

PDF - THE EFFECT OF CREDIT RECOVERY ON THE PERFORMANCE OF MICRO FINANCE BANKS IN NIGERIA - researchcub.infoINTRODUCTION

Financial institutions serves as an intermediary between the source of fund and its users for productive or personal purpose. Especially it is a temporary depository of excess fund of individual, private enterprises and government parastatals from which loan are granted to borrowers.

Hutchison D. (2001) "Side financial institutions in business is considered to be a business based on trust, viz money entrusted for safe-keeping or protection and for immediate demand as the need arise".

It has become the responsibility of government, to watch closely the operations of these institutions for the interest of the depositor.

Moreover, to assist in this function, several provisions in the commercial banking law and other policies issued by the Central Bank of Nigeria (CBN) are considered, additional protection to the public fund.

Duggau (Governor of Agricultural in farm credit Administration U.S.A) and Ralph U. Battle (Assist. Chief Economic and Research division) in their book "Financing the farm business" gave some useful information on how credit loan can be obtain and the way which the borrower can repay either by installments or liquidate the same borrowed from the bank on the so called repayment at a time.

Akpog Hor (1984) stated that agricultural development is first act of a human problem if all farmers have access to production, inputs, but because most of our farmers lack reacts to these condition they therefore, lack both the resources. A small scale farmers could thus be defined as such conglomerate of small scale farmers normally constitutes the cooperative.

Abo-Ola Ifayes (1990) said that in developing economies like ours, the small at all dept to the nature of their farm operation.

Although the pleasant farmers have been commended for their efficient ability of resources usage they never the less have prior showing coverage that the availability of to her resources such as land capital and technology to our peasant farmer.

A lecture delivered by Mr. N.I.D Oninatus (Read) Dec. 11th -14th (1989) is of the belief that capital loans are term in nature and are usually required to finance fixed assets such as land, construction of farm building, purchase of agricultural machinery, plant and equipment purpose of livestock for other development purpose which bring about changes in their physical and financial assets of the farmers.

Presented by Adesina (1977) on the roleof NACDB in agricultural and marketing financing with reference to small scale farmers and crops societies reminded that agricultural is a broaden term which includes ventures such as available forestry, fisheries, poultry and livestock in general. The significance of this is that small scale farmers have to be dynamic to rise to the challenges. This can be achieved by farmers organizing themselves into coops societies because the coops societies has been adjoined to be one of the ways of achieving more efficient results in agricultural production.

Adesina (1977) on his topic the need for credit stated that is has been long recognized that in developing economic like rural areas, the small scale farmers who use mentioned earlier product, produce about 90% of our agricultural output have little or no savings at all, unlike to the nature of their farm operation.

General Babangida (1988) while speaking at the launching of National Agricultural policy in Lagos said, other factors responsible for the failure of agricultural policies are poor implementation as well as defined institutional arrangements. Cooperative news (vol 4 No. 8) in its editorial said considering its vast

membership, farmers cooperative have special potentials for agricultural revolution in Nigeria, therefore, to be undermine, the potentials of cooperatives in agricultural programme is certainly a costly ventures.

In 1974 all such farmers were estimated to make up about 94% for about 28 million holdings of all farm holding in Nigeria the remaining 6% (or about 1.7 million holding of all holding was estimated to be large scale. Today the farmers population in Nigeria is estimated to about fifteen (15) million with average farm of 1.2 hectares, unfortunately, the majority of these farmers are peasants of small scale farmers still relying much on their fragmented and small size farmers.

Okories (1976) on potentials of using traditional rulers as loan guarantors for small holder farmers in Nigeria, said that lack of production credit is generally recognized as important in expanding food production and modernizing agriculture especially among the small holder farmer, experience in Nigeria also has shown that unless production credit is made available on suitable farms, majority of small farmers will be seriously handicapped in adopting profitable technology. Most of the agricultural cooperative have been meager internal resources viz share capital reserves and deposits. This position will remain so. For some years to come the NACRDB and other banks should rationalize their loan their loan policy and procedure and grand credit to NACMO and the distribution of agro-inputs, marketing fo crops against pledges, it is expected that the bank in Nigeria also take a positive view in this direction and help agricultural coops effectively to undertake production and marketing so as to accelerate the agricultural production process.

Igan (1989) On credit delivered to small scale fisheries stated that small scale fisheries required more than input delivery and infrastructures programmes design and management of an appropriate loan and credit scheme for effective input delivery system to develop small scale fisheries.

Again M.B Akakiye (1992) on livestock unit stated that livestock credit unit (L.C.U) is a unit carved for operations in department of the second livestock development project (S.C.P.O) a world bank assisted programme. Ajakaiye (1990) speaking extensively on the problems besetting agricultural lending in the country said, it was doubtful it any programmes could be more difficult to operates successfully than the administration of loans to agriculture especially to the small scale farmers. This notwithstanding- NARCRDB has over the years liberalized the loan conditions for small scale farmers but not without what he described as its attendant problems prominent among these problem according to him, the fact that the bank is now other problems included earth of farm inputs and cooperatives bodies through which the bank finds could be channeled to members who were small scale farmers. These later problems he said has necessitate the banks use of the method of outgrows scheme as an alternative to reach a large number of farmers. The visible solution lies on in the formation of more cooperative societies and or consolidating farming groups or association through which agricultural financing institutions such as commercial and merchant banks and the Nigeria Agricultural and Cooperative bank reach the small borrow sector.

This chapter aimed at reviewing what other writers or experts, educationalist and other reliable sources have side about Nigeria Agricultural cooperative and Rural Development Bank (NACRDB) and individual comments and opinions with regards to the role (NACRDB) play in improving agricultural productivity. The main objective here is to look at the relationship of these writers with research topic. This expert views are presented in this chapter to serve as eye opener for the benefit of large group of people and the progress of economic.

Farmer's cooperative is a way by which farmer group themselves through portion of land for farming purposes for the attainment of self goals one of the writers on the topic is Dr Onuha (2003) who wrote in his

book "consumer and producer cooperatives" according to him, he stated that "nevertheless since the creation of the state of Israel in 1948 delegate from Asia and African countries have gone to Israel every year to study his cooperative achievement. They were highly impressed, the Kibbutzim type is yet a dream in African Dr. Onuha is right since that was obtain in Israel as far as cooperative farming is concerned it has been far from being reached in Asia and some parts of Africa, this is because of the long years of cooperative establishment which indicates that little success has been recorded. However, in Israel Udo was of the view that this is the only country in the world as at date that has been accepted and provide by many to be the place in which a comprehensive cooperative agricultural system was created on a voluntary basis. The Israel Kibbutzim for instance is aided to represent the only perfect integrated all embracing cooperative to be found any where in the world therefore, in other countries today, more than cooperative settlement are found with a membership of ten thousand in which very details of production, consumption, marketing, distribution, living comfort as well as education and health are handled collectively. One point of view that is how cooperative farming societies should look like generally, though even the Rochdale equitable society of pioneer succeeded by applying and practicing well organized system of education setting higher standard of living comforts trade and distribution.

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