

The Impact of Bank Credit on Nigerian Economy: Evidence from Agriculture, Manufacturing and Mining

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ABSTRACT

Majority of creditors in their intermediation role is to ensure that the funds reach various sectors of the economy especially the important sectors that include agriculture, manufacturing and mining which can significantly impact on the economy. But most deposit banks fail woefully in the intermediation roles, which is why this study was carried out. The study found that bank credit to agricultural sector has no significant influence, but has positive relationship on economic growth in Nigeria. It also revealed that bank credit to manufacturing sector has no significant effect, but has positive relationship with real gross domestic product. Additionally, the study revealed that bank credit to mining sector has no significant influence, but has positive relationship on economic growth in Nigeria. It further showed that bank credit rate of interest has significant influence on the real sectors of the Nigerian economy, but has negative relationship with economic growth in Nigeria. The study concluded that economic growth plays crucial role in harnessing human and material resources in Nigeria. Deposit money bank credits in the form of loans and overdraft to sectors like agriculture, manufacturing and mining are aimed at boosting these sectors and facilitate growth. It recommended that deposit money banks should provide credits to all the areas of agriculture and government should encourage manufacturing sector by formulating policies which can ease them in assessing credit facilities and also government should give grants and encourage deposit money banks to supply credit facilities to the mining sector

Keywords: Economic Growth, Agriculture, Manufacturing, Mining, Bank Loans, Nigeria Economy.

I. INTRODUCTION

The issue of economic growth is extremely important to the economy of any given country whether developed or developing. Economic growth is an expansion within the limit of a nation or economy to make merchandise and ventures which is contrasted from one period with another period (Korkmaz, 2015). Thanks to the importance of economic growth, nations of the planet always perform policies and actions which will stimulate economic growth from the perspectives of sectors like agricultural, manufacturing, mining, commerce and trade et al. during a way of simulating the economy in Nigeria, the Central Bank of Nigeria (CBN) made it compulsory that commercial banks give credit in sort of overdraft and loans at reduced rate of interest to finance agriculture, manufacturing and mining (Bada, 2017; Okosodo, 2016). Modebe, Ugwuegband Ugwuoke (2014) opined those credits are given to people who needed it for the expansion of an economy because all economic agents during a society are contending for resources which are very scarce to realise their goals.

Orimogunje (2019) stated that to satisfy with the requirements of the agents which can include, the private sector, small and medium scale enterprises, government and therefore the other sector of the economy round the world, seek creditor resource from banks or financial institutions to support their business which could equally enhance economic growth. This suggests that the economies of all market-oriented nations depend largely on the efficient flow of cash and credit from surplus to the deficit sector of the economy through intermediation role played by banking system. Azege (2008) stated that financial intermediation is a crucial activity within the economy because it allows funds to be

channeled from people that might otherwise not put them to productive use to people that will. Emecheta and Ibe (2014) noted that financial services run through efficient resource mobilization and credit expansion to boost the extent of investment and efficient capital accumulation toward economic growth. Thus, a far better functioning system alleviates the external financing constraints that impede credit expansion, and therefore the expansion of firms and industries (Mishkin, 2007).

II. STATEMENT OF RESEARCH PROBLEM

The government has adopted numerous policies to influence the flow of credit to the important sectors of the economy since early 1980s, but to the simplest of my knowledge, sufficient literature has not been in place to assess the impact of such credit on the performance of the important sectors towards GDP rate of growth in Nigerian context. In other words, there's insufficient empirical work on the intermediation roles of the bank in credit to sectors on the developing nation's economy like Nigeria, has created the need for this work.

OBJECTIVES OF THE STUDY

The main objective of this study is to research the impact of bank credits to sectoral on economic growth in Nigeria, while the precise objectives are:

- i. to work out the influence of bank credit to agricultural sector on economic growth in Nigeria;
- ii. to work out the influence of bank credit to manufacturing sector on economic growth in Nigeria;
- iii. to work out the influence of bank credit to mining sector on economic growth in Nigeria;
- iv. to work out the influence of rate of interest on economic growth in Nigeria.

