



## **REENGAGING RURAL BANKING SCHEME IN NIGERIA: A PERSPECTIVE ON AGRICULTURAL PRODUCTION IN BENUE STATE, 1970s-2016**

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### **Abstract**

There is a plethora of studies that exist on the phenomena of Rural Banking (RB) and economic activities in Benue State and Nigeria on a broader perspective. These studies discuss how RB gave impetus to the economic activities but only one has focused on the aspect of agriculture. In this wise, this study adds to the existing scanty literature on the subject. It centres on the Rural Banking Scheme (RBS) and agricultural production in the Benue State of Nigeria. It traces the historical trajectories and rationale of the scheme under study. The paper identifies three banks that formed the components of the Rural Banking Scheme with specific emphasis on Peoples' Bank of Nigeria (PBN), Community Bank (CB), and the Bank of Agriculture (BOA). But to enhance an in-depth analysis of the issues under review, the study limited itself to the PBN and BOA because; these banks contributed more than the CB to agricultural development in Benue State. The paper investigates the historical foundations of each of the component banks stating its objectives. The study examines how each of these banks positively affected agricultural production in the focal area. The challenges that accompanied the aforementioned banks in their quest for agricultural production are also brought under consideration. From the issues raised and discussed, the study concludes that, due to the challenges associated with the RBS, their impact in Benue State is marginally felt. The discussion of this paper is based on the interdisciplinary methodology in line with the use of both primary sources (oral sources) and secondary sources (extant literature) of data for collaborative analysis and objectivity.

**Keywords:** Rural Banking Scheme, Agricultural Production, Peoples' Bank of Nigeria, Microfinance Bank, Bank of Agriculture.

## Introduction

It is factual that informal rural financial markets existed in Benue and Nigeria on the broader perspective before the 1970s. However, the imperfection and inefficiency which characterised the services of these markets underscore the need for a formal rural financial market such as rural banking. The government believes that if the market is left on its own, the flow of rural credit will be seriously jeopardised – hence the governments' intervention in formal rural financial markets (Ocholi and Amodu, 2013). Before 1975, the CBN adopted moral persuasion by appealing to banks to open branches in the rural areas to help particularly in agricultural development. This was not heeded until a change of approach via section 4 of the Banking Decree of 1969 where banks were obliged to obtain prior approval of the CBN before they could open a new branch. Here, banks were denied approval if their request to open more branches in the urban areas was not matched by proposals to open branches in rural areas simultaneously with or in advance of the new urban branches (Oshore, 1979).

However, those banks reneged on their undertakings hence it became obvious that no amount of persuasion would compel banks to establish branches in rural areas. At the instance of the CBN, the Financial System Review Committee in 1975 recommended and the FGN approved a programme of geographical dispersal of banks branches particularly designed to ensure the penetration of rural areas by banks, a conscious and deliberate effort to direct banks into rural areas (Ocholi and Amodu, 2013). According to Philips; “this policy was designed to accelerate the modernisation and development of rural areas, the rural banking scheme is a means of influencing rural development in Nigeria” (Philips, 1991:16). This philosophy of rural banking as

explained by Philips did not change the situation much since most of the Participating Banks were situated in rural areas of Benue State.

A rural banking survey conducted by the CBN in 1977, disclosed that there were no banking facilities in many communities whose population ranged between 10,000 and 100,000 people (Ocholi and Amodu, 2013). It was also discovered that after eighty-four years of banking in Nigeria, by 1977, only 470 bank branches existed with an abnormal ratio of bank per person standing at 1/170,000. Thus, the rural banking scheme was inaugurated in July 1977 with the decision to allocate the identified rural centres to banks based on a formula that related to the number of each bank's rural branches to its total branch network throughout the country (Yaron, 1992). The specific objectives of the rural banking scheme were to:

Mobilise rural savings for the issuance of credit to rural co-operators, farmers, and businessmen. Extend banking services and habits to rural areas. Encourage an increase in the banking density of the country. Enhance the development of rural areas hence stem the alarming tide of rural-urban migration (Ocholi and Amodu, 2013: 17).

