Wilson Chivenge et al., Agrotechnol 2014, 2:4
http://dx.doi.org/10.4172/2168-9881.S1.007

OMICS Group Conferences
Accelerating Scientific Discovery

2nd International Conference on
Agricultural & Horticultural Sciences
Radisson Blu Plaza Hotel, Hyderabad, India February 03-05, 2014

Determinants of access to farm credit by emerging farmers in rural South Africa

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Post- independence South Africa have instituted low investments, limited access to financial resources and its resultant lack of agricultural productivity and low incomes on rural emerging farmers to be a result of collateral shortages, poor credit records, poor communication and inadequate business systems. All these are endorsed as shortcomings that emanated from the former apartheid rule during pre-independence era. Emerging farmers in rural South Africa remain poor with a continuously limited access to farm credit resources and are seen as heroic entrepreneurs caught in an impasse of dead capital. While these emerging farmers are only new entrants into the agribusiness value chain, servicing their investments needs is being met with limited success. Seemingly, financiers are not well-informed of the determinants of farm credit access. This has resulted in a severe breach which this paper seeks to close by identifying the determinants of access to farm credit, in order to provide informed advice to emerging farmers, financiers and policymakers. This paper identified the key determinants of farm credit access in rural South Africa using the logistic regression modeling approach, as notion to pave inroads for improving access to micro credit resources. This talk recommends maximum youth participation, upgrading of agricultural credit markets and employing enhanced extension services for effective learning and training for the emerging farmers.

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