. A national policy agenda would seek to establish alliances with all sectors in effort to develop programs for food security and income generation among the rural poor. A rural agricultural extension/communication strategy embraces issues that include but go beyond those of production and access to food, thereby requiring linkages and collaborative efforts with other organizations, public and private, concerned with other, related basic human needs such as health, sanitation, and employment.

A pluralistic institutional framework would promote the advancement of "mixed economies," whereby public and private sectors cooperate more closely. There is evidence (Box 2) that high rates of adoption of improved agricultural technologies occur when government organizations, NGOs, and private organizations form partnerships in extending agricultural technologies to farmers pluralistic institutional framework would mandate that programs be planned, implemented, and evaluated jointly by multisectoral service providers on a location specific basis in cooperation with farmers.

In any case, the local units of different sectors need to be provided with resources to plan and implement location specific programs that support integrated partnerships. Governments may need to request assistance from donors in developing location specific partnerships; these funds were best to be allocated with pro-food security agendas in mind, and involve the public sector, NGOs and the private sector, including RPOs.

**Develop Leaders** Poor leadership is a serious problem. Organizations work the way they do because of the way people work in these organizations, and often enough the way they work is a reflection of their leadership (Heaver 1982). People expect leaders to show personal commitment to the organization’s vision and provide conceptual clarification as to the direction of the
To be truly effective, leadership involves all leaders - not only executive leaders, but also networkers (frontline workers, in-house consultants, trainers, and professional staff who spread ideas throughout and outside the organization) and local line leaders (branch managers, project team leaders, and other frontline performers). All have an essential role in bringing about development.

Create agricultural development teams to respond to community-expressed needs. A multisectoral agricultural extension network needs to incorporate a variety of partners, including but reaching out beyond those involving agricultural research, education and extension. Certainly, an important task was to be reinforce research/agricultural extension linkages by creating incentives such as grants for teamwork. But a new kind of teamwork is needed, among various rural development organizations, bringing together specialists from across disciplines and from various sectors knowledgeable about the agricultural process, including marketing and price relatives.

Develop Leaders Poor leadership is a serious problem. Organizations work the way they do because of the way people work in these organizations, and often enough the way they work is a reflection of their leadership (Heaver 1982). People expect leaders to show personal commitment to the organization's vision and provide conceptual clarification as to the direction of the organization - where are we going and why! To be truly effective, leadership involves all leaders - not only executive leaders, but also networkers (frontline workers, in-house consultants, trainers, and professional staff who spread ideas throughout and outside the organization) and local line leaders (branch managers, project team leaders, and other frontline performers). All have an essential role in bringing about development.

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REFERENCE


FOR THE RESPONDENTS

Dear respondents,

I am Nassali Aisha Pursuing Bachelor’s Degree in Business Administration at KIU. Am carrying out a impact of loan on rural farmers production output

I humbly request you to spare some few minutes of your time and answer these questions below. The information provided will be strictly for academic purposes and will be treated with utmost confidentiality.

Please tick where necessary make a brief statement.

SECTION A: BACKGROUND INFORMATION

1. Gender
   a) Male
   b) Female

2. Age bracket
   a) 15-20years
   b) 21-25years
   c) 26-30years
   d) 31-35years
   e) 36-above
3. **Level of education**

a) Certificate
b) Diploma
c) Degree
d) Masters
e) None of the above

4. **Marital**

a) Married
b) Single
c) Divorced
d) Others
e) Other Specify
Appendix III: Budget

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<td>Travels</td>
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