

# **THE EFFECT OF CREDIT ACCESSIBILITY ON FARM PERFORMANCE OF FARMERS IN PAUK MYINE VILLAGE, MYITTHA TOWNSHIP\***

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## **Abstract**

The aim of the study is to analyze the determinants of the effect of credit accessibility on farm performance of farmers in Pauk Myine Village, Myittha Township. Simple Random sampling method was used to collect data from the farmers of Pauk Myiune Viilage. Primary data was collected from 223 farmers who borrowed from financial institutions. And the data were analyzed through descriptive statistics, reliability analysis and multiple regression analysis. The Trade-off Theory, Pecking Order Theory and Resource-Based Theory were used to obtain the objectives of the study. The result indicates that affordable interest rate, collateral requirement and availability of lending institutions have a significant positive effect on farm performance. Appropriate loan tenure and loan sufficiency have negative relationship on farm performance. The multiple regression analysis shows that affordable interest rate, collateral requirement and availability of lending institutions are significantly associated with farm performance. But Appropriate loan tenure and loan sufficiency are not significantly associated with farm performance. According to this study, if the Myanmar Agricultural Development Bank, Co-operative Banks and Microfinance Institutions in Myanmar should provide loans to farmers at a low interest rate, increase the loan repayment period. If they can lend adequate amount of money, the farming costs for farmers will be sufficient and the role of agriculture will be improved.

**Key words:** Credit accessibility, Appropriate loan tenure, Affordable interest rates, Collateral requirement, Availability of Lending Institutions

## **Introduction**

Agriculture is seen as an economic activity, and finance is the fundamental component of all economic activities. This issue is highly serious, particularly in economies where agriculture serves as a means of subsistence. To assist people who cannot afford to fully employ the current technologies, the government offers loan. Any economy's financial system depends on its efficient operation, which is essential for both quick and equitable economic growth. A healthy financial system must effectively mediate between savers and borrowers, manage risks responsibly, offer a wide range of financial services to businesses, farms, and households, effectively mobilize savings, identify and lend for sound investments, be resilient in the face of shocks, and guarantee that everyone has access to finance. Financial institutions are crucial in establishing a connection between surplus and deficit households through the financial intermediation process. It is anticipated that financial institutions would effectively close the knowledge gap about the sources of surplus and deficit households. Financial services accessibility has been demonstrated to promote economies' economic growth. Economic growth has been observed to be stifled in economies where financial institutions restrict access to credit.

Credit has a significant impact on development. It provides farmers and business owners with funds to make new investments or embrace cutting-edge technology. By supplying working capital, it facilitates consumption and alleviates poverty. There are active formal and informal lenders. These are only a few of the appealing qualities of informal credit, along with lending without collateral, close proximity, prompt delivery, and flexibility in loan agreements.

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However, credit markets in developing countries, particularly those serving rural people, don't always operate in a competitive manner.

### **Rationale of the Study**

Myanmar's economic condition depends upon "Agriculture" and on farmers as well. The farmers are also facing with environmental affect such as soil destruction, climate changes, etc. The success of famers is very important for the development of nation. Because majority of farmers are continuing the traditional system of farming, scientific system of farming needs huge investment of capital in Myanmar. Most of the farmers are poor with small landholdings and their economic resources are quite limited. For adopting scientific system of farming, it is necessary that disbursement of credit in rural areas should be made available in huge amount of money. Although, agricultural sector is deemed to get its due share of institutional credit for a long time.

Agricultural credit plays an important role in agricultural development. In fact, facilitating access to credit can increase the amount of productive investment. An important resource needed for agriculture is access to capital. Credits can be invested in a household's future prosperity by purchasing assets such as farm machinery and agricultural inputs such as fertilizer and farm improvements. Credit plays an important role in removing financial constraints for farmers wishing to invest in agricultural activities, increase productivity and improve technology. In general, access to credit is important for improving the quality and quantity of agricultural products in order to increase farmers' incomes and prevent rural migration. Once credit is allocated, some borrowers cannot get the amount of credit they want at the prevailing interest rate or get more credit by offering to pay a higher interest rate. Ghorbani (1997) found that due to high transaction costs and interest rates, the efficiency of formal credit payments to farmers is low.

