GOVERNMENT AND INDUSTRIAL DEVELOPMENT FINANCING IN NIGERIA (1976-84) (THE CASE OF NIGER STATE)

By:

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APPROVAL SHEET

This project has been read and approved as meeting the requirements of the Department of Business Administration, Ahmadu Bello University, Zaria.



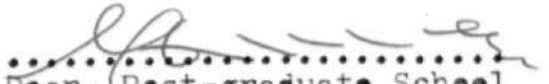
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External Examiner.

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Date



.....14-V-85.....

Dean, Post-graduate School

Date

DECLARATION

I hereby declare this study to be my own personal effort and work. It is original and any other persons' work referred to have been gratefully acknowledged in the footnotes and bibliography.

A.K. Idris

D E D I C A T I O N:

Enveloped in sorrow and compounded by the perplexities of human existence, it is with a very hearty mind that I dedicate this MBA Project to my dear beloved parents, late Baba Ndacheko - Isah and Madam Rahmatu Dzwabea both of Kusogi, whose transition to the great beyond took place in 1972 and 1980 respectively. Alas, neither could you live to reap the fruit of your labour nor could you live to realise returns on your investments which are now matured. In your treasured and evergreen memory, I am perpetually grateful to the Almighty Allah.

Mummy and Daddy, May the Benevolent Almighty grants you perfect eternal rest, until the day of resurrection when we shall meet to part no more.

Yours Surviving Child,

A. K. Idris

A C K N O W L E D G E M E N T:

First and foremost, my sincere indebtedness to my supervisor, Alhaji Sheikh A. Abdullahi who proved to me as a resourceful and hardworking adviser. Despite his tight academic and domestic schedules he on countless occasions made himself available to me both at his residence and in the school. I am indeed very grateful especially to his family for accommodating my frequent disturbances on the account of this project.

I am particularly thankful to my brother, Mallam Abdullahi Isah (Ndabida) who despite his own problems financed and morally supported my early education both during the time and after the death of our beloved parents. His relentless efforts and courage, I must confess served as a catalyst to my continous reading to this level. Indeed he proved worth of a true brother. Thanks a lot.

My employer, the Niger State Development Company Limited under the dynamic leadership of Alhaji Isa Tahir was generous and supportive in granting me study leave with pay for the short period of this course. My profound gratitude goes to the captain of this organisation in person of Alhaji Isa Tahir, his lieutenants Mr. Paul M. Jiya, Alhaji Usman S. Naibi,

Mallam Mohammed Nda and the entire staff of Niger State Development Company for their patience, understanding and moral support accorded me during the pursuance of this course. To them I must admit, it is a paternal act of assistance.

I must not forget to extend copious of appreciation to my dear wife, Mrs. Zainab A. Idris and children for whole-heartedly enduring and accepting the challenge of managing the house in my absence. Of course, she deserves a warm congratulation for surviving the critical period of nursing our blessed two months old, Master Ahmed and taking good care of his brother, Master Isah. To her I say well done.

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"Praise be to Allah the Creator".

A. K. Idris.

A B S T R A C T

Industrial development finance institutions in Nigeria are basically established to finance promotion of specific projects particularly the ones which can not easily be financed by small privately owned institutions. They (development finance institutions) prove to be industrial development machineries in Nigeria and elsewhere. Governments, world over through the aid of industrial development finance institutions are therefore focusing efforts towards accelerating and increasing industrial activities in their countries of origin as these activities are considered to be the basis for achieving an improved living standard. Dancing to the same tune moreover Nigeria, Niger State in particular has been earmarking substantial amounts for the purpose during her development plan periods.

Despite her numerous industrialisation efforts however, Niger State is still found to oe one of the least industrialised States in the country. The prime intent of this research therefore is to critically assess the Niger State Government efforts in this direction with a view to surfacing with some inhibiting factors Various research methods including among others Interviewing and sampling were employed to achieve this end. Analysis of

research findings depicts that redtapeism, regidity and procrastination that characterised the State Government various functionaries are part of the factors inhibiting rapid industrial development in the State.

The report hitherto attempts some basic recommendations for the improvement of the situation in the Stats. The recommendations broadly include among others:-

(a) Provision of general industrial incentives in the State;

(b) Educating and demonstrating to the industrialists in the State the techniques of investments;

(c) Reviewing of the government current land rents and fees;

(d) Setting-up of a bank essentially for the financing of industrial ventures in the State.

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FIGURE 1:1

INDUSTRIAL AREAS OF NIGER STATE:



KEY:

Industrial Areas.

CHAPTER I.

GENERAL INTRODUCTION:

PREAMBLE:

Industrialisation in its broad context could be seen as a transformation process of basic raw materials into finished products through the use of manual labour, machines or both. The economic efficacy of any government, State or Federal could be assessed in terms of effort being made in transforming locally available resources into much needed essential goods and services for her populace. Governments, world over have focused efforts towards accelerating and increasing industrial activities in their countries of origin for the achievement of an improved living standard. Similarly, Nigeria in her commitment to an accelerated industrialisation has been earmarking substantial amount for industrial development during her development plan periods. Niger State for instance earmarked the sum of ₦44.8 million[1] during the fourth National Development Plan (1981 - 85). The government's objectives (industrial development objectives) here are to:-

(i) Conserve our foreign exchange earnings;

(ii) Promote indigenous participation;

(iii) Encourage utilisation of locally available raw materials;

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1. Niger State Ministry of Economic Development, Guideline For Niger State Fourth National Development Plan 1981 - 85 - Objectives, Priorities and Policy Strategies.

(iv) Encourage import substitution industries;

(v) Encourage manpower training;

(vi) Provide employment opportunities;

(vii) Provide steady growth of technological and material self reliance;

(viii) Promote export oriented industries;

(ix) Attract foreign capital and investors;

(x) Facilitate research and development.

These objectives by and large are aimed at building a dynamic and self-reliant economy.

Planned industrial development in Nigeria is a post independence story. Economic activities prior to the independence were purely commercial. This was because the role played by the colonial masters then was for the country to remain predominantly producer of raw materials and consequently consumer of finished products. Early industrialisation efforts, hitherto, were geared towards substituting locally produced industrial goods for the imported ones. The import substitution strategy to date has been a dominant feature of the country's industrialisation efforts. Of recent, the strategy has been advanced to include production of some immediate goods. The major pre-occupation is now a progressive reduction of the country's import bills in respect of consumer goods which require only low level of technology and the production of which could be done

in Nigeria.

Financing an industrial venture is an uneasy task to go by. One of the governments' early means of financing programmes was through utilisation of taxes and royalties. The creation of more states in 1976 gave rise to greater demand for social ammenities at the grassroots. Governments could no longer rely on the rudimentary method of financing (taxation) to finance various development projects. Other machineries have to be employed for the mobilisation of necessary funds to finance development. Moreover, by its nature, the operational procedures of the government are characterised by redtapeism and rigidity which do not provide a conducive climate for both commercial and industrial operations. In realisation of this standing fact, there is a need to flout limited liability entities with sufficient autonomy and authority to enable them make prompt investment decisions within a general operational guideline. The measure should facilitate maximum efficiency in operation and make for optimal return on investment. In line with this both the Federal and States Governments are now embarking on setting up of industrial development companies. Examples of such companies are Nigerian Industrial Development Bank Ltd. (NIDB), Nigerian Bank for Commerce and Industry (NBCI), Niger State Development Company Ltd. (NSDC),

Kano State Investment and Properties Ltd., and Sokoto State Investment Coropration to mention but a few. (Table 1:1 provides list of industrial development companies operational in the country).

Established on January, 22, 1964, NIDB's share capital as at December 31, 1980 stood at N100 million[2] of 50 million ordinary shares of N2.00 each. As a Federal Government owned development finance company, NIDB was established to play among other roles provision of medium and long term finance and equity participation in investments. Its financial assistance is available only to limited liability companies registered in Nigeria and complying with the Nigerian Enterprises Promotion Decree. It provides financial assistance to small, medium and large scale enterprises which by their size can make a meaningful contribution to the Nigerian economy. To ensure a complete coverage of the entire country by its operations, the Bank has its head office at Lagos and four other area administration offices located all over the Federation, each covering at least four states (Table 1:2).

Over the years, 1976 - Date, a lot have been said about Niger State vis-a-vis industrial development.

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2. NIDB, General Policies : Irede Printers 187A, Isolo Road, Mushin, Lagos (1980).

To date there are very few opinions on the issue that have surfaced with an objective but common factor(s) solely responsible for the unfortunate situation in the state. Without identifying the factors responsible any effort to industrialise Niger State is likely to be in vain. It is a question of "diagnosis" prior to treatment and not vice- versa. It is with this mind that an attempt is being made to undertake this project, the details of which are highlighted in the subsequent chapters particularly chapters four, five, six and seven.

OBJECTIVES OF THE STUDY:

Specific objectives of this study include inter-alia:-

(i) To critically assess the Niger State government's effort towards industrialising the state since its creation in 1976.

(ii) To evaluate attitudes of indigenous businessmen and individuals potential Industrialists toward investing in the state.

(iii) To identify Key factors responsible for the state's retarding progress in industrialisation within the period under review (1976 - 84).

(iv) To review operations of Niger State Development Company limited (NSDC) as one of the state's machineries for industrial development and ascertain the extent to which the company has achieved its objectives.

(v) Establishing criteria and strategies adoptable to the state government for the achievement of its industrial objectives.

LIMITATIONS OF THE STUDY:

This study is confined to Niger State and covers a period of eight years (1976 - 84). Conclusions and recommendations thereto are based on a sample size of fifty individuals and twenty five industrialists/ organisations in the state. Relative to the total population size of the state, the former sample size appears to be small.

Some few questionaires out of the total number of questionnaires administered were not filled-up completely. Moreover, some figures or data supplied by various respondents particularly the industrialists/organisations were not accurate as they did not reflect the actual situation. Some industrialists/organisations were even unco-operative in supplying some of the required data on the plea of "Secrecy" or fear of identity exposure. For the fact that some of the establishments in the sample are branches in the state they were unwilling to accord the questinnaires immediate response, requesting for time to seek clearance from their headquarters. Several calls were made on such establishments prior to getting the filled questionnaires out. Moreso, on several occasions the authors were given call back

appointments by some affected establishments for the interpretation of questions in the questionnaires prior to attending to them. Also worthy of note were secondary data which suffered similar defects.

Different studies have been made on Niger State in respect of other various aspects of the economy particularly the agricultural sector. However, a related and similar study of this nature was not found in existence. Hence sufficient materials were not available for the development of this study. Moreover, most of the existing establishments in the state are not set-up in the formal procedure hence the required essential data are not adequately available. Above all, in view of the time constraint we could not wait for the return of all the questionnaires.

NATURE AND ORDER OF PRESENTATION:

This report is divided into seven chapters. Chapter one as the general introduction contains among other things objectives and limitations of the study, some of the basic assumptions about Niger State and methodology. Chapter two is a review of existing and related literature on the subject. In this chapter summary and critical evaluation of different views on the subject matter as found in books, periodicals, journals and articles are made.

Chapter three highlights on historical trends, major functions and contributions, problems and challenges of the Development Finance Institutions in Nigeria. In chapters four and five focus is on the potentialities and machineries respectively for the industrial development in Niger State. Efforts of the state government toward industrialising the state in the period under review are critically evaluated in these chapters particularly in chapter five. Current industrial position of Niger State is highlighted in chapter six while chapter seven draws general conclusions and recommendations on the report.

BASIC ASSUMPTIONS ABOUT NIGER STATE:

Some of the basic assumptions in respect of industrial development problems in Niger State include inter - alia:-

(i) That Niger State lacks necessary industrial infrastructures, the situation which serves as a repellent to prospective investors.

(ii) That government industrial policies inhibit industrial development in Niger State.

(iii) That potential industrialists in Niger State are ignorant of investment techniques.

The research aims at proving the authenticity of these basic assumptions.

METHODOLOGY:

There are two main sources of acquiring research data. These include primary and secondary sources. For the purpose of this study the two sources were employed.

Primary Data:

For the relevant data two sets of questionnaires were designed and administered. One set of questionnaires was distributed by hand to some selected individuals (see Appendix C) in the state. The other set of questionnaires (see Appendix D) was also distributed to some selected establishments in the state particularly the ones in and around Minna, the state capital where we have a greater concentration of such establishments. The questionnaires were either filled and returned almost immediately or at a later date.

In all, fifty questionnaires to the individuals were administered, five in each local government headquarters and ten in Minna, the state capital. Out of the fifty questionnaires administered forty-four completed ones were received. This represents eighty-eight per cent of the sample size. On the other hand there are 254 [3] related industrial establishements in Niger State.

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3. Niger State Statistical Year Book (1978) - Table 59, PP. 47. The industrial establishments referred to here are mainly Bakeries, Furniture Factories, Block making industries and other similar industries.

A ramdom sample size of twenty - five was selected and given the second set of questionnaires. Out of the twenty - five establishments eighteen responded representing seventy- two per cent of the sample size.

The two sets of questionnaires were analysed seperately. Detail results of the analysis are contained in chapters five and six.

Secondary Date:

Most of our recommendations and conclusions are also hased on our findings through interviews and observations. Visits were paid to the 9 local government headquarters where discussions were held with local government officials as well as officials of the state Ministries in the local government areas. Desk research was also employed during the study. Materials collected as well as observations made during the field and desk researches form the basis for this report.

