

PDF - THE ROLE OF COMMERCIAL BANKS IN AGRICULTURAL FINANCING IN ENUGU STATE (A CASE STUDY OF FIRST BANK OF NIGERIA ENUGU) - researchcub.info **ABSTRACT**

The object of this study is to determine the vital role played by commercial banks in Agricultural financing in Enugu State which has been a major handicap to agricultural development today.

The study arose from the fact the quest to achieve self sufficiency in food production which is the greatest and highest priority area facing most of the world's people today. Apart from the role of oil economy today, agriculture still remains the major stay of the Nigeria Economy as it provides majority of the populace with employment, income and food.

As a business venture, it cannot be executed extensively unless funds is available for replacement and capital equipment procurement to enhance a quicker, clearer and more comprehensive of the important of this study. This work is divided into three chapters. Chapter one deals with statement of problem, brief history of Afribank PLC purpose and significant of the study scope and limitation of the study and definition of terms

Chapter two deals with review of related literature which includes policy and means to boost agricultural scheme, types of loan factors and risk in agricultural financing and costly constraints to agricultural financing

Chapter three deals with findings recommendation and conclusion.

PROPOSAL

The role of commercial banks in agricultural financing in Enugu state.

The commercial banks had played sufficient roles to the agricultural financing in Enugu state.

The role played by the commercial bank to the agricultural financing had been the major development of agriculture in Enugu state up till today.

The role of commercial bank to the agriculture has resulted to adequate food production, employment and the most economic development in no doubt had made agriculture one of the pillars of the Nigerians living.

The purpose of the study is to determine and detect those roles played by the commercial banks to the agricultural financing in Enugu state. And how it can enhance agricultural development of Enugu state and also ways of encouraging those roles for the betterments of Nigeria and Enugu state in particular.

However, without the role of the commercial banks, agriculture will not be at this level due to lack of funds and some other factors handled by the commercial banks.

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CHAPTER ONE

INTRODUCTION

Agriculture can be define as the science or practice of farming i.e. cultivation and integration of live-stocks and production of raw materials for industries. It is well known that farming is the oldest occupation in the world and indeed it remains till date, one in which the largest number of people are engage. The vast majority of the population of the world, depends on its more complex since, agriculture is basically concerned with the production of food which is basic necessity of life.

The problems of capital scarcity in agricultural production in most developing nations are generally giving cause for involvement. As of the huge capital elopement, subsistent agriculture now cultivate crops only for their selves and their immediate families, hence the need for commercial bank to participate actively in agricultural financing materials for key industries and a major foreign exchanged earners has further added to its prominence among all human occupation. As a business, it cannot be carried out intensively unless funds are available for maintenance, replacement and capital equipment procurement and other expenses.

THREE TYPES OF CREDIT ARE USUALLY REQUIRED.

- a. Short Term Credit to financial yearly planting operations, seeds, fertilizers and farm expenses until the crop is sold. The amounts involved here might not be large, but inadequate of this type of credit is most predominantly felt by small farmers who have little or no savings upon in which to hang on.
- b. Medium Term Loan (longer than one planting year but less than three year). This is need for acquisition a breeding stock and cheap with relatively short little.
- c. Long Term Credit necessary to acquire major machines and equipment repairs and maintenance of farm lands building, storage facilities etc. the role of credit finance in promoting development in the country is well known in recent times, government has devoted lot of financial resources to the agricultural sector in order to boost food production through it's lending policiesto commercial banks as well as the establishment of certain agricultural schemes.

1.2 STATEMENT OF THE PROBLEMS

In this age of expanded business activities around the world especially in Nigeria Agriculture is more than ever needs financial assistance in form of bank loans to meet the increasing need for food production. Obtaining such loans however has not be easy for farmers. Largely as a result of collaterals security, lack of proper accounting records and management among other limiting factors.

In spite of the importance of oil in the economy today, agriculture still remains the main stay of the Nigeria Economy as it provides the greatest avenue for employment, income of food for the Nigerian populace. It's internatic position as a source of raw materials for agricultural credit.

Agricultural credit therefore is a necessary ingredient in agricultural practices and in farm productivity especially if supplied on sufficient quantity and efficiently used. However, credit is only one of the "essentials for expansion and modernization, for credit parse, is not entirely inevitable, but a necessary key to a more prosperous future.

The commercial banks on their part has been placed what might be an optimal level in banking lending. The customers who has over the years been playing the expectations role, does not wish to continue that way and thus assumed an advisory role in the light of the above that thus study undertaken to provide some solutions to the numerous problems associated with commercial banks loans especially to the agricultural sector.

1.3 BRIEF HISTORY OF AFRIBANK PLC

Afribank Plc acquired license to operate as a financial institution on October 20, 1959. and opened its first branch at Kanocity on January 4, 1960, she has at that time known as Banque international four L' Afrique Accidental (BIAO). The origin of (BIAO) dates back to around 1853 when the bank has first established in Senegal. Later this was changed to Banque Pail Afrique accidental (BIAO). The word international was added later when the banks ownership include the National City bank.

BIAO was one of the first banks to set up shop in West Africa at a point, the banks activities in the areas were prevailing that she was given the authority to issue current note (A central bank duty) in the French speaking west Africa countries Afribank Plc then IBWA was established as a subsidiary of (BIOA)

In compliance with order of the federal government, the bank headquarters was in 1960 set up at 9th broad street, Lagos it has remained there till day. The establishment of Afribank Plc then IBADAN, concluded with the emergence of the countries oil industry. The bank soon developed links with some oil companies and in order to serve their need more promptly, the bank set up two more branches in Port Harcourt and Aba First before the out break of the civil war in 1967. with the promulgation of the Nigerian companies decree in 1968, it became expedient for all firms operating in Nigeria to be incorporation as Nigerian companies. On May 30, 1969 (BIAO) was incorporated in the country as a limited liability company under the national international bank for west Africa (IBWA) the English equipment of (BIAO). In 1997, the bank got her first Nigeria Chairman, in the person of Alhaji T. Galadima on the same year, BIAO herself experienced changes in her own equity structure. The union bank of Switzerland bought over 20 percent of the 49 percent of the BIAO equity capital held at that time by citizen bank U. A further 20 percent of the portion was taken up by Banko Brasil, while the remaining percent was brought by the compigne international Africarne de Banque holding S.A. Luse-emboury

On account by the indigenization, the federal military administration which was in place at that time in Nigeria, in the year 1976 acquired 60 percent of equity structure of Afribank plc and some other banks.

1.4 PURPOSE OF THE STUDY

It is a living concept among the people today that low returns to agriculture is entirely as a result of lack of finance. It is against this background supported by the statement of problem that the researcher wishes to identify and analyze other issues raised along side finance (capital) as could be seen capital is the life wire of any ventures whose capital base is shaky could be said to be in serious jeopardy.

It is this singular factor that is lacking therefore other numerous problems like labor turned over, adequate training, like learning of new agric skills and higher marginal production per worker will automatically develop. It

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