RESEARCH QUESTIONS

Based on the above objectives, the subsequent research questions are asked

- i. what's the influence of bank credit to agricultural sector on economic growth in Nigeria?
- ii. what's the influence of bank credit to manufacturing sector on economic growth in Nigeria?
- iii. what's the effect of bank credit to mining sector on economic growth in Nigeria?
- iv. How does rate of interest influence on economic growth in Nigeria?

RESEARCH HYPOTHESES

The hypotheses, which this study is out to test, are as follows:

H₁: Bank credit to agricultural sector has no significant influence on economic growth in Nigeria

H₂: Bank credit to manufacturing sector has no significant effect on economic growth in Nigeria

H₃: Bank credit to mining sector has significant influence on economic growth in Nigeria.

H₄: Bank credit interest rate has no significant influence on economic growth in Nigeria.

SIGNIFICANCE OF THE STUDY

It is important to know the impact of these credit extension roles of banks on the performances of these sectors as well as on the entire economy which can only be understood through a well-researched empirical study, hence this study. The significance of this study are as follows:

1. The finding of this study will be most beneficial to policy makers in the monetary authority, government and researchers.
2. The finding can assist government in making fiscal policy that will enable it increase development in the Agricultural sector of the economy.
3. The monetary authority can also use this finding to fine tune existing monetary policies if required and/or formulate new ones.

SCOPE OF THE STUDY

This study covers the sectoral distribution of credits (loans and advances) by commercial banks to the Nigerian economy. Emphasis is on the activities of commercial banks in the country. Through the activities of Deposit Money Bank's (DMB's) started before the political independence of Nigeria, this study shall be limited to the era of between 2009 and 2018.

LIMITATIONS OF THE STUDY

The limitation encountered on this study was in the time series data.

REVIEW OF RELATED LITERATURE

The deposit money banks have traditionally been a particularly important channel of monetary intermediation in both developed and emerging economies. It's public knowledge that the strength of any economy is strongly tied to the strength of the banking sector. Onwumere and Suleman (2010) stated that each nation's economy comprises the

general public and personal sectors, though, the degree and size of every sector differ among countries. They asserted that the event of a country's economy involves partially the event of the various sectors subsumed in these two main sectors. These sectors need funds to continue operational and contribute to the nation's overall performance.

Economic growth entails positive change within the value or the extent of production of products and services by a rustic over a particular period of your time (Oluitan, 2009). For many banks, loanable funds account for about one-half or maybe more of their total assets and about half to two-thirds of their revenue (Udoka & Effiong, 2006). This made lending the primary and most vital function of banks. Soludo (2004) explained that banks' credits influence the investment growth in agriculture and manufacturing and order to accelerate the speed of economic growth and poverty reduction. Towards this goal, the soundness of intermediation is as important as its volume, hence the necessity to possess an efficient banking industry which will impact positively to the event of the whole economy.

This supports the importance of deposit money banks' credits as a way for improving investment in agriculture, manufacturing and mining which are parts of the important sectors. Schumpeter (1934) banking sector may be a conductor focus for economic growth plays an important role within the funds' intermediation between surplus and therefore the deficit sector, the general growth of the economy is the same for productive investment within the real sector like agriculture, manufacturing, mining etc. Hence, this study investigates the impact of sectoral bank credit on agricultural, manufacturing and mining sectors on economic growth in Nigeria.

III. METHODOLOGY

This includes the overall research plan and design guiding the growth of data collection and collation for this study.

RESEARCH DESIGN

The research approach used in this study is Ex-post Factor research design which involves dependent and explanatory variables and hence, seeking to explain a phenomenon that has already taken place but does not have control of the possible causes. This approach is meant to collect, verify, synthesize evidence to establish the facts that defend or refute the stipulated hypothesis. Secondary data were sourced from their various

government offices and custodians. Data collected were all considered authentic and valid for analysis.

METHOD OF DATA COLLECTION

The method employed in carrying out this research work shall be collecting secondary data. Secondary data shall be used because the manpower and resources required for gathering primary data are not available and the relevant information required are not easily accessible. These secondary data shall be collected for 18 years (2000 – 2018).