TABLE 1 : 1

MEMBERS OF ASSOCIATION OF NIGERIAN DEVELOPMENT FINANCE INSTITUTIONS:

	INSTITUTION	LINE OF BUSINESS
1.	Nigerian Industrial Development Bank Ltd., (Headquarters: Lagos)	Development Financing.
2.	Nigerian Bank for Commerce and Industry (Headquarters : Lagos).	"
3.	Niger State Development Co. Ltd.	"
4.	Northern Nigerian Investment Ltd. (Kaduna).	"
5.	Kaduna Investment Co. Ltd.	"
6.	Kano Investment Co. Ltd.	"
7.	Sokoto State Investment Corporation.	"
8.	Odua Investment Co. Ltd. (Oyo State).	"
9.	Plateau Investment Company Ltd., (Jos).	"
10.	Kwara Investment Corporation.	"
11.	Central Investment Company Ltd. (Anambra State).	"

	INSTITUTION	LINE OF BUSINESS
12.	Investment Trust Company Ltd. (Cross River State).	Development Financing.
13.	Development Finance Company Ltd. (Imo State).	"
14.	Ondo State Investment and Credit Corporation.	"
15.	Pabod Finance and Investment (Rivers State).	"
16.	Investment and Credit Corporation of Oyo State.	"
17.	Ogun State Industrial and Finance Corporation.	"
18.	Benue Investment Company Ltd.	"
19.	New Nigerian Development Company Ltd. (Kaduna).	Development and Property Financing.
20.	Bauchi State Investment and Property Development Co. Ltd.	"
21.	Nigerian Agricultural and Co-operative Bank Ltd. (Headquarters : Kaduna).	Agricultural and Co-operative Financing.
22.	Kwara State Agricultural Development Corporation.	Agricultural Financing.

23.	Federal Mortgage Bank (Headquarters : Lagos.)	Property Development.

Source: "Business Express," A panorama of Nigerian Business & Economy: Vol. I No. 3 of Jan./Feb. 1984.

TABLE 1:2

NIDB AREA ADMINISTRATION OFFICES IN THE COUNTRY:

	AREA ADMINISTRATION	STATES COVERED.	AREA HEADQUARTERS
(a)	North - Western	Kaduna, Niger, Sokoto and Kano.	Kaduna.
(b)	North - Eastern.	Bauchi, Plateau, Borno and Gongola.	Bauchi.
(c)	South - Western.	Ondo, Oyo, Bendel and Kwara.	Akure.
(d)	South - Eastern.	Imo, Anmbra, Benue, Cross River and Rivers.	Aba.
(e)	Lagos.	Lagos and Ogun.	Lagos.

Source: General Policies NIDB: Irede Printers 187A, Isolo Road, Mushin, Lagos.

CHAPTER II.

LITERATURE REVIEW:

Printed materials on industrial development finance institutions are found inadequate to justify the institutions' growing impacts on the economy of a given nation, despite the fact that they are not new institutions. The institutions exist world over particularly in the advanced countries of Asia, Latin America, Western Europe, North America, Australia and South Africa. There are tremendous needs and continuing interests in them. Regardless of their location the factors which lead to the establishment of these institutions and their problems are generally one and the same. However, operation of a development finance institution is a function of environment and time. Diamond[1] affirms " financial institutions reflect their environment and their times."

Actual studies on operations of development finance institutions are few and mainly concerned with the operations of the institutions in advanced rather than in developing countries. Of a fortune however, the International Bank for Reconstruction and Development (IBRD) exists to close the gap so created.

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1. Diamond, W (1969) Development Banks , The Economic Development Institute : The Johns Hopkins Press Ltd., London.

The bank's emphasis is now in support of operations of industrial development finance institutions in the developing countries. Some years of experience have led the Bank to appreciate the importance attached to development banks in developing countries, the role they can play in stimulating economic growth and the need for careful case studies.

Different views have been expressed about functional hard core of a development finance company all of which converged to a central theme - stimulation of economic development. For Diamond[2] the main function of a development finance company is to devote its operations primarily to the stimulation of private sector of the economy. Kuiper[3] on the other hand regards provision of capital as the hard core of the function of a development company. The two views are more or less expressing the same phenomenon as the latter's view is obviously a sub-set of the former. The idea of capital provision is to invest the same in viable projects with the view to stimulating developments through private sector of the economy.

While one would agree with the two opinions, it is worthwhile including promotional work particularly

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2. Ibid.

3. Kuiper, E.T. "The Promotional Role of a Development Finance Company," in Diamond W, Development Finance Companies : Aspects of Policy and Operation; The Johns Hopkins Press Ltd., Baltimore U.S.A. (1968).

project formulation as one of the crucial functions of a development company. Project formulation in the promotional framework entails preparation of feasibility studies to establish economic, financial and technical viability of a venture. The studies are expected to provide answers to crucial questions such as what can be produced; how can it be sold; what profit to be made or realised and so on? Expert assistance is highly needed so as to cross this critical stage.

Operational concentration of a development company turns out to be a point of disagreement between the two opinions. Kuiper[4] argues that operational activities of a development company should be more relaxed and less concentrated in developed countries due to the existence of well established large and active enterprises. In developing countries, he further argues that there are investment opportunities but lack competent entrepreneurs to grasp these opportunities. The few available entrepreneurs are hard to convince of the merits of new proposals in new fields. Hence promotional activities of a development company should be vigorous and more concentrated in the developing countries. Diamond[5] holds opposite opinion of this view. In his argument operational activities of a development company

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4. Ibid.

5. Diamond, W. OP - cit.

should be more of a vigour in developed countries where there exist well established and active enterprises. The degree of involvement is always high in an operational enterprise than in the one under promotion.

A candid opinion is likely to share the opinion of the former view considering complications of various components that constitute promotional activity of a development company. Various components such as project identification, formulation, initiation and execution are critical stages in the promotion of a given project and need much concentration. It would be argued therefore that development companies in developing countries have much to do than their sisters in the developed countries. The main function of a development company in an established enterprise is supervision which is less cumbersome than promotional activity.

PROMOTION:

A development finance company is designed to be means of mobilising resources and skills and of channeling them into approved fields under private auspices rather than into the public sector. The institution can make a contribution to developments wherever a private sector exists and more particularly where opinion and policy hold that economic development depends ultimately on broadly based initiative, managerial ability and technical skills.

It is of course a reflection of the growing urge for rapid economic development and of the search for machinery to use where development does not appear to be proceeding of itself with the desired speed.

Speeding up economic development by making capital, enterprise and managerial and technical advise available to the private sector of the economy is a dogmatic description of the range and depth of a development finance company's operations. Its scope of operations extends to include inter-alia:-

(i) arranging for general industrial surveys and preparation of feasibility studies for special projects;

(ii) formulating specific proposals for new enterprises;

(iii) investing in share capital and underwriting securities so as to attract other investors;

(iv) encouraging the acceptance of new ideas in the economic sector;

(v) assisting in scouting for technical and entrepreneurial partners for local clients or for foreign investors;

(vi) arranging mergers so as to create more economic industrial units.

Various activities of development finance companies are part of a general urge to change a static situation and should therefore be co-ordinated with those of other

entities and individuals, government inclusive who concieve the same idea toward achieving the same end. Hence development finance companies particularly the ones in developing countries can be seen to be playing the role of co-promotors rather than assuming sole promotors of a given project.

PROMOTIONAL ELEMENTS:

Regarless of its nature, private individual, development finance company, government agency or business enterprise etc. a promotor undergoes the following stages in project promotion exercise:-

Project Identification: (a):

This is a start - off of a project. It involves conceiving of an idea of a project that appeals to the promotor. Such project would be in respect of the one to produce essential items currently imported into the country or produced locally but in insufficient quantity to meet the demand of the populace. The project would also be of the type that would process for export locally available raw materials presently leaving the country in form of export.

The project idea may emanate from various sources such as companies, governments, individuals, businessmen, entrepreneurs, industrialists etc. For a development company which is development - oriented, surfacing with new ideas is more important for its success than

the amount of capital at its disposal.

(b) Project Formulation:

This is a stage where feasibility study is being conducted. The essence is to establish the economic, financial and technical viability of the venture in question. It also indicates social desirability of the project. At this stage of promotion the promotor ought to seek expert assistance of investment analysts.

A good feasibility study is expected to possess some characteristics such as thoroughness and exhaustiveness on a given project; objective and unbiased; and above all it must be independent and should not be prepared by salesmen or those who stand to gain by its conclusions. It is imperative to examine and investigate a project from at least six different aspects economic, technical, managerial, commercial, organisational and financial. The relative importance of these different aspects varies considerably according to the type of project involved. They may overlap with the result that a particular topic may be considered from several points of view. The task obviously requires experts with a variety of talents and disciplines working together.

(c) Project Initiation:

In this stage technical know-how is engaged;

partners, agents, and distributors are found; a capital structure for the project is determined; and technical plans are drawn and printed. Functions are divided among the partners to the project. The technically more knowledgeable assume responsibility for ordering and installation of machineries, commercial people prepare markets, while the development finance company draws up budgets, calculates costs, prices and cash flow. The company also arranges financing and probably in the end underwrites not only medium and long-term loans but also a substantial part of the equity risk.

(d) Project Execution:

This has to do with the financing arrangement for the project, sites acquisition and preparation, ordering of machineries etc.

A development finance company contributes to the success of a project at any one of these stages ((a) - (d)). The company's effectiveness as a promotor of ideas lies in its contacts with private entrepreneurs, both local and foreign. Close and continuing contact with the private business community is crucial.

" A development banker who does not meet frequently with the community he serves is not in business; a man without ideas for economic growth should not be the

executive of a development finance company."[6]

Contact with the business community by a development finance company can make its knowledge and experience available to others and bring them to bear on the investment proposals of others. The company can help bring together men who have new ideas or technical knowledge and men who have capital. The two are not always found together. The function of marrying the two is particularly important in bringing foreign and local businessmen together. A development finance company is expected to have a sound knowledge of the capabilities and limitations of various industries vis-a-vis their market prospects. This would enable the company to promote co-operation, co-ordination and mergers among enterprises in the same field.

PROMOTIONAL COSTS AND RISKS:

Management of a development finance company should always be conscious of two elements, costs and risks during promotional course. In promoting a project certain unavoidable expenses such as part of the executive staff salaries, salaries of personnel assigned to promotional work, general administrative expenses etc. are to be incurred. Also to be incurred are travelling expenses, field and laboratory research

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6. Kuiper , E. T. OP - cit.

expenses, consultancy fees, out-of pocket expenses etc. Some of these expenses are hidden costs and therefore hardly recoverable from the sponsors of the venture. The practice is that the costs are normally included in the total project costs when they are to be recovered fully. However, out of experience some development finance companies would only go into these expenses if there is assurance of them ultimately receiving a fair return from the whole exercise in the form of profitable loan operation,underwriting commissions or equity participation.

Costs of outside services can be more conspicuous and would easily be ascertained. They are easily passable in full to the client of the development finance company or the new promoted company. Both categories of the expense, internal and external are well recognised in the promotional exercise. Hence most of the development finance companies do receive substantial support from their governments and sometimes from foriegn aid funds. The support would be in form of annual grant to cover up a major portion of the salaries of specialised staff assigned to promotion. However, losses as a result of high costs of study and research can be minimized the moment the promotion proves unpromising. Financial involvement may also be limited to some extent if there is a danger of the

amount budgeted for the study is likely to be exceeded.

RISKS:

Every investment is associated with risk. While investment would be taken to mean postponement of present consumption in anticipation of satisfactory returns, risk is the chance of loss, injury or damage. Traditionally, the prime objective of an investor is to maximize returns and minimize risks. Modern approach to investment however, takes into account the two parametres - returns and risks as they prove to be the dominant factors in investment decisions. The prime aim of investors is a subjective phenomenon. A satisfactory return differs from one investor to another. It all depends on the investor's utility function of wealth.[7]

Risks associated with investments can be categorized into:-

(a) total risk

(b) systematic risk

(c) unsystematic risk.

(a) Total Risk:

This is measured by the variability of return or standard diviation.

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7. Van Horne, J. C. Financial Management and Policy. Third Edition - London Prentice Hall (1979).

It can be classified into (b) and (c) above.

(b) Systematic Risk:

This refers to the portion of total variability in return caused by economic related factors which simultaneously affect prices of all securities in the market. Such factors includes changes in monetary policy, interest rate, purchasing power, market price, tax policy etc. Systematic risk by nature is undiversifiable hence can not be eliminated from investments.

(c) Unsystematic Risk:

This is the portion of total variability in return caused by factors unique to a firm or an industry. Firm or industry related factors include amongst others shortage of raw materials, industrial strikes, management, product policy etc. Unlike systematic risk, unsystematic risk is diversifiable hence can be eliminated.

All investors can be classified into three main categories - risk averters, risk lovers and risk neutrals. While a good number of investors fall in the first category, development finance companies are prone to the second category. Most of the risks taken by these companies are not from the studies undertaken by them but from the equity investment participation. Such risks can be minimized by adopting policies of limiting

the size of equity investment to a given percentage of net worth. Restriction in this respect helps safeguard the liquidity and viability of a development finance company. Much equity investments though in the long-run would be profitable, the holding period may be too long for the participating development finance company to endure locking up its funds. Restricting commitments is also feasible by avoiding taking a controlling position in an enterprise (over - involvement). Over - involvement could well result in additional financial exposure and certainly have the effect of consuming management time. Similarly, over-devotion to promotions may result in under - devotion to clients. Both may result in loss of the respect and confidence of the business community without which a development finance company can not be sure of its survival.

One of the greatest risks associated with investment is the sale to the general public shares of the ventures which one had promoted, without being able to guarantee that the shares would be profitable or that they would remain in strong and sympathetic hands. Generally, in promotion one is bound to incure considerable losses not only for a development finance company but also for its partners and for the public which it has enticed into investment.

