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REVIEW OF POLICY AND DEVELOPMENTAL OBJECTIVES IN AGRICULTURAL AND AGRO-BASED INDUSTRIAL FINANCING

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INTRODUCTION

In executing projects, it is often believed that if the problem of finance is solved, the other problems will become easier to tackle. This can be related to the Nigerian agricultural and agro-based industrial sectors in the sense that the developmental problem of these sectors in Nigeria, like in other developing economies, is that of modernization. It is a problem of how best to provide and make use of an increasing efficiency of biological, chemical and mechanical means of production, processing, storage and marketing. But the availability of these improved technologies alone cannot guarantee the modernization process if the entrepreneur does not have the means to adopt them; therein lies the relevance of finance. Thus, the financing of agricultural and agro-based industries by either the private or pubic sector is an important contribution to efforts aimed at fostering growth since it could accelerate the pace of productivity increase. In the context of the role of government, as a facilitator of the tempo of economic activities particularly in developing economies, the level of its direct financing of these economic sectors is regarded as critical for the development process since the agricultural sector has the potential of boosting industrial development and vice-versa. The urge to foster growth of the economy has often compelled the Nigerian Government to intervene, especially with respect to the stipulation of credit guidelines.

The primary objective of this paper is to review and appraise the role of government credit policies in the development of agriculture and agro-based industries in Nigeria. The paper is organised into five sections. Section I reviews the objectives of agricultural development and its role in overall economic development. Section II highlights some major

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policy measures designed to achieve stated agricultural and agro-industrial development objectives. The major sources of financing and institutions established to support agricultural and agro-based industries are appraised in Section III, while Section IV contains the lessons of experience and implications for policy. Section V summarises and concludes the paper.

SECTION I

THE ROLE OF AGRICULTURE IN ECONOMIC DEVELOPMENT AND THE OBJECTIVES OF AGRICULTURAL AND AGRO-INDUSTRIAL DEVELOPMENT IN NIGERIA

The Role of Agriculture in Economic Development

The consensus in literature is that increased agricultural productivity is a vital pre-requisite for rapid economic growth and development. Among the roles conventionally ascribed to the agricultural sector in a growing economy are those of:

(i) providing adequate food for an increasing population;
(ii) supplying raw materials to a growing industrial sector;
(iii) constituting the major source of employment;
(iv) earning foreign exchange through commodity exports; and
(v) providing a market for the products of the industrial sector.

In Nigeria, agriculture has traditionally been described as the "mainstay" of the economy. The following are the specific objectives of agricultural policies:

(i) attainment of self-sufficiency in basic food items, particularly commodities which consume considerable shares of Nigeria's foreign exchange.
(ii) increased production of agricultural raw materials to meet the growing needs of an expanding industrial sector;
(iii) increased export earnings, enhanced by further processing of agricultural produce and adding of value;
(iv) modernization of agricultural production, processing, storage and distribution through the infusion of improved technology and management so that the sector can be more responsive to various demands of a developing economy;
(v) creation of more rural employment opportunities by engaging in further improvement and maintenance of rural infrastructural facilities;
(vi) improvement in the quality of life of rural dwellers through the provision of social amenities such as potable water and improved health and educational facilities; and
(vii) continuous protection of agricultural land resources from drought, desert encroachment, soil erosion and flood.

Objectives of Agro-based Industrial Development

Agro-based industries in Nigeria can be categorised broadly into two. First, there are the large- scale agro-allied industries such as textile, brewery, flour, soap, sugar, sawmill and plywood, leather and feed manufacturing industries which depend, to a large extent, on primary agricultural commodities as major inputs. Second, there are agro-processing industries, which transform primary agricultural commodities into preservable and marketable forms. In this group are the rice milling, cassava processing, grains/flour milling, cocoa processing and vegetable oil milling, among others.

The agro-based industrial policy of the country is derived from the overall industrial development policy. Specifically, its objectives are to: (i) provide greater employment opportunities; (ii) increase private sector participation in the manufacturing sector among others. The specific objectives of the industrial sector policies, under which the agro-based industries are classified, are not significantly different from those for the agricultural sector. To a large degree, the objectives for both sectors seem to be mutually re-enforcing.

Various strategies were embarked upon to facilitate the attainment of these objectives. With respect to agro-industries, some of these were to improve the investment climate and provide facilities for credit delivery. In the case of the agricultural sector, the strategies adopted include ecological specialisation in crops, livestock and forestry production; encouraging all scales of production, procurement and distribution of relevant agricultural inputs and expansion and rationalisation of the various support services rendered by government.