SOURCES OF DATA COLLECTION

The secondary data shall be collected from different sources e.g. National Bureau of Statistics (NBS) and Central Bank of Nigeria (CBN) Statistical Bulletins, Newspapers, Journal publications etc. The secondary data shall comprise time series data collected from 2000 to 2018.

TECHNIQUES OF DATA ANALYSIS

The Ordinary Least Square (OLS), method shall be used for the estimation of parameters of the model specified earlier on. This estimation technique is relevant to the objectives of this study because it has been used in the study of a range of economic relationships with satisfactory results. The specified model shall be confronted with the data collected to obtain the numerical value of the non-zero parameter estimated. The evaluation method was based on the various tests of significance which will be carried out to know whether the estimates of the parameter confirm with the assumption of ordinary least square and to ascertain the forecasting ability of the model. Other tools of data analysis will include: descriptive statistics, correlation matrix, diagnostic tests and ordinary least square regression (OLS).

METHOD OF DATA ANALYSIS

Model Specification

The model for this study is specified in implicit and explicit forms as follows:

The function relationship between the variables and proxies can be expressed as follows;

$$RGDP = F(AGRIC, MANU, MINI, INT) \dots \dots \dots eq1$$

$$RGDP = \beta_0 + \beta_1 AGRIC + \beta_2 MANU + \beta_3 MINI + \beta_4 INT + e$$

Where;

RGDP = Real Gross Domestic Products as proxy for economic growth.

α_0 = Intercept

$\beta_1 - \beta_5$ = Coefficients

AGRIC = Commercial Bank Loans and Advances to Agricultural sector
MANU = Commercial Bank Loans and Advances to Manufacturing sector
MINI = Commercial Bank Loans and Advances to Mining/quarrying sector
INT= Lending rate
e = Error Term

A priori Expectations

The a priori expectations are stated as;
 $\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$ and $\beta_4 < 0$

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The focus of this chapter is the presentation and analyses of data gathered. Data analyses involve the application of descriptive statistics, correlation coefficients, and regression analysis in the estimation of the regression data.

The result of the data analyses is related to existing literature in the discussion of findings. The outcome of the analyses is also used to accept or reject our a priori expectation and the research hypotheses.

DATA PRESENTATION

In this study, time series data covering time period of 2000 to 2018 (See appendix section for data used in this study).

IV. DATA ANALYSES AND INTERPRETATION OF RESULTS

The various results achieved from the data estimated with computer software (E-views 8.1). In this section, issues examined include descriptive statistics, correlation matrix, diagnostic tests and ordinary least square regression (OLS).

Table 4.1: Descriptive Statistic

	RGDP	AGRIC	MANU	MINI	INT
Mean	649.9263	232.2308	984.7126	1309.657	9.674211
Median	672.2000	135.7013	987.6410	1178.099	9.980000
Maximum	950.1000	610.1497	2230.155	3609.188	16.50000
Minimum	412.3000	41.02890	141.2948	32.28860	4.700000
Std. Dev.	149.5611	198.3324	716.9479	1269.168	3.088954
Skewness	0.198209	0.648388	0.551052	0.703038	0.250436
Kurtosis	2.423882	1.863148	2.020552	2.222413	2.548900
Jarque-Bera	0.387171	2.354463	1.721044	2.043838	0.359705
Probability	0.823999	0.308131	0.422941	0.359904	0.835393
Observations	19	19	19	19	19

Source: Authors Computation 2020 (E-Views 8.1) (See appendix section for details)

The descriptive statistics in Table 4.1 above explains the profile of the variables examined as follow;

Economy Growth: Economy growth proxied by real gross domestic product (RGDP) stood at maximum and minimum values of ₦950.1 billion and ₦412.3 billion respectively with mean value of 649.9 and low standard deviation of 149.5 suggesting high economy growth using real gross domestic product. Real Gross Domestic Product with positive skewness value of 0.198 showed that its curve skewed towards right hand side direction, and kurtosis value of 2.423 signified that the curve is positively peaked at leptokurtic level, while the Jarque-Bera value of 0.3871 at probability value (PV) of 0.8239 (greater than 5% significance level), implied that the data for the result is normally distributed.