GOVERNMENT AND DEVELOPMENT FINANCE COMPANIES:

Huge industrial projects are important elements in the development programmes of most countries, particularly the developing countries. They are by nature capital - intensive projects. Their benefits to a nation includes among other things improvements in the balance of payments, increased fiscal revenues, more inputs to local farmers and other producers, generation of employment opportunities, creation of industrial centres etc. The projects are vital to a country's growth and often constitute a lion share of its budget. Hence governments active and keen interest in them.

The degree to which large industrial projects are publicly or privately owned and managed is likely to be a function of size. However, the distinction between "public" and "private" is often unpellucid. Some are wholly government owned parastatals while others are with mixed ownership. Generally, they are all run in form of business and have substantial autonomy. Some are so closely regulated that they virtually have relatively little room for discretion.

Both the governments and development finance companies are customarily interested in the projects which are financially viable and economically sound.

Creating sound and well-managed projects particularly in the developing countries is a great challenge, given the numerous constraints in existence. Some of the constraints include:-

(i) Scarcity of experienced industrial managers;

(ii) unconducive environment to entrepreneurship;

(iii) lack of trained labour and low labour productivity;

(iv) deficiency in or absence of supporting services;

(v) inadequacy or inefficiency of physical infrastructures;

(vi) government policies such as subsidies, tariffs, tax, labour regulations etc.

(a) Government Involvement:

The degree of government involvement and ownership in large industrial projects varies greatly. Government involvement which depend to some extent on the proportion of its ownership ranges from provision of finance, provision of fiscal and tax incentives, supply of utility services and inputs of infrastructure facilities to the assurance of local markets for the project output, control of prices etc. Government also become involved actively in corporate policies especially those related to pricing, product distribution, procurement, management and labour practices. In most cases governments with major financial participation often exercise control over the

nomination of key personnel and staff salaries. In fully state - owned development finance companies trusted civil servants, though inadequately trained to run a business, are sometimes nominated as key managers. On the all, " with or without ownership, governments can control enterprises and determine their profitability through regulatory policies, taxes and their power to affect the prices of inputs and outputs."[8]

(b) Basis for Government Co-operation:

Many developing countries use certain measures to regulate industry or to direct investment into desired channels. On the basis of these regulatory and control measures it is of paramount importance for the development finance companies to co-operate more with governments than other private entities. They ought to maintain close contact with government in order to serve their clients effectively. Governments in one form or the other provide incentives and concessions to promote desired investment. It is a common practice that entrepreneurs who do not have the contacts or the ability to obtain government concessions,

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8. Dewey, C.F. and Kohli, H.S. " Market Factors in large Industrial Development Projects," Finance and Development (A quarterly publication of the International Monetary Fund and the World Bank - June 1982/Vol.19/No. 2).

often rely on development finance companies to negotiate and insure co-ordinated action for the issuance of permits. Co-operation with the government is therefore very vital for the success of development finance companies.

Many governments particularly the ones of developing countries often draw up economic development plans and programmes with a view to speeding up the pace of economic growth. In these plans areas of priority are often indicated and incentives offered. Development finance companies are of the view that involvement in such plans is outside their normal objectives and is likely to be enough to discourage prospective clients. However formal statements of the country's investment programmes and economic development plans are considered by many development companies to be very useful. The documents enable them to determine whether their own projects contribute to the country's sound economic development.[9]

(c) Government Assistance and Influence:

Government provides assistance to development finance companies in one form or the other. The assistance may be in cash (finance) or kind.

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9. Mathew P.W. " Relations Between Governments and Development Finance Companies," in Diamond, W. (1968) OP - cit.

Governments are important and probably the only potential source of domestic capital to the development finance companies. The companies, on the other hand are important tools in the developmental effort of governments. In many occasions the companies depend on soft loan or annual grant from the government or its agencies. They also obtain government guarantees to cover foreign loans. In some cases, the internally generated funds by these companies used to be relatively small. Of course, governments make it possible for several companies to obtain technical assistance either free of charge or at a reduced sost from friendly governments and international agencies.

For the sake of the common interest of the government and the development finance company in economic development, the former is likely to influence the latter in achieving public goals. The government can influence development finance company through persuasion or its regulations. Restrictive government policies as they affect interest rates can have significant effect on the earnings of a development finance company. Where government is the major financier of a development company and is unable to support small enterprises financially, the company may be asked to set apart some of its funds for the small enterprises on lenient terms.

Government interference arises from a feeling of being the major financier and sponsor. Hence it is entitled to take a close interest in almost all of the company's affairs. Nevertheless, safeguarding their independence is crucial to their effectiveness. It is a matter which gives development finance companies continuous concern and calls for continuous vigilance.[10] Many companies wish they do not have to concern themselves with this problem. But so long as they have to depend on governments for capital and other assistance, they can not eschew exposure to governments' attempts to influence them.

MAIN OBSTACLES TO INDUSTRIAL DEVELOPMENT:

Over a decade now there has been a struggle by the developing countries to accelerate the pace of their economic development. This determination has been manifested by an increasing emphasis on industrialisation with the hope that industrial expansion can be speedily achieved. However, progress in regards has been retarded in most countries due to inadequacy of various industrial development ingredients the crucial of which is shortage of capital. In the developed countries industrial expansion was attained at a slow pace through self-financing in their early stages of industrialisation.

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10. Ibid.

Developing countries characterised by rapidity of political advancement in recent years consider it essential to achieve their economic growth at a faster pace. Resources at their disposal however do not seem to permit the accumulation of earnings sufficient to finance the growth rate. There is in existence some capital in form of private savings but not sufficient. Only a portion of those savings is in any case available for investment in industries. Traditionally, wealth is invested in land or commercial enterprises.[11]

Another obstacle to industrial development is lack of an effective mechanism for channeling a sufficiently large proportion of such savings into productive investment. The absence of a perfect capital market indicates that there is little or no familiarity with investment financing techniques. By and large many countries suffer from a limited initiative on the part of the industrial community.

SUMMARY AND CONCLUSION:

As far as existing literature is concerned, fair justice seems to have been done to the developmental role of a development finance institution and the

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11. Boskey, S. Problems and Practices of Development Banks, International Bank for Reconstruction and Development. The Johns Hopkins Press, Baltimore 18, Md. (1961).

necessary cordial relationship that it would maintain with government for its success. Various views on the institution were focused on its developmental functions, given that it is mainly a machinery for economic development.

However, while it is to be agreed that a development finance company has to strike a trade-off between its financing and developmental functions, it should be noted that the company itself is an entity established with a share capital contributed by different bodies and individuals whose prime and common aim is not far from profit maximization. In discharging its duty to the shareholders therefore the company has to invest resources at its disposal in various profitable ventures, commercial inclusive, for maximum returns. This additional function has rendered many development finance companies not purely developmental entities but entities performing mixed functions.

A good number of development finance companies particularly in Nigeria are of this class. Some of them not even have trading companies as their subsidiaries but also have commercial division as part of their departments.

The practice has proved successful and encouraging particularly where a development finance company does not have adequate government financial support. It is employed as a means of generating funds internally and has helped in sustaining many development finance companies. A pragmatic view on development finance company hitherto should not be confined to its developmental role alone but extend to consider its involvement in commercial activities, given that it is a business entity.

CHAPTER III.

DEVELOPMENT FINANCE INSTITUTIONS IN NIGERIA:

HISTORICAL TRENDS:

Development finance institutions generally differ in terms of ownership and functional areas. Some are devoted to the promotion and financing of government enterprises while others are exclusively devoted to private investments or both. Some development finance institutions have broad planning functions. While some specialise in granting loans, some can lend and even partake in equity. The concern of some finance institutions is with the entire economy while others concentrate on a single sector. A development finance institution can be regional or national. Nevertheless, ownership, sources of finance, degree of dependence on government, objectives and operational methods of a development finance institution differ over a broad range of possibilities.

Development finance institutions in Nigeria are either national or regional. They are basically established to finance specific projects particularly the ones which can not easily be financed by some private business concerns.

The history of development finance institutions in Nigeria can be traced back to 1946 when the first

development finance institution, Nigerian Local Development Board (NLDB) came into existence with a capital base of ₦2950 million.[1] Its establishment came under the Ten Year Development Plan (1946 - 1955) and the institution was considered as one of the priorities of the plan period. NLDB was designed to make loans available to government controlled entities for the authentic development purposes. Its establishment was to aid and foster Nigerian business activities such as the promotion and development of local crafts and industries.

Second in the history was the Colony Development Board (CDB) which was established in 1949 to replace the NLDB. Also established in the same year to replace NLDB were three regional development boards, each located in the East, West and North. This was in accordance with the country's direction toward regionalisation. While the regional boards were established to operate in their respective regions, CDB was to operate within some radius around Lagos to carry out the functions previously undertaken by its predecessor in the area. CDB's capital base of ₦100,000[2] was from two sources, the regular government annual budget and the colony's assets inherited from the NLDB

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1. Nwankwo, G.O. The Nigerian Financial System. MacMillan International College Editions.(1980)

2. Ibid.

and shared among the regional components in the country.

The CDB like its predecessor was charged with dual tasks of facilitating both government and private economic activities, the latter being accorded greater emphasis. Primarily, the purpose of the four boards was to enhance economic development and encourage private small-scale entrepreneurs in the country. The Boards' range of activities included among others granting of loans for schemes of public value as may from time to time be authorised by the appropriate authority.

May, 1956 witnessed establishment of another development finance institution, the Federal Loan Board (FLB) which was the immediate direct successor of the CDB. In addition to the assets, liabilities and commitments inherited from CDB, FLB was set up with an initial grant of ₦600,000[3] and had the followings as its major functions:-

(i) approving or recommending loan applications;
(ii) scrutinizing securities offered by lenders;
(iii) granting loans to indigenous clients but not to traders or for trading purposes;
(iv) make loans of all types available within Lagos environs up to a maximum of ₦100,000; [4]
(v) sharing responsibility for large loans in the regions with the regional corporations.

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3. Ibid.
4. Ibid.

For sizeable loans FLB was charged to share responsibility with the other three regional development boards namely NNDC, WNDC and ENDC.

With the creation of states in 1967 and subsequently in 1976, many states owned development finance institutions were established. Today, nearly all the states have one form of development finance institution or the other. Some of these institutions are still in their preliminary stages. In recognition of their existence an association of Nigerian Development Finance Institutions (ANDFI) was formed on October 15, 1982 with initial members of 23 companies and corporations (Table 1:1). Among its objectives the association is to enhance status of the members through an appropriate legal framework as is the case with commercial banks and insurance companies. As a body of responsible and respectable professionals, it is also to offer objective advice on the economic development and general well-being of Nigeria.

MAJOR FUNCTIONS:

Nigeria's development finance institutions share a common goal of ensuring economic development of the country at large hence they are established to have a wide geographical coverage. Although they provide copious services within the economy, their functions

in terms of investment are more or less the same. Broadly, three major functions can be identified with these institutions. They include banking, development and investment supervision functions:

(a) Banking Functions:

This functional aspect could be regarded as unique and special since it differs from the commercial type of banking. The prime objective of these institutions has been to foster the establishment or expansion of viable projects through the provision of equity and medium or long term loans and technical assistance. The scope of operation covers important sectors of the economy such as manufacturing , agriculture, mining and tourism to mention but few.

The banking function consists of the provision of finance to industrial projects. It includes sanctioning or approval of prospective clients' applications for assistance and the disbursement of the sanctions after the client must have met certain requirements and conditions.

Conditions to be met prior to the approval and disoursement of loans vary from one development finance institution to another. However, the procedure generally commenced when promotors of projects make a contact

with the institution directly either in writing or by personal visits. Initial contact with preliminary data is always preferred at an early stage of project development. At this stage the institution can offer useful advice through its promotion and development department. This also helps promotors in saving time and substantial funds which could have been spent in studying non-viable projects.

Feasibility study as a pre-requisite to project promotion is expected to be undertaken by the promotor and a report submitted to enable the institution commence with appraisal work. In alternative, some development finance institutions when commissioned can undertake project feasibility study on behalf of the promotor for a nominal fee. A satisfactory feasibility study should however contain the following minimum details:-[5]

(i) A market report establishing the demand for the proposed products and the competitive prices;

(ii) A description of the production processes, the items of assets and detailed estimate

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5. Ajeigbe, C.G. Chairman NIDB Annual Reports and Accounts," a paper presented at NIDB's annual general meeting held on June 30, 1982 published in Business Express, Vol.I June, 1983.

of total cost including provision for working capital, interest during construction period, preliminary expenses and start-up costs.

(iii) A detailed analysis of the annual cost of production and cash flow and balance sheet projections for the first few years. Explanatory notes should be attached depicting the assumptions made in the projections.

(iv) A proposed financing plan with reliable assessment and evidence of the availability of funds from each source. Projected total investment from development finance institution often ranges between 50 - 75% of the total cost estimate, depending on the circumstances.

(v) Brief notes on history of the client company, the composition of it's Board of Directors and short biographies of the Directors and Senior Management team - copies of certificate of incorporation, Memorandum and Articles of Association and other important agreements should be attached.

(b) Development Functions:

The major function that reflect ultimate objectives

(ii) To ensure that the project implementation schedule adheres closely as possible to the time schedule and the financial estimates.

(iii) To ensure that the client companies fulfil their repayment obligations as they fall due. This is to minimize the risk of default on the part of the client companies.

(iv) To keep a close watch on the operations of the client companies for on the spot assessment of the impact of material changes (e.g. changes in availability, price etc. of production inputs), environmental, managerial and financial changes.

(v) To get acquainted with the project and to assess any changes in the project details or environment that are likely to affect the techno-economic viability of the project.

