Econometric Analysis of Determinants of Credit Access and Demand for Small-Holder and Marginal Vegetable Farmers in Southwest region, Cameroon

Yannick F. Djoumessi[1i*], Cyrille B. Kamdem[2], Victor Afari-sefa[3], Jean C. Bidogeza[5]

Abstract:

The study analyzed the determinants of small-holder and marginal vegetable farmer's access and demand to credit in southwest region, Cameroon. Primary data were collected from 100 randomly selected vegetable farmers from 3 districts in the study area with the aid of well-structured questionnaire using multi-stage sampling procedure. An independent double hurdle model was specified and used to determine factors influencing credit access and demand among vegetable farmers in the study area. Econometric results from the first hurdle model indicates that, education, farmers' association, owner, farm size and distance are significant and positively influence the decision to access credit by vegetable farmers. The second hurdle model reveals that, distance from the farmer's house to the credit source, farmers' association, owner and farm size are positive and statistically significant with respect to the decision to demand credit by vegetable farmers in the study area. However, the extension services were found to be significant and negatively related to the amount of loan borrowed. The study concluded that policy content and extension program should deal with credit demand issues. Encourage credit institutions to increase the spreading of lending agencies. In addition, small and marginal vegetable farmers should form association to ensure appropriate information sharing and take advantage from non-rationing credit.

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[i] [1]University of Dschang, Dschang school of Economics and Management, BP 96 Dschang, Cameroon
[2]University of Yaoundé II-Soa, Economics and Management department, P. O. Box 1365, Cameroon
[3]AVRDC - The World Vegetable Center, Eastern and Southern Africa, P.O. Box 10, Duluti, Arusha, Tanzania
[5] World Bank Group, Blvd. de la Revolution, SORAS Building, P.O. Box 609, Kigali, Rwanda.
[*]Corresponding authors. Emails: djoumessiyannick@gmail.com. Tel: +237674770704.