SECTION II

SOME MAJOR POLICY MEASURES FOR THE DEVELOPMENT OF AGRICULTURAL AND AGRO-BASED INDUSTRIES

Agricultural and agro-based industrial development policies, strategies and programmes in Nigeria have undergone many changes since independence. These changes were, in the main, a reflection of changes in government philosophy on the best approach to economic development, while the philosophical changes were in themselves often brought about by changes in government and the economic fortunes of the nation. For instance, by the mid-1970s, emboldened by considerably increased revenue from petroleum, the Federal Government assumed increasing responsibilities for agricultural development. There was widespread intervention of government in agricultural production, input supply and marketing. In addition, government also adopted credit controls and other allocative policies in favour of agriculture. Development institutions, special programmes and projects were launched during this period. By the mid-1980s, owing to dwindling oil revenues, a new government philosophy emerged with the introduction of the Structural Adjustment Programme (SAP). This involves minimal administrative control of economic activities, wider scope for private sector initiatives and greater emphasis on economic self-sufficiency and self-reliance. Emphasis shifted to of market determination of agricultural prices, (with selective use of subsidies on farm inputs). A more effective provision of extension services and technology transfer was accorded greater importance.

Other policy instruments introduced included the use of tariffs to promote agricultural exports and discourage non-essential imports (particularly raw materials that can be sourced locally); more favourable fiscal and monetary policy instruments such as tax relief and credit guidelines for the agricultural and industrial sectors and general improvement in the investment climate in Nigeria to attract foreign investors. An additional measure adopted in 1994 is the direct allocation of foreign exchange to agriculture (10 per cent) and industry (50 per cent). Apart from macro-economic policies of a general nature, government put in place specific credit facilitating measures for both sectors.

Credit Policy Measures

The main objectives of government agricultural credit polices over the years, as reflected in successive National Development Plans and other official documents, are : (i) to facilitate the flow of credit to farmers to enable them adopt improved farming techniques; (ii) to internalize some activities in informal credit markets to minimise exploitation of farmers while sourcing credit; (iii) to ensure flow of adequate funds from banks and other financial institutions and (iv) to assist banks to aggressively support agriculture through minimization of some risks and moderate costs involved in lending. The agro-industrial credit policy objectives are similar to those for agriculture.

The major agricultural and agro-based industrial financing policy measures designed to attain the stated objectives can be classified into three categories, *viz*: credit allocation and control policies, development of specialised financial institutions to enhance lending and policies establishing special schemes and funds.

(a) Credit Allocation And Control Policies

Credit allocation and control policies involve requiring banks and other financial intermediaries to support a particular development activity. In order to promote the growth of agricultural and agro-based industrial activities, the CBN, through its Monetary Policy Circulars, has usually directed commercial and merchant banks to lend a certain percentage of their loan portfolio to farmers and agro-industrialists.

In 1980, for instance, commercial and merchant banks were directed to lend a minimum of 44 and 46 per cent of their total loan portfolio to agricultural production and manufacturing enterprises (including agro-allied industries) respectively. This quota rose to 47 and 50 per cent in 1985 and 1990, respectively. In 1994, commercial and merchant banks are required to lend a minimum of 60 and 58 per cent of their total loan portfolio to these two sectors in view of the increased priority given to agricultural and industrial production. Failure to comply with the guideline attracts a penalty of forfeiture of the amount in default which the CBN transfers to the Nigerian Agricultural and Cooperative Bank, and the Nigerian Bank for Commerce and Industry to support their lending operations.

Another credit policy measure is the regulation of interest rates. Prior to interest rate deregulation in 1987, lending to the preferred sectors was at concessionary interest rates. In 1980, for instance, the rate of lending for the preferred sectors was seven and a half per cent. By 1985, interest rate charged borrowers for agricultural projects ranged from 8 - 9 per cent compared to the prevailing minimum rediscount rate of 10 per cent, while agro-industrial lending rate was fixed at one and half percentage point above the minimum rediscount rate. Between August, 1987 and December, 1993, except for a brief official intervention in 1991, banks were given a free hand to determine their deposit and lending rates according to market conditions. However, the minimum rediscount rate (MRR) continued to be fixed by the CBN in line with changes in overall economic conditions. For instance, the MRR which was fixed at 15 per cent in August, 1987 was reduced to 12.75 per cent in December 1987 with the objective of stimulating investment and growth in the economy. Some measure of regulation was introduced into interest rate management in 1994. A ceiling of 21 per cent per annum has been fixed for lending.

Complementing credit ceiling is the requirement that a certain percentage of bank loans be advanced to indigenous borrowers. The stipulated minimum was 70 per cent in 1980. Of this limit, not less than 16 per cent was to be reserved for small-scale enterprises wholly-owned by Nigerians leaving 54 per cent to other indigenous borrowers. This credit ceiling for small-scale enterprises was raised by 20.0 per cent in 1990. Banks are also encouraged to acquire equity in industrial enterprises.

In addition, grace periods are stipulated for loans to Agriculture. It is one year for small-scale peasant farmers growing staples and seasonal cash crops, such as grains, cotton and groundnut and loans granted for construction of on-farm storage structures requiring small capital outlay and short period of construction; for loans to farmers of cash crops with relatively long gestation periods such as oil-palm, rubber and cocoa plantations, etc. For these the grace period is five years; and for large-scale ranching, the grace period is seven years.