Supervision work can assume three stages. The first being preparation of progress reports, fiscal and financial working results and review. Secondly is the periodic meetings that would be held with the management and physical visits to the project sites. Also vital in the supervision work is the nomination of a director to the board of the client company.

Investment supervison is a continuous process. After implementation and commissioning of a project comes the second phase of project supervision. Constant touch with the progress is maintained to ensure non-structural failure of the project. Consequently, periodic visits are paid to the project with the aim of appraising all aspects of its operations and to identify any likely predicaments detrimental to the attainment of desired objectives.

CONTRIBUTIONS TO THE ECONOMY:

Development finance institutions in Nigeria have contributed in one way or the other to the development of the country particularly the industrial sector. Both the Federal and State governments industrial policy led to the spreed of these institutions over the country with almost one objective of nation building through development banking. As specialised institutions their operations extend to cater for such other areas as commerce, agriculture, industry as well as housing. Within some few decades of their existence they have marginally done enough to justify their prime objectives. NIDB for instance within a period of 17 years (1964-81) sanctioned a total of ₦488 million[8] in both equity and loans participation in aid of 495 industrial projects.

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8. Ibid.

The total estimated investment in these projects amounted to more than ₦2 billion.[9] Moreover, in addition to creation of ample employment opportunities for Nigerian populace, these projects also involve annual foreign exchange savings of over ₦300 million.[10] The Bank's projects are spread over the country and cover such sectors as textiles, food and beverages, furniture and wood products, mental products, chemical products, hotels and tourism, quarrying, packaging and vehicle assembly etc. (Table 3:1).

As part of a meaningful diversification policy, development finance institutions in Nigeria have interest in other areas that offer ameillary services to industrialisation. NIDB for instance holds 45% of the share capital of ICON Ltd., one of the leading merchant banks in the country. As the country's premier industrial finance institution, NIDB also in 1982 disoursed loans and equity investments of ₦48.1 million[11] for different projects in the various sub-sectors of the economy. Out of this amount ₦42.3 million (87.9%) and ₦5.8 million (12.1%) were made up of loans and equity investments respectively.

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9. Ibid.

10. Ibid.

11. CBN: " NIDB sub-sectorial distribution of sanctions," Annual Report and statement of Accounts For the Year Ended December 31, 1983.

In 1983 a total sum of ₦39.8[12] million was also sanctioned for 112 projects. The amount constituted ₦38.5 million or 96.7% as loans and ₦1.3 million or 3.3% as equity investments. Out of the total amount approved in 1982, Textile sub-sector received a lion share of 33.3%. Similarly in 1983 it was Hotel and tourism sub-sector with 31.8% (See Table 3:2).

PROBLEMS:

Much as development finance institutions in the country are out to execute their operations effectively they find it hectic to eschew some unfavourable forces detrimental to their smooth functioning. First and foremost their operations are unnecessarily faced with shortage of funds. This emanates from the fact that most of these institutions are dependent either on Federal or State governments for the bulk of their funds.

Governments however find it difficult to re-organise their priorities to ensure that these institutions are unstarved of funds. The institutions are therefore obliged to be affected adversely by every change of fortune in public revenue. Open market interest rates are so high that they find it quite uneconomic to mobilise funds from the local capital market.

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12. Ibid.

Despite the fact that foreign loans have become increasingly expensive, there is a limit to which these institutions can mobilise foreign finance with the required federal government guarantee.

Secondly, it is unfortunate that the institutions are being starved of funds at a time when the demand for their services is at an increased pace. Moreover, some of the serious problems confronting the development finance institutions in Nigeria arise from the general economic environment. The inadequacy of infrastructural facilities goes along to inflate projects costs. Most of the projects assisted by the institutions are prone to invest in such items as standby - generators, bore-holes and in some cases road construction in addition to the huge capital outlgy on machineries, equipments and factory buildings. The additional expenses in event result in a colossal overhead and industrial costs.

Lack of a stable investment climate necessary for the inducement of confidence in both local and foreign investors is another factor detrimental to the smooth operations of development finance institutions in the country. Development projects are characterized by long gestation periods and frequent policy changes can be hostile to such projects

and possibly complicate investment planning. The package of fiscal, monetary and import policy measures enacted in April, 1982 readily comes to mind in this regard. Albeit the measures were timely and inevitable, the implementation of some of them have caused severe difficulties to some client companies.

The compulsory advance deposits on imported machineries, spare parts and raw materials is adversely affecting the implementation of new projects and threatens operations of the existing ones assisted by these institutions. Foreign exchange is now being rationed in such a way that Nigeria's credit worthiness with some correspondent banks abroad has suffered major reverses. It has therefore become virtually difficult if not impossible to open letters of credit in favour of new projects assisted by the development finance institutions.

Based on the foregoings therefore it would be thought that challenges before development finance institutions in Nigeria are likely to assume the nature of how to:-

(i) industrialise rural areas;

(ii) establish mutual relationship with the business community;

(iii) influence or resist government policies to match with their operational activities;

(iv) isolate themselves from political influences;

(v) maintain goodwill with the investment world.

SUMMARY AND CONCLUSION:

It is to be concluded at this juncture therefore that development finance institutions in the country are more or less operating under some tight forces detrimental to their success. Most of the predicaments emanate partly from both the federal and state governments through their frequent legislation in respect of financial and investment policies.

The country's unstable economic and political environement to some degree affect the rapid growth of development finance institutions. Most of the reputable investors in the country hardly employ the services of these institutions as they are yet to understand the institutions' roles and functions.

Ownership of the development finance institutions in the country is dominated by governments, federal or state and this has in most cases brought their services under restrictions and unnecessary interferences.

T A B L E 3:1

SOME OF THE PROJECTS INVOLVING NIDB PARTICIPATION:

Project	Type of Industry	Total Cost (₦M)	Total NIDB participation (₦ M)
Steyr Nigeria Ltd., Bauchi	Vehicle Assembly.	75.30	10.10
Granite Crushing Industry (Nig.) Ltd., Ilorin.	Miscellaneous	1.20	0.60
Funtua Textile Mills Ltd.	Textile	22.20	3.90
Kabo Blocks Ltd., Kano.	Non-Metallic	0.60	0.20
Taf sheet Metal Manuf. Co. Ltd., Ikorodu, Lagos.	Metal.	1.00	0.20
Stallion Enterprises Ltd., Aba.	Food and Beverages.	0.40	0.20
Gusau Trading Company Ltd., Gusau - Sokoto State.	Leather	1.30	0.50
Niyi Ibikunle Nig. Ltd., Oshogbo.	Mescellaneous	0.80	0.40
Abusi Odumare Hotels Ltd., Shagamu.	Hotels and Tourism.	2.90	1.50
Nigerian Asbestors Industries Ltd., Bauchi.	Chemical	11.50	3.00

Source: " Business Express, " A panorama of Nigerian Business and Economy - Vol. I No. 1 June, 1983.

TABLE 3:2

NIDB SUB-SECTORIAL DISTRIBUTION OF SANCTIONS:
(₦ million)

Sub-Sectors.	1982 (Jan. -Dec.)				1983 (Jan.- Dec.)			
	Equity	Loan	Total	%	Equity	Loan	Total	%
1. Food.	-	2.9	2.9	6.0	0.3	0.6	0.9	2.4
2. Beverages.	0.4	5.5	5.9	12.3	0.1	2.0	2.1	5.3
3. Textiles.	2.2	13.8	16.0	33.3	0.2	7.2	7.4	18.6
4. Footwear/leather products.	-	-	-	-	-	-	-	-
5. Wool/furniture products.	0.4	2.6	3.0	6.2	-	0.1	0.1	0.3
6. Paper products.	-	1.4	1.4	2.9	0.2	3.1	3.3	8.2
7. Chemical Products	0.1	2.8	2.9	6.0	0.0	4.9	4.9	12.3
8. Rubber Products.	-	0.5	0.5	1.0	-	-	-	-
9. Non-Metallic.	0.2	5.5	5.7	11.9	0.2	3.8	4.0	10.1
10. Iron & Steel.	-	-	-	-	-	0.3	0.3	0.7
11. Metal Products.	0.1	1.5	1.6	3.3	-	2.1	2.1	5.2
12. Electrical appliance.	-	1.1	1.1	2.3	-	0.1	0.1	0.1
13. Transport.	-	-	-	-	0.1	0.1	0.2	0.6
14. Hotel & Tourism.	-	-	-	-	0.2	12.5	12.7	31.
15. Miscellaneous.	2.4	4.7	7.1	14.8	-	1.7	1.7	4.4
Total	5.8	42.3	48.1	100	1.3	38.5	39.8	100

Source: CBN 1983 Annual Report and Statement of Accounts.

CHAPTER IV:

INDUSTRIAL DEVELOPMENT POTENTIALITIES IN NIGER STATE

LOCATION, LAND AND CLIMATE:

Curved out from the defunct North-Western State of Nigeria, Niger State came into existence in April, 1976. The state is situated between latitudes 3.20' and 7.40' East and longitudes 8.00' and 11.30' North. It therefore falls within the middle belt region of Nigeria. With a total area of approximately 74,000[1] square kilometre, it represents about 8.04% of the total land area of the country. To the North-West and South-East, the state shares common boundaries with Sokoto state and New Federal Capital Territory (Abuja) respectively. It is also bounded to the North by Kaduna state and to the south by Kwara state.

With its population of about 2.02 million over its total land area, the state has a population density of approximately 30 per square kilometre. This appears to be a fair population spread vis-a-vis the figures for the other states of the federation.

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1. Niger State, "The Land of Unlimited Business Opportunities": A publication of Niger State Ministry of Commerce and Industry. (1982)

Climate:

Niger state and of course Nigeria as a whole are both situated North of the equator, hence fall within the Savannah belt. With this locational characteristics Niger State does not experience extreme seasonal climatic changes. Highest temperatures are recorded between the months of March and June and lowest in July and August every year. The mean maximum temperature does not go beyond 94° F (18.88° C)[2]. The lowest minimum temperatures fall within December and January. The state experiences two distinct seasons in the year the rainy and dry seasons. While the rainy season lasts from May to October, the dry season occurs between November and April, The highest recorded rainfall occurs in the months of August and September with mean annual rainfall of about 1100 mm in the north and more than 1600 mm[3] in the south eastern part of the state.

The early rains of March experienced in the state are characterised by short and sharp showers

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2. Niger State, " A survey of Resources For Development." A publication of Nigerian Institute of social and Economic Research, Ibadan (NISER).(1979)

3. The Land of Unlimited Business Opportunities-op-cit.

accompanied by thunder storms. The later rains on the other hand are characterized by short and heavy down-pours. The rains are therefore concentrated only, in some few days of the year and hence the degree of run-off is very high vis-a-vis the rain water that actually percolates into the ground.

Both the land and climatic characteristics associated with the Niger State have made the state predominantly an agricultural economy. About 80% of the population are engaged in farming, fishing, rearing and the host of other related occupations. However, the irregularity of the onset and end of rainfall, its variability and the mode of rainfall constitute main agricultural predicaments in the state. For instance, the farmers find it uncomfortable to plan their farming activities with any degree of certainty. The first rainfall which may be expected late in March is likely to be available early in May in an insufficient quantity for cultivation. On the other hand sufficient rainfall adequately enough for cultivation may be available quite early in the year. This may encourage the farmers to plant early after which the crops would be partially destroyed due to lack of adequate moisture to sustain them in the subsequent months. The rainfall variability coupled

with crop yields variation therefore calls for irrigation agriculture in the state.

GOVERNMENT AND PEOPLE:

Like other states of the Federation, Niger State is operating on two tiers/levels of government - the state and local governments. The functions of the two are much a like. The local government structure came into operation in 1976. This followed the Local Government Reforms introduced by the Federal Military Government in place of the then Local Government Authority.

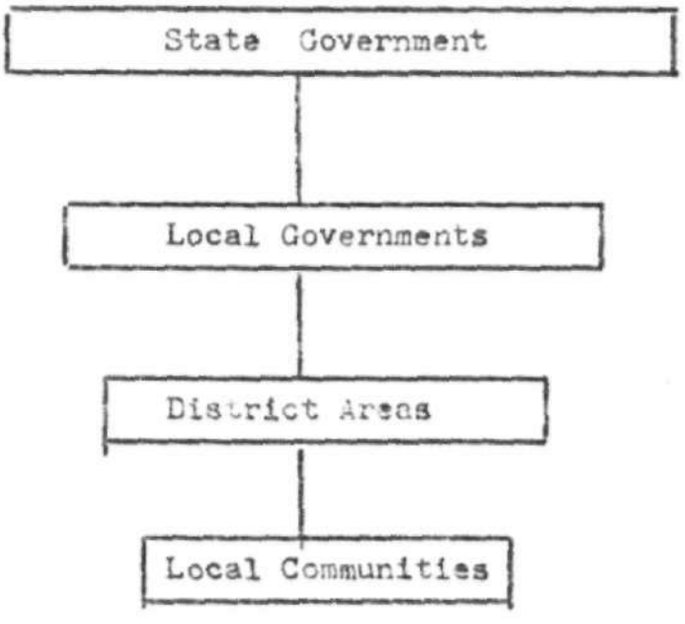
For an effective administration, the state is made up of nine local government areas namely Chanchaga, Suleja, Gbako, Lavun, Lapai, Agaie, Magama, Mariga and Rafi. Each local government is further sub-divided into districts areas. There are 35 districts made up of approximately 334 [4]. Communities/Villages areas (see Fig. 1:1 & Table 4:2)

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4. NISER - OP-cit.

TABLE 4:1

NIGER STATE ADMINISTRATIVE STRUCTURE:



Similarly, for the smooth and efficient running of the state, the state government has been divided into 9 major functional areas known as Ministries. Each Ministry is under the supervision of a Commissioner. Moreso, the government owned parastals or corporations also partake in the scheme of administration.