Agricultural Loan (AGRIC): Agricultural loan which stood at a mean value of ₦232.2 billion,

within a maximum of ₦610.1 billion and a minimum of ₦41.02 billion implied that Agricultural loan (AGRIC) for the period has attracted reasonable amount for economy growth in Nigeria. Agricultural loan with positive skewness and kurtosis values of 0.648 and 1.863 respectively, related with Jarque-Bera value of 2.354 at probability value of 0.308 (greater than critical 5% significance level), and indicates that the variable is normally distributed.

Manufacturing Loan (MANU): Manufacturing loan with maximum and minimum values of ₦2230 billion and ₦141.2 billion respectively, coupled with mean value of ₦984.7 billion indicated that the manufacturing loan in Nigeria economy have improved real gross domestic product (RGDP) within the periods. Manufacturing loan which indicated positive skewness value of 0.551 showed that it skewed to right hand side, and kurtosis value of 2.020 units showed that its graph is caved at

leptokurtosis. The manufacturing loan with Jarque-Bera value of 1.721 units at probability value of 0.422 (42%) which is greater than 5% significance level, suggested that the manufacturing loan is normally distributed for study purposes.

Mining Loan (MINI): Mining loan (MINI) with a mean value of ₦1309 billion with maximum value of ₦3609 billion and minimum value of ₦32.28 billion respectively, indicated that the mining loan in the economy growth within this period was high. Mining loan (MINI) which indicated positive skewness value of 0.703 showed that it skewed to right hand side, and kurtosis value of 2.222 units showed that its graph is caved at leptokurtosis. The mining loan with Jarque-Bera value of 2.0438 units at probability value of 0.359 (36%) which is greater

than 5% significance level, indicated that the mining loan is normally distributed.

Interest Rate (INT): Interest rate (INT) with a mean value of ₦9.67 billion with maximum value of ₦16.5 billion and minimum value of ₦4.7 billion respectively, implied that bank credit interest rate in the economy growth within the period was relatively high. Interest rate (INT) which indicated positive skewness value of 0.250 showed that it skewed to right hand side, and kurtosis value of 2.548 units showed that its graph is caved at leptokurtosis. The interest rate with Jarque-Bera value of 0.359 units at probability value of 0.835 (84%) which is greater than 5% significance level, suggested that the interest rate is normally distributed.

Table 4.2: Pearson Correlations

	RGDP	AGRIC	MANU	MINI	INT
RGDP	1.000000				
AGRIC	0.504618	1.000000			
MANU	0.534754	0.858958	1.000000		
MINI	0.548854	0.764281	0.682996	1.000000	
INT	-0.696945	-0.375417	-0.368922	-0.391657	1.000000

Source: Authors Computation 2020 (E-Views 8.1) (See appendix section for details)

The correlation matrix shows associations among variables. The correlation coefficient on Table 4.2 revealed mixed coefficients of both positive and negative values. The correlation coefficient (r), between the dependent variable (Real Gross Domestic Product (RGDP)) which is the proxy for economy growth and the independent variables which consist of agricultural loan (AGRIC, $r=0.5046$), manufacturing loan (MANU, $r=0.5347$) and mining loan (MINI, $r=0.5488$) were positively correlated or associated with real gross domestic product. While interest rate (INT, $r=-0.696$) was negatively correlated respectively with Real Gross Domestic Product. It is deduced that the highest is between manufacturing loan (MANU)

and real agricultural loan (AGRIC) with very high positive correlation coefficient value of 0.858. Results showed that strength of correlations between most variables are high hence produced small effect of approximately (± 0.368) while association between other variables produced moderate effect (± 0.504) and high effect (± 0.858) respectively, the correlation coefficients are high, but the associations indicate absence of the problem of multicollinearity in the regression variables. This showed that the correlation coefficients did not pose any problem of multicollinearity since none of the associated variables is perfectly correlated or above 0.90 (90%) (Meyers, Gamst & Guarino, 2006). To further confirm presence of multicollinearity problem, we proceed to regression analysis.