### **Problem Statement of the Study**

Rapid extension of financial institutions in developing countries around the world, financial institutions need to collect update information and analyze the obtained information by surveying data for credit financing. And, Most of the Pauk Myine Village's households are farmers in particular, who rely on credit accessibility as a means of agricultural framing. Most farmers require financial institution's loans thus financial institutions need to lend more loans to farmers. In the past, there were no thesis, research papers, or journals related to farmer's credit accessibility in Myittha Township. Once here has been lack of evidence in the past. Now, a paper has been compiled with the aim of finding out how the farmers' access to loans in Myitta Township's Pauk Myine Village has been studied.

Transaction costs for both lenders and borrowers can affect the equilibrium of credit markets. Since lenders are for-profit, they lend to the most creditworthy borrowers. More commonly, these borrowers can offer collateral or other substitutes acceptable to the lender, such as retained earnings or savings characteristics of the borrower households (Lapar, 1988; Nagarajan, 1992; Esguerra, 1993). On the other hand, the borrower also incurs transaction costs in the credit search process. If these costs become too high for them, they are more likely to stop borrowing (Abiad and Graham, 1988).

### **Objectives of the Study**

The main objective of the study is to analyze the effect of credit accessibility on farm performance of farmers in Pauk Myine Village, Myittha Township.

The specific objectives are:

- (1) To examine the effect of appropriate loan tenure on farm performance,
- (2) To analyze the effect of affordable interest rates on farm performance,
- (3) To analyze the effect of collateral requirement on farm performance,
- (4) To examine the effect of loan sufficiency on farm performance and
- (5) To examine the effect of availability of lending institutions on farm performance.

### **Methods of Study**

This study is based on both primary data and secondary data. The primary data are collected from households in Pauk Myine Village with structured questionnaire by using five-point Likert scale. A sample of 223 respondents is randomly selected from households to cover the population of 500 farmers in Pauk Myine Village, Myittha Township by using Yamane formula. Simple random sampling method is employed to collect the data. Thus; data obtained is analyzed with descriptive analysis, reliability test and the multiple regression analysis. The secondary data were collected from research journals, previous theses paper, and internet website and text books. The study submitted 190 by respondents.

### **Scope and Limitations of the Study**

This study analyzed the effect of credit accessibility on farm performance of farmers. Target group is made up of farmers who live in Pauk Myine Village, Myittha Township which area was experiencing the need of agricultural financing. This village's mainly farm product is onion. Most of the people from this village are farmers. This study used primary data. The secondary data for this study international journals, books, and articles from online are used in this study.

## **Literature Review**

### **Credit Accessibility**

Credit can be defined as transferring a control of money to other person who promised to pay it in the future according to defined repayment terms (Ellis 1992). When the money is obtained through borrowing and the borrower has the power and ability to borrow and pay in the future; this is also defined as a credit (Beckman & Forster 1969). Credit is essential for empowering farms to acquire command required in utilizing the working capital, utilization of products as well as the fixed capital. Credit usually presumes a crucial part in increasing the profits gained from agricultural endeavors (Ibrahim, & Bauer, 2013). Rural development and farm productivity can be influenced by several factors; one is access to credit. Because credit-constrained farmers tend to employ less inputs in their production activities than credit-unconstrained ones, financial accessibility may have an impact on agricultural output (Feder et al., 1989; Petrick, 2004).

According to Freeman et al. (1998), farmers' access to credit is also very crucial in the sense that it can facilitate the levels of input use closer to their potential levels when capital is not a constraint, consequently leading to higher levels of output per farm and productivity, given fixed resources such as land. This implies that the marginal contribution of credit brings input levels closer to the optimal levels, thereby increasing output and productivity (Feder et al., 1990). Additionally, access to credit is also considered to be an important tool for smoothing consumption and promoting production especially for poor households (Swain et al., 2008; Conning & Udry, 2005; Armendariz & Morduch, 2005; Robinson, 2001; Zeller et al., 1997). This means that access to credit can significantly increase the ability of households with no or few

savings to meet their financial needs for agricultural inputs. especially those that are highly necessary for weed, pest, and disease.

### **Appropriate Loan Tenure**

Credit terms refer to standards or negotiated terms (offered by a seller to a buyer) that control the monthly and total credit amount, maximum time allowed for repayment, discount for cash or early payment, and the amount or rate of late payment penalty (Kakuru, 2015). According to Okech et al. (2012), credit terms include factors such as interest rate, collateral and loan repayment periods. Collateral required by commercial banks in developing countries has been a contentious issue in SME financing. However, real-estate collateral provides an incentive and a justification to lend and repay, as well as a means to offset losses in case of default (Davydenko et al., 2017).