The objectives of rural banking stated above indicated that rural development through banking and farming activities was the reason for the introduction. It should be stated that the majority of the Nigerian population including Benue indigenes are rural dwellers who commit to agriculture to earn their living. In doing this, in the 1990s, they participated in a rural banking scheme under the platform of Peoples' Bank of Nigeria (PBN), Community Bank, which is now converted to Microfinance Bank and Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB). This phenomenon has attracted the attention of scholars from different shades of life that approached the subject of RB in line with their disciplines and thought. However, apart from Ocholi and Amodu's (2013) work titled "A Comparative analysis of the performance of selected rural banks in enhancing

agricultural development in Benue State, Nigeria: 2010-2012”, none of these studies has been focused directly on RBS and agricultural production.

In this regard, this present study intends to contribute to the existing scanty literature on the subject taking a historical analysis of phenomena rather than following Ocholi and Amodu’s approach to the issue from the Agribusiness Agribusiness perspective. This paper aims to historically evaluate how RBS enhanced agricultural production in Benue State between the 1970s- 2015. To achieve this aim, the paper comes up in four overlapping sections. Section one introduces the discourse. Section two discusses the Peoples’ Bank of Nigeria (PBN). The third section dwells on the Nigerian Cooperative and Rural Development Bank (NCRDB) currently called the Bank of Agriculture. Section four which also the last part carries a summary of the basic argument and the concluding thoughts.

### **Peoples’ Bank of Nigeria (PBN)**

The Peoples’ Bank of Nigeria (PBN) commenced operation (on a pilot basis) with an initial capital of N30 million. The first branch was commissioned by President Ibrahim Babangida on 3rd October 1989 in Ajegunle in Lagos State. The bank was accorded legal status by Decree No.22 of 1990 (Ityonzughul, 2019). The reason for setting up the PBN stemmed from the realisation that low-income earners normally lacked access to institutional credit because they were unable to provide suitable collateral demanded by banks before creditworthiness was ascertained. Relatively small credit needs compared with large administrative charges on the part of banks made it uneconomical to grant loans to this category of small borrowers. Specifically, the PBN was set up to ameliorate the sufferings of the masses by providing them with easy credit, curb mass unemployment at the grass root and encourage economic self-reliance (Ityonzughul, 2019).

This was further elaborated by Akiri (2005-2006) that the scheme was aimed at proving the basic working capital required for petty trading, roadside mechanics, farmers, artisans for the poor, and other underprivileged Nigerians both in the rural and urban areas, who could not provide collateral security. The aim of providing financial service to this group of customers was to enable them to have access to financial capital so that they will use the money to expand their already existing agribusiness or established new ones. The concerns were also to serve as a source for the creation of wealth and employment, goods and services. All these activities in turn influenced or paved the way for agricultural development.

The PBN granted loan facilities in the range of N50.00 and N5, 000.00. No interest was charged but an administrative fee was collected. No collateral was required, but to induce loan repayment, loans were usually granted based on group membership of cooperatives, trade associations, amongst others. A borrower was expected to be a member of a group of at least 15 persons. The repayment period was 50 weeks (Ityonzughul, 2019).

Sources of funds to the PBN according to Decree No. 22 of 1990 include loans and grants from the FGN, funds from the CBN, low interest-bearing loans from international financial organisations, and funds from philanthropic organisations. The 1991 budget stated that a sum of N150 million would be set aside as an equity base for the bank (Central Bank of Nigeria, 1992).

It is on record that, as at the end of 1989, when the PBN had operated for only three months, the sum of N5.69 million was disbursed as short-term loans to 8007 beneficiaries. Loans outstanding at the end of 1990 amounted to N74 million, while the number of borrowers totaled 79,066. The bank's savings deposit facility at the end of 1990 had a balance of N9.8 million, while its branch network expanded from 26 in

1989 to 169 in 1990, located in all states of the Federation and Abuja (Ocholi and Amodu, 2013).