Rural banking has also been promoted by Government in order to encourage banking habit nationwide and channel funds into rural development, with the introduction of the Rural Banking Scheme in June 1977, in three phases. As at June 1992, 765 of the 766 branches stipulated by the CBN had been opened. Also, the CBN stipulates that not less than 50 per cent of the deposits mobilized, from the rural areas is to be advanced as credit to rural borrowers. Besides differential reserve requirements have been linked to the composition of commercial and merchant banks' portfolios. Banks whose portfolio conform to the requirement of certain minimum percentage of loans to the high priority areas are allowed to maintain lower cash or liquidity ratios than the normal ratio.

(b) Establishment of Specialised Financial Institutions:

Government also established specialised financial institutions to facilitate the flow of credit to priority sectors of the economy. Among such institutions are the Nigerian Industrial Development Bank (NIDB), the Nigerian Agricultural and Cooperative Bank (NACB), the Nigerian Bank for Commerce and Industry (NBCI), the Nigerian Export-Import Bank (NEXIM) and the People's Bank.

(c) Establishment of Special Schemes and Funds

Various schemes and funds have also been established by Government to supplement the activities of specialised financial institutions in credit delivery. Among such schemes and funds are the Agricultural Credit Guarantee Scheme (AGGS), the Nigerian Agricultural Insurance Company (NIC), the Small and Medium Scale Enterprise (SME) Loans Scheme and the National Economic Reconstruction Fund (NERFUND).

SECTION III

THE MAIN SOURCES OF FINANCING OF AGRICULTURAL AND AGRO-BASED INDUSTRIAL ENTERPRISES IN NIGERIA

The establishment of development banks and institutions and special schemes and funds was used by the Nigerian government to complement the activities of commercial and merchant banks in order to increase the quantum of finance accessible to the agricultural and industrial sectors so as to stimulate growth and development of the economy. Government also undertook direct investments, especially in agriculture. The lending activities of these banks and schemes are examined below:

(a) The commercial and merchant banks have been the traditional sources of institutional lending in the Nigerian financial system. They provide credit to agriculture and manufacturing (which include agro-allied industries) in line with the credit policy prescriptions outlined in the last section.

Available statistics show that total commercial bank credit to the economy rose from N6,349.1 million in 1980 to

N44,568.6 million in 1993 Table 1. The share of agriculture in this credit was N462.2 million and N10,753.0 million or 7.2 and 24.1 per cent in 1980 and 1993, respectively. The share of manufacturing in total credit was N1,956.8 million and N23,110.6 million or 30.8 and 51.8 per cent in 1980 and 1993, respectively.

Merchant banks' total credit to the economy rose from N712.0 million in 1981 to N11,954.1 million in 1993. Of this amount, the agricultural and manufacturing sectors took N28.6 million and N304.2 million or 4.0 and 42.7 per cent, respectively in 1981. In 1993, their respective shares were N2,881.0 million and N8,863.5 million or 24.1 and 74.1 per cent.

(b) Specialised Lending Institutions

The following specialised institutions were established specifically for the development of the agricultural and industrial sectors of the Nigerian economy.

1. The Nigerian Industrial Development Bank (NIDB)

The NIDB was set up in 1964 to provide medium and long-term finance for industrial enterprises. The CBN and other financial institutions, such as the International Finance Corporation (IFC) have continued to provide loans to the NIDB to finance industrial developments. NIDB's total disbursements for various projects (including agro-allied industries) grew from 50.3 million in 1980 to N1,294.2 million in 1992 (Table 2).

2. The Nigerian Agricultural and Cooperative Bank (NACB)

Established in 1972, NACB's major function is to provide loans to agricultural enterprises. The CBN is the second largest source of funds to the NACB for its operations. These funds are derived by the CBN from shortfalls from banks which fail to comply with the guidelines on minimum credit to the agricultural sector.

The shortfalls are deposited by the CBN in NACB's account for on-lending by NACB. In 1980, NACB disbursed the sum of N28.6 million and by 1992 the amount disbursed rose to N4,715.5 million, while the number of projects financed rose from 66 in 1980 to N436,526 in 1993 (Table 2).

3. The Nigerian Bank for Commerce and Industry

Another specialised financial institution which lends to industry is the NBCI. The NBCI was established in 1973. Its main function is to provide equity capital and medium and long-term loans to indigenous persons and bodies engaged in industry and commerce. The nature of NBCI's operations essentially makes it the apex institution for small and medium-scale (SME) enterprises. NBCIs loans and equity investments in small businesses have continued to be of immense help in the development of SMEs in the country. Between 1981 and 1993 NBCI invested a total sum of N4,081.7 million in small and medium-scale enterprises.

The recently established Peoples and Community Banks are other financial institutions that could make some contributions to the agricultural and agro-allied industries by nature of their locations. In 1992 and 1993 loans and advances to the agricultural and agro-allied industries constituted 45.0 and 36.0 per cent of Peoples Banks total loans and advances while the Community Banks have 33.1 and 27.5 per cent of their total loans and advances to these sectors in the respective years.

The National Directorate of Employment also extends credit to the unemployed for investment in agricultural and cottage industries. Its target audience includes school leavers and other unemployed persons such as retrenched workers.

(c) Other Specialised Schemes and Funds

The government also established schemes and Funds to support agriculture and industry.

