

Economics of Small Scale Industries: A look at Programmes for the Growth and Development of Small Scale Industries in Nigeria

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ABSTRACT

Governments in most developing countries have recognized that small scale industries play an important role in the acceleration of growth and development in their economies. As a developing country, Nigeria is not an exception. Nigeria attempted several programmes, such as National Economic Reconstruction funds, Industrial layouts and Establishment of Nigerian bank for Commerce and Industry, etc., to improve the production and growth of this vital sector during the colonial era as well as after the independence at 1960; however some of these programmes succeeded in bringing little changes, while others are unsuccessful. The objective of this study is to assess the viability of programmes and proffer solutions that could bring about changes in this vital sector.

Secondary data such as government publications and corporation's annual reports as well as interviews conducted with officials and managers were collected and statistical techniques are used for analysis. The study reveals that small scale industries have not seriously impacted on the areas of large scale immediate employment, development of indigenous industrial sector, production of highly specialized goods and filling in cracks between large industries in the economy. It is observed that unless concrete steps are taking in identifying the problems, then the country will continue to chase shadows.

Key Words: Small Scale Industries, Nigeria, Growth and Development

Introduction

According to Ochejele (1989) there is a substantial body of opinion which holds that the main objective of industrial development in the less developed countries should be the encouragement of variety of small scale industries to developed and thrive. The concept of industrialization as necessarily involving large scale establishment will not be a reality considering the underdeveloped nature of most developing countries.

An important reason for arguing in such a way Ochejele (ibid) stated is that the tradition of our society is still very significant inspite of many industrial and agricultural changes that have taken place. In a sense, Nigeria is still basically an under developed country; a country in a state of transition from traditional to a modern economy. Paul Hoffman as quoted in Jhingan (1975), portrayed under development in this words " everyone knows an under developed country when he sees one. It is a country characterized by poverty

with beggars in the cities and villages eking out subsistence in the rural areas. It is a country lacking in factories of its own, usually with inadequate supplies of power and light. It usually have insufficient roads and railways, insufficient government services, poor communications, it has few hospitals and few institution of learning. Most of the people cannot read and write, In spite of the prevailing general poverty of the people, it may have isolated islands of wealth with few persons living in luxury, its banking services are poor, small loans have to be obtained through money lenders, who are little better than extortionist". Among the striking characteristics of an under developed country are that their exports to other countries usually consist almost entirely of raw materials; Ore or Fruits or some staple products with possibly a small admixture of luxury handicraft often the extraction or cultivation of these raw materials are in the hands of foreign companies.

Bommer (1991) defined under developed country as : a country which has good potentials for using more labour or more capital or more natural resources, or all of these to support its present population on a high level of living or if its per capita income is already high to support a large population on lower level of living.

Whichever way one looks at it Nigeria is an under developed nation and as such the development of a viable small industrial sector becomes handy at this period of world global recession, more so that its economy is vulnerable to any economic fluctuations from outside, because of the dependence of the nation on oil revenues. Thus, if America coughs Nigeria catches cold, being the major importer of Nigeria's crude oil.

In all economies,(especially developing economies) Small scale industries play important roles in the provision of immediate large scale employment, complementing large and medium scale enterprises in the provision of goods and services, help build supplies of managerial and entrepreneurial skill, promotes indigenous technology, ensuring the nation becomes self reliant in agricultural production, help in alleviating poverty especially among the rural communities, ensuring equitable distribution of national income and mobilization of resources.

In spite of the relevance of small scale industries to both developed and developing economies, in Nigeria the sector faces a lot of problems. These problems include amongst others; management problem, lack of appropriate technology, a harsh policy environment, inadequate infrastructural facilities and finance. This is why in spite of her vast natural and human resources, today, Nigeria is still struggling to survive.

Given the scenario above, the objective of the study will therefore be to identify structures, problems and policies put in place to ensure the growth and development of small scale industries in Nigeria. Secondary data were collected and used for this analysis.

Definitions of small scale industries.

It is important at this junction to define small scale industry. This definition varies from one country to the other, from one ministry to the other. For example in Germany all enterprise employing less than 300 employees are considered as small scale enterprises, while in East Africa and Philippians' all firms with less than 100 employees are considered as small scale enterprises (United Nation, 2005). In Nigeria the Central bank in 1990 define small scale enterprises as any business with an annual income/asset of less than #500,000=00. The Federal Government small scale industry development plan 1980 defined small scale enterprise as any manufacturing process or service, with a capital not exceeding #150,000=00 in manufacturing and equipment alone. The Federal ministry of industries defined it as those that have not more than #150,000=00 including working capital to set up.