People:

Niger State is a land of numerous ethinic groups. Nevertheless, the indigenous tribes in the state have been grouped into five major ethnic groups.

These include Nupe, Gwari, Hausa, Fulani and Kamuku with Nupes constituting well over 40% of the population. Other tribes from southern Nigeria such as Ibos and Yorubas are also found in the state.

Muslims in Niger State constitute over 60% [5] of the population. Christians are about 5% while the remaining population are still retaining their traditional beliefs. It is however noticeable that Islamic religion is rapidly and consistently gaining more adherents and this appears to be a continuing development.

HUMAN AND NATURAL RESOURCES:

Niger State is endowed with abundant human and natural resources. The exploitation of these resources has been at minimal level due to insufficient availability of certain basic industrial infrastructures. However, the state government is making efforts in providing some of these infrastructures. Few dams to provide water for both domestic and industrial needs have been constructed in some of the major towns of the state. Construction of new major roads to link rural areas with urban centres is in an advanced stage. Telephone and telecommunication facilities are being developed. There is an effort to connect the state with the national grid for the supply

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5. Ibid PP. 53.

of electricity. Most of the Nation's largest hydro - electric power generating stations both existing and proposed namely Kainji, Jebba, Shiroro, Zungeru, Gurara and also Lokoja are all located at the neighbourhood of Niger State.

HUMAN RESOURCES:

Niger State is one of the least populated of the 19 states of the Federation. The estimated total population of the state was 1.2 million according to the 1963 census. The population is now approximately 2.02 million, with an implied growth rate of 2.5% per annum.

For the purpose of industrial development, the state's human resources must not be limited to mere population. Both the size and quality of its labour force are as important as the level of employment and under - employment. Despite its least population Niger State could be described as experiencing both a surplus and a shortage of manpower. Unemployment and underemployment of labour is one serious problem facing the state. Employment opportunities have not expanded fast enough to provide gainful full - time employment for the fast growing population. The unemployment problem is even made worse by migration to the urban centres and the rapid increase in the number of

primary, secondary and post - secondary school graduates.

The number of primary schools enrolment in the state rose from 53,954 in 1976 to 108,037 in 1977, an increase of 100.2%. Between 1977 and 1978 the inrease was from 108,037 to 183,153, representing 69.5% increase. The percentage increase of primary schools enrolment between 1976 and 1978 therefore stood at 234%. Similarly, Secondary schools enrolment in the state increased from 5,048 in 1976 to 5,738 in 1978, an increase of 14%. Moreso, the Teachers' Training Colleges enrolment increased from 6,884 in 1976 to 8,854 in 1978 representing an increase of 29%. Commercial and Technical schools in the state on the other hand had an enrolment of 737 and 1,101 within the same period. This depicts an increase of 49% (see Table 4:3).

Niger State experiences a critical shortage of virtually all types of skilled and expert manpower. In spite of the impressive rate of expansion in formal education in the state, only a small proportion of the population has had the benefit of this type of education. However, during the period of 1976-78 over 90% of the total government staff strength were indegenes. Professional staff strength during the year

increased from 318 in 1976 to 631 in 1978, an increase of 98.4% . On the other hand the semi-professional staff strength rose from 425 in 1976 to 995 in 1978, representing 134% increase. Out of the professional staff strength demand of 897 in 1976, 851 in 1977 and 850 in 1978 the state was able to supply 318, 476 and 631 respectively, representing 35.45%, 56%, and 76% in that order. Similarly, the state was able to supply 56.59%, 83.28% and 89.96% of the respective total demand for semi-professionals during 1976 - 78 (see Table 4:4). It is to be said therefore, that the state in 1978 alone demanded for a total staff strength of 1,936, both professionals and semi-professionals out of which only 1,626 were supplied leaving a gap of 310.

Natural Resources:

Niger State is a land with varied agricultural and forest resources which provide a basis for prosperous agricultural development. Of the state's total land area of about 74,000 squre kilometres, only about 9,913 squre kilometres or 13% are in use, (see Table 4:5). Out of the total land in use 3,512 square kilometres are under cultivation while 4,181 square kilometres are forest zones. Also a land area of 2,220 kilometres are for urban development, rivers,

Lakes and other utilities other than agriculture. A total land area of 64,087 square kilometers is left untouched.

The climate and soil of Niger State permit a variety of crops to be grown. Such crops include yams maize, rice, guinea corn, cotton and groundnuts. Rice is mainly grown in the fadama areas. The basement complex soil areas are found in the northern and eastern parts of the state and suitable for the growing of cotton, yams, guinea corn, acha and benniseed. The area is sparsely populated with small tribes hence the present level of agricultural production can be increased considerably through large scale mechanised farming. Nupe plains and scarps soils are found in areas of Mokwa, Bida, Kutigi and Agaie where the first set of crops are grown in a fairly large scale.

Mineral deposits though found in Niger State but not in commercial quantity. A survey of resources conducted by NISER [6] in 1980 indicates that there are gold deposits in the areas around Beni and Erena, tin and columbite in Takushara and Burum in Suleja area and marble, limestone and clay in Kwakuti and Doko. Expoloitation of these mineral deposits is however very limited. Clay materials are the only one intensively utilised by Ladi Kwali Poltery Centre, Suleja.

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6. Ibid.

Detailed statistical data in respect of the livestock population within the state are not available. However, an approximate estimate from the Niger State Ministry of Natural Resources indicates that the state has about 1.50 million cattle, 1.00 million goats, 0.5 million sheep, 0.004 million pigs and 5.45 million poultry.[7] In support of the growing population of cattle the state government is taking among other measures:-

(i) provision of 17 grazing reserves with a ranging size of 30 to 65 square kilometres and scattered all over the state;

(ii) adequate demarcation of stock routes;

(iii) setting up a modern cattle farm in Minna.

With these measures and the subsequent ones it is to be viewed that Niger State would be virile enough to support any leather or meat industry.

INDUSTRIAL INFRASTRUCTURAL FACILITIES:

Generally, industrial infrastructural facilities include power, water and communication network (roads, rail, air transport and telecommunication system). In a given economy industrialisation is

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7. Gustasson, G. (For UNIDO) : Guidelines for Industrial Policies and Programmes with Emphasis on Industrial Areas/Estate, Niger State (1979).

likely to be a problem when there is an inadequacy of some basic intrastructural facilities.

Power:

Prior to the creation of Niger State only very few towns in the state were enjoying power supply. In fact as far back as 1966 only Minna and Bida had electricity supply. By 1978 however NEPA operation had covered Minna, Bida, Suleja and Kontagora. Their power supply is operated from isolated diesel generators to be connected with the National grid.

In pursuance of the objective of providing adequate power in the state, the government established the Rural Electrification Board (REB) by an Edict in April, 1976. The Board is to perform among other functions:-

(i) establishment and management of electricity undertakings in those parts where the National Electric Power Authority (NEPA) does not maintain any undertakings and installations;

(ii) securing the supply of electricity at reasonable rates;

(iii) advise the Commissioner for Economic Development on all matters relating to the generation, transmission, distribution and consumption of electricity in the state.

The REB supplies electricity to towns by means of isolated diesel generators. The towns to be electrified are decided by the state government based on socio-political and economic reasons. However, priority is being given to the local government headquarters. So far, the Board has electrified so many urban and semi-urban towns in the state. The towns include Agaie, Lapai, Kagara, Kuta, Paiko, Kutigi, Mokwa, Rijau/Tunga-Magajiya, Zungeru, Wushishi, Doko, Katcha and Auna. The Board however faces a number of problems among which are shortage of qualified personnel, inavailability of equipment and spare parts and shortage of funds. To alleviate some of these predicaments the Board receives a sizeable annual subvention from the government. For instance it received a total allocation of ₦2 million for its operations during 1982 fiscal year despite the state's tight financial position.

Niger State has electricity potential to support any likely sizeable industrial venture. Infact, the Nation's major existing and new/proposed hydro - electric projects are either within or very close to the state. These include Kainji, Jebba, Shiroro, Lokoja, Zungeru and Gurara hydro-electric plant stations with installed capacities of 760, 540, 600, 1,870, 600 and 300 MW respectively (see Table 4:6).

Water Supply:

Niger State experienced acute water shortage at the initial stage. However, through the state government's effort new water works have been commissioned in the major urban centres of Minna, Suleja, Bida and Kontagora. Functioning at their full capacities, the water works are capable of meeting likely industrial needs. Moreso, the effort to embark on the similar projects, in the semi-urban centres of Kagara, Zungeru, Katcha and other sizeable towns in the state is in an advanced stage.

Similar to REB, state's Water Board was established to take the responsibility for developing and maintaining water resources in the state. The state through the effort of the Board has embarked upon a number of dam projects to alleviate both domestic and industrial water needs problem. Some have been completed while some are still under construction. Both the existing and new dam projects in the state include Tagwai, Bosso, Kagara, Tegina and Zungeru dams.

The state government is highly committed to the development and maintenance of water resources in the state. To show its commitment, the state in 1982

fiscal year alone allocated a total sum of ₦8 million[8] to the respective utility Board (Water Board) for the Board's various operations. ₦5.3 million out of the allocated amount was earmarked for the on-going Urban Water Supply projects at Minna, Bida, Kontagora, Suleja, Kagara, Agaie and Lapai while ₦.8 million was made available for the up-grading of semi-urban Water Supply Schemes and for the improvement of other existing Water Supply Projects in the state. The extent of the state's commitment to the"popular" Bi-Water Supply project is also one of the clear testimonies of its efforts in this direction.

Communication Network:

In terms of state capital township roads Niger State would be regarded as next to none. The state also enjoys three Federal trunk "A" roads which pass through its "heart". One passes from Lagos through Jebba, Mokwa, Kontagora, Tegina, Kagara and then to Kaduna. The second one passes from Lagos via Jebba, Mokwa, Bida, Agaie, Lapai, Suleja and finally to the new Federal Capital, Abuja. While the third road passes from Lokoja via Suleja, Sabo Wuse and finally to Kaduna. Within the state however all the local government area headquarters are linked together

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8. Ibrahim, M. A. 1982 Niger State Consolidation Budget Speech by Governor of Niger State.

with major motorable roads. Gigantic road network construction projects to link other major towns in the state have also been commissioned. They include Pandogari - Allawa - Gurmana and Minna - Katayeregi - Bida road projects. The roads are under construction. Moreover, three other major roads namely Tagbare - Gwada - A2, Beri - Mashegu - Kutiwongi - Batati and Kontonkoro - Udara roads are in the proposal and are expected to take-off as soon as the financial position of the state improves.

The state has been blessed with one of the most efficient and economic means of transporting bulky goods and passengers. The rail line that runs from the south to the Northern parts of the country passes through the state, more advantageously through Minna, the state capital. Also there is Minna - Baro rail line which serves as a means of transporting goods as well as passengers within the state.

Niger State has not be endowed with any air transport apart from the small airstrips at Minna and Bida which are only capable of landing smaller chartered aircrafts. The state only takes advantage of its proximity to the new Federal Capital, Abuja and Kaduna in respect of this facility.

SUMMARY AND CONCLUSSION:

In view of its central location in the country and the availability of necessary industrial infrastructural facilities as could be seen from the foregoings, Niger State is industrially potential. That the state lacks necessary infrastructures for industrial ventures is a far reaching fact.

Indeed the mineral resources as well as other similar resources are not available in commercial quantities. However, agriculture is a life wire of not only industrial development but also of the development of other sectors of the economy. Niger state has high potential for the agriculture. Its approximate 64,087 square kilometres (or 87% of its total land area) which currently remain uncultivated can be developed and mechanised to provide necessary raw materials capable of sustaining sizeable Agro-Allied industries.

The state's forest zones covering approximately 4,181 square kilometres could be extended and developed for the purpose of providing basic raw materials for big building and construction industries such as furniture industries. Similarly, its livestock population of about 8.45 million coupled with some measures to increase the number many folds in the near future is large enough to attract import substitution industries in nature of leather or meat

processing industries.

Niger state industrial potentiality in respect of its location and the accrued basic infrastructural facilities particularly power, water, roads and markets is a point of important consideration. The facilities are there but only need to be developed to some levels. It has power potential considering its proximity to the Nation's major existing and proposed hydro - electric power generating stations namely Kainji, Jebba, Shiroro, Lokoja, Gurara and Zungeru. Its central location and proximity to the new Federal Capital serve as an added advantage particularly in respect of markets for the likely finished products. Both raw materials and finished products can be easily transported either by rail or through the Federal trunk A roads. The transportation is feasible either ways - to the Southern markets or Northern commercial centres.

With all these advantages and potentialities, one wonders why Niger State should be experiencing the prevailing industrial development problem. The clue is not far fetched. The root cause is probably not unconnected with the government herself. [9]

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9. 16 out of 18 industrialists interviewed in the state (or 89%) indicated government slow bureaucratic procedures as their main constraints toward going into industrial ventures.

Out of 18 questionnaires received from the industrialists/ establishements (Appendix D) responses of 15 or 83% to question 14 indicated the first two problems as their main constraints. The remaining 3 or 17% did not have these as their problems because they were established prior to the creation of the state. Similarly, 10 respondents of question 16 representing 56% indicated water and access road as the main items lacking in their establishments. Question 17 on the other hand attracted "NO" on the part of 13 respondents or 72%.

The above basic problems faced by the potential investors could be therefore regarded as the main contributory factors in repelling prospective industrialists away from the state. Given the opportunities and necessary incentives, government co-operation inclusive, the investors are likely to perform and this would go a long developing the basic infrastructural facilities automatically in the state.