(i) The Nigerian Agricultural Insurance Company (NAIC)

This was established in December 1987 with the objective of providing insurance cover for farmers against natural disasters and other risks associated with agricultural activities. The existence of NAIC has encouraged banks to be more liberal in granting credit to farmers. The CBN stipulates guidelines to assist NAIC's operations, one of which is the mandatory insurance cover on loans granted by banks to the agricultural sector under the Agricultural Credit Guarantee Scheme. The number of insured farmers grew from 1 in 1988 to 97,198 in 1992 with a total premium of N83,579,900 against a sum of N1,696,083,853. Cumulative claims settled from inception to 1992 amounted to N69,668,350.

(ii) The Agricultural Credit Guarantee Scheme (AGGS)

The AGGS is an example of schemes/funds set up by Government to provide finance for agricultural production. The CBN initiated its establishment in 1977. The scheme was designed to encourage banks to increase lending to the agricultural sector by providing some form of guarantee against risks inherent in agricultural lending. The extent of liability of the Fund in respect of guaranteed loans is 75 per cent of any balance after realisation of pledged securities subject to a maximum of N100,000.00 to an individual farmer and N1.0 million to a cooperative society/corporate body. The number and value of loans guaranteed under the scheme between 1980 and 1993 stood at 180,782 and N975.1 million, respectively (Table 3 and 4). The cumulative claims settled since inception stood at 440 valued at N2,943.7 thousand.

(iii) The Small and Medium-Scale Enterprise (SME) Apex Unit Loan Scheme

In order to further minimize the continuous problem of dearth of credit to SMEs and them a veritable engine of growth, the CBN and the Federal Ministry of Finance, on behalf of the Federal Government, negotiated for and obtained a World Bank loan for the SMEs. The total project cost is $451.8 million of which the World Bnk provided $270 million or 64 per cent. Entrepreneurs are expected to provide $79.7 million or 19.2 per cent of the project cost, while participating banks (PBs) are expected to provide the balance of $66.1 million. The CBN established the SME Apex Unit in the Bank in 1990 to administer the Credit Components and other related activities of the World Bank loan to facilitate project implentation. Total disbursement under the scheme amounted to $40.8 million for 143 beneficiaries as at end-1992.

(iv) The National Economic Reconstruction Fund (NERFUND)

The NERFUND was set up by the Federal Government in 1989, to provide medium and long-term loans to SMEs, in local and foreign currency. The CBN contributed 100 million to the fund. Since establishment, in 1989 to end, 1992, the NERFUND has approved 172 manufacturing projects, valued at 1.8 billion. The fund has so far disbursed 176.8 million and US$33.6million to 104 projects. 50 of the funded projects have since commenced production.

(v) Government Direct Investments

The Federal Government, through its annual budgetary allocations, provides funds for agricultural and industrial development. The share of agricultural and industrial sectors in total capital allocation has been varying over the years. The share of agriculture has increased from 4.9 per cent in 1980 to 18.0 per cent in 1981 and fluctuated downward to 2.4 per cent in 1992 before rising to 4.3 per cent in 1993. The share of manufacturers rose from 17.9 per cent in 1980 to 22.1 in 981 and fluctuated downward to 1.4 per cent in 1992. (Table 5).

SECTION IV

LESSONS OF EXPERIENCE AND IMPLICATION FOR POLICY

A close look at the available data showed that both the commercial and merchant banks consistently lent short of prescribed limits under the credit allocation policy. Average shorfalls in commercial bank lending to agriculture, for instance, ranged from 10 per cent in 1980 to 29.3 per cent in 1993. With regard to the specialised lending institutions, the trend in annual loan disbursement is generally very discouraging. Apart from the existence of a wide divergence between approvals and actual allocations, they tended to rely mostly on the fortunes of government subvention for meeting their operational requirements. However, it is observed that growth in commercial and merchang banks' credit to agriculture was most substantial in periods when refinancing, guarantee and on-lending schemes were in operation.

The results, so far, suggest that credit policies have been relatively inefficiently in influencing institutional lending and borrowing behaviours of farmers and agro-industrialists and in stimulating the growth of these sectors. For instance, growth of agricultural production averaged 2.6 per cent in 1980 - 85 (Table 6), while industrial production recorded a growth of 1.2 per cent in the same period. Admittedly, growth of output in these sectors does not depend on the level of credit alone.

From the borrower's (i.e farmer and agro-industrialists) perspective, credit policies have had little impact on borowing behaviour for several reasons. Among them are cumbersome procedures for loan approval and disbursements as well as delays mostly associated with institutional rigidities. Related to this is a high degree of variability of farm incomes, owing to incessant crop failures or losses through theft, fire and other hazards for which no insurance cover is available. Some of these factors have heightenend the risk of borrowing resulting in low repayment rate. Other factors include the inherent tendency of borrowers to divert "cheap" credit to users other than those for which it was intended.

Besides, since the inception of SAP and the deregulation of interest rates in 1987, the problem of accessibility to credit by farmers and agro-industrialists has remained largely unresolved. This is mainly because returns to productive investments, given high borrowing rates, are generally lower than returns to trading and this dampens farmers' demand for credit.