Table 4.3: Ordinary least square regression

Dependent Variable: RGDP

Method: Least Squares

Variable	Coefficient	t-Statistic	Prob.
C	864.4801	7.625065	0.0000
AGRIC	0.281140	0.558772	0.5851
MANU	0.053046	0.263016	0.7964
MINI	0.051134	0.416445	0.6834

INT	-27.75077	-3.050549	0.0086
R-squared	0.585459		
Adjusted R-squared	0.467019		
S.E. of regression	109.1879		
F-statistic	4.943080		
Prob(F-statistic)	0.010725		
Durbin-Watson stat	1.939782		

Source: Authors Computation 2020 (E-Views 8.1) (See appendix section for detail)

Table 4.4 shows the result of the model which supports the regression analysis. Below the coefficient values are the t-statistics in parentheses respectively with real gross domestic product (RGDP) as a proxy for economy growth (dependent variable). On respective independent variable, agricultural loan (AGRIC) with positive coefficient of 0.281, manufacturing loan (MANU) with positive coefficient of 0.053 and mining loan (MINI) with positive coefficient of 0.051 with real gross domestic product (RGDP) implied that a unit increase in each of the coefficient variable, will lead to same increase in real gross domestic product (RGDP). While interest rate (INT) with negative coefficient of -27.75 with RGDP, implied that a unit decrease in interest rate (INT) will bring about decrease in real gross domestic product by -2.775%. The coefficient of determination (R-squared) R^2 which stood at 0.585 with real gross domestic product (RGDP), implied that about 59% of the systematic variations in the dependent variable were explained by the independent variables while 41% were unexplained. After adjusting the degree of freedom, the adjusted coefficient of determination (\hat{R}^2) was 0.467, indicating that about 47% of the changes in the dependent variable economy growth proxied by real gross domestic product (RGDP) was accounted for by the explanatory variables. The F-statistic of 4.943 and the associated probability value of 0.0107 show a significant linear relationship between the dependent and the explanatory variables. The respective regression results in Table 4.3 showed that a robust linear relationship exists between the variables; hence outcomes are suitable for decision making.

TEST OF HYPOTHESES

Hypotheses formulated previously in section one is tested in this subsection. Our decision rule is to accept hypothesis formulated earlier which are restated below such that if the calculated probability value (PV) is greater than the critical probability value at 5% significance level, otherwise we reject it.

Test of Hypothesis One

- i. Hypothesis formulated: H_{01} : Bank credit to agricultural sector has no significant influence on economic growth in Nigeria.
- ii. Test statistics and decision: Bank credit to agricultural sector (AGRIC) in Table 4.3 which stood at t-statistic of 0.5588 with probability value of 0.5951 (60%) which is higher than the critical value of 0.05 (5%), implied that bank credit to agricultural sector is statistically insignificant with economic growth. Following the decision rule, the hypothesis formulated is therefore accepted meaning that bank credit to agricultural sector has no significant influence on economic growth in Nigeria.

Test of Hypothesis Two

- i. Hypothesis formulated: $-H_{02}$: Bank credit to manufacturing sector has no significant effect on economic growth in Nigeria.
- ii. Test statistics: Bank credit to manufacturing (MANU) in Table 4.3 which stood at t-statistic of 0.2630 with probability value of 0.7964 (80%) which is higher than the critical value of 0.05 (5%), suggested that bank credit to manufacturing sector is statistically insignificant with economic growth. Based on the decision rule, the hypothesis formulated is therefore accepted meaning that bank credit to manufacturing sector has no significant effect on economic growth in Nigeria.

Test of Hypothesis Three

- i. Hypothesis formulated: $-H_{03}$: Bank credit to mining sector has no significant influence on economic growth in Nigeria.
- ii. Test statistics: Bank credit to mining sector (MINI) in Table 4.3 which stood at t-statistic of 0.5 with probability value of 0.4164 (42%) which is higher than the critical value of 0.05 (5%), implied that bank credit to mining sector is statistically insignificant with economic growth. On the basis of our decision rule, the hypothesis formulated is therefore accepted indicating that bank credit to mining sector has

no significant influence on economic growth in Nigeria.