The bank under review made footprints in Benue State as it established branches in Makurdi, Gboko, Vandeikya, Ushongo, Zaki-Biam, and Otukpo, among others. These branches provided banking services which included receiving deposits from customers, encouraging savings, clearing cheques, payment of salaries and pensions to people on behalf of organisations, and granting of loans (Oral Interview with Tume, 2016). To have effective service delivery the aforementioned Peoples' Bank Stations created programme offices within the local government areas which they covered. For example, in the former Gboko Council Area, PBN established branches at Wannune, Buruku, Akpagher, Tyowanye, Gboko Central, and Gboko East. The Makurdi Station on the other hand established offices at North Bank and Apir, the Zaki-Biam Station established programme offices at Katsina-Ala and Sankera, and the Vandeikya branch had the Tse-Mker and Ihugh programme offices, while Otukpo had programme offices in Ugbokolo (Oral interview with Tume, 2016). The programme offices had programme officers who served as the link between customers and the branch offices. The bank impacted positively on the economy and society of Benue State and beyond. The author's fieldwork in 2016 revealed that people benefitted from the services of the bank under consideration in the state especially in the area of accessing loans, savings, and deposits in which in most cases, they ended up using it for agricultural production.

To access loans from the PBN, clients needed to form themselves into groups. A formed group was not mandatorily required to be registered formally. The basic requirement from a group was that it must be made of no less than or more than 20 persons (Agba, 2014). After a group was formed, it then applied for the facility with

the bank. The application was to be necessarily accompanied with the passport size photographs of the applicants including their names. In most cases, the group so formed carried the name of the activity in which the group was engaged in. Subsequently, the following groups among others emerged: Wannune Food Sellers Association, Gboko Yam Sellers Association, Wannune Meat Sellers Association, Otukpo Food Vendors Association, and Jukun Fishers Group, among others (Agba, 2014).

An ex-accountant, the PBN, Gboko Branch (1989 and 1992), Tume (2007), explains that once a group was able to meet the conditions to access loan which essentially was having 20 members evidenced by the passport photographs and names in the application, no collateral was needed. The ex-accountant was more forthcoming when he explains that a group was obliged to receive the maximum of ₦40, 000.00 only which invariably translated into N20, 000.00 only to a beneficiary. Tume continued that even when a group was qualified to receive N40, 000.00, the amount was awarded in two instalments. Under this arrangement, N20, 000.00 was awarded to 10 persons and the remaining 10 members waited until the first 10 beneficiaries completed their payments. Under this condition most often than not, the remaining 10 members of the group never benefitted as the first 10 people ended up not paying the money loaned out to them (Alough, 2016).

Beneficiaries of the PBN loan scheme used the facility to expand or establish their farms, many informants attested to this. For example, Alough (2016) clearly illustrated this as he related:

The expansion of my orange orchard and yam farms was enhanced by the PBN loan facility of N2, 000.00. This went a long way in boosting my other agri-businesses; this was manifested in the level of income that accrued from the said businesses. The increased income placed me in a better position to provide enough food for my household and sell some to meet up with the family's needs.

Words such as the above demonstrate the level of agricultural development motivated by the CBN through a financial institution or Participating Banks (PB) and in this case the PBN. Another oral informant from Otukpo axis of Benue State, S. Inalegwu affirmed that he secured a loan facility from PBN which he used to establish his poultry business.<sup>123</sup> According to him, he was one of the major suppliers of chickens and turkeys to weddings ceremonies and other social gatherings in Otukpo in the 1990s (before the collapsed of his business); the money he obtained was helpful to pay school fees for his children and also hire farm labourers.

