

## **ABSTRACT**

The topic of dissertation is **The Role Of Commercial Banks In Financial Small Scale Industry In Nigeria**. A case study of union bank of Nigeria plc.

The major objective of the study is to ascertain the extent to which union bank of Nigeria plc has helped to financial small scale industries/.

Instrument of data collection is questionnaires and research questions which formed the source of primary data, while materials from various published articles, textbooks, journals and newspaper formed these secondary data.

The method of analysis is the use of tables, percentages and chi-square .

The major finding of the research is that union bank of Nigeria plc has helped to financial small scale industries period under review.

The recommendation based on the finding is that in order to reduce the risk in small scale industry lending, the central bank of Nigeria and the government can do more than they are doing currently scheme.

The study concluded that if the desired objective of using small scale industries as catalysts of development is to be achieved than the role of commercial banks should be mutually supportive.

## **TABLE OF CONTENTS**

Title page

Approval page

Dedication

Acknowledgement

Abstract

Table of content

### **CHAPTER ONE**

#### **INTRODUCTION ANALYSIS**

1.1 Background to the problem

1.2 Problem statement

1.3 Objectives of the study

1.4 Research questions

1.5 Research hypothesis

1.6 Scope of study

1.7 Limitations of the study

1.8 Definition of study

Reference

### **CHAPTER TWO**

#### **LITERATURE REVIEW**

2.1 Introduction

2.2 Meaning of small scale industry

2.3 Government policy

- 2.4 Support systems
  - 2.5 Financing
  - 2.6 Monetary policy development in favour of small scale industries
  - 2.7 Benefits of small scale industry
  - 2.8 Problems facing small scale industry
  - 2.9.1 Financing the project
  - 2.9.2 Technical knows how
  - 2.9.3 Personnel, matters and general administration
  - 2.10 Improving funding small scale industries
- References

### **CHAPTER THREE:**

#### **RESEARCH METHODOLOGY**

- 3.0 Introduction of the study
- 3.1 Research design
- 3.2 Area of study
- 3.3 Population of study
- 3.4 Sample size determination
- 3.5 Instrument for data collection
- 3.6 Validation of the instrument
- 3.7 Reliability of the instrument
- 3.8 Method of data collection
- 3.9 Data analytical techniques

### **CHAPTER FOUR:**

#### **PRESENTATION AND ANALYSIS OF DATA**

- 4.1 Presentation of data
- 4.2 Hypothesis testing

### **CHAPTER FIVE FINDINGS:**

#### **CONCLUSIONS AND RECOMMENDATIONS**

- 5.1 Findings
- 5.2 Conclusion
- 5.3 Recommendation

Bibliography

Appendices

## **CHAPTER ONE INTRODUCTION**

### **1.1 BACKGROUND TO PROBLEM**

The successive development plans of Nigeria have laid emphasis on the attainment of self reliance. The need for this national objective is because much is expected from individuals from the view point of providing employment opportunities self reliance in basic food and material production high per capita income, foreign exchange earnings and the production of industrial raw materials.

Okporobie (1989:10) observes that Nigeria smallscale industries continued to decline despite the so called priority given to the sector

However, the discovery by the central bank that this policy was not enough by itself led to the central bank request with effect from 1970/80 that all commercial banks must reserve a proportion of the minimum credit allocation to indigenous borrowers for small scale Nigeria enterprises. The target prescribed in 1979 was ten percent (10%) which subsequently raised to sixteen percent (16%).

Even though available data showed that performance of commercial banks against this directive has been disappointing. The central bank intends to spare no effort in ensuring that banks fully comply without compromising the smooth functioning of the nation banking system.

He observed also, that without the development of small scale industries in Nigeria, the nation's quest for industrialization will certainly remain forever at stake. It is the opinion of the researcher that future development in our industrialization must address the basic issues of creating linkages within the economy to begin to produce real inputs to our manufacturing activities.

Priority attention must therefore be given to these industries for which domestic inputs could easily be produced. This will bring about agro-allied industries like food processing and other by-products.

The objective should be to maximize the value added in their processing and manufacturing as final goods immediately inputs.

Nzewi and Oze (1985:56) observed that empirical evidence indicates that strong producer incentives to small scale industrialists are necessary not only to meet the food requirement but also to provide growing input supplies and demand as a foundation for sustained industrial growth.

The present economic constraint may well turn out to be a blessing in disguise to our industrialization effort particularly for dynamic manufacturing sector. For instance, the market determined exchange rate through seeing with its result and high cost of imported inputs may serve as an impetus for industrialists to intensify their search for local substitutes.

Ekenyong and Nyong (1992) observed that small scale enterprises are regarded as an organic part of a viable structure for the attainment of meaningful economic development in developing economies like Nigeria.

They are significantly more cost effective in bringing about development than large enterprises because of the perceived linkage and multiplier effects which small scale enterprises have on the performance of the economy and economic growth in general.

Osayameh (1989) observes that the strengths that make small scale enterprises more amendable for assistance areas as follows.

1. Personal commitment of the proprietor whose life savings usually form the start up capital.
2. Low initial capital outlay requirement
3. Ease of entry and exit and prevalence of just minimal legal constraints

4. Amenability to business advisory services because of their small size which makes them more responsive to improvement suggestions.

