

ABSTRACT

This study aimed to examine factors affecting access to agriculture loan for small holder farmers in Tanzania the case of farmers from Arusha region, Agriculture loan is a key factor for improving agricultural produces. Most of agriculture loan is being provided mostly by commercial banks, community bank and informal lending institutions. The study was guided by one research question. The study used purposive sampling method. The sample size used in the study was 50 small scale farmers from Arusha region were participated in the study through self selection sampling. Data from small scale farmers was obtained using questionnaires. Data collected were categorized, coded and entered into the Statistical Package for Social Science (SPSS) and Microsoft Excel for analysis in terms of frequency and percentages. The study showed that access to loans to smallholder farmers was affected by education about the agriculture loan, the use of banking system, business records. On why the level of funding of agriculture is too low in comparison to other industries revealed that the repayment period for formal credit in the field of study is almost uniform and regular, especially for agriculture activities. Sometimes these inflexible schedules of repayment do not match the cash availability for small farmers. On whether the loan repayment plan is beneficial to small farmers, the majority of farmers said that the loan repayment duration should be between 7 and 12 months, because if the loan repayment period is lower, the interest is high compared with the low output of the farm, which is liable for the repayment of the loan, and the majority of the farmers are older and less costly.

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