From the institutional lender's perspective, key factors which militate against effectiveness of credit policies include weak base for agricultural credit supply, largely because of the relative low profitability of agricultural credit portfolios; political interference in the operations of lending institutions, which in most cases, undermines repayment performance;

failure of most institutional lenders to adapt their lending practices to rural behaviour and needs. In particular, their banking hours, and other demands, such as minimum cash balances on account before loans can be granted, and the insistence on the provision of adequate collateral render ineffective some credit policies, especially at the rural level.

At the national level, credit quota and allocation policies have not significantly inspired both borrowers and lenders committed to investing in priority sectors of the economy. Credit quota and allocation policies have had in-built weaknesses. These include the ease with which credit for agriculture has often been diverted to other uses owing to fungibility, and the high cost associated with monitoring the use of funds lent to an individual entrepreneur.

Another major factor responsible for the ineffectiveness of credit policies is the failure to integrate savings mobilisation schemes into credit programmes. This has often created a serious bottleneck for financial institutions in the management of loan portfolios. Specifically, it denies them access to the financial transactions of the borrower, and the institutions sometimes depended on extension service agents to determine the level of credit worthiness of farmers. It also makes the task of loan recovery difficult, a factor which may be instrumental to the high rate of loan delinquency among beneficiaries (of specialised lending schemes) who do not participate in savings moblisation schemes. The formal credit institutions tended to locate their branches at urban centres. While this situation has been convenient for urban entrepreneurs, rural borrowers have been incurring high commuting and transaction costs in the process of meeting requirements for loan approvals and disbursements.

SECTION V

SUMMARY AND CONCLUSION

The paper has reviewed the role and objectives of agricultural and agro-industrial development in Nigeria and the major policy measures designed to achieve the stated objectives. An appraisal of government credit policies, instruments and institutions aimed at increasing the flow of resources to the agricultural and agro-industrial sectors in order to stimulate growth and development of the economy, was also carried out. These include the credit allocation and control policies such as the credit quota and portfolio ceiling, interest rate and grace periods stipulated for loans to agriculture, etc. The main sources of formal credit to agriculture and agro industries, such as the commercial and merchant banks, the specialised institutions (the Nigerian Industrial Development Bank (NIDB), the Nigerian Agricultural and Cooperative Bank (NACB), the Nigerian Bank for Commerce and Industry (NBCI), as well as specialised schemes and funds (Agricultural Credit Guarantee Scheme Fund (ACGSF), the National Economic Reconstruction Fund (NERFUND) and the Small and Medium-scale Enterprise (SME) Apex Unit Loan Scheme) were also covered. Other more recent programmes such as the Peoples Bank, Community Banks and the Nigerian Agricultural Insurance Corporation were discussed.

The major conclusion is that credit policies have played very little role in influencing output in the agricultural and agro-industrial sectors owing to a number of problems, prominent among which are the high risk of these enterprises which has limited their access to credit and the concentration of credit institutions in urban centres for the benefit of elites. Thus, there is the need to re-examine the overall objectives of agricultural and agro-industrial credit policies, largely because, it will be erroneous to infer that finance cannot be tailored to play a greater role in agricultural and agro-industrial development. In order to make credit policies work, concerted efforts must be made to tackle the problems faced by lenders, borrowers and those arising from defective policy framework.

There is need for further reform of credit polices away from quotas and credit rationing. Savings mobilisation and all other financial services must be made a complementary part of rural financial markets. There is also the need to reduce the financial risks in agricultural production ventures. Policies should stress the role of formal insurance in minimising risks. Farmers should be encouraged to adopt viable technologies for yield improvements and output expansion. The provision of rural infrastructures such as roads, storage, processing and marketing facilities should be accorded high priority.

As part of their corporate policies, lending institutions should adopt suitable financial technologies. Dynamic and innovative strategies such as provision of mobile banking services at times and hours convenient to the farmers for instance may be more effective in reaching the target group. The banks may also need to strengthen their administrative capacity for agricultural and agro-industiral credit purvey. Also, at the farm level, farmers' credit demand should be based on the need to make incremental investiment so as to guarantee repayment ability. There is also the need for borrowers to improve their poor attitude towards loan repayments.