Test of Hypothesis Four

- i. Hypothesis formulated: - H_{04} : Interest rate has no significant influence on economic growth in Nigeria.
- ii. Test statistics: Bank credit interest rate (INT) in Table 4.3 which stood at t-statistic of 0.5 with probability value of 0.4164 (42%) which is higher than the critical value of 0.05 (5%), implied that bank credit interest rate is statistically insignificant with economic growth. On the basis of our decision rule, the hypothesis formulated is therefore rejected indicating that Interest rate on bank credit to sector has significant influence on economic growth in Nigeria.

V. DISCUSSION OF FINDINGS

First, the study found that bank credit to agricultural sector has no significant influence, but has positive relationship on economic growth in Nigeria. By implication, bank credit to agricultural sector is a weak influencing factor on economic growth. The result is in line with apriori expectation such that bank credit to Agricultural sector (AGRIC) with positive coefficient of 0.281, suggested that a unit increase in commercial bank credit to agricultural sector could bring about increase in real gross domestic product proxied for economic growth by 28%. The result corroborated Uzomba and Chukwu (2014) who investigated the impact and the determinants of Deposit Money Banks' loans and advances granted to agricultural sector in Nigerian sector from 1980 to 2011 and found that deposit money banks' loans and advances have positive impact on the agricultural sector for the growth of Nigerian economy. Okosodo (2016) who examined agricultural credit on the growth and development of the Nigerian economy between 1980-2014 and indicated that there exist long run relationship between agricultural sector credit by commercial banks and economic growth in Nigeria. Also, Ayodele (2019) revealed agricultural credit by banks have impact on economic growth in Nigeria.

Second, it revealed that bank credit to manufacturing sector has no significant effect, but has positive relationship with real gross domestic product proxy for economic growth in Nigeria. By implication, bank credit to manufacturing sector is a weak influencing factor on economic growth. The result is in line with apriori expectation such that bank credit to manufacturing sector (MANU) with positive coefficient of 0.053, suggested that a unit

increase in commercial bank credit to manufacturing sector could bring about increase in real gross domestic product proxied for economic growth by 5%. The result supported Ebele and Terhemba, (2016) who examined the effect of commercial bank credit on the manufacturing sector output in Nigeria from 1980 to 2015 and found that loans and advances and broad money supply have positive effect with manufacturing sector output in Nigeria economy. In the same vein, Olalekan, et al., (2016) showed that loans and advances to manufacturing could have positive effect with manufacturing sector which as well could affect economic growth positively in Nigeria.

Third, this study showed that bank credit to mining sector has no significant influence, but has positive relationship on economic growth in Nigeria. By implication, bank credit to mining sector is a weak enhancing factor, but positively related to real gross domestic product (RGDP) used as proxy for economic growth. The result is in line with apriori expectation such that bank credit to mining sector (MINI) with positive coefficient of 0.051, suggested that a unit increase in commercial bank credit to mining sector could bring about increase in real gross domestic product proxied for economic growth by 5%. This is consistent with Bridge (2008) who noted that mining industries are key drivers of economic growth and the development growth. Olalekan, et al. (2016) indicated that the Nigeria mining sector has the potential of driving the nation's economic growth (compared to its current contribution of less than 1.0% of GDP) as such bank credit to the sector could have positive relationship with economic growth. Emecheta and Ibe, (2014) showed that there is a significant positive relationship between bank credit to the private sector which mining sector belongs and economic growth. Nwanyanwu (2010) revealed that bank credit positively and significantly impacts on the growth of Nigerian economy