The definition proposed by the International Development Centre OF Stanford Research Institute might be more universal in application as far as small scale industries are concerned. Instead of using statistical method, it devised a functional approach. Hence they define small scale industries; as that segment of manufacturing industry carried on a relatively small establishment having not necessarily all but some of the following characteristics;

- (i) Little or no specialization in management.
- (ii) Close contact between the manager and those involved in the enterprise.
- (iii) Lack of access to capital through organized security market.
- (iv) Close integration with the local community in which it depends for both market and labour.
- (v) No dominant position in major markets.

This definition is more useful because it lays emphasis on problems faced by small scale industries. This is very important because it will help to direct development plans towards solving or tackling these problems. Any progress in this direction will have a very important impact on the growth and development of small scale industries.

It is important to note that emphasis is paid to the definition of small scale industries, in most studies of this nature, because it helps determine the eligibility for assistance, as well as policy mark out by government or the private sector. Definitions are also bound to be revised from time to time to enable more and more units of small scale industries to modernize with the trend within the economy. There are many small scale industries in Nigeria today and many of them in the commercial sector of the economy; there is also a trend now towards the service sector.

Role of Small Scale Industries in Nigeria

In discussing the roles of small scale industries in Nigeria's development, it is essential to takes cognizance of the different types of small scale industries. The distinguishing is necessary because each and every one of them have different prospect in the role they play in an economy. One obvious way of distinguishing them would be the type of raw materials used, source and technology used. There are basically three groups as Ojowo (1989) pointed out;

- (i) Small scale industries based on indigenous technology and local raw materials.
- (ii) Small scale industries based on foreign technology but local raw materials; and
- (iii) Small scale industries based on foreign technology and foreign raw materials.

The first types are mostly industries carried out in households by family units and in workshops by craftsmen and their apprentices. The latter two are modern scientific establishment, the only difference between them and large establishment being their size. In the process of industrialization, industries based on local raw materials and local technology would generally diminish and give way to more organized type of small scale industries, though the size may still remain small. This is because, they may not be able, to stand against policies like standard labour unionized and a host of other policies which characterized new modern production.

As a country's economy changes from traditional to modern economy large firms spring up, but small scale industries never completely disappear. After touring Europe, Asia and America, De Groot (United Nations: 1972) concluded that there is nothing as universal as small manufacturer; In America one may have the impression that there are no small scale industries, but as matter of fact, they form about 70% of operating units, while they produce a substantial share of all manufactured outputs; Staley (ibid).

For a country to have a balanced industrial economy, it is essential that its industrial sector be interwoven with both large and small industries. Several reasons were given by scholars for this;

- (1) There are a number of products which can only be produced economically on small scale establishments. Such products include among others, Tile Bricks, Freshly Baked Bread etc; for Tile Bricks the cost of transportation where applicable could be so high when produced in large establishment or when produced far off from its markets. Thus, it is better to produce them in smaller units close to the markets. For freshly Baked Bread, if produced in large establishment, before reaching its far off markets, they become no fresher and cost has to increase due to transportation.
- (2) Highly specialized goods are also better produced in small establishment. For instance Needles, Bolts, Surgical instrument etc, they are more successful in producing these groups of articles because their flexibility enable them to go for short runs of non standard items at reasonably low cost. Large firms suffer from too much bureaucracy to go for such productions.
- (3) Small scale industries can fill in cracks in between large industries. Experience of the development of small scale establishment in the United States of America shows some complementarity between large and small firms. For example the Automobile industry in the United States of America, 80% of all parts of an automobile are manufactured by several small firms, where they are assembled into a motor car. This known as sub-contracting or ancillary industries, in this case, a large firm gives contract to a small firm to produce materials and parts it may need for its own production. This is also very common in Japan.

The development of small scale industries seems perhaps to carry the greatest hope of truly indigenizing the Nigerian economy. It is believed of this study that small scale industries can tackle more efficiently certain problems of industrialization. For example cottage industries as analyzed by some writers, as the kind of industries which depends on traditional skills and so can help build supplies, managerial and entrepreneurial skills, especially as they are widely distributed over wider regions including rural areas.