TABLE 4:2

ESTIMATED POPULATION OF NICER STATE BY LOCAL GOVERNMENT AREAS (1963 and 1984).

Local Government Areas.	Districts	Estimated Population	
		1963	1984(Projected)
Agaie.	Agaie. Kintako. Kintifin.	52,153	87,595
Chanchaga.	Bosso. Paiko. Kuta. Kafin-Koro.	268,254	450,554
Gbako.	Baddegi. Bida. Katcha. Lemu.	196,963	330,815
Lapai.	Lapai North Lapai South	49,784	83,616
Lavun.	Kutigi. Mokwa. Doko. Kede.	188,130	315,980
Magama.	Rijau. Auna. Ibeto.	137,966	231,725

Mariga	Kontagora. Kontonkoro. Kumbashi. Mashegu. Zugurma. Wushishi	116,411	195,522
Rafi.	G/Kogo. Tegina. Kwamgoma. Kusheriki.	82,888	139,217
Suleja.	Suleja. Bwari. Kuje. Kwali. Gawu.	101,959	171,248
Total	35	1,194,508	2,006,272

NOTE: 1984 figures are based on 2.5% annual growth rate.

Source: Niger State Statistical Year Book (1978).

TABLE 4:3

NUMBER OF SCHOOLS ENROLMENT IN NIGER STATE BY LOCAL GOVERNMENT AREAS (1976 - 78)

LOCAL GOVERNMENT AREAS.	PRIMARY SCHOOLS.			SECONDARY SCHOOLS.			TEACHERS' TRAINING SCHOOLS.			COMMERCIAL & TECHNICAL SCH.		
	1976	1978	% Increase	1976	1978	% Increase	1976	1978	% Increase	1976	1978	% Incr.
Suleja	6819	15630		490	528		604	334		-	-	
Chanchaga.	17097	41709		946	1165		2596	3347		254	422	
Agaie & Lapai.	3300	15721		250	319		1022	1436		-	-	
Gbako.	7900	29984		1736	1791		765	918		-	-	
Lavun.	6366	28984		228	330		992	1538		-	-	
Magama.	3012	20900		565	677		-	-		-	-	
Mariga.	5992	17687		573	581		905	1281		483	679	
Rafi.	3468	12538		260	347		-	-		-	-	
TOTAL	53954	183153	234	5048	5738	14	6884	8854	29	737	1101	49

Source: Niger State Statistical Year Book (1978) : PP. 87 - 99.

TABLE 4:4

PROFESSIONAL AND SEMI-PROFESSIONAL STAFF OF NIGER STATE GOVERNMENT (1976-78)

YEAR	PROFESSIONAL			SEMI-PROFESSIONAL		
	A.E	Strength	% Post Filled	A.E	Strength	% Post Filled
1976	897	318	35.45	751	425	56.59
1977	851	476	55.93	1005	837	83.28
1978	830	631	76.02	1106	995	89.96

NOTE: A.E. means Authorized Establishment in the estimates.

Source: Niger State Statistical Year Book (1978).

TABLE 04 : 5

APPROXIMATE LAND USE PATTERN OF NIGER STATE:

	DESCRIPTION.	LAND AREA	
		KM^2	%
1.	Land under Cultivation.	3,512	4.75
2.	Tree Plantation.	38	0.05
3.	Savannah Forest Reserves.	1,978	2.67
4.	High Forest Reserves.	164	0.22
5.	Game Reserves.	2,001	2.70
6.	Urban Developments, Rivers, Lakes and other land not available to agriculture (say 3% of total).	2,220	3.00
7.	Remaining Land.	64,087	86.60
		74,000	100

Source: Gustasson, G. " Guidelines for Industrial Policies and Programmes in Niger State (1979) PP. 23.

TABLE 4:6

EXISTING AND NEW HYDRO-ELECTRIC PROJECTS IN AND NEAR NIGER STATE:

	PROJECT	RIVER	PROJECT STATUS	INSTALLED CAPACITY.
1.	Kainji	Niger	In use	760 MW
2.	Jebba	Niger	Under Construction	540 MW
3.	Lokoja	Niger		1,870 MW
4.	Shiroro	Kaduna	Under Construction	600 MW
5.	Gurara	Gurara	Under Proposal.	300 MW
6.	Zungeru		Under Proposal.	600 MW

Source: Gana, J. (Dr) Industrialisation in Niger State (Text of a Public Lecture), June, 1984. Kwick Service Printing Centre Ltd., Minna.

CHAPTER V

MACHINERIES FOR INDUSTRIAL DEVELOPMENT IN NIGER STATE:

GOVERNMENT'S INDUSTRIALISATION EFFORTS (1976 - 1984):

During the period 1976 - 1978 there was little or no efforts toward industrialising Niger State by the government. This is unconnected with the fact that the period was used to settle down as a new State. Actual industrial development financing effort commenced in 1978/79 when a total sum of ₦7.4 million was earmarked for the government various industrial projects under promotion. The amount was to be utilised in financing the promotion of these projects during the third National Development Plan period. Out of the amount Sunti Sugar Project and Small-Scale Industries Credit Scheme had the lion-share of ₦2 million each representing 27%. The provision for 1978/79 fiscal year alone in respect of these projects stood at ₦1.045 million or 14% of the estimate. Actual expenditure on the projects during the plan period was ₦1.6 million or 22% of the estimate (See Table 5:4 for the details).

In the Fourth Development Plan period (1981 - 85), the Niger State Government proposes to establish eleven industries in the State. Four of them namely Burnt Brick Factory, Marble Terrazo Tile Factory, Polyproplene Sack Industry and Wood and Metal Furniture are on-going projects. In fact the Burnt Brick Factory has started

production since 1982. The remaining seven projects are new ones yet to take off. They include soft Drinks Factory, Pharmaceuticals, Ceramic Tiles Factory, Animal Feedmill and others. The total estimated cost of the on-going projects stands at ₦14.40 million out of which Niger State Government's participation is ₦7.06 million or 49% (See Table 5:5 for the break down and details of the participation).

Moreso, in its effort to promote small scale industries in the State, the State Government in 1981 granted a total loan of approximately ₦1.3 million to 235 beneficiaries. (See Table 5:6 for the details of disbursement). The loan was to be utilised in financing projects such as Block Making, Saw Mills, Furniture Factories, Rice/Corn Mills, Bakery Factories and so on. Since 1981 to date no similar disbursement has been made. This is not unconnected with the general economic down turn, the State's poor financial position in particular.

The State Government is also not unaware of the need to provide conducive industrial incentives to prospective and potential investors in the State and elsewhere. Consequently, the government is making a concerted effort in the provision of Industrial Estates. Already four Urban Centres of Minna, Bida, Suleja and Kontagora have been earmarked for the purpose. The estates will be provided with access roads, power, water and telephone facilities.

Hotel industry and tourism are also areas of facus by the State Government. The modern multi-million naira Shiroro International Hotel in Minna, the State capital in which the State Government holds a substantial share is now operational. Similar venture, the new Suleja International Hotel is at its advanced stage of construction. The hotel is a joint venture between the Niger State Government and other investors. There is a concerted effort particularly by the present military regime to develop Gurara Fall to an International Tourism Centre. The centre when fully developed will provide Holiday Resots, Amusement Parks, and other related tourist attractions.

MINISTRY OF COMMERCE AND INDUSTRY:

As an industrial development financing machinery, Niger State Ministry of Commerce and Industry is divided into two divisions as the name implies. The Commercial Section helps and encourages indigenous businessmen to play a greater role in commerce. It also assist businessmen to form viable commercial organisations. Added to its functions is the role assigned to it by the present military regime in ensuring evenly distribution of essential commodities to the common individuals in the State.

The industrial division of the Ministry on the other hand assists the government in formulating policies on

industrial development. It provides liaison between organisations and indigenous businessmen. The policy formulation involves provision of the general frame work on which industrial objectives are based. It also involves planning the ways and means of transforming the State's economy. The division promotes government industrial programmes. Of course the government's accelerated industrialisation efforts as discussed earlier are mainly carried out by this division. Small Scale Industries Unit, a sub-division of this division gives guidance and counselling to small scale business entrepreneurs and extends credit assistance to potentially viable small scale industrial ventures. Loan Management Committee of the unit can approve a loan ceiling of ₦120,000[1]. This is in accordance with the ceiling established by the National Committee on Development of Small Scale Industries. Beneficiaries of the loan scheme are spread all over the Local Government Areas of the State. (See Table 5:6 for the spread of the beneficiaries).

Among its functions also the industrial division prepares and appraises feasibility studies to determine the viability of projects under proposal. It monitors and co-ordinates the Nigerian Enterprises Promotion Matters in the State. This involves the purchase and sale of companies' shares on behalf of the government and

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1. Niger State Ministry of Commerce and Industry - Progress Report.(1981)

individuals in the State Civil Service. The division is also charged with the responsibility of monitoring and co-ordinating activities of the appeal fund, "Niger State Development Appeal Fund - Stimulation of Actions For Industrialisation" launched by the State Government.

NIGER STATE DEVELOPMENT COMPANY LTD (NSDC):

Niger State Development Company Limited is a profit-oriented organisation established by the State Government in December, 1980. The company commenced business in July, 1981. It is the only parastatal that does not receive any grant from the Niger State Government for its experndi tures and operations.

Niger State Development Company was established with an initial capital base of ₦2 million [2] which was later raised to ₦6 million [3] so as to enable the company possess a stronger base for effective functioning. It inherited a number of assets from the State Government. The company now plays an investment custodian role for the State Government. Most of the stocks (of quoted and unquoted companies) owned by the State Government which were formerly held by the State Ministry of Finance are now under the custody of the company. The company partakes in the distribution of petroleum products to the effect of which it owns a number of petrol filling stations spread all over the State. The Filling Stations are located at Minna, Bida, Suleja and Rijau. With a fleet of tankers and fuel

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2. Niger State Development Company Ltd - A booklet of General information: BSC Printing Works, Minna. (1980)
3. Ibid.

depots the company guarantees a continuous supply of petroleum products to all parts of the State.

Niger State Development Company has among its prime objectives:-

(i) to play a catalystic role in the economic development of Niger State, the country in general;

(ii) to promote and/or assist industrial and commercial establishments;

(iii) to encourage joint ventures;

(iv) to ensure equitable distribution of its available resources;

(v) to generate funds with the view to making adequate returns on its investments;

(vi) to provide employment opportunities.

Also added to its functions are provisions of development banking, counselling, appraisal of feasibility report, negotiations and other related miscellaneous services to prospective and potential investors. In compliance to its investment principles Niger State Development Company normally considers investing in projects that promise profitability, employment opportunities, import substitution, foreign exchange conservation, managerial ability and use of local available resources to mention but a few. Its investment terms on the other hand include equity participation of

10 - 51% of the capital requirements, loan repayment period of 10 years with a minimum grace period of one year, bi-annual repayments of principal and interests, loan security based on first charge on fixed assets and competitive chargeable interests rate.

Impact:

Niger State Development Company's impact could be evaluated in terms of its operations and projects promoting activities. Despite its financial tight-up and the general economic slump the company is making a growing impact in the State. Since its inception the company has promoted a number of projects among of which are Niger State Supply Company as one of its subsidiaries, Tagwai Bakery and Mona Juice Ltd, a soft drink factory located at Minna, Moreover, active projects in nature of Wire and Nail Industry, Zuma Bakery to be located at Suleja, Interstate Bank and Salmina Biscuit Factory are at their advanced stages of completion.

These projects attract a total cost of ₦16.60 million with an initial equity base of ₦8.60 million. Niger State Development Company's equity participation accounts for ₦4.67 million out of which approximately ₦1.60 million or 34% has been disbursed to date. (See Table 5:1 below for the details).

TABLE 5:1

SUMMARY OF NSDC FINANCIAL EXPOSURE AS AT OCTOBER, 1984

Project	Total Cost (₦'million)	Equity (₦'million)	NSDC's Equity Participation
Mona Juice Ltd	4.20	1.70	1.02
Minna Wire Products Ltd	1.70	0.50	0.15
Niger State Supply Co. Ltd	2.00	0.50	0.26
Tagwai Bakery Ltd	0.60	0.20	0.14
Zuma Bakery Ltd	0.60	0.20	0.05
Interstate Bank	5.00	5.00	3.00
Salmina Biscuit Factory	2.50	0.50	0.95
T O T A L:	16.60	8.60	4.67

Source: NSDC Investment Department - Projects Profile (1984).

Petroleum distribution services have earned the company a wide recognition throughout the State. Other core functions particularly the investment services are yet to assume a frontline position. This is probably becuase an investment is a distinctive activity which only few can cogitate of having a trial. A total of twenty-three respondents in the case of questionnaire for individuals indicated Niger State Development Company Limited as the only government owned company known to them in the State, nineteen indicated its subsidiary (Niger State Supply

Company Ltd), while two indicated other parastatals baside the two companies. These represent fifty-two per cent, forty-three per cent and five per cent of the total respondents in this class respectively (See Table 5:2 below for details). The close recognition gap between the Niger State Development Company and its subsidiary is not unconnected with the latter's pupular service to the general public, the distribution of essential commodities - rice, vegetable oil, sugar, salt and so on.

TABLE 5:2

RELATIVE POSITION OF NSDC IN THE STATE

Parastatal	No o of Indicators	% of Total
Niger State Dev. Company	23	52
Niger State Supply Company	19	43
Others	2	5
T O T A L:	44	100

NSDC - Niger State Development Company Limited

NSSC - Niger State Supply Company Limited

Source: Questionnaire for Individuals.

Of the twenty-three respondents in favour of Niger State Development Company, fourteen indicated their knowledge of the company through its petroleum products

distribution services, six through its investment operations and services and three through its other miscellaneous services. These account for 61%, 26% and 13% of the total respectively. (See Table 5:3 below for details).