TABLE 1

LOANS AND ADVANCES TO AGRICULTURE AND MANUFACTURING SECTIONS BY COMMERCAL AND MERCHANT BANKS 1980 - 1993

(N' MILLION)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Commercial Banks														
Total	6,349.1	8,582.9	10,275.3	11,093.9	11,503.6	12,170.2	15,701.6	17,531.2	19,561.2	22,008.0	26,000.1	32,912.4	40,731.6	44,568.6
Agric.	462.2	590.6	786.6	940.4	1,052.1	1,310.2	1,830.3	2,427.1	3,470.5	3,470.5	4,221.4	5,012.7	6,978.9	10,753.0
Manufacturing	1,956.8	2,659.8	3,037.6	3,053.1	3,083.5	3,232.5	4,475.2	4,961.2	6,078.0	6,671.1	7,883.7	10,911.3	15,403.9	23,110.6
Growth in Total	-	35.2	19.7	10.0	4.0	5.8	2.9	11.7	11.0	8.5	18.1	26.6	23.8	9.4
Growth in Agric.	-	27.7	33.2	19:6	11.9	24.5	39.7	32.6	26.4	13.2	21.6	18.7	39.2	54.
Growth in Manuf.	-	32.9	14.2	0.05	1.0	4.8	38.4	10.9	22.5	9.8	18.2	38.4	41.2	50.0
Shares of Agric.	7.2	6.8	7.7	8.5	9.1	10.8	11.7	13.8	15.7	15.8	16.2	15.2	17.1	24.1
Shares of Manuf.	30.8	31.0	29.6	27.5	26.8	26.6	28.5	28.3	31.1	30.3	30.3	33.2	37.8	51.9
Prescribed for Agric.	8	8	8	10	10	12	15	15	15	15	15	15	15	15
Prescribed for Manuf.	36	36	36	36	36	35	44	35	35	35	35	35	35	35
Merchant Banks														
Total	-	712.0	1,026.8	1,185.5	1,685.8	1,802.9	2,771.5	4,165.8	4,289.8	5,668.2	7,366.8	10,714.3	14,068.3	11,954.1
Agric.	-	28.6	40.1	54.5	79.3	120.2	211.8	327.7	576.5	815.1	1,053.6	1,341.8	1,595.6	2,881.0
Manufacturing	-	304.2	427.6	484.3	529.6	576.8	1,009.8	1,570.4	1,908.7	2,520.5	3,091.4	4,543.1	5,777.4	8,863.5
Growth in Total	-	-	44.2	15.5	42.2	6.9	53.7	50.3	3.0	32.1	30.0	45.4	31.3	-15.0
Growth in Agric.	-	-	40.2	35.9	45.5	51.6	76.2	54.7	75.9	41.4	29.3	27.3	18.9	80.6
Growth in Manuf.	-	-	40.6	13.3	9.3	8.9	75.1	55.5	21.5	32.1	22.7	47.0	27.2	53.4
Shares of Agric.	-	4.0	3.9	4.6	4.7	6.7	7.6	7.9	13.4	14.2	14.5	12.5	11.3	24.1
Shares of Manuf.	-	42.7	41.6	40.9	31.4	32.0	36.4	37.7	44.5	44.5	42.0	42.4	41.1	74.1
Prescribed for Agric.	5	5	5	5	5	6	8	10	10	10	10	10	10	10
Prescribed for Manuf.	41	41	41	41	41	41	56	40	40	40	40	40	40	40

Source: Central Bank of Nigeria, Lagos.

TABLE 2

LOANS AND ADVANCES BY DEVELOPMENT BANKS TO AGRICULTURE AND INDUSTRY 1980 - 1993
(₦' MILLION)

		1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
(1)	Nigerian Agric. and Cooperative Bank (NACB)														
-	Approvals	44.8	105.9	61.6	18.2	32.0	-	-	-	-	-	2,291.8	807.0	4,060.6	-
-	Disbursement	28.6	71.1	63.4	22.5	24.0	318.7	327.0	320.0	431.0	412.5	1,657.3	361.5	3,234.2	4,715.5
-	No of Projects	66	543	618	1,552	729	9,230	9,536	28,153	31,109	31,068	-	-	203,036	436,526
-	Trend in Disbursement	-	146.9	-10.8	64.5	6.6	1,227.9	2.6	-2.1	34.7	-4.3	301.8	-78.2	794.7	45.8
(2)	Nigerian Industrial Development Bank (NIDB)														
-	Total Disbursement	50.3	82.2	42.3	38.5	16.5	64.9	75.4	391.5	168.0	235.1	220.8	353	1,294.2	635.1
-	Disbursement to Rural Sector	34.0	20.2	28.8	18.3	6.5	15.5	18.4	20.8	11.9	10.3	214.0	341.7	1,355.6	-
-	Trend in Disbursement to Rural Sector		-40.6	42.6	-36.5	-64.5	138.5	18.7	13.0	-42.8	-13.4	1,977.7	59.7	296.7	-
-	Ratio of Disbursement to Rural Sector	68.2	24.6	68.1	47.5	39.4	23.9	24.4	5.3	7.1	4.4	96.9	96.8	104.7	-
(3)	Nigeria Bank for Commerce and Industries (NBCI)														
-	Approvals	-	55.5	29.9	22.4	0.80	3.6	25.4	117.8	143.8	189.7	-	-	-	-
-	Disbursements	-	12.7	27.2	31.9	6.86	10.0	41.1	133.6	175.5	392.2	239.1	472.3	777.6	1,761.6
-	Trend in Disbursements	-	-	114.2	17.3	-78.5	45.8	311.0	225.1	31.4	123.5	39.0	97.5	64.6	126.5
-	Ratio of Disbursements	-	22.9	91.0	142.4	857.5	277.8	161.8	113.4	122.0	-	-	-	-	-
-	Total Disbursement by Development Banks	78.9	166.0	132.9	92.9	47.36	393.6	443.5	845.1	774.5	1,039.8	2,117.2	1,186.8	5,306.0	7,112.2
Growth Rate (%)		-	110.4	-19.9	-30.1	-49.02	731.1	12.7	90.6	-8.4	34.3	103.6	-43.9	347.1	34.0

Sources: NACB; NIDB; NBCI and CBN Statistical Bulletin.