Olashore (1987) Observes that the four main sources of enterprises financing open to small scale industry in Nigeria are.

- i. Formal financial institutions such as commercial banks merchant banks, insurance companies and the development bank.
- ii. Informal financial landlords, credit and savings associations "esus" friends and relations personal savings and .
- iii. Other financial scheme, NERFUND NEXIM

In 2001, there was an introduction of small and medium industries equity investment scheme (SMIEIS) in which N359 million was set aside to date by banks under small medium industries equity investment scheme.

Through union bank small and medium scale enterprises (SMES) department, the bank has remained in fore front of SMES financing nations was extended to the SMES as at 31st March 2004.

Small scale industry is any industry not exceeding N750,000 including working capital but excluding cost of land.

It is also defined by center for industrial research and development of Obafemi Awolowo university Ile Ife as those industries whose total assets in plant, equipment and working capital do not exceed N250,000 with not more than 50 employees.

## **1.2 STATEMENT OF THE PROBLEM**

The problem of credit to small scale industries may not necessarily be as a result of financing insufficiency but rather for some other reasons among which are.

- i. Insufficient preparation on the part of small scale entrepreneurs in their request for credit assistance.
- ii. Information gaps as to range of funding institutions and scope of services available in these institutions
- iii. Moreover, servicing of small business accounts is relatively experience, risky and difficult to monitor with low turnover of account.

However, the parishioners in the sector small scale industry do not display competence in preparing justification for their project. It is rare to see most of them coming up with cash flow projections, projected balance sheets, among others. They are based on personal rudimentary information and speculation. At times when they seek the advice of consultants, the outcome that are made figures project based on assumptions which are most of their time unrealistic.

As a result such proposals are outrightly rejected by banks.

There are suitable when credit demands in this sector are not in compliance in this government monetary policy and credit guidelines which must be adhered to by banks.

The researcher identifies these problem and considers it necessary to carry our study on them.

## **1.3 OBJECTIVES OF THE STUDY**

The objectives of the study include:

- a. To ascertain the extent to which the union bank of Nigeria plc has helped to finance small scale industries.
- b. To identify the problems encountered by small scale industrialists in obtaining finance from union bank of Nigeria plc.
- c. To evaluate various measures introduced to boost industrial production and its financing and how this has affected realization of the set goals.
- d. To determine the causing changes in small scale industrial financing by union bank of Nigeria plc.
- e. To make suggestion and recommendations based on the data generated by the study.

#### **1.4 RESEARCH QUESTIONS**

The critical appraisal to give answers to the following questions.

- a. To what extent has union bank of Nigeria plc helped to finance small scale industries?
- b. What are the problems encountered by the small scale industrialists in obtaining finance from union bank of Nigeria plc?
- c. What are the various measures introduced to boost industrial production and its financing and how this has affected the realization of the set goals?
- d. What are the causes of changes in small scale industrial financing by union bank of Nigeria plc?
- e. Does any linear relationship exist between lending to small scale industries and economic recovery and self reliance on the economy?

#### **1.5 RESEARCH HYPOTHESIS**

- a. There is no linear relationship between lending to small scale industries and economic recovery and self-reliance of the economy.
- b. there is no relationship between union bank of Nigeria plc lending to small scale industries and the attitude of these customers

#### **1.6 SCOPE OF STUDY**

The scope of the study is the role of commercial banks in financing small scale industries in Nigeria. A case study of union bank of Nigeria plc. It does not cover the role of commercial banks in financing medium and large scale industries.

#### **1.8 LIMITATION OF STUDY**

However, there were constraints imposed on the researcher this includes the following.

- a. Time: A study of this nature, needs a relatively long time during which information for accurate or at least near accurate inferences could be drawn. The period of the study was short, hence time posed as a constraint to the researcher.
- b. Cost: The researcher would have extended the survey to areas. But limitations here included cost of transportation to source for materials and cost of type setting the already completed work.
- c. Dearth (Scarcity) of statistical data:  
lack of statistical data from our financial institutions like central bank of Nigeria (CBN) ministry of financial and economic development, commercial and merchant bank posed as constraints.

Commercial banks adhere strictly to the rule of secret, in banking thus they refused to release information.

## **An Appraisal of the role of banks in financing small scale industries**

The complete project material is available and ready for download. All that you need to do is to order for the complete material. The price for the material is NGN 3,000.00.

Make payment via bank transfer to Bank: Guaranteed Trust Bank, Account name: Emi-Aware technology, Account Number: 0424875728

Bank: Zenith Bank, Account name: Emi-Aware technology, Account Number: 1222004869

or visit the website and pay online. For more info: Visit <https://researchcub.info/payment-instruct.html>

After payment send your depositor's name, amount paid, project topic, email address or your phone number (in which instructions will be sent to you to download the material) to +234 70 6329 8784 via text message/ whatsapp or Email address: [info@allprojectmaterials.com](mailto:info@allprojectmaterials.com).

Once payment is confirmed, the material will be sent to you immediately.

It takes 5min to 30min to confirm and send the material to you.

For more project topics and materials visit: <https://researchcub.info/> or For enquiries: [info@allprojectmaterials.com](mailto:info@allprojectmaterials.com) or call/whatsapp: +234 70 6329 8784

Regards!!!