TABLE 5:3

MAIN RECOGNISED SERVICES OF NSDC

Services	No of Indicators	% of Total
Investment	6	26
Commercial (Petroleum Distribution)	14	61
Others	3	13
T O T A L:	23	100

SUMMARY AND CONCLUSION:

There have been concerted efforts by the Niger State Government to industrialise the State since its inception in 1976. During the Third and Fourth National Development Plan periods a total sum of ₦7.4 million and ₦44.8 million [4] respectively were earmarked for the

4. Niger State Ministry of Economic Development, Guideline for Fourth National Development Plan 1981 - 85 - op-cit PP.46

development of various industrial projects in the State.

Two agencies, Niger State Development Company Limited and Niger State Ministry of Commerce and Industry can be identified as the main industrial development financing machineries in the State. Almost all the government's industrial efforts are channeled through and carried out by the two organisations particularly the Ministry.

Barely within four years of its establishment the Niger State Development Company through its investment and commercial operations and services has made a good business reputation in the State, the country in general. The company is a member of the Association of Nigerian Development Finance Institutions (ANDFI) with due rights and capabilities. As an Investment Company it is however too early to assess the company's performance on the basis of returns on investments. Despite its poor financial pattern Niger State Development Company has been proving self-sastaining through its internal generated funds.

Niger State Development Company has not been enjoying similar benefits as its counterparts in other States of the Federation. The sister companies do receive annual allocations from their respective governments which is not the case with Niger State Development Company.

For instance, Kano State Investment and Property Limited received an allocation of ₦25 million [5] from the State Government to augment its (the company's) operations during 1980 - 85 development plan. Operations of the Niger State Development Company are being financed by the funds realised internally and term loans from other financial institutions. The company ought to have performed better, given necessary strong financial support by the State Government.

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5. Business Express: Vol. 1 No 3 Jan/Feb., 1984

TABLE 5:4

MANUFACTURING PROJECTS IN NIGER STATE

STATED IN THE THIRD NATIONAL DEVELOPMENT PLAN

(All Sums in ₦'000)

PROJECT TITLE	INITIAL E.T.C.	PROVISION FOR 1978/79	EXPENDITURE TOTAL IN PLAN PERIOD
Sunti Sugar Project	2,000	200	657.6
Pre-Investment Studies	1,000	200	73.87
Industrial Estates	1,000	200	6.965
Small-Scale-Industries Credit Scheme	2,000	400	775.53
Abuja Pottery Centre	50	25	100.82
Agro-Allied Industries	300	-	-
Starch Manufacturing	200	-	-
Rice Milling	300	-	-
Burnt Bricks Factory	500	-	-
Expansion of Minna Sawmill Industry	50	20	-
T O T A L:	7,400	1,045	1,614.805

Source: Niger State Ministry of Commerce and Industry - "Guideline for Industrial Policies and Programmes" (1979) Appendix 7 PP.16.

TABLE 5:5

NIGER STATE GOVERNMENT'S PARTICIPATION

IN THE ON-GOING PROJECTS:

PROJECT	LOCATION	ESTIMATED COST (₦M)	GOVERNMENT'S PARTICIPATION (%)
Burnt Bricks Factory	Chanchaga (Pago)	7.5	47.5
Marble Terrazo	Chanchaga		
Tile Factory		2.5	40.0
Polypropylene Sack	Kontagora		
Industry		2.5	90.0
Wood Metal Furniture	Bida		
Factory		1.9	13.3

Source: Niger State Ministry of Commerce and Industry.

TABLE 5:6

NIGER STATE SMALL-SCALE INDUSTRIES CREDIT SCHEME SUMMARY OF LOAN STATUS REPORT AS AT NOVEMBER 30, 1981

LOCAL GOVERNMENT AREA	NO OF LOANEES	TOTAL AMOUNT OF LOAN (₦)
Agaie	16	84,932.00
Chanchaga	37	192,178.00
Gbako	28	320,690.00
Lapai	16	108,958.86
Lavun	29	179,454.00
Magama	17	74,838.00
Mariga	42	317,606.00
Rafi	22	84,790.00
Suleja	28	152,622.00
T O T A L:	235	1,323,083.86

Source: Small-Scale Industries Unit, Niger State Ministry of Commerce and Industry.

CHAPTER VI

CURRENT INDUSTRIAL POSITION OF NIGER STATE:

NATURE AND SIZE OF THE EXISTING ESTABLISHMENTS:

Niger State in the past has been denied the opportunity of joining medium and large industrial programmes the consequences of which have been establishment of cottage industries. The patterm remains unchanged and what is now obtained in the State is a sparsity of small-scale firms of handicraft types such as bakeries, block making, furniture factories, printing and repair works etc.which are poorly developed. Of recent more industrial lines in nature of hotels and quarries have started springing up.

However, our study depicts that majority of the existing establishments are of the manufacturing type and their concentration is found in and around Minna, the State Capital. They are either self financing, partnership or limited liability ventures. In each case participation of Niger State indigenes is higher, at least 50% of the share capital. Staff strength and authorised share capital of these establishments range from 20 - 80 employees and ₦.2 million - ₦1.5 million respectively. The ones with higher strengths are either State or Federal owned establishments (See Tables 6:1 and 6:2 below).

TABLE 6:1

NATURE OF THE EXISTING ESTABLISHMENTS IN NIGER STATE:

Nature of Business	No of Establishments	Participation of Niger State Indigenes	
		Less than 50%	More than 50%
Manufacturing	12	3	9
Tourism/Hotel	3	1	2
Minning/ Quarrying	1	1	-
Others	2	-	2
T O T A L:	18	5	13

Manufacturing, hotel and quarrying constitute 67%, 17% and 6% respectively of all the industrial establishments in the State. While others such as construction, printing and other related servicing esta lishments take the balance of 10%. Niger State indigenes have at least 50% share and at most 45% share in 75% and 25% of the existing manufacturing establishments respectively.

For the promise of non-disclosure of the respondents' identities A - L are used here to represent names of the manufacturing establishments/industrialists who responded

to our questionnaires. (See Table 6:2 below).

TABLE 6:2

SIZE OF THE EXISTING ESTABLISHMENTS IN NIGER STATE

Manufacturer	Share Capital (₦' million)	No in the Group	% of Total
A - I	less than .5	9	75
J & K	.5 - 1	2	17
L	more than 1	1	8
T O T A L:		12	100

About 75% of the manufacturing establishments in the State have capital base of less than ₦.5 million hence fall within a class of small-size industries. Similarly 17% are within a share capital range of ₦.5 million - ₦1 million, falling in the category of medium size industries while 8% are with capital base of more than ₦1 million.

SOURCES OF FINANCING:

The existing industrial establishments in Niger State are mainly financed through three sources of financing - government, term loan from financial institutions or commercial banks and personal savings/

other sources are employed more in financing industrial ventures. Our investigation indicates that more than half (about 56%) of the existing ventures go by this source. This is probably because most of the industrialists in the State do not have access to investment loans obtainable from financial institutions in the country or perhaps they lack techniques of applying for such facilities. It may also be due to the fact that they do not possess adequate collateral securities for the term loans. The method is a hard way of financing an industrial project. It can only cope up with financing of small-scale ventures.

TABLE 6:3

SOURCES OF INDUSTRIAL FINANCING IN NIGER STATE:

Source	No of Respondents	% of Total
Loan from Financial Institutions	6	33
Personal Savings/Other Sources	10	56
Government	2	11
T O T A L:	18	100

Only a small percentage (about 33%) of the existing establishments utilise bank facilities in financing projects. There is a need therefore to create awareness in industrialists in the State as regards the importance of employing bank facilities for the enhancement of industrial development. Moreso, it is observed that only 11% of the industrial ventures in the State are financed directly by the government.

PERFORMANCE:

For an industrial or commercial venture to be considered performing profitably it must capture at least 15% of the market in its respective line of business. Our findings show that almost half (50%) of the existing industrial establishments in the State have potentials of performing profitably. The appreciable percentage (about 28%) of the non-profitable ventures in the State may be attributed to lack of markets for their products or it is perhaps due to some external and internal environmental factors such as competitions, costs and prices, technology, management etc.

TABLE 6:4

PERFORMANCE OF THE EXISTING ESTABLISHMENTS IN NIGER STATE:

Market Share	No of Respondents	% of Total
less than 15%	5	28
15% - 25%	9	50
25% - 50%	3	17
Above 50%	1	5
T O T A L:	18	100

A negligible percentage (about 5%) is observed to be operating threats free while 17% is on the zone of "survival". The exceptional performance of the letter is not unconnected with some market opportunities particularly the long reputation established within and outside the State.

PROBLEMS:

Basically most of small industrial ventures are not established on sound footings probably because of their sizes. An industrial venture established

On a sound base must have feasibility study or advices from Investment Analysts as one of the pre-requisites. Most of the industrial establishments in Niger State are ventures established based on either ideas from friends or self-conceived ideas[1] hence they lack alternative strategies in the event of difficulties.

However, the main problem of focus is the one emanating from the government and some authorities in the State. Our study reveals that despite the availability of land in the State its (land) acquisition for an industrial or commercial venture is not an easy task. Land acquisition through government via its appropriate Ministry though is the normal way with other States of the Federation has been a problem due to the inherent bureaucratic nature of government functionaries. The procedures are characterized by redtapeism, rigidity and procrastination.

1, 14 out of 18 industrialist interviewed indicated non preparation of feasibility study prior to the setting up of their establishments.

TABLE 6:5

MAIN PROBLEMS OF THE EXISTING INDUSTRIAL ESTABLISHMENTS IN NIGER STATE:

Problem	Sample Total	No of Respondents	% of Total
Delay in Processing and obtaining Certificate of Occupancy	18	16	89
High rate of Land Rent	18	2	11
Unco-operative attitude of the Ministry officials	18	12	67
Lack of Water, Light & Access Road	18	6	33
Non immediate response to complaints of industrialists.	18	15	83

A good number of the existing industrial establishments in Niger State are facing numerous problems purely bureaucratic and unpatriotic in nature. The purview of such predicaments includes among others delay in processing and obtaining certificate of occupancy, high rate of land rent, unco-operative attitudes of the Ministry officials, non immediate

response to complaints of potential industrialists and absence of some utilities such as water, light and access road in places of business. While about 89% of the existing industrial ventures face the first problem, 11%, 67%, 33% and 83% are proportions of the establishments facing the remaining problems in that order. (See Table 6:5 above). It is pertinent to note that these problems are next to problem of finance, the basic problem of every business or venture.

INVESTMENT ATTITUDES OF THE INHABITANTS:

From the investment point of view a prospective investor is deemed qualified for a financial assistance if he/she can provide in addition to fulfilment of other conditions 25% of the capital requirement. Investment, in its technical context involves forward looking and endurance to lock-up funds for a lengthy period of time. Our investigation depicts that a great number of individuals of Niger State and probably elsewhere lack the patience of tying-up funds for a protracted period of time. This is perhaps becuase of the general low volume and level of income or it may be due to other economic factors.

TABLE 6:6

LIKELY INDIVIDUAL'S INVESTMENTS:

Possible Investment	No of Respondents	% of Total
less than 25%	12	27
exactly 25%	4	9
more than 25%	-	-
No Investment	28	64
T O T A L:	44	100

An approximate of 64% of the inhabitants of the State are unwilling to invest part of their income. While 27% of the populace are in favour of investing less than 25% of their income, 9% are likely to part with exactly 25% of their income. Those who were willing to invest indicated bank as preferred place of investment. It is observed hitherto that there is a negative attitude toward investment on the part of individuals in Niger State.

SUMMARY AND CONCLUSION:

The above analysis confirms the assertion that Niger State is one of the least industrialised States in the country as a great percentage (about 75%) of

the existing industrial establishments have capital base of less than ₦.5 million. Thus what one finds is a sparsity of small-scale industries of handicraft type located in and around major towns of Minna, Bida, Suleja and Kontagora.

Not many industrialists in the State (about 33%) understand or probably have access to bank facilities. In most cases traditional method of self-financing is employed. However, about 50% of the existing industrial ventures have potentials for profitability. The industrialists' problems are mainly governmental in nature. Moreso, a good number of individuals in the State (about 64%) have negative attitude toward investment as they are not unlikely in favour of spending their total income.

CHAPTER VII

GENERAL CONCLUSIONS AND RECOMMENDATIONS:

We have discussed industrial development financing pattern in Nigeria with special and close reference to Niger State. A humble attempt has also been made to review and analysé operations of the industrial development finance institutions in Nigeria, Niger State in particular with the view to critically assessing the Niger State Government's effort toward industrialising the State since its creation in 1976; evaluating attitudes of indigenous businessmen and individual potential industrialists toward investment; identifying key factors responsible for the State's retarding progress in industrialisation within the period under review (1976 - 84); reviewing impacts of the State owned Development Finance Company (the Niger State Development Company Limited) as one of the State's industrial development machineries and finally establishing criteria and strategies adoptable to the State Government in achieving its industrial objectives.

Moreso, our conclusion and recommendations are strictly based on the research methodology employed during the course of our investigations hence they should be read in the light of the observations therefrom. Although we received very encouraging co-operation and useful responses from the numerous

respondents to whom our questionnaires were distributed, this report does not in any case claim definite conclusions and recommendations applicable to Nigeria as a whole. This is due to the time, scope and other limitations of the study, finance inclusive.

At the onset, industrial development finance institutions finance only those industrial projects which are believed to be economically, technologically and financially viable. Beyond having them (development finance institutions) operate effectively and as efficiently as possible, it is important - for broader reasons - to ensure that large industrial projects make use of existing infrastructure, do not have a serious adverse impact on the environment, are effective vehicles for the transfer of technology through project design, training of local personnel and the strengthening of local institutions.

