

Bank lending to industrial sector and economic development of Nigeria

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ABSTRACT

This study examined bank credit to the different segments of the industrial sector in the economic development of Nigeria. The specific objectives are to examine the impact of bank credit on agriculture, mining, quarrying, manufacturing, and government on economic development (HDI) in Nigeria. The study was anchored on the pecking order theory and Central Bank of Nigeria (CBN) statistical bulletin and World Bank Data Atlas report of various years from the data source which were subjected to the Auto Regressive Distributed Lag (ARDL) technique to test the interaction between independent variables and the dependent components in human development index at 5% level of significance. The findings revealed a short and long-run relationship. However, the individual short-run impact showed bank lending to the agriculture and government segment of the industrial sector showed a negative insignificant relationship with HDI. While bank credit to the manufacturing segment of the industrial sector significantly impacted HDI, bank credit to the mining and quarrying segment of the industrial sector showed an insignificant impact on HDI. Conclusively, bank lending to the different segments of the industrial sector has a short and long-run relationship but could not exact the necessary significant impact on the economic development of Nigeria. Hence, the study recommends single-digit interest rates on loans and advances (credit) to segments of the industrial sector in agriculture, manufacturing, mining, quarrying, and government as applicable to developed economies of the world.

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1. INTRODUCTION

The Nigerian economy is a highly volatile economy with varying economic structures like the mixed-income economy that is majorly middle-income and emerging market economy whose manufacturing, service, financial, communication, technology, and entertainment sectors have the potential to compete in the global market. Competing in the global economy requires prompt and efficient funding which can be granted on a short, medium, or long-term basis by commercial banks to their customers. In other words, banks grant loans and advances to individuals, business organizations as well as governments to enable them to embark on investment and development activities as a means of aiding their growth in particular or contributing toward the economic development of a country in general which enhances global competitiveness. Credit facilities have proven to facilitate developed economies of the world and the inherent possible roles in developing African economies cannot be overemphasized to instigate the desired economic development and direction. However, there has been a lot of debate on the role of intermediation of banks in the economic development of a country, and there seem to be varying degrees of roles played by banks to help in boosting economic development. The production sector is key for every economy and more recently, it is the agenda of every administration since the Goodluck Jonathan administration. The 2023 elective manifestoes of all intended economic policies are geared toward

improving and enhancing the capitalization distribution of funds by the financial institutions towards improving the production sector in Nigeria.

The differences in the impact of bank lending, however, depend on key economic factors of the economy at different intervals. For instance, Mamman and Hashim (2014) stated that the poor performance of the banking sector has been attributed to numerous problems that faced the sector like inadequate capital, high non-performing assets, insecurities, and inflationary pressures that have led to frequent distress in the banking sector and collapse of banking credits (investments) (Sanusi, 2012). Most importantly is the importation nature of the Nigerian business environment which has prompted most credit facilities to be diverted to importation activities as against growing industrial activities whose potential can improve the development indices of Nigeria. However, the banking sector has not fully fulfilled its potential and contributed significantly to the growth and development of the Nigerian economy as expected. Okereke (2003) asserts that lending activities of banks are the granting of credit (monetary resources) to the needy economic unit with the hope that repayment will be made at a specific or determined future date. These activities have been existing since 1894 when the then British Bank of West Africa (BBWA) now First Bank of Nigeria plc was established to boost general trading activities of British agencies before the evolution of other banks to date. The lending activities of banks have however

changed over time due to the regulatory changes that occur after every change in government administration and compliance with global requirements like the Structural Adjustment Programme of 1986 and technological enhancement of the 21st century.

Economic development is programs, policies, or activities that seek to improve the economic well-being and quality of life of a community. The terminology can be viewed differently however, for this study, the human development index (HDI) will form the yardstick for development in this study. The human development index measure and ranks countries' levels of social and economic development. This study deviates a bit from finance-growth nexus to finance-development nexus basically to identify the overall impact of lending on development within Nigeria.

This study is premised on the total credit/lending facilities to the different sectors of the Nigerian economy and how they have improved economic development which differs from previous studies that aggregate bank lending and economic growth proxied by gross domestic growth (Mamman & Hashim, 2014), bank lending, economic growth on manufacturing output (Obamuyi, Edun & Kayode, 2012), bank lending rate, money supply, interest rate and economic growth (Akinwale, 2018), bank lending to small and medium scale enterprises and economic growth (Ikpor, Nnabu & Obaji, 2017) and more recently Oyebowola (2019) looked at sectoral lending on economic growth. Hence, this study aims at determining the impact of bank lending to different sectors on the economic development of Nigeria.

2. LITERATURE REVIEW

The Nigerian economy is highly volatile, as policy introduction exerts immediate impact which reflects on economic output and development. The abundance of mineral resources, the manufacturing sector, the communication sector, and the bubbling entertainment industry has not culminated in achieving the potential inherent in the Nigerian economy. The growing unavailability of credit to finance business ideas with collateral has frustrated the evolution of businesses which has affected economic development in every way. The lending activities of commercial banks in Nigeria have however spread across rural and urban areas via different key sectors within the Nigerian economy. The different sectors of credit facilities of banks are broken into credit to the private sector and the public sector (government).

The credit to the private sector is further decomposed into the agriculture sector, manufacturing sector, and solid minerals sector. Agriculture: The agricultural sector is important in the Nigerian economy. It was the key to the Nigerian economy until the oil boom and presently it is a major sector in the face of falling oil revenue in Nigeria. This sector provides employment opportunities for the teeming population by eradicating poverty and contributes to the overall development of the economy. In essence, the agricultural revolution is an important precondition for economic growth (Cervantes-Godoy & Dewbre, 2010). Ukeji (2003) revealed that agriculture contributed 64% of the total GDP in the 1960s but it declined to 48% in the 1970s. Due to the oil glut in the 1980s, its contribution to GDP further declined to 20% and then 19% in 1985. Presently, the agricultural sector contributed 23.7% of the total nominal GDP of Nigeria in 2021. The gross value of agricultural sector contribution was #41trillion to the country's gross domestic product (GDP).

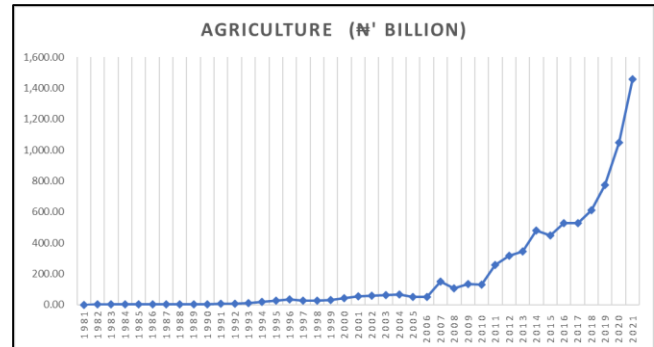


Fig. 1. Credit to the Agriculture segment of the Industrial Sector

This trend showed that agriculture received low bank credit facilities in the industrial sector of Nigeria between 1981 to 2010 before it starts surging upward from 2011 till the last year of the study period in 2021. The highest of its credit receipt was in 2021 when it received over #1,457.82 Billion.

Manufacturing: The manufacturing sector produces a range of goods that includes milled grain, vegetable oil, meat products, dairy products, refined sugar, soft drinks, beer, cigarettes, textiles, footwear, wood paper products, soap, paint, pharmaceutical goods, Ceramics, bricks, tiles, metal goods, agricultural machinery, household electrical appliances, radios, motor vehicle, and jewelry. The sector's contribution to GDP was 9.4% in 1970, during the oil boom; it declined to 7% in 1973, later increasing to 11.4% in 1981 it declined to 2.2% in 2010. However, more recently the real contribution of the manufacturing sector to GDP in 2019 was #6.47 trillion; #6.29 trillion in 2020; and #6.50 trillion in 2021, representing 9.06 percent; 8.99 percent, and 8.98 percent, respectively.

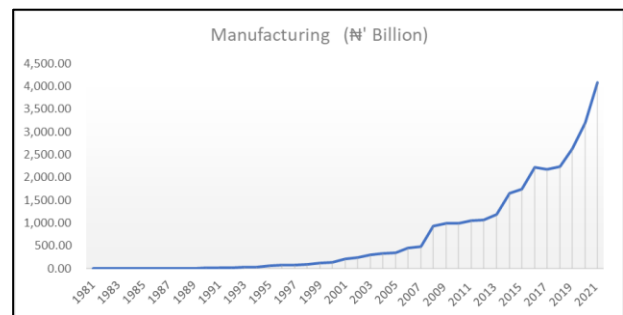


Fig. 2. Credit to the Manufacturing segment of the Industrial Sector

This trend showed what the manufacturing segment of the industrial sector received as bank credit in Nigeria between 1981 to 2021. The highest of its credit receipt was in 2021 when it received over #4,089Billion. The trend showed a progressive direction proving that the segment of the sector grew and performed well over time which led to increasing credit to the sector over the period. Mining and Quarrying: Solid minerals, mining, and quarrying are other major sectors of the Nigerian economy that is barely utilized. The sector was dwarfed by the oil sector which prompted major lending activities in the 60s to 80s to the sector. From 1974 to 1981, while real oil prices remained high, lending to major oil exporting countries, such as Nigeria, was considered very safe. Indeed, Nigeria did not borrow extensively abroad until 1978, when a fall in the price of oil required Lagos to borrow US\$16 million from world capital markets. Thereafter, Nigeria continued international borrowing for an ambitious investment program, anticipating an

oil-price recovery. The world's sixth largest oil exporter and the leader in oil exports in sub-Saharan Africa, Nigeria nonetheless experienced an external trade surplus only from 1973 to 1975 and 1979 to 1980, during two oil price peaks, and in the late 1980s, when debt servicing burdens forced import reductions, especially in services. This sector has contributed enormously to GDP; it was ₦465million in 1970, ₦66,884 billion in 1984, and ₦115,040 billion in 2009. Also, this sector received 15.3% of the total credit from Deposit Money Banks to the core private sector in 2010. About 0.42% of Nigeria's GDP in 2020 is generated by the mining and quarrying sector. The largest contribution was given by crude oil and natural gas, which generated 6.7 percent of the country's GDP in 2020.

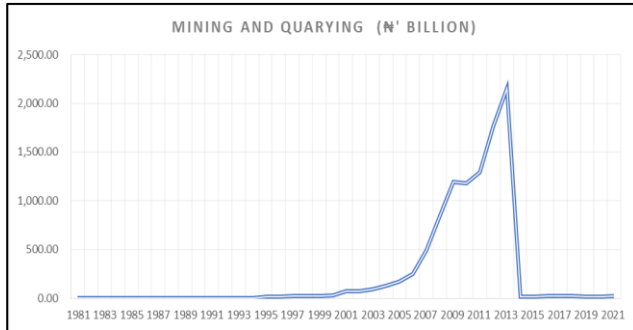


Fig 3. Credit to the Mining and Quarrying segment of the Industrial Sector

This trend showed what mining and quarrying received as bank credit in the industrial sector of Nigeria between 1981 to 2021. The highest of its credit receipt was in 2013 when it received over ₦2,155.86Billion. However, the credit facilities nosedived in 2014 and 2015 till 2021. Government: The public sector (government) gets credit facilities that aid the achievement of both short and long-term objectives. Banks provide the government with funds as advances and as loans; depending on the time specification of their demands. Bencivenga and Smith (1991) show that without banks, households are forced to hold unproductive liquid assets to protect against unpredictable future liquidity needs (self-insurance) which will eventually affect government objectives. The quantity of investments then is lower and the number of liquidated investments is higher (since households need self-finance to a larger extent). The government's direct borrowing from commercial banks can also be instrumental for funds control but other better means exist in interest rate control of lending, recapitalization of banks, and so on.

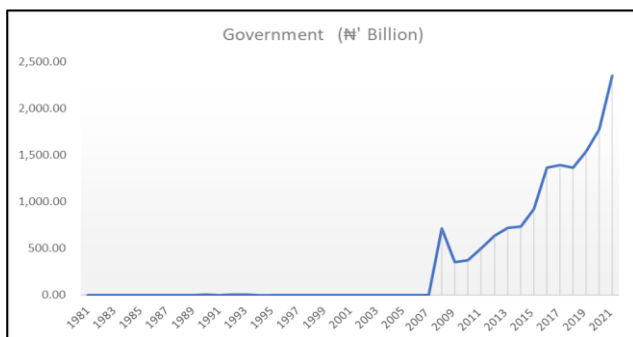


Fig 4. Credit to Government

This trend showed what the government received as bank credit in Nigeria between 1981 to 2021. The highest of its credit receipt was in 2021 when it received over ₦2,348.89Billion. However, total credit to the government between 1981 to 2007 was

insignificantly low and the surge commenced in 2008 with a sharp fall in 2009 before picking up in 2010 and continued till the end of the study period in 2021.

2.1 Theoretical framework and Empirical Review

Credit facilities of banks play a crucial role in enhancing the economic development of any nation provided there is the availability of bank lending. Different theories exist on factors that determine bank lending to the different sectors of the economy. However, this study will be anchored on pecking order theory, which holds that considering information asymmetry, firms fund themselves from retained earnings first before procuring loans rather than raising funds through equity. This theory assumes firms prefer debt to equity holdings. The theory is supported by Hanger (2005), who holds that a firm faced with an increasing cost of borrowing will source alternatives for funding. Ibenyenwa, Nwakoby, Okaro, and Ogbonna (2020) examined the relationship between interest rate components and DMBs' credit to the domestic economy in Nigeria and South Africa. Their Nigerian result indicated that interest rate components showed the absence of a significant long-run and short-run relationship with the credit ratio of DMBs to the domestic economy while the South African interest rates components showed a significant presence of long-run and Short run relationship with domestic credit provided by the DMBs. Another confirmatory study was shown by Araoye, Aruwaji, and Obafemi (2020) who investigated the effect of bank lending management on economic growth in Nigeria and sourcing data from the Central Bank of Nigeria statistical Bulletin, World Development Indicator, and National Bureau of Statistics. The regression analysis result revealed short and long-run negative impacts of bank lending management on economic growth. The F-statistic (6.67) with a p-value of 0.0007 tests the explanatory power of the model which is statistically significant at 5%, suggesting that the explanatory variables have a joint and significant effect on the economic growth of Nigeria. While Akinwale (2018) evaluated the relationship between bank lending and economic growth in Nigeria. Using data sourced from the Central Bank of Nigeria Statistical Bulletin, the result proved that a unit percent decrease in bank lending rate will bring about a 118% increase in economic growth. Furthermore, the findings of Greenwood and Jovanovic's Hypothesis established that as the bank lending rate decreases, economic growth tends to increase, and it is statistically significant at a 1% level. Ikpor, Nnabu, and Obaji (2017) studied the effect of small and medium-scale enterprises lending on economic growth in Nigeria. The study using the Johansen cointegration test and vector error correction model techniques showed evidence of a long-run relationship between small and medium-scale enterprises' lending and economic growth, while the vector error correction model results revealed that lending to small and medium-scale enterprises leads to economic growth in Nigeria. Also, the study found that the bank lending rate does not impact SME lending in Nigeria. These results imply that lending to small and medium-scale enterprises is crucial to the growth of the Nigerian economy.

The study of Akujuobi and Nwezeaku (2015) examined the effect of bank lending activities on economic development in Nigeria. They proxy economic development with the human development index and the industrial gross domestic product. Their results revealed a significant relationship between bank lending activities and economic development in Nigeria. However, looking at the impact of interest rate reform on agricultural finance and growth in Nigeria, Onyishi and Ifiorah (2015) found that interest rate has a significant effect on the agricultural sector and economic growth. Another study by Ajibola (2015) looked at the effects of commercial bank lending on economic growth in Nigeria. The linear regression model revealed a positive correlation between economic growth and commercial bank loans for a one-year lagged

period showing some slowness in the transmission mechanism between the financial and the real sectors of the economy. Obamuyi, Edun, and Kayode (2012) investigated the effect of bank lending and economic growth on the manufacturing output in Nigeria. Using the cointegration and vector error correction model (VECM) techniques, the study shows that manufacturing capacity utilization and bank lending rates significantly affect manufacturing output in Nigeria. However, the relationship between manufacturing output and economic growth could not be established in the country. Looking at all these empirical studies, the researcher observed that limited empirical research has been carried out on bank lending to the segments of the production sector and its possible impact on economic development in Nigeria. An almost similar study is the empirical study of Akujuobi and Nwezeaku (2015) who however view bank lending to general commerce, production, services, and other sectors. Thus, this study is a narrower study of bank lending to the production sector looking at key segments like credits to agriculture, Manufacturing, solid minerals, and government on economic development in Nigeria.

3. METHODOLOGY

The study employed an ex-post facto research design from the World Bank Database and CBN statistical Bulletin. The study covers the period of 35 years from 1986 to 2020 for Nigeria. The study adopted and modified the study of Akujuobi and Nwezeaku (2015) on bank lending and the economic development of Nigeria. Their equation is stated thus;

$$HDI_t = \beta_0 + \beta_1 GECOMCR_t + \beta_2 OTHCR_t + \beta_3 PDNCR_t + \beta_4 SERCR_t + U_t \quad \dots\dots\dots 1$$

Rearranging equation 1, we have;

$$U_t = HDI_t - (\beta_0 + \beta_1 GECOMCR_t + \beta_2 OTHCR_t + \beta_3 PDNCR_t + \beta_4 SERCR_t) \quad \dots\dots\dots 2$$

Where

GECOMCR = bank credit to the General commerce sector

PDNCR = bank credit to the Production sector

SERCR = bank credit to the Services sector and

OTHCR = bank credit to Other sectors.

HDI = Human Development Index

However, our study is modified as follows;

$$HDI = F (BLA, BLM, BLSM, GOV) \quad \dots\dots\dots 1$$

The mathematical form is stated thus;

$$HDI = a_0 + a_1 BLA + a_2 BLM + a_3 BLSM + a_4 GOV + \mu \quad \dots\dots\dots 3$$

$$\log(HDI) = a_0 + a_1 \log(BLA) + a_2 \log(BLM) + a_3 \log(BLSM) + a_4 \log(GOV) + \mu \quad \dots\dots\dots 4$$

A' Priori Economic Expectation: $a_1 - a_4 > 0$

Where:

- HDI = Human Development Index
- GOV = Bank Lending to Government (Public Sector)
- BLA = Bank Lending to Agriculture
- BLM = Bank Lending to Manufacturing
- BLSM = Bank Lending to Solid Minerals
- μ = Stochastic error term
- a_0 = Constants that are estimated which are not explained by the independent variable.
- $a_1 - a_4$ = is the estimate of the regression coefficients.

4. PRESENTATION AND ANALYSIS OF RESULTS

This study is analyzed by looking at the stationarity position of the study of the bank lending to the different sectors and economic development indices before testing for the long-run cointegration tests and conducting the ARDL regression model for the study.

4.1 Unit Root Test

Decision: If T-ADF is more than critical, we reject the null hypothesis

The summary of unit root test results using Augmented Dickey-Fuller (ADF) is shown in Table 1.

Table 1. Summary of Unit Root Test Results using Augmented Dickey-Fuller (ADF) Variables

Variables	ADF Test	5% Level	P-Values	Order	Remark	Decision
CAGRIC	-9.067078	-2.941145	0.0000	1(2)	Stationary	Reject H0
CMAN	-9.351757	-2.941145	0.0000	1(2)	Stationary	Reject H0
CMQ	-2.012037	-1.949856	0.0436	1(0)	Stationary	Reject H0
CGOV	-3.810380	-3.622033	0.0346	1(1)	Stationary	Reject H0
HDI	-5.653644	-3.526609	0.0002	1(0)	Stationary	Reject H0

Source: Author's Computations using E-views, 10

Table 1 showed the unit root test result and it revealed that two of the variables (CAGRIC, CMAN) were stationary at order 2, while CMQ and HDI were stationary at level with only CGOV stationary at order one (1). All this showing mixed order of stationarity. FCRI, FDI, FEX, GDP, GNS, and MCA) are stationary justifying the uniformity of the data. Hence, the data is free from any stationarity defect that most time series data possess.

4.2 Test of Hypotheses

The test of the hypothesis was conducted using Auto Regressive Distributed Lag Model Analysis at a 5% level of significance. In the regression analysis, the effects of bank lending on economic development in Nigeria.

4.3 Long-Run Relationship

However, the ARDL long-run relationship is detailed in Table 2. From the ARDL result, it was observed that a long-run relationship exists between bank lending to the industrial sector and economic development proxy by HDI. This is hinged on the values of the f-statistic of 4.823279 (Table 2), which is higher than the upper and lower bound test of 4.6 and 4.6 respectively.

Table 2. ARDL Bound Test for HDI → CAGRIC, CMAN, CMQ and CGOV

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
		Asymptotic: n=1000		
F-statistic	4.823279	10%	3.8	3.8
K	0	5%	4.6	4.6
		2.5%	5.39	5.39
		1%	6.44	6.44
Actual Sample Size		Finite Sample: n=35		
		27		

Source: Author's Computations using E-views, 10

4.4 ARDL Short Run Relationship

4.4.1 Bank lending to the industrial sector and Economic Development

The result in Table 3 shows the adjusted R-square value to be 0.896529, an insinuation that 89.652% of changes in HDI of Nigerian economic development were due to joint variation in credits to the different segments of the industrial sector. The F-statistic which determines if the changes in the dependent variable are significant or not shows that the aforementioned magnitude of changes in HDI was significantly (less than 0.05) explained by credit to the industrial sector: Agriculture, Manufacturing, Mining and Quarrying, and government. The Durbin Watson is 2.20, which

is approximately 2.0. This shows the absence of the presence of auto-correlation in the study. The result further revealed that credit to the agriculture (CAGRIC) segment of the industrial sector showed a negatively insignificant relationship with HDI, while credit to the manufacturing segment of the industrial sector showed a positive significant impact on the economic development of Nigeria. Credit to mining and quarrying also hold the same position of impact as manufacturing however, the impact is insignificant at a 0.05 significance level with a 0.1532 probability value. The credit to the government like agriculture showed a negatively insignificant impact on economic development in Nigeria. The coefficient also showed that a 1% increase in credit to agriculture and government will lead to a 0.000169 and 5.3405 percent fall in economic development in Nigeria. While a percentage increase in credit to manufacturing and mining and quarrying will lead to a 0.000121 and 1.4405 percentage increase in the economic development of Nigeria.

Table 3. ARDL Regression for HDI → CAGRIC, CMAN, CMQ and CGOV

Dependent Variable: HDI				
Method: ARDL		Dynamic regressors (1 lag, automatic):		
Included observations: 27 after adjustments				
Fixed regressors: CAGRIC CMAN CMQ CGOV C				
Variable	Coefficient	Std. Error	t-Statistic	Prob.*
HDI(-1)	0.340064	0.216357	1.571770	0.1309
CAGRIC	-0.000169	8.37E-05	-2.021451	0.0562
CMAN	0.000121	5.05E-05	2.402399	0.0256
CMQ	1.44E-05	9.73E-06	1.481854	0.1532
CGOV	-5.34E-05	5.47E-05	-0.977710	0.3393
C	0.246318	0.082551	2.983821	0.0071
R-squared	0.896529	Mean dependent var		0.447915
Adjusted R-squared	0.871894	S.D. dependent var		0.074329
S.E. of regression	0.026604	Akaike info criterion		-4.222401
Sum squared resid	0.014863	Schwarz criterion		-3.934438
Log likelihood	63.00242	Hannan-Quinn criter.		-4.136775
F-statistic	36.39125	Durbin-Watson stat		2.202987
Prob(F-statistic)	0.000000			

Source: Author's Computations using E-views, 10

4.4.2 Granger Causality Test

To determine bank lending to the industrial sector's effect on the economic development of Nigeria, the granger causality analysis was performed. The regression output in table 4 reveals the value of automated clearing significantly effect of (bank lending) credit to agriculture, mining and quarrying, manufacturing, and government segments of the industrial sector on economic development proxy by HDI at a significant level of 5%. The result showed an absence of significant effect of credit to the industrial sector on economic development, as indicated in insignificant granger causality from credit to Agriculture, Manufacturing, Mining and Quarrying and Government on Human Development Index and without any form of effect from HDI to the credit to the different segments of the industrial sector.

Table 4. Granger Causality Result

Pairwise Granger Causality Tests			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Prob.
CAGRIC does not Granger Cause HDI	39	0.50064	0.6105
HDI does not Granger Cause CAGRIC		0.83953	0.4407
CGOV does not Granger Cause HDI	23	0.62264	0.5477
HDI does not Granger Cause CGOV		0.09947	0.9058
CMAN does not Granger Cause HDI	39	0.66407	0.5213
HDI does not Granger Cause CMAN		0.06048	0.9414
CMQ does not Granger Cause HDI	36	0.39440	0.6774
HDI does not Granger Cause CMQ		0.11504	0.8917

Source: Author's Computations using E-views, 10

5. FINDINGS

Commercial banks (bank lending) are a dominant factor in economic development. Hence, their total loans and advances are the major component of total credits to both the private sectors in Agriculture, Manufacturing, Mining sectors, and Government (Public sector). The potential for economical enhancement in Nigeria is huge due to the highly under-utilized huge human, material, and natural resources. Thus, enabling facilities should be the engine to drive economic maximization in Nigeria. Bank lending to the different segments and sectors of Nigeria can however be the facilitator to thrive economic development. Hence, the need to increase bank lending to those areas that contributes more to economic development. The study investigated the impact of Bank lending on Agriculture, Manufacturing, Solid Minerals, and GOV on economic development (HDI) from 1981 to 2021. The findings of the hypotheses revealed that bank lending to the industrial sector of Nigeria does not have a significant effect on Nigerian economic development. The findings, however, revealed a long-run relationship which is evident in the ARDL regression result of the short-run relation looking at the F-test result. However, the individual short-run impact showed that bank lending to the agriculture segment of the industrial sector showed a negative insignificant relationship with the human development index. The same negative insignificant relationship result was shown between bank lending to the government and HDI. The other variables in bank lending to the manufacturing, mining, and quarrying segment of the industrial sector proved to have a positive impact on the human development index but with a mixed significant relationship. Bank credit to the manufacturing segment of the industrial sector has a significant impact on HDI while bank credit to the mining and quarrying segment of the industrial sector showed an insignificant impact on HDI. The implication of the findings showed that the overall bearing of bank lending to the industrial sector has a short and long-run relationship but the components of credits to the segments of the sector have an insignificant impact on the human development index in Nigeria. Based on these findings, the study concludes that bank lending to the different segments of the industrial sector has a short and long-run relationship but could not exact the necessary significant impact on the economic development of Nigeria. The result of the study is contradicted by the findings of Ibenyenwa, Nwakoby, Okaro, and Ogbonna (2020) which showed the absence of a significant long-run and short-run relationship with the credit ratio of DMBs to the domestic economy. While the result is supported by the findings of Ogbonna, Dimgba, Eginiwin and Atsanana (2017) and Araoye, Aruwaji, and Obafemi

(2020) which revealed short and long-run negative impacts of bank lending management on economic growth. Furthermore, the position of the study is corroborated by the position of Obamuyi, Edun, and Kayode (2012). Hence, the study recommends strict single-digit interest rates on loans and advances (credit) to key segments of the industrial sector in agriculture, manufacturing, mining, and quarrying, and government as applicable to developed economies of the world. There should overall elimination of leakages of credit facilities to the industrial sector which is mostly diverted to importation activities. Bank lending to both private and public sectors will be a mirage if the investment environment that encourages capital funds plus borrowing is not friendly. Finally, efficient government policy and institutional framework to facilitate the thriving of the sector should be enshrined in the economy.

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