The contribution of small scale industries in an economy are not far fetched, according to Lewis (1974) one of their contribution is in their provision of immediate large scale employment not only to the unemployed but to also nearly all marginal labour; such labour includes house wives, students on vacation, under aged children, disabled and even a times old age people both skilled and unskilled. Onwumere (1989) in his paper asserts that small scale enterprises account for about 70% of industrial employment in Nigeria. Oguntoye (1985) revealed that if one compares capital labour ratio in small enterprises with that of large firms, it will be seen that a capital of about #7500 in a small firm create employment for a worker, it requires an investment of about #25,000 in a

large establishment for the same purpose. From the above we can advance the argument that small scale enterprises should be encouraged in order to promote employment opportunities, at low labour cost. With the current economic downturn, the above assertion finds justification in the fact that small scale industries enable the country to make the most of its natural endowments, to save and bring in foreign exchange and create more jobs. This is particularly significant in Nigeria where the development of heavy technology is still too remote to materialize into concrete reality. This is also one of the problems which the campaign for small scale industries seeks to solve in Nigeria especially graduate unemployment with each passing year.

The second reason for the escalation of the small scale industry campaign in Nigeria is more spurious. It is expected to be one way, perhaps, one way out of the massive unemployment caused by the deep capitalist stagnation that began in 2007 and has continued to this day. It is seen as a means of quick recovery and what is popularly referred to as self reliance.

Another justification for the role played by small scale industries in development is that they small scale industries ensure a more equitable distribution of national income and at the same time facilitates an effective mobilization of resources (which were hitherto lying idle) of capital and skill. This is especially true in Nigeria where incomes are low and domestic market too thin for the development of capital intensive industry to levels large enough to create employment opportunities to any significant level.

Small scale industries also compliment the agricultural sector by providing employment during the agriculturally slack season after harvest.

This study reveals that about 85% of small scale enterprises in Nigeria initial capital investment are obtained from the non formal lending sources, that is from friends , relatives , local money lenders ,traditional cooperatives for savings and credit as well as from personal funds. This goes to show that idle funds especially in the rural areas will find their ways into productive uses. Associated with this notion is the fact that human beings clever brains and skillful hands are adequately utilized in this process.

Small scale industries mostly used domestically produced materials inputs including tools, equipments and power which make it possible for a country to redirect its foreign exchange to other channels of development, especially in the present global economic crises that seriously impacted on revenue base of the country. The products of these companies could also be exported to earn the country foreign exchange.

The Managing Director of National Economic Reconstruction Fund(NERFUND) explained that his organization lay more emphasis on small and medium scale enterprises because they had greater potentials for growth, contribute more to gross domestic products and generate high employment per unit of investment than large scale industries; New Nigerian (March 27, 1991).

From the foregoing we can authoritatively say that the development of small scale industries can play important role in the development process of Nigeria. It can among other things help promote agro-base industries, which is another important threshold for development in industrially backward areas of the world. Small scale industries can also help curb rural/urban migration in which cities are prone to, thus reducing unemployment, crime and other vices as a result of the menace of such movement. Most importantly is that it complements large industries in producing goods and services which are hitherto imported.

Development Programmes for Small Scale Industries in Nigeria.

Countries the world over have tried different types of programmes to improve production and growth in their small scale industrial sector. For example in Sri Lanka the International Union for Conservation of Nature, with the financial assistance of Merrill J. Fernando has initiated a programme to assist rural communities with an aim to provide financial support to develop microenterprises in the Moranagala and Hambantata districts (Ranjith, 2009). This is in recognition of the fact that if this growth strategy is adopted, then the result is that, the large segment of the society will be stimulated and the positive multipliers will be felt throughout the country. Some of these programmes have succeeded, while some have not. Developing countries such as India, Iran and Nepal have recorded some level of success.

In 1946, during the colonial era concern was shown for the development of small scale industries. A ten year plan for development and welfare for Nigeria was launched; its aim was to develop Village craft and industries. A Nigerian local development board was set up for the promotion and development of village crafts and industries and the industrial development of the products of Nigeria. The department of commerce and industries was established in anticipation of the production of Nigeria products; Ojowo (ibid).

The problem with the policy is that it was contrary to colonialism, which connotes producing raw materials for export to factories in Europe. Thus, such a policy can never be pursued with vigor and it never was. An industrial policy by a colonial government in a colonial territory can only contradict the central objectives of colonialism. In fact colonialism contributed greatly to the crippling of village craft and industries in Nigeria.