TABLE 3

OPERATIONS OF AGRICULTURAL CREDIT GUARANTEE SCHEME FUND (ACGSF)
(Number of Loans Guaranteed by Purpose)

Year	LIVE - STOCK					Fishery	Mixed Farming	FOOD CROPS			CASH CROPS						Others	Total
	Poultry	Cattle	Sheep	Other Live-Stock	Total Live-Stock			Grains	Roots & Tubers	Total Food Crops	Oil Palm	Rubber	Cocoa	Cotton	Ground-nut	Total Cash Crops		
1980	234	13	-	16	263	-	12	403	69	472	-	-	-	-	-	-	198	945
1981	246	17	-	12	275	-	30	546	156	702	5	2	5	46	49	107	181	1,295
1982	269	47	-	4	320	2	5	478	180	658	4	-	2	9	7	22	69	1,076
1983	254	94	-	11	359	3	20	492	244	736	3	-	5	19	23	50	165	1,333
1984	207	314	-	15	536	5	5	669	139	808	2	1	5	6	16	30	258	1,642
1985	181	512	-	63	756	12	18	1,715	194	1,909	15	2	4	3	12	36	606	3,337
1986	338	331	-	46	715	16	20	3,649	555	4,204	9	1	6	26	148	190	58	5,203
1987	578	285	-	142	1,005	103	14	10,377	3,297	13,674	20	1	182	281	543	1,027	386	16,209
1988	331	342	38	155	866	262	415	16,623	4,803	21,426	13	1	359	532	401	1,306	263	24,538
1989	179	195	68	98	540	465	19	20,943	8,726	29,669	18	10	762	851	832	2,473	1,352	34,518
1990	148	147	61	71	427	826	1	20,362	6,834	27,196	3	-	128	199	690	1,020	1,234	30,704
1991	102	332	26	49	509	251	1	15,299	4,021	19,320	7	1	126	317	526	977	956	22,454
1992	76	100	216	40	432	113	2	16,825	3,242	20,067	7	15	192	496	438	1,148	692	22,454
1993	56	330	1	2	389	68	-	11,080	3,023	14,103	22	1	103	65	198	389	565	15,514

Source: Central Bank of Nigeria.

TABLE 4

OPERATIONS OF AGRICULTURAL CREDIT GUARANTEE SCHEME FUND (ACGSF)

(Value of Loans Guaranteed by Purpose) (₦' 000)

Year	LIVE - STOCK					Fishery	Mixed Farming	FOOD CROPS			CASH CROPS						Others	Total
	Poultry	Cattle	Sheep	Other Live-Stock	Total Live-Stock			Grains	Roots & Tubers	Total Food Crops	Oil Palm	Rubber	Cocoa	Cotton	Ground-nut	Total Cash Crops		
1980	19.536.3	346.9	-	1.181.6	21.064.8		2.761.3	3.746.3	1.430.0	5.176.3		-	-	-	-	-	1.942.6	30,945.0
1981	20.802.9	3.297.4	-	1.047.2	25.147.5		1.128.4	6.085.9	1.358.8	7.444.7	39.0	63.7	20.3	428.8	480.9	1.032.7	889.1	35,642.4
1982	20.345.1	446.8	-	1.044.0	21.835.9	39.6	77.7	4,920.5	785.9	5.706.4	496.5		7.0	65.0	12.0	580.5	3.523.8	31.763.9
1983	20.167.4	587.7	-	1.034.6	21.789.7	1.575.0	1.998.6	5.858.1	2,344.5	8.202.6	76.2	-	92.6	109.6	55.6	334.0	2.407.6	36.307.5
1984	10.702.1	919.6	-	194.8	11.816.5	826.0	1.405.9	3.378.9	227.5	3.606.4	70.0	18.0	83.1	21.0	87.9	280.0	6.720.1	24.654.9
1985	11.365.1	1.516.7	-	1.276.7	14.158.5	718.1	3.251.4	10.317.8	2.180.2	12.498.0	1.154.3	775.0	38.2	41.9	71.8	2.081.2	11.536.4	44.234.6
1986	20.535.8	3.102.9	-	2.165.7	25.804.4	1,644.7	3,902.2	31,051.7	2,353.6	33.405.3	252.0	1.000.0	29.5	225.6	605.2	2.112.3	1.548.5	68.417.4
1987	21.078.7	4.368.1	-	3.941.1	29.387.9	4.526.3	2.102.0	43.412.5	13.494.1	56.906.6	2.724.5	64.0	1.206.6	1.597.1	1.569.8	7.162.0	2.067.7	102.152.5
1988	10.848.5	3.622.5	446.0	3.563.4	18.480.4	4.536.8	3.199.1	62.252.5	15.697.4	77.949.9	701.0	8.1	1.282.7	6.871.0	3.287.4	12.150.2	2.294.6	118.611.0
1989	4.675.7	2.230.8	239.9	728.2	7.874.6	4.538.7	227.7	69.005.6	31.007.5	100.013.1	1.062.0	30.0	2.676.5	5.279.8	1.724.5	10.772.8	5.873.4	129.300.3
1990	3.127.1	1.334.3	193.8	312.0	4.967.2	3,900.7	1.000.0	58.071.4	21.798.2	79.869.6	175.0		575.3	1.453.0	1.882.3	4.085.6	4.671.3	98.494.4
1991	4.559.7	2.532.5	79.0	275.7	7.446.9	1.698.2	54.0	50.531.9	14,412.9	64.944.8	116.0	3.7	578.5	2.736.0	1.273.8	4,708.0	3.255.5	82.107.4
1992	4.022.7	801.5	806.4	425.5	6,056.1	1.038.1	400.0	64,380.5	11,880.2	76.260.7	243.0	45.0	902.0	2.500.7	1.293.8	4.984.5	3,213.1	91,953.1
1993	3.319.3	2.076.5	5.0	105.0	5.508.8	428.0		56.632.4	13.619.6	70.252.0	160.0	5.5	578.0	398.0	815.4	1.956.9	2.703.1	80.845.8