Finally, bank credit interest rate has significant influence on economic growth in Nigeria, but has negative relationship with economic growth in Nigeria. By implication, bank credit interest rate to sectors is a critical enhancing factor, but negatively related to real gross domestic product (RGDP) used as proxy for economic growth. The result is in line with our apriori expectation such that bank credit interest rate (INT) with negative coefficient value of -27.75, suggested that a unit increase in commercial bank credit interest rate could bring about decrease in real gross domestic product proxied for economic growth by over 2, 775%. This is in tandem with

Ebele and Terhemba, (2016) who examined the effect of commercial bank credit on the manufacturing sector output in Nigeria from 1980 to 2015 and found that interest rate have negative effect on manufacturing sector output. Similarly, Olalekan, et al., (2016) who examined the effect of commercial bank credit on the manufacturing sector output in Nigeria from 1980 to 2015 and found that, inflation rate and interest rate have negative effect on manufacturing sector output which as well could have negative impact on economic growth in Nigeria

VI. SUMMARY, CONCLUSION AND RECOMMENDATIONS

SUMMARY OF FINDINGS

First, the study found that bank credit to agricultural sector has no significant influence, but has positive relationship on economic growth in Nigeria. By implication, bank credit to agricultural sector is a weak influencing factor on economic growth. Second, it revealed that bank credit to manufacturing sector has no significant effect, but has positive relationship with real gross domestic product proxy for economic growth in Nigeria. By implication, bank credit to manufacturing sector is a weak influencing factor on economic growth. Third, this study showed that bank credit to mining sector has no significant influence, but has positive relationship on economic growth in Nigeria. By implication, bank credit to mining sector is a weak enhancing factor, but positively related to real gross domestic product (RGDP) used as proxy for economic growth.

Finally, bank credit interest rate has significant influence on economic growth in Nigeria, but has negative relationship with economic growth in Nigeria. By implication, bank credit interest rate to sectors is a critical enhancing factor, but negatively related to real gross domestic product (RGDP) used as proxy for economic growth

CONCLUSION

The growth of the economy plays crucial role in the development of human and material resources. Commercial bank credits in form of loans and overdraft to sectors such as agriculture, manufacture and mining sectors are aimed to boost the sectors and facilitate economic growth. Outcomes of this study revealed that bank credits to agricultural, manufacturing and mining sectors have positive relationship with economic growth. Though the results exhibited that deposit money banks credits to agricultural, manufacturing and

mining sectors have no significant impact on economic growth, which by implications bank credit to sectors is a weak enhancing factor. It was also found that commercial bank interest rate to sectors has significant influence on economic growth. By implication bank credit interest rate to agriculture, manufacturing and mining sectors is a critical enhancing factor but negatively related with economic growth. Following the results, we concluded that deposit money credits to sectors of agriculture, manufacturing and mining have positive impact to economic growth in Nigeria.

RECOMMENDATION

The study therefore recommended as follows:

1. Deposit money Bank should allow credits to all areas of agricultural sector since the sector is very crucial in any economy. Provision of credit facilities in form of loans and overdraft can encourage able body men and women who are unemployed in white collar to go into farming like poultry, pig, snail, mushroom, catfish, etc.
2. Government should encourage manufacturing sector by coming up with policies that can ease them in assessing credit facilities in form of loans and overdraft from banks. This implies that banks should remove all forms of bottle neck in granting credit facilities to the manufacturing sector so as to increase output and enhance economic growth in Nigeria.
3. Mining sector is an area government has not given adequate attention in Nigeria. Government should give grants and encourage deposit money banks to give credit facilities to the mining sector so as to increase their output which could as impact on economic growth in Nigeria.
4. Government policy makers in formulation and implementation of policies should regulate lending rate by maintaining the monetary policy rate at a level low enough to bring down the rate at which deposit money banks lend to their sensitive sectors of Nigerian economy like agriculture, manufacturing, mining, oil and gas, trade and commerce etc. The Central Bank of Nigeriamay have to adopt direct credit control policy to enable informal sector of the Nigerian economy to reasonably perform its role in driving economic growth. It is on this note that single digit interest rate per annual should be encouraged by banks in Nigeria to sectors like agriculture, manufacturing, mining, oil and gas etc so as to improve on outputs and improve economic growth as well.

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