



Agricultural Credit Effects on Smallholder Crop Farmers Input Utilisation in the Eastern Cape Province, South Africa

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ABSTRACT Agricultural credit is crucial and significant factor for agricultural productivity, especially for smallholder farmers. Despite numerous reforms undertaken by the government to transform smallholder agriculture and improve its contribution to rural welfare, these farmers lack credit to purchase inputs. The objective of this paper was to investigate the effects of agricultural credit on input use by smallholder crop farmers in the Eastern Cape. A total of 300 farmers were sampled with the use of snowball sampling techniques. Descriptive analysis and propensity score matching were employed to measure the effects of agricultural credit on input use and it was established that agricultural credit had a substantial influence on input use as well as success of smallholder crop farmers. This recommends that availability of credit has a potential to transform smallholder agriculture in South Africa. The study recommends that government and relevant stakeholders must develop an effective agricultural credit approach to improve the necessities of the smallholder farmers.