Private companies, apart from financial investment play an important role in the conception, management and implementation of most large industrial projects. They are normally responsible for supplying the needed equipments, technology and the necessary design, engineering, procurement, erection, staff training and project implementation services.

Experience of development finance institutions confirmed that careful planning, good management and substantial autonomy are normally the most important factors in making a project suceessful. Government unnecessary interference with the operations and management of industrial development finance institutions renders the institutions uneffective. Industrial managers are prone to numerous forces hence their performances are better be judged on the basis of normal business and financial indicators. Prior to lending for large industrial project, it is important hitherto to assess the quality of management and the degree of autonomy that will be allowed. Where most industrial development finance institutions have traditionally been subject to extensive government control, it has been the practice of the institutions to confine their lending to the State-owned industrial projects.

Nigeria has high industrial potential. It is particularly fortunate to possess ideal population -to-land ratio, crude oil, trouble-free borders, fertile land, important minerals and well establsihed agricultural products. The development of roads, refineries, paper plants, power plants, dams, cement and sugar industries, ports, river basin authorities and agricultural development projects are set to give a boost to economic activities. The country's proposed two petro-chemical complexes can create hundreds of medium and small industries. However,

due to the country's current economic doom many industries included in the Fourth National Development Plan will have to be deferred to next two or more plan periods.

Generally, there are numerous predicaments associated with industrial development. Nigeria's constraints to industrial development include among others:-

(i) Lack of attaining level of self-sufficient in food production;

(ii) Agricultural products such as groundnut, maize, rice, corn, beans etc do not generate enough agro-industries and reduce industrial inputs;

(iii) People's life-styles, choice of foreign goods and apathy to local products act as a dis-incentive to the entrepreneurs;

(iv) Excessive import of capital goods, consumer electronics, vehicles, food stuff, frozen meat, textile and paper products, auto spares and accessories etc retard the growth of local industries.

Niger State being part of Nigeria could be said to have inherited part of the above enumerated potentials and constriants. Our study reveals that with its locational advantage, proximity to the new Federal Capital (Abuja), proximity to the Nation's major existing and proposed hydro-electric power generating stations viz:

Kainji, Jebba, Shiroro, Lokoja, Curara and Zungeru, availability of vast virgin and fertile land, availability of vital industrial infrastructures etc. Niger State is industrially potential hence the rejection of the first assumption. The available infrastructures only need to be developed to the level of supporting medium and large industrial ventures.

It is also observed that though there has been concerted industrial efforts by the Niger State Government since 1976 to date, the redtapeism, rigidity and procrastination that characterised operations of its functionaries have been acting as stumbling blocks to industrial development in the State hence the acceptance of the second assumption. Moreover, failure of the government to provide developed and equiped industrial estates in the State serves as a repellent to potential and prospective investors.

Responses from various industrialists in the State affirm that only few of them have access to bank facilities as others lack an approach and technique of obtaining such facilities thus the acceptance of the third assumption. Of course, it is observed that a great number of individuals in the State have negative attitude toward investments. There is lack of investment awareness in majority of the inhabitants. This is perhaps because there are little or no sizeable industries in the State to serve as examples.

The State owned development finance company, the Niger State Development Company within its four years of operation has made a fair impact both at home and outside the State. This is through its own promotional activities and essential functions performed by its few subsidiaries. However, the company has not been accorded fair assistance it ought to have been received from the State Government in the form of regular annual subvention. By its age and nature the assistance is necessary for the augmentation of its development programmes.

Industrialisation problems generally as applicable elsewhere are not unique to Niger State. They include shortage of capital and managerial skilled manpower, inadequacy of infrastructure, skewed distribution of industrial enterprises, lack of innovative entrepreneours and under utilisation of available resources for industrial purposes.

For the fact that industrialisation in Niger State is very much in its larva age and must be developed to attain its pupa stage, this report seeks to recommend inter-alia:-

1. Provision of industrial opportunities and incentives in the form of well equiped industrial areas particularly in the major towns of Minna, Bida Kontagora and Suleja. Our investigation shows that leaving an investor to provide these incentives at his expense increases both capital requirements and production costs hence he is likely to be attracted to where such

facilities have been provided at a subsidy.

2. Creation of investment awareness in the people by way of educating and demonstrating to them the techniques of investments - the current stimulation of Action For Industrialisation in the State is not enough. A good number of industrialists do not know the way to go about the whole exercise.

3. The State Government should create an autonomous Board charged with the responsibility of land allocation and possibly industrial estates development. Of course the existing State Development Company is equal to the task, given necessary and adequate financial support. This will help alleviate unnecessary delays in obtaining certificate of occupancy and other related land problems, the prevailing problems of the existing industrialists in the State and prospective investors outside.

4. As an agriculturally potential state top priority should be given to establishing industries using agricultural products as raw materials.

5. Equal emphasis should be placed on promotion of industries connected with buildings, office equipments, power supply and consumers, which have ready market in Nigeria and are now imported or inadequately produced locally.

6. There should be re-scheduling of planned industrial projects. With the present financial

stringency the State Government as well as other potential investors should first of all go in for medium-size projects while planned large-size ones are deferred beyond a period of at least five years in future.

7. There are Niger State indigenes who have chains of industrial ventures outside the State. As a matter of paramount importance the State Government should seek for the co-operation and advice of these individuals. This is possible through having a table discussion with them from time - time to ascertain the possibility of industrialising the State. Their advice can be very useful.

8. The State Government should utilise more services of the State Development Company in promoting most of its planned industrial projects rather than concentrating such efforts in the hands of the Ministry. The practicability of this lies with the government giving the company regular and substantial financial and moral support. The company could also be considered for soft loans from the governement.

9. Funds realised from the State Development Appeal Fund should be used to set up one or two medium-size industries in the State as against establishing small-scale industry in each of the Local Government Areas of the State.

10. The State Government should consider reviewing its land rents and fees, at least the rate in respect of industrial areas should be reduced to the level that a common industrialist can afford.

11. There is a need for the State Government to change its industrial policies from the open-door phase to the realisation and transitional phases. Its present open-door industrial policies are practices of 1940s - 60s while the recommended realisation and transitional phases are the industrial policies of 1970s and 80s. As against the open-door policies, in the realisation and transitional phases the government not only provides incentives and welcome prospective investors but also partake actively in the realisation of planned industrial ventures.

12. There is an urgent need to set-up a bank essentially for the financing of the industrial projects in the State. Apart from its normal banking services the bank will play a unique role of granting loans to potential industrialists, real estate developers, corporate bodies and individuals. It will have the same function as the Federal Mortgage Bank but the scope of its operations to be limited to the Niger State only.

It must be understood that the problem of industrial development in Niger State is not the problem of the government alone, rather it is the

problem of the two actors-the government and the investors. Moreso, any list of conclusions and recommendations in respect of problems of rapid industrial development in Niger State is inexhanstible.

There are so many researchable areas on problems of industrial development in Niger State (e.g the influence of the Federal on the State, the State's industrial policies, industrial politics in the State ect.) which have not been discussed in this report due to its obvious limitations.

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APPENDIX A.

AHMADU BELLO UNIVERSITY

DEPARTMENT OF BUSINESS ADMINISTRATION

Tel. ZARIA 3209I Ext. 70, 3153.
Telegrams: INSTITUTE ZARIA

AG. HEAD OF DEPT.: SHEIKH A. ABDULLAHI
Dip. Com, A., Bsc., M.B.A., A.M.N.I.M.

INSTITUTE OF ADMINISTRATIC
P.M.B. 1013,
ZARIA, NIGERIA

Your ref:

Our ref:

Dear Sir,

Subject: Your Assistance for MBA Project Work

The bearer of this letter A. K. Idris is a final year M.B.A. student of this department, Ahmadu Bello University, Zaria. As part of the fulfillment of the degree, he is required to undertake a research work in one of the management areas. He desires to study some aspects of your organisation for this purpose and he/she will explain more to you in person. We request you to kindly offer him/her your maximum co-operation.

We would like to assure that the information given to the student will be kept confidential.

Thanking you.

Yours truly,

V. JANAKIRAMAN,
Co-ordinator,
M.B.A. Programme.

RAMME
ADMINISTRATION

APPENDIX B.

Department of Business Administrati
Institute of Administration,
Ahmadu Bello University,
Zaria.

Date:.....

.....

.....

.....

.....

Dear Sir,

LETTER OF INTRODUCTION:

The bearer, Mal. A. K. Idris is a final year postgraduate student of Business Administration (MBA). He is conducting a research project work on "Government and Industrial Development Financing in Nigeria (1976 - Date) - The case of Niger State." The research is in partial fulfilment of the requirements for the award of Master of Business Administration (MBA) degree, in Ahmadu Bello University, Zaria.

We would be grateful for your maximum co-operation in attending to the attached questionnaire and other possible information/assistance that he may require. All information supplied, your identity and/or name of your company inclusive will be treated strictly confidential. The information would be used for academic purpose only.

Thank you very much for your anticipated co-operation.

Yours faithfully,

Alhaji Sheikh A. Abdullahi,
Research Project Adviser/
Supervisor.

APPENDIX 'C'

DEPARTMENT OF BUSINESS ADMINISTRATION:

AHMADU BELLO UNIVERSITY

Z A R I A

QUESTIONNAIRE - GENERAL:

TOPIC: GOVERNMENT AND INDUSTRIAL DEVELOPMENT FINANCING IN NIGERIA (1976 - 1984) - THE CASE OF NIGER STATE

NOTE: Please tick or specify as appropriate in the box or space provided.

PART A

1. Name (optional).....
2. State of origin.....
3. For how long have you been living in Niger State?
   - ☐ Less than 8 years
   - ☐ Exactly 8 years
   - ☐ More than 8 years
4. What is your main occupation?
   - ☐ Farming/Fishing
   - ☐ Civil Servant
   - ☐ Craft
   - ☐ Any other .....
5. What is your main source of income?

   .....
6. Please estimate your annual income ₦.....

7. What percentage of this income are you likely to save?

☐ less than 25% ☐ more than 25%

☐ exactly 25% ☐ No saving

8. The maximum percentage you are likely to invest out of your savings is (please tick as appropriate).

☐ less than 25% ☐ more than 25%

☐ exactly 25% ☐ No investment

9. In which of the following would you be interested to invest your money?

☐ Bank ☐ Government Securities/Bonds

☐ Company shares ☐ Any other .....

10. Which pf the following would you prefer to be place of your investment?

☐ Niger State

☐ Other State(s) other than Niger State

☐ Abroad

11. What is the reason for your choice in (10) above?

.....

.....

PART B

12. Name any Niger State Government owned company you know

.....

13. How did you come to know about this company?

.....

14. Which of the followings is the location of Niger State Development Company in Minna?

☐ Airport Road ☐ Kuta Road

☐ New Secretariate ☐ Bosso

☐ Not in Minna ☐ Close to Night Market

15. What was the purpose of your visit to the Company (NSDC)?

.....

16. Which of the activities of Niger State Development Company do you like most?.....

17. What are your views about NSDC's operations? (please comment).....

.....

18. What useful suggestion can you offer for the improvement of NSDC's operations (You can use extra sheet(s) should you find the space provided inadequate)

.....

.....

.....

Thank you very much for sparing part of your precious time in responding to this questionnaire and express returning of the same to me.

APPENDIX 'D'

DEPARTMENT OF BUSINESS ADMINISTRATION

AHMADU BELLO UNIVERSITY

Z A R I A

QUESTIONNAIRE FOR INDUSTRIALISTS/ESTABLISHMENTS

TOPIC: GOVERNMENT AND INDUSTRIAL DEVELOPMENT FINANCING IN NIGERIA (1976 - 1984) - THE CASE OF NIGER STATE

NOTE: Please tick or specify as appropriate in the box or space provided.

1. Name/Name of Company:.....
2. Date of Incorporation:.....
3. Certificate Number:.....
4. What is the nature of your business?

   ☐ Commerce ☐ Manufacturing

   ☐ Tourism/Hotel ☐ Minning/Quarrying
5. Who is/are the owner(s) of the business?

   ☐ Self ☐ Partnership ☐ Joint Venture
6. State of origin of the shareholders:.....

   .....
7. Which of the followings is the participation of Niger State indigenes?

   ☐ 0% ☐ less than 50%

   ☐ more than 50% ☐ 100%
8. How many workers are employed in your business/ organisation?

   .....

9. What is the authorized share capital of your business/organisation?.....

10. Which amongst the followings was/were the source(s) of finance for the establishment of your business/ organisation?

☐ Loan from financial institutions/Banks

☐ Personal savings

☐ Government

☐ Other means (please specify).....

11. Which of the followings was/were the basis for the establishment of your business/organisation?

☐ Consultation with investment experts

☐ Ideas from friends

☐ Feasibility study

☐ None of the above

12. Who is/are in the same business with you within Niger State?

(a).....

(b).....

(c).....

13. Please estimate your market share:

☐ less than 15% ☐ exectly 15% ☐ more than 15%

14. Which of the followings was/were your problem(s) during the acquisition of land for your business/ organisation.

19. What was your major problem at the beginning of your business/organisation?

☐ Finance ☐ Land

☐ Government Co-operation ☐ Qualified personnel

☐ Any other .....

20. What is your opinion about the current Industrial Appeal Fund Launched by the Niger State Government? (please comment-you can use extra sheet should you find the space provided inadequate)

.....

.....

.....

21. What other suggestion would you offer toward speedy industrialisation of Niger State?

.....

.....

Thank you for sparing part of your precious time in attending to this questionnaire and express returning of the same to me.