### **Affordable Interest Rate**

Interest Rate can be said to mean the reward from the borrower to the creditor, due to the fact that the borrower stayed with creditors money for a certain time (Bosa, 2009). An investigation conducted by Ansari *et al.*, (2011) in Khorasan-Razavi Province of Iran found that advanced funds interest rate was an essential factor that influences agricultural credit reimbursements. The study likewise noted that cultivating experiences in business together with the aggregate application of cost happen to be important elements that affect the execution of credit. The investigative proposals illustrated that modalities meant to decrease the cost of financing and other connected credit expenses should be embraced so as to develop the agriculture credit demand. The researchers asserted that, value-based bank costs branded with insurance can be reduced through outsiders' externalization which applies in substitute guarantee. The research further suggested that loan repayments schedules which matched agribusiness cash flows could promote farm credit demand. Interest rates are high as it is an instrument used to curb inflation rates in different countries (World Bank, 2011). Many country studies show that rural women farming entrepreneurs are more likely to face higher interest rates, be required to collateralize a higher share of the loan, and have shorter-term loans (IFC, 2011).

### **Collateral Requirement**

Farmers have faced many problems such as complicated procedures, undue delay in disbursement, illegal requests from officials, but the main problem is the collateral held by the tenants of the land and sharers were excluded from the lending programs. The security or collateral requirement for accessing credit restricts majority of the farmers from borrowing. Berger and Udell (1998) found out that lending by financial institutions is tied to the capacity to offer secured collateral. Other factors held constant, firms with tangible assets can access more loans compared to those with intangible assets. The lack of enough tangible assets that can be collateralized compared to larger firms constrain them their ability to access loans.

### **Loan Sufficiency**

Capital is an important factor for the production of any commodity to increase production, for best agricultural production it is necessary to use of inputs on time as crops required, poor farmers mostly do not have capital to fulfill the crop inputs requirement on time, so the agricultural financing is very good source to help the farmers for fulfilling crop requirements on time, but many farmers do get help from that source, it is due to many problems in getting agricultural credit such as Documentation and lengthy process of Institutional sources of credit, high interest rate, not easy to access of finance. For sustainable agricultural and rural

development government and other organization should take steps for help of farmers such as easily access to agricultural financing with less interest rate. Agricultural financing helps farmers to enhance the agricultural productivity by timely use of inputs. Farmer's friendly agricultural credit services should be provided to improve agricultural and rural development (Khin Ma Ma Nyein, 2018).

### **Availability of Lending Institutions**

Otieno, Muganda and Wekesa (2015) noted that financial institutions in many developing countries prefer to lend to governments rather than to private sector borrowers because of the lower associated risks and higher returns. Such indifference towards SMEs has left most private sector borrowers uninterested and increased the cost of capital for them (Eton et al., 2017). Access to bank credit and its availability is one of the important factors to consider during business development. Many Polish companies use bank loans as the main source of external funding. Affordability varies depending on many factors related to the company and operating bank. One of the characteristics that can be considered to distinguish the terms of access to credit is the size of the firm.

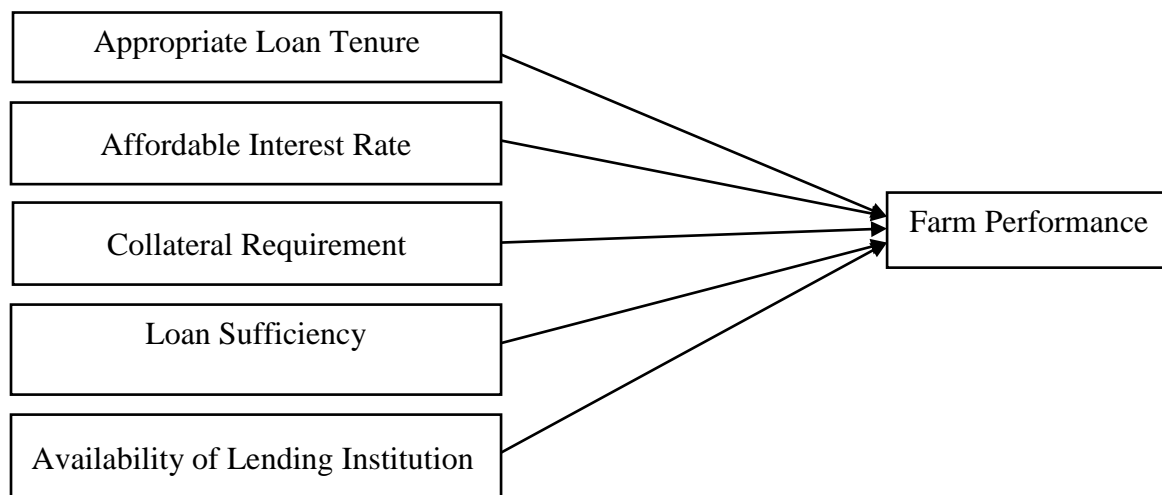
### **Farm Performance**

Gay and Airasian (2003) noted that a causal research design is used to determine the cause-and-effect relationship between one variable and another.; in this case, the cause-and-effect relationship between agricultural loans and performance of small holder sugar cane farmers in Kakamega county, Kenya. Causal research design is consistent with the study's objective which is to determine the effect of agricultural loan accessibility, agricultural loan disbursement and interest on the performance of small holder sugar cane performance with respect to tonnage.

Performance is defined by Calice et al. (2012) as a function of an organization's capacity to achieve its goals and objectives by making efficient and effective use of the resources at hand. Financial ratios like profitability ratios, liquidity ratios, market ratios, and debt ratios are used in finance and accounting literature to evaluate SMEs' performance; however, these are merely the final performance indicators because they are actually influenced by how well firms perform in terms of their efficiency and productivity, as well as how inputs and product prices change (Amornkitvikai & Harvie, 2016).

### **Conceptual Framework of the Study**

The main aim of the study is to analyze the effect of credit accessibility on farm performance of farmers in Pauk Myine Village, Myittha Township. The cause and impact relationship between credit accessibility and farm performance of farmers in Pauk Myine Village, Myittha Township is consistent with the study's objective which is to determine the impact of agricultural loan accessibility, agricultural loan disbursement, sufficient loan amount and agricultural loan interest on the performance of farmer. The conceptual framework of the study is described in figure 1.

**Independent Variables Dependent Variable****Credit Accessibility****Figure (1)** Conceptual Framework of the Study**Findings****Demographic Factors of Respondents**

The profiles of selected 190 farmers of Pauk Myine Village are presented in this section. Regarding demographic profile; respondents' gender, age, marital status, education, agricultural land acres and income from farming of farmers are presented in the following sub-sections.

**Table (1) Demographic Factors of Respondents**

Gender	Frequency	Percentage (%)
Male	139	73.2
Female	51	26.8
Total	190	100.0
Age	Frequency	Percentage (%)
20-29 years	3	2
30-39 years	28	15
40-49 years	61	32
50-59 years	52	27
Above 60 years	46	24
Total	190	100
Marital Status	Frequency	Percentage (%)
Married	152	80.0
Single	38	20.0
Total	190	100.0
Education Level	Frequency	Percentage (%)
Primary Level	130	68.4

Gender	Frequency	Percentage (%)
Middle Level	42	22.1
High School	11	5.8
Graduate Level	6	3.2
Only reading and writing	0.1	0.5
Total	190	100.0
Family Member	Frequency	Percentage (%)
Below 3 people	15	7.9
Between 3-5 people	139	73.2
Between 6-8 people	35	18.4
Above 8 people	1	0.5
Total	190	100.0
Income from Framing	Frequency	Percentage (%)
Under 2,00,000 kyats	1	0.5
Between 2,00,000-5,00,000 kyats	1	0.5
Between 5,00,000-8,00,000 kyats	1	0.5
8,00,000 kyats and above	187	98.5
Total	190	100.0

Source: Survey Data, 2023

The gender of respondents is divided into two categories. There are 500 farmers in Pauk Myine Village in the survey. As shown in Table (1), most of the respondents are male and it represents 73.2% of the total respondents. The rest are female respondents which represents 26.8% of all respondents. Therefore, the number of male respondents is more than that of female respondents in this study. Respondents' age is divided into 5 ranges: 20-29 years, 30-39 years, 40-49 years, 50-59 years and above 60 years. Age of Respondents are presented in Table (1). The study shows that majority of the respondents fall into the age group of 40-49 years (32%), followed by the age group of 50-59 years (27%), above 60 years (24%) and 30-39 years (15%). Meanwhile, there is only 2% of the respondents fall into the age group of 20-29 years old. As a result, out of 190 respondents, the age range of the middle level.

The marital status of respondents was divided into two ranges, range 1 (married) and range 2 (single). As shown in the above Table (1), out of 190 respondents, married respondents (80%) are more than single respondents (20%). According to the result, married respondents get more credit access than single respondent in this sample. Education level of respondents is divided into five groups: primary level, middle level, high school level, and graduate level and literature only reading and writing level. Respondents' educational level is shown in the following Table (1), the responded farmers with the primary level of education is (68.4%). In table, the responded farmers with primary level of education are more interested in farming and agriculture. Only reading and writing level is the least (0.5%). Number of family members of respondents was divided into four ranges, range 1 (below 3 people), range 2 (between 3-5 people), range 3 (between 6-8) and range 4 (above 8 people). As a result, out of 190 respondents, 73.2% respondents have the family members of between 3-5 people in Pauk Myine Village, follows 6-8 people (18.4%), below 3 people (7.9 %), above 8 people (0.5%) respectively.

Income from farming is divided into four group: under 2,00,000 kyats, between 2,00,000 kyats and 5,00,000 kyats, between 5,00,000 kyats and 8,00,000 kyats and 8,00,000 kyats and above. As a result of Table (1), 98.5 % of respondents got income level 8,00,000 kyats and above is the most, second most 0.5% of respondent's income from their farm is between 5,00,000-8,00,000 kyats, 0.5% of respondents got income from their farm between 2,00,000-5,00,000 kyats. And then, 0.5% were under 2,00,000 kyats.

### **Reliability of the Effect of Credit Accessibility on Farm Performance of Farmers in Pauk Myine Village, Myittha Township**

Cronbach's alpha measures are carried out to test the reliability of questionnaires' items. After conducting the survey, reliability test for the factors of appropriate loan tenure, affordable interest rates, collateral requirement, loan sufficiency, availability of lending institutions and farm performance of farmers in Pauk Myine Village, Myittah Township. In this study, Cronbach's Alpha reliability test method is used to measure the internal consistency of variables and an accurate representation of the data.

**Table (2) Reliability of Variables**

No.	Factors	No. of Items	Cronbach's Alpha	Mean	Standard Deviation
1.	Appropriate loan tenor	5	0.627	3.73	0.592
2.	Affordable interest rate	5	0.625	4.20	0.414
3.	Collateral requirement	5	0.607	3.96	0.453
4.	Loan sufficiency	7	0.745	4.03	0.433
5.	Availability of lending institution	6	0.699	3.96	0.354
6.	Farm improvement	8	0.731	3.98	0.411

Source: Survey Data, 2023

Table (2) summarizes the results of reliability test for questionnaire items of appropriate loan tenure, affordable interest rate, collateral requirement, loan sufficiency, availability of lending institutions and farm improvement. The result indicates the consistency and reliability of variables in the analysis. According to Table (2), the reliability statistic for loan sufficiency is 0.745. The reliability range has between 0.70 and 0.80. Therefore, reliability is good reliability. The reliability statistic for farm improvement is 0.731. The reliability range has between 0.70 and 0.80. Therefore, reliability is good reliability. The reliability statistic for availability of lending institutions, appropriate loan tenure, affordable interest rate and collateral requirement is 0.699, 0.627, 0.625, 0.607 respectively. The reliability ranges have between 0.6 and 0.7. So, the reliability is fair reliability. These statistics tell that all variables are having reliability and consistency.

### **Analysis of Effect of Credit Accessibility on Farm Performance**

This section presents the results of effect of credit accessibility on farm performance in Table (3). In multiple linear regression models, appropriate loan tenure, affordable interest rates, collateral requirement, loan sufficiency and availability of lending institutions are used as independent variables and farm performance is used as dependent variable. R Square, F value,



Unstandardized Beta Coefficients, t - value, and the significance value were measured and presented in the Tables in brief.

**Table (3) The Effect of Credit Accessibility on Farm Performance**

Independent Variables	Unstandardized Coefficients		Standardize Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	0.754	0.339		2.221	0.028	
Appropriate Loan Tenure	-0.035	0.046	-0.050	-0.759	0.449	1.313
Affordable Interest Rate	0.153**	0.064	0.154**	2.400	0.017	1.224
Collateral Requirement	0.399***	0.063	0.441***	6.341	0.000	1.434
Loan Sufficiency	0.077	0.066	0.081	1.159	0.248	1.443
Availability of Lending Institutions	0.209***	0.079	0.180***	2.651	0.009	1.368
R	0.616					
R <sup>2</sup>	0.380					
Adjusted R-squared	0.363					
F	22.529***					

Source: SPSS Outputs

Statistical significance indicate\*\*\* at 1% level, \*\* at 5% level

According to the Table (3), regression analysis is conducted with farm performance and credit accessibility such as appropriate loan tenure, affordable interest rate, collateral requirement, loan sufficiency and availability of lending Institutions as the independent variables. The adjusted R-squared value was 0.363, meaning that the predictors (independent variables) exhibited a change of 36.3%. Results show that F value is 22.529 that the predictors or independent variables namely appropriate loan tenure, affordable interest rate, collateral requirement, loan sufficiency and availability of lending institutions combine together to predict farm performance in Pauk Myine Village, Myittha Township. The value of significant is 0.000  $p < 0.001$ , showing that all predictor variables combine to predict farm performance very well. The relationship between the independent variables and the dependent variable is significant at the 1% and 5% levels. The value of regression coefficient between appropriate loan tenure and farm performance is -0.050 ( $t = -0.759$ ,  $p = 0.449$ ). This shows there is negative relationship between appropriate loan tenure and farm performance but it is not significant. It could be explained that if appropriate loan tenure decrease by one unit, farm performance will decrease by -0.050 units. The value of regression coefficient between affordable interest rate and farm performance is 0.154 ( $t = 2.400$ ,  $p = 0.017$ ). This shows there is positive relationship between affordable interest rate and farm performance at 5% level significant. It could be explained that if affordable interest rate increase by one unit, farm performance will increase by 0.154 units.

The value of regression coefficient between collateral requirement and farm performance is 0.441 ( $t = 6.341$ ,  $p = 0.000$ ). This shows there is positive relationship between collateral requirement and farm performance at 1% level significant. It could be explained that if collateral requirement increases by one unit, farm performance will increase by 0.441 units. The value of regression coefficient between loan sufficiency and farm performance is 0.081 ( $t = 1.159$ ,  $p = 0.248$ ). This shows there is positive relationship between loan sufficiency and farm performance but it is not significant. The value of regression coefficient between availability of lending institutions and farm performance is 0.180 ( $t = 2.651$ ,  $p = 0.009$ ). This shows there is positive relationship between availability of lending institutions and farm performance at 1% level significant. It could be explained that if lending institutions increases by one unit, farm performance will increase by 0.180 units. Besides that, collateral requirement considers as the main predictor that has the strongest influence on the farm performance where the standardized beta is equal to 0.441, follow by availability of lending institutions (0.180), and affordable interest rates (0.154).

### **Discussion**

The study has examined the effect of credit accessibility on farm performance of farmers in Pauk Myine Village, Myittha Township. The main objective of the study is to analyze the relationship between independent variables which are appropriate loan tenure, affordable interest rate, collateral requirement, loan sufficiency, availability of lending institutions and dependent variable which is farm improvement of farmers and to examine the influencing factors of farmer's credit accessibility in Pauk Myine Village. In this study, the data is collected from 190 farmers in Pauk Myine Village. According to the results, multiple regression is used to the credit accessibility on farm performance and five independent variables. The adjusted R square of the independent variables states that 36.3% of the total variance in farm performance is explained by independent variables. Result shows that F value is 22.529 that is significant at  $p = 0.000$  ( $<0.01$ ). According to the results, affordable interest rates, availability of lending institutions and collateral requirement are positively associated with farm performance. Also result, affordable interest rates, availability of lending institutions and collateral requirement among independent variables are the most influential independent variables on farm performance.

Collateral requirement is the most influencing factor among loan sufficiency, affordable interest rates, appropriate loan tenure and availability of lending institutions on farm performance. The sources of finance are needed to collateral but farmers are able to pay it. The collateral required by the financial institutions is affordable hence it is easy to acquire credit. So, collateral requirements are also important in obtaining loans and contribute to the development of the role of agriculture. Now, microfinance institutions look at the borrower's home assets, take pictures and get evidence as a collateral requirement.

The second influence factor is the availability of lending institutions. Presenting many financial institutions can improve farming sector and many financial institutions have tailor made product that suit farmer needs. All financial institutions are effective to farmers and then the farmers have good relationship with financial institutions. The fact that there are many organizations that provide loans to farmers in Pauk Myine Village, Myittha Township, can give farmers a lot of satisfaction. In addition, since many loan organizations lend loans, the farming role of farmers can be greatly developed.

Loan sufficiency does not influence on farm performance. The reason that the availability of sufficient credit does not affect farm activities is due to the amount of loans provided by the government and private institutions is not available to farmers in terms of the amount of credit they want. According to the studies, the farmers are not satisfied with the lending rate of only 1,50,000 kyats per acre depending on the land ownership of the farmer.

Interest rates do influence farm performance. According to these results, interest rate fluctuations may affect the role of agricultural development, because even if interest rates are low, if farmers can get enough credit and spend enough money on agricultural inputs, farmers can get good crop yield and good prices, get more profit, and improve the life of the farmer.

Appropriate loan tenure does not influence farm performance. For most farmers, the loan origination and loan repayment times are short. The times when financial institutions provide loans may or may not coincide with the times when farmers need farm capital. Farmers are more willing to borrow from loan services with a longer loan period. It is a habit of farmers to wait for the time after harvesting the crops to repay the loan, and due to the destruction of the weather and the destruction of pathogens, the yield decreases, there are many losses and little profit, and they are also faced with not being able to repay the loan.

### **Conclusion**

The study analyzed the effect of credit accessibility on farm performance of farmers in Pauk Myine Village, Myittha Township. The multiple regression analysis shows that collateral requirement, availability of lending institutions and affordable interest rate are significantly associated with the credit accessibility on farm performance. But loan sufficiency and appropriate loan tenure are not significantly associated with the credit accessibility on farm performance. This means that loan sufficiency and appropriate loan tenure need further investigation. According to these studies, if the Myanmar Agricultural Development Bank, Co-operative Banks and Microfinance Institutions in Myanmar provide loans to farmers at a low interest rate, increase the loan repayment period, and if they can lend a large amount of money, the farming costs for the farmers will be sufficient and the role of agriculture will be improved.

### **Managerial Implications**

According to the answers from the questionnaires of this research paper and the researcher's observation, this study analyzes five factors (appropriate loan tenure, affordable interest rates, collateral requirement, loan sufficiency and availability of lending institutions). The multiple regression analysis results show that collateral requirement, availability of lending institutions and affordable interest rates have a significant positive impact on farm performance, so that they can be thought as the key influencing factors of credit accessibility on farm performance.

Myanmar government-owned credit service organizations and private small credit organizations should encourage rural farmers to improve the role of Myanmar's agriculture by personally visiting and giving lectures on ways to obtain loans and loan repayment procedures. In addition, through media such as television and radio, broadcasting informational lectures to understand how to distribute loans will also help to improve Myanmar's agriculture. At present, MADB, Co-operative Bank and Microfinance Finance Institutions only provide short-term loans to farmers, so farmers continue to take loans by accepting short loan repayment terms because they need the farmers' expenses. Most farmers take loans from MADB because MDB's interest rates are lower than other institutions. Although MADB has a short-term loan and low interest

rate, it lends only once a year and lends seasonally according to the type of investment. Generally, loans are given only once a year for rainfed rice. Knowing that this is not enough for farmers, MADB should extend the term of the loan. The result information from the paper provide to credit service organization.

### **Literature Implications**

In this research study, based on the findings regarding farmers' access to credit, will continue to strengthen appropriate strategies to improve the weaknesses. The research papers on getting these loans are like a road map for researchers. In relation to farmers' access to credit, previous researchers have studied how access to credit is related to agricultural activities. Therefore, this research focused on these prevailing research gaps in this field. And others researches can apply this research study as a reference for the further research on farm performance of farmers of credit accessibility. In this paper, a comparative analysis was made based on the observational literature of previous researchers, including consideration the data corresponding to the countries and ethnic groups. In preparation of this research, there were limitation of time and some of difficulties. Therefore, the scope of data is limited for collecting the farmers in Pauk Myine Village, Myittha Township. Selecting sample is very important and selected samples can represent the whole population in reality. This study only focused on credit accessibility and effect of farm performance in Pauk Myine Village. Thus, the result for the study may not reflect the overall situation in Myanmar. It is needed to analyze affordable interest rates and appropriate loan tenure for further investigation to know different results with this study. Different research methods may produce the various results in the research study. Financial institutions should inform farmers in advance that collateral is a condition included in the loan agreement.

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