The first national development plan (1962-1968) provided an opportunity for Nigeria to develop the industrial sector. The focus in the first plan was on goods produced in Nigeria. Problems inhibiting the growth and development of small scale industries were identified as mainly lack of capital. To tackle this, the federal loans board was established to cater for capital needs of small scale industrialist. This programme wasn't a success and the failure was from the programme not the beneficiaries. Government look at small scale industries as a collection of repair shops and service outlets, whose main constraints was money to import machines, failing in the process to identify and address the main problems, such as electricity, security, good road network etc.

In the second national development plan (1968-1973) the government policy was to give active support to the promotion and the development of small scale industries in Nigeria, it was a continuation of the first plan. The revolving loan provision did not revolved at all, for beneficiary's regards loans as part of their share of the national cake and political consideration in the disbursement of loans was paramount.

There was also provision to established industrial development centre in Zaria, Oshogbo, and Owerri representing the regions. With their establishment, functions for them were specified. The functions among others include;

- (i) Technical appraisal for application.
- (ii) Provision for industrial extension centres.
- (iii) Training of entrepreneurs and staff.
- (iv) Applied research into industrial products including design of products and management training.

The second development plan was a failure as there is visibly no substantial rate of growth in the small industries sector, the civil war could have contributed substantially.

In the third national development plan (1975-1980) most of the policies of the second plan were retained except for the fact that matching grants disbursement to states were cancelled, in its place the industrial development centres and the small scale credit scheme were to coordinate programmes for small scale industries, the fact that these centres were in the urban areas created problems for the small scale industrialists in that they have to travel several kilometers to seek for funds.

There was also a provision for the establishment of industrial layouts in the country and these did not take up during the plan period, despite a lot of money budgeted for the purpose.

In the fourth national development plan (1980-1985) the objectives for the small scale sector largely remain the same. But in the fourth plan the government took a more aggressive posture by establishing the Nigerian bank for commerce and industries in 1983 and it became more involved in the administration of small scale loan schemes. This it was believed will take care of the obvious limitations of and gaps created by operations of the existing financial institutions in Nigeria and, thus speeding up economic development in the country. But as usual the bank has also its norms for giving out loans, such as the issue of collateral or security before obtaining loan, official red-tapism etc, which are not favourable to the small scale industrialists. The cardinal points of all development plans were;

- Accelerating the pace of industrialization and dispersal of industries.
- Generating employment opportunities.
- Promoting individual initiatives and entrepreneurship among the populace.
- Developing and increasing export traders.
- Complementing large scale industries etc.

After the fourth national development plan the then military administration jettisoned the development planning strategy in favour of rolling plan and ad-hoc strategies, such as the use of task force, dependence on proposals from consultants and contractors. This year (2010) the government is again reverting back to development planning strategy.

After the fourth national development plan, a lot of other policy measures were put in place for the growth and development of small scale industries. One of the policies was the industrial development policy that came up in 1988. As part of the strategy of the new industrial policy, National Economic Reconstruction Fund (NERFUND) was established in 1989 to cater for small and medium scale industries. As the president puts it, the year 1989 will go down in Nigeria's economic history as a period which lent support to the practical desire of the Federal government to remove small and medium scale enterprises from the menacing clutches of death. The year was one which the common expression of small being beautiful took on an added meaning and acquired a new tone of respectability (President; 1990).

A major challenge confronting many developing countries, especially Africa is devising appropriate development strategies that will capture the financial requirements of small scale industries, and because of the believe of the Federal government that small and medium scale industries are the hydraulic fuels that fires the nations engine of growth as was the case of India, Japan and Korea, NERFUND was established to revived medium and small scale enterprises to what industry watchers have variously described as a serious case of industrial coma (President; 1990). In its first year of operation a total of 15

projects were approved with a combined worth of 15 million naira, a tip of the ice berg considering the number of small scale industries in the nation. Also going by the amounts of loans granted, NERFUND funds may not cater for small scale industries.

There was also the programme of establishing industrial estates, with appropriate infrastructural facilities. The federal government will provide matching grants to this effect. Lands were cleared in most areas designated for that purpose in most states of the federation and that was the only achievement of the programme.

The most recent on the arsenal of programmes is the establishment of the small and medium enterprises equity investment scheme (SMEEIS) by the Central bank of Nigeria (CBN) initiated by the Bankers Committee as another means to funding small and medium scale enterprises in Nigeria. The scheme requires all banks to set aside 10% of their after tax profits annually for equity investment in small and medium enterprises. The scheme is aimed at promoting indigenous entrepreneurship, develop local technology, generate employment, facilitate the flow of funds from banks for the establishment of new, viable small and medium enterprises, ensure output expansion, redistribute incomes and promote industrial linkages. The scheme involves equity participation of banks in enterprises that they have appraised to be viable. The banks partner with the entrepreneur.

The fact that micro and small enterprises hardly benefits from SMEEIS funds made the Bankers committee to decide that 10% of SMEEIS funds be set aside for financing Micro and Small enterprises, this to ensure that Micro and Small enterprises have unhindered access to SMEEIS funds.. As at December 31st, 2005 the total funds set aside by 83 banks was #41.433billion but before then #12.049billion had been invested by 58 banks in 2002 projects alone.

In line with the 10% set aside by the banks for micro and small scale enterprises, cooperatives, individuals, communities, religious groups etc, are encouraged by the CBN to set up Micro Finance Banks (MFB) that could access the funds via the CBN at a very low interest rate. In 2009 alone over 50 billion naira was set aside for that purpose. The aim of the MFB is to extend credit to micro enterprises and encourage entrepreneurship especially in semi urban and rural areas. The role expected to be played by these enterprises include among others; cash delivery to small scale enterprises resulting in employment generation and improving skill acquisition. It is expected that the MFB be established by cooperatives and/or individuals that have the wherewithal and met the criteria for the establishment of the MFB. Entrepreneurs are expected make a meaningful contribution of a given amount in order to access the funds. The Central bank regulates and monitors the operations of MFB. Alot so far have been given out by MFB to entrepreneurs as loans, but too early to assess its impact and sustainability.

Geographical Distribution of SMEEIS Investments

| Investment as at 31st May 2009 | | | | | |
|--------------------------------|--------------|-----------------|--------------------------|---------------|---------------|
| S/N | STATE | NO. OF PROJECTS | AMOUNT N | % NUMBER | % AMOUNT |
| 1 | Abuja FCT | 10 | 1,548,335,998.91 | 3.00 | 5.49 |
| 2 | Abia | 9 | 728,400,000.00 | 2.70 | 2.58 |
| 3 | Adamawa | 0 | - | 0.00 | 0.00 |
| 4 | Akwa Ibom | 2 | 118,075,000.00 | 0.60 | 0.42 |
| 5 | Anambra | 6 | 422,398,122.82 | 1.80 | 1.50 |
| 6 | Bauchi | 1 | 68,400,000.00 | 0.30 | 0.24 |
| 7 | Bayelsa | 0 | - | 0.00 | 0.00 |
| 8 | Benue | 3 | 88,420,000.00 | 0.90 | 0.31 |
| 9 | Borno | 0 | - | 0.00 | 0.00 |
| 10 | Cross River | 7 | 6,190,341,646.55 | 2.10 | 21.95 |
| 11 | Delta | 7 | 247,731,000.00 | 2.10 | 0.88 |
| 12 | Ebonyi | 0 | - | 0.00 | 0.00 |
| 13 | Edo | 8 | 493,144,958.27 | 2.40 | 1.75 |
| 14 | Ekiti | 2 | 57,600,000.00 | 0.60 | 0.20 |
| 15 | Enugu | 2 | 117,994,000.00 | 0.60 | 0.42 |
| 16 | Gombe | 0 | - | 0.00 | 0.00 |
| 17 | Imo | 2 | 214,938,994.39 | 0.60 | 0.76 |
| 18 | Jigawa | 0 | - | 0.00 | 0.00 |
| 19 | Kaduna | 7 | 436,000,000.00 | 2.10 | 1.55 |
| 20 | Kano | 8 | 343,898,346.00 | 2.40 | 1.22 |
| 21 | Katsina | 0 | - | 0.00 | 0.00 |
| 22 | Kebbi | 0 | - | 0.00 | 0.00 |
| 23 | Kogi | 0 | - | 0.00 | 0.00 |
| 24 | Kwara | 5 | 274,004,000.00 | 1.50 | 0.97 |
| 25 | Lagos | 187 | 11,634,618,774.03 | 56.16 | 41.25 |
| 26 | Nasarawa | 1 | 153,000,000.00 | 0.30 | 0.54 |
| 27 | Niger | 0 | - | 0.00 | 0.00 |
| 28 | Ogun | 26 | 1,923,606,250.00 | 7.81 | 6.82 |
| 29 | Ondo | 6 | 622,700,000.00 | 1.80 | 2.21 |
| 30 | Osun | 1 | 80,000,000.00 | 0.30 | 0.28 |
| 31 | Oyo | 18 | 443,201,792.00 | 5.41 | 1.57 |
| 32 | Plateau | 4 | 194,661,228.00 | 1.20 | 0.69 |
| 33 | Rivers | 9 | 1,724,943,181.11 | 2.70 | 6.12 |
| 34 | Sokoto | 1 | 27,665,000.00 | 0.30 | 0.10 |
| 35 | Taraba | 0 | - | 0.00 | 0.00 |
| 36 | Yobe | 0 | - | 0.00 | 0.00 |
| 37 | Zamfara | 1 | 50,000,000.00 | 0.30 | 0.18 |
| | Total | 333 | 28,204,078,292.08 | 100.00 | 100.00 |

TOTAL AMOUNT SET ASIDE UNDER SMEEIS BY CONSOLIDATED BANKS: N42,024,988,746.00

SOURCE: RETURNS FROM BANKING SUPERVISION DEPARTMENT, CBN

IMR&D STAT. TABLE 2

Sectoral Distribution of SMEEIS Investments

| A. Real Sector/Enterprise | Investment as at 30th June 2009 | | | |
|--|---------------------------------|--------------------------|--------------|--------------|
| | NO. OF PROJECTS | AMOUNT | % NUMBER | % AMOUNT |
| Agro - allied (including wood work & water bottling) | 45 | 2,311,975,707.58 | 13.51 | 8.20 |
| Manufacturing (including printing & publishing) | 144 | 8,103,773,769.65 | 43.24 | 28.73 |
| Construction (including quarrying) | 13 | 2,786,287,000.00 | 3.90 | 9.88 |
| Solid Minerals | 3 | 59,440,000.00 | 0.90 | 0.21 |
| SUB TOTAL | 205 | 13,261,476,477.23 | 61.56 | 47.02 |
| B. Service-related Sector | | | | |
| Information Technology & Telecommunications | 24 | 1,821,809,249.04 | 7.21 | 6.46 |
| Educational Establishment | 7 | 897,935,000.00 | 2.10 | 3.18 |
| Services | 74 | 4,768,855,718.81 | 22.22 | 16.91 |
| Tourism & Leisure | 23 | 7,454,001,847.00 | 6.91 | 26.43 |
| Others | 0 | 0 | - | - |
| SUB TOTAL | 128 | 14,942,601,814.85 | 38.44 | 52.98 |
| C. Micro Enterprises Sector | 0 | 0 | - | - |
| GRAND TOTAL | 333 | 28,204,078,292.08 | 100 | 100 |

TOTAL AMOUNT SET ASIDE UNDER SMEEIS BY CONSOLIDATED BANKS: N42,024,988,746.00

SOURCE: RETURNS FROM BANKING SUPERVISION DEPARTMENT, CBN

SMEEIS #14 TABLE 1

Findings

As at 31st may, 2009 the number of projects that benefitted from SMEEIS funds was 333 and the total amount disbursed equal to #28,078,292.08 out of the total amount set aside under SMEEIS by consolidated banks. The total amount set aside by the consortium of banks as at 31st may, 2009 was #42.025billion. The amount disbursed equal to a paltry 6.7% of the total. The truth of the matter is, most industries cannot meet the stringent

requirement of accessing the funds. (See table 1). Out of the 333 projects 10 states did not benefit and 9 states had only 1 or 2 projects that benefited. Given the fact that 333 projects gulp that colossal amount signifies that the beneficiaries were not small scale enterprises going by our definitions of small scale enterprises. Especially as a single project in Sokoto states alone received as much as ₦27,666,000=00 and given the definition of small scale enterprises by the CBN, then the beneficiaries are never small scale enterprises. This is in line with the Sectoral distribution (see table 2) which showed that no small scale enterprise benefited so far. It is also worthy to note that in the geographical distribution of projects that benefited, Lagos alone had 187 projects. Lagos is Nigeria's commercial capital; hitherto the federal capital. It is a fact that Lagos has all the infrastructures in place and most banks head office are found in Lagos. This is why a lot of projects benefited from Lagos. Opportunities abound where infrastructures are. People here are aware of governments' projects, unlike the rural communities, especially in the Northern part of Nigeria where most people are illiterates, and have no access to information, as well as infrastructures.

Infrastructures are in themselves, incentives to would be entrepreneurs to start off. If there are good roads in the rural areas the possibility of a person establishing a fish farm is high, since he can easily dispose his fish in the market, he could as well store it for quite sometimes if there is electricity. The availability of water ensures he change the water and has it regularly for his farm.

Out of the 10 States that did not benefit from the fund, 7 were from the Northern part of the country and in terms of development the Southern part of Nigeria is more developed, especially the western part of Nigeria. That is why 240 projects benefited from that region alone. In terms of awareness, education, infrastructure and other facilities the western part of Nigeria surpasses all other regions.

The Sectoral distribution showed 205 projects in the real sector/enterprise sector benefited out of the 333 projects representing 61.56% of beneficiary projects, with a total amount of ₦13.361billion. This is 47.02% of the total amount disbursed under the scheme. The service related sector received ₦14.943billion, representing 52.98% of the amount disbursed to projects. Looking closely at the sectoral distribution a lot need to be done. Some of the potential sectors such as tourism and leisure seem to receive less attention. Only 23 projects benefited from the fund out of the 333 projects. Tourism and leisure industries if well motivated could turn around the economic fortunes of Nigeria. A lot of tourist sites abound in every part of the country- waterfalls, game reserves, beaches, rocks, caves, plateaus, mountains, etc. if this sectors are well motivated a lot of small scale industries will spring up, thus solving the serious unemployment that bedeviled the country. But the government as a matter of urgency need to solved the problem of insecurity for industries to thrive, whether big or small.

The agriculture sector also had only 45 projects benefiting from the fund, this is despite the fact that over 70% of Nigerians are engage in this sector. Most of this Nigerians are live in the rural areas, and there is likelihood that they are unaware of the funds and cannot be able to meet the conditionality of accessing the funds.

The stark reality of all this is that funds are disproportionately disbursed to different sectors and areas of the nation, such that the disparity in income distribution between regions and sectors continue to widen to the detriment of the society as a whole. This is true of not only this programme, but other programmes in Nigeria.

A survey was conducted by Aminu Aliyu (B.sc Economics project, 2009) to ascertain the factors affecting small scale industries in Gombe state in Nigeria. His findings showed that the following factors affect small scale industries; Electricity, Water, Inadequate working capital, Land for workshop and office, Non availability of credit, High interest rate, Lack of machinery, Security and others. From this we can infer that it's not only finance that affects the growth and development of small scale industries, and so government development programmes for small scale, industries should holistically take into consideration all this factors. Of special interest is the problem of electricity which showed that the per capita electricity consumption rate in Nigeria is 136kwh/capita as against the African average of 563kwh/capita (Thisday Newspaper, 22nd March,2009.)

Conclusion

Most of the industrial estates are yet to take off, if at all they will, despite the matching grants by the federal government to the states. The industrial development centres are just existing, but not executing functions specified for them. Most small scale entrepreneurs are not even aware of their existence, talk less accessing funds or assistance from these centre's. There is also the problem of policy articulation and implementation in Nigeria. Policies are conceived, but the implementation may never be. A number of factors are responsible for that; which includes among others bureaucratic bottlenecks, unstable government and lack of continuity, corrupt government officials, nepotism and ethnic, religious and tribal sentiments in execution of government programmes.

This study has shown that industrial development programmes in Nigeria have been a failure, despite government recognition of the role of small scale industries in the economy. One reason, for the failure of the development programmes is the fact that the problems of small scale industries have not been identified. The government laid emphasis more on capital as the main problem forgetting the operating environment, which has serious implication on such factors as; mode of operations, size, product, entrepreneurial and marketing skills etc. Moreover, small scale industries have not been identified; they are just regarded as a collection of repair shops and service outlets by the government.

It is also in our findings that the degree to which problems affect small scale industries varies, depending on the type; while to some it could be capital, others could be badly in need of electricity, while others is good road network or a combination of all, we could go on and on. So it is important that government identify the different set up within the small industries sub-sector and apply appropriate policy measures. This is a must for developing economies if at all they have to develop.

The way out first and foremost is to have the infrastructures in place, and then developing nations can start talking of developing small scale industries in their countries.

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