

**QUANTITATIVE ANALYSIS OF THE MAJOR
DETERMINANTS OF LOAN REPAYMENT UNDER THE
NIGERIAN AGRICULTURAL COOPERATIVE BANK
SMALL HOLDERS' LOAN SCHEME OGUN STATE,
NIGERIA**

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ABSTRACT

This paper discusses some of the major determinants of loan repayment by beneficiaries of the Nigerian Agricultural Cooperative Bank Small Holders' loan Scheme in Ogun State between 1981 and 1999 before the bank became merged with the Peoples' Bank of Nigeria as the Nigerian Agricultural Credit and Rural Development Bank (NAC&RDB). Using the combination of cross-sectional data generated from a sample of survey of beneficiaries and a time series data of repayment by year and by project for analyses, the empirical results revealed that the significant determinants of loan repayment under the scheme were, loan volume disbursed, sex, and farming experience. The repayment was selective of family size, loan volume disbursed and the proximity to the financial institution. The overall repayment performance for all beneficiaries of the loan scheme was 0.19 was considered too low for the sustainability of the scheme, the average volume of loan disbursed was N 8,918.00 and the average repaid N1,594.42 as at a 9- week disbursement lag. A case is however made for more meaningful financial policies that will emphasis saving mobilization, diversification of loan portfolio and placement of meaningful rate of interest that will cover the cost of risks and loan administration if the Nigerian Agricultural Credit and Rural development Bank resulting from the merger effects in the Year 2000, will improve.

Keywords: Loans repayments, Nigerian Agricultural Cooperative Bank Limited (N.A.C.B.), Small Holders' Loan Scheme (SHLS), repayment performance, disbursement lag.