In supporting the viability of the PBN, Agba (2014) shows that people from different shades of life benefited from the bank's loan facilities. He enumerated these people to include G. Origbo, in Daudu, Guma Local Government Area, who sold eggs; A. Vembe and U. Ikyur, both residents of Wannune, Tarka Local Government Area, who were a restaurateur and beef and pork vendor. A Adzer of Ushongo Local Government, a citrus marketer; and A. Igbawua and A. Inuwa, Makurdi Local Government Area, who were both traders in fabric materials. The number of the beneficiaries and repayment of the PBN's loan facilities are have been presented below.

**Table 1: Summary of Loan Disbursement and Repayment as of June 1991**

State	Number of Beneficiaries	Total Loans Disbursed	15% Service Charge of Loan	Loan Repayment	Percent of Repayment
Akwa-Ibom	1,976	2,856,115	223,681	791,485	27.7
Anambra	3,961	3,848,010	301,363	2,613,968	67.9
Bauchi	1,695	1,292,650	101,235	2,162,550	167.3
Bendel	6,576	5,747,700	450,140	2,775,988	48.3

Benue	1,342	1,291,600	101,154	1,644,768	127.3
Borno	4,815	3,336,100	261,272	1,903,823	57.1
Cross- River	2,465	2,222,270	174,040	1,166,089	52.5
Gongola	4,792	3,338,300	261,444	2,368,097	70.9
Imo	2,445	2,638,100	206,607	1,834,853	69.6
Kaduna	5,592	5,312,850	416,084	N/A	N/A
Kano	6,079	4,098,690	320,995	1,955,185	47.7
Katsina	7,859	5,063,456	396,592	N/A	
Kwara	2,453	1,978,700	154,965	1,409,597	71.2
Lagos	9,479	9,703,610	759,953	6,761,140	69.7
Niger	2,038	1,401,850	109,788	1,087,960	77.6
Ogun	3,380	3,393,450	265,763	2,016,184	59.4
Ondo	6,794	5,930,150	464,429	2,918,815	49.2
Oyo	5,726	4,126,576	323,179	2,459,583	59.6
Plateau	2,562	1,940,850	152,008	2,214,827	114.1
Rivers	4,470	3,823,600	299,451	1,227,785	32.1
Sokoto	3,956	2,812,550	220,269	N/A	N/A
Abuja	1,629	1,152,475	90,258	685,611	59.5
Total	92,084	77,310,252	6,054,670	39,998,308	51.1

**Source:** CBN Bullion, July/September, 1991, p.12.

A large number of beneficiaries were a result of soft or no collateral required by the PBN from the applicants before they accessed the facilities. Again, the interest rate charged by the bank was as low as 5 percent and this motivated people to apply in thousands (Oral interview with Tume, 2016). In a way, the money which the people accessed from the bank aided them in one way or the other in solving their challenges,

including those relating to their agrarian life. Another area in which the PBN impacted positively on the study area is through the provision of employment opportunities. Some beneficiaries of the loan facilities used the funds to establish a business (agri-business and others) that provided employment opportunities for them and others. Their activities in a way promoted agricultural development in Benue State (Oral interview with Tume, 2016).

As interesting as the impact of the PBN on agricultural development in the state seems to be, the PBN faced some challenges which led to its failure and subsequent extinction. These challenges were revealed during fieldwork to include corruption. Most often the bank staff fraudulently formed fictitious associations and collected loans in the name of such associations and the process diverted the money for their use. Also, cases abound numbering close to eighty persons who were loan beneficiaries and for whatever reason failed to completely pay back the loans they incurred from the Gboko branch when their payment periods were over between 1900 and 1991 (Oral interview with Fagbola, 2016).