Source: Central Bank of Nigeria.

TABLE 5

FEDERAL GOVERNMENT CAPITAL EXPENDITURE
(N' MILLION)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
TOTAL	8,395.6	5,696.9	7,613.3	5,868.5	5,411.0	7,613.3	9,076.8	6,372.5	8,340.1	15,034.1	24,929.5	29,286.2	38,453.0	42,354.5
Agriculture and Water Resources	413.3	1,024.8	615.6	661.6	284.6	305.8	374.3	442.7	659.9	1,733.2	1,598.2	1,219.0	941.3	1,824.4
Manufacturing, Mining and Quarrying	1,503.9	1,257.0	882.9	893.8	82.3	368.0	138.2	1,008.2	766.3	834.7	903.9	628.1	540.1	2,223.8
% Share of: Agric.	4.9	18.0	7.7	11.3	5.3	4.1	4.1	6.9	7.9	11.5	6.4	4.2	2.2	4.4
Manufacturing	17.9	22.1	11.1	15.2	1.5	4.8	1.5	15.8	9.2	5.6	3.6	2.1	1.4	5.3
Growth Rate of: Agric.		148.0	-39.9	7.47	-57.0	7.4	22.4	18.3	49.1	162.6	-7.8	-23.7	-22.8	93.8
Manufacturing		16.4	-29.8	1.2	-90.8	347.1	62.4	629.5	24.0	8.9	8.3	-30.5	-14.0	311.7

Sources: (a) Federal Government of Nigeria Official Gazettes, (b) Federal Ministry of Finance and Economic Development, (c) Central Bank of Nigeria.

TABLE 6

INDEX OF PRODUCTION (1980 - 1993)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Agricultural Index at (1984-100)	92.5	95.2	98.3	93.9	100.0	104.6	110.8	120.3	125.6	153.0	160.7	171.3	181.6	192.0
Manufacturing Index at (1972-100)	344.7	394.9	432.7	319.0	280.8	336.6	323.5	432.3	506.3	154.3	162.9	178.1	169.5	162.5
1989 to 1993 at 1985-100														
Growth Rates of: Agric Index		2.9	3.3	-4.5	6.5	4.6	5.9	8.6	4.4	21.8	5.0	6.6	6.0	5.7
Manu. Index		14.6	9.6	-26.3	-12.0	19.9	-3.9	33.6	17.1		5.6	9.3	-4.8	4.1

Sources: Date derived from CBN surveys and Federal Office of Statistics (F.O.S.)

TABLE 7

NIGERIA'S GROSS DOMESTIC PRODUCT AT 1984 FACTOR COST, 1980 - 1993
(₦' BILLION)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Annual Total GDP	73.2	70.4	70.2	66.4	63.0	68.9	71.1	70.7	77.8	83.5	90.3	94.5	98.4	100.84
Agriculture		24.5	25.1	25.0	23.8	27.8	30.4	29.4	32.3	33.8	35.3	36.7	37.9	38.42
Manufacturing		7.0	7.9	5.5	4.9	5.9	5.7	6.0	6.7	6.8	7.4	8.05	8.26	8.55
Annual Growth Rate of Total GDP		-3.8	-0.3	-5.4	-5.1	9.4	3.2	-0.6	10.0	7.3	8.1	4.7	4.1	2.5
Agriculture			2.4	-0.4	-4.8	16.8	9.3	-3.3	9.9	4.6	4.4	4.0	3.3	1.4
Manufacturing			12.9	-30.4	10.9	20.4	-3.4	5.3	11.7	1.5	8.8	8.8	2.6	3.5
% Share in Total GDP of:														
Agriculture		34.8	35.8	37.7	37.8	40.3	42.8	41.6	41.5	40.5	39.1	38.8	38.5	38.1
Manufacturing		9.9	11.3	8.3	7.8	8.6	8.0	8.5	8.6	8.1	8.2	8.5	8.4	8.5

Sources: Federal Office of Statistics (FOS), Lagos, National Planning Commission.