2.0. Needs and the Roles of Credit in Agricultural Development.

2.1. Basic Concepts of "Agricultural Credit"

The word **"Credit"** is derived from a Latin word **"Credo", meaning "I Believe".** The Latin verb **"credere"** means **"to repose confidence in" .**

Note that borrowing is a function of ability to command capital or services currently with a promise to repay it in future i.e obtaining certain amounts of money as loan to be rapid as specified in the Agreement between the concerned parties. This is often based on confidence in the borrowers' future solvency and repayment.

Credit means the ability to command other peoples' capital in return for a promise to repay at some specified time in future. It is therefore the combination of the "ability to borrow" and "willingness to borrow". It can also be regarded as an economic good to be produced, managed and marketed.

Credit also means the control over money, materials, goods or services in the present in exchange for a promise to repay at some future dates. This implies that, lenders forgo the use of money or its equivalent in the current time by making loans available or extending the credit to the borrower who promises to repay on terms specified in the loans Agreement or debt Instruments. Borrowers obtain resources to use for current production/consumption purposes before generating savings that could be used to repay the goods.

Credit is an advance of money or its equivalent given by a Lender to a Borrower for repayment at maturity, which may range from a few days to several years.

Credit is the monetary financial aspect of capital resources which is generally considered as goods employed but not used up in the course of production. Credit in this case could take the forms of biological or physical capital purchased and supplied to the producer

Credit is the acquisition and control over funds at a cost for specific period at the end of which the control ceases and the funds revert back to the creditors.

Agricultural Credit is the temporary inputs transferred to a willing borrower for agricultural purpose, with the borrower's potential willingness and promise to repay in a particular for after use and the confidence by the Lender that the Borrower will comply with terms, utilization and repayment with, or without monitoring.

Agricultural Credit is the capital or money rented by a farmer in the present,(with a specific interest rate charge and future repayment period), from a Lender in a credit institution, for agricultural production and marketing activities.

Credit is a combination of "potentiality" (with a promise to repay money) and "actuality"(obtaining goods and services). It is the present right to future payment or power of borrower, where the Borrower has the power to borrow and lender the right to execute actions against the Borrower.

Credit involves the element of obligations for the Borrower to make a return and confidence by the lender on the Borrower's faith and ability to repay.

Credit is a device for facilitating temporary transfer of purchasing power from an individual/Organization to another.

Credit is the overall arrangement through which inputs,(cash) and kind), are made available to farmers who repay such inputs as stated in the repayment schedule with due interest.

Agricultural Credit encompasses all loans and advances granted to a borrower to finance activities relating to agriculture, fisheries, forestry and for processing and distribution of products resulting from these activities.

2.2 The Continued Needs for Credit for Agricultural Development

Agricultural Credit is an important instrument for channeling funds from Savers to borrowers in amount necessary to finance production expenses and capital expenditures.

With the removal of subsidies on inputs in the 1990s and the increasing costs of the inputs required to carry out farming operations, there is always need by farmers for credit to be able carry out the operations, purchase the inputs and fulfill his domestic obligations.
Farmers need credit to expand their scales of operations and improve on the levels of technology, as accessibility has implications for technology adoption.

For the agricultural sector to perform creditably well, credit is essential for the achievements of sound economic and social development, which the nation requires.

Farmers are poor-resource. They therefore need money to purchase their requirements and increase productivity in growth and output. This could be achieved through credit supply.

Suitable credit delivery and collection system can be used to facilitate the procurement of production needs of farmers

Credit is needed to break the persistent vicious cycle of poverty among farmers .
Farmers need credit to practise commercial production.

2.3 The Roles of Credit for Agricultural Development

Adoption of modern technologies require capital. Farmers' income are seasonal while his working expenses are usually spread over time. However, farmers' inadequate savings require that some credit be harnessed to meet the increasing capital requirements.

Credit is a unique resource that provides the opportunity to use additional inputs and capital items in the present to pay for them from future earnings.

Credit has both static and dynamic characteristics. In its dynamic nature, when farmers adopt improved agricultural production technologies, institutional credit can be used for increasing agricultural production and proceeds will be available for both production and consumption rather than for the payment old debts . Note that , under this situation, it is important that institutional credit are not only supplied in due time but also adequately. This implies that credit can only play its dynamic role , only in relation to agricultural production technology and in the presence of credit absorption capacity.

Credit fills the gap between demand and supply resulting from investments

Stimulates agricultural production especially in the rural areas.

Helps production to meet up with current expenses.

Stimulates production and raise the levels of income of farmers.
Given the peculiar problem of agriculture in Nigeria, start-up credit is needed to create effective demand or ability to pay back.

Credit can induce profitability of current economic activities but also shifts production from subsistence to commercial and induce employment among those who lack basic necessities to engage in productive activities.