The argument above totally agrees with that of Fagbola who was the Branch Manager of the PBN between 1989 and 1991 Gboko Branch. He explains that, officials of the said bank involved in official corruption by awarding loans to themselves and their family members and close associates without due process. He further asserted that since there was no collateral security required as a pre-condition for accessing such loans, such loans were not recovered and more worrisome; the money went into the wrong hands. To buttress further on how corruption ravaged the PBN in the State and elsewhere in the country, Akiri (2005-2006:67) said that:

The Peoples Bank of Nigeria became a siphoning pipe for the elitist group who suddenly turned the soft loans from the banks into personal income source... corruption, which remains the bane of our society, killed the Peoples Bank, which eventually fizzled out of existence.

Situations like the one above are capable of hindering the effective development of the rural sector including its agricultural aspect. This implies that the efforts of CBN to develop agriculture in Benue State encountered challenges thereby putting agriculture still on its rudimentary stage.

### **Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) (Bank of Agriculture-BOA)**

The Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) Limited were established on the 11<sup>th</sup> of October, 2000 as part of the government's efforts to synchronise the duplicated activities of major public sector-based poverty alleviation agencies in the country. The initiative culminated in the merger of the Nigerian Agricultural and Cooperative Bank (NACB) Limited, Peoples' Bank of Nigeria (PBN), and the risk assets of the Family Economic Advancement Programme (FEAP) to form the new Bank (Nwankwo, 2017).

Before the merger, all the three institutions pursued different financial intermediation activities faithful to their respective establishing mandates (<http://wrf.nigeriagovernance.org/organisations/views/1004>). NACRDB (now BOA changed its name in 2010) was designed to provide both micro and macro credit for agricultural activities. Specifically, microcredit is for non-agricultural activities in the ratio of 70 percent micro-credit and 30 percent macro credit of loanable funds. The ownership structure is thus: CBN 40 per cent and Federal Ministry of Finance Incorporated 60 per cent. This Bank is under the supervision of CBN and the Federal Ministry of Agriculture (<http://wrf.nigeriagovernance.org/organisations/views/1004>).

One of the bank's major objectives is the provision of commercial and developmental banking services in rural Nigeria at highly concessionary interest rates. This is under two broad functions of NACRDB; that is, credit functions and development functions. Credit functions, on the one hand, incorporate direct lending to qualified loan applicants engaged in agricultural and non-agricultural small business; providing credit facilities to issuing organisations through on-lending services, and monitoring the flow of ground-level rural credit (<http://wrf.nigeriagovernance.org/organisations/views/1004>). Developmental functions on the other hand cover to:

- Work with cooperative groups at the states and local government levels to prepare development action plans for themselves.
- ii. Enter into collaborative on lending MoU with state government and cooperative associations and microfinance banks specifying their respective obligations to improve the affairs of the groups and banks within the stipulated timeframe.
- iii. Monitor implementation of development action plans of cooperative associations and microfinance banks and fulfillment of obligations under MoUs.
- iv. Provide financial assistance to cooperatives and microfinance banks for the establishment of technical, monitoring, and evaluation cells.
- v. Provide Organisation Development Intervention (ODI) through reputable training institutes like Federal Cooperative Colleges, universities of agriculture, and department of agriculture of various universities in Nigeria; and
- vi. Create awareness among the borrowers on ethics of repayment through local debt collectors and cooperative marshals that enforce timely repayment and prompt remittance of same to the lending institution (Odoko, Adamu, Golit, and Omanukwue, 2010).

The bank's primary role is grass-root funds mobilisation and credit delivery. Consequently, in 2002, the sum of N2.13 billion was approved for 26,942 clients out of a total of 28,422 applicants who applied for an estimated N290 billion. In 2003, the sum of N1.045 billion was approved disbursement to eligible customers in the first quarter of the year. As of the end, July 2003, the total of N2.916 billion had been approved by the bank under study for disbursement to eligible customers. The bank's grassroots deposit mobilisation effort had generated about 2.0 billion from small savers (Ityonzughul, 2013).

Also worth noting is that, in the year 2004 alone, NACRDB provided N1.6 billion loans nationwide of which N693 million was for microcredit. Many cooperatives in Benue State benefited from the loan, namely: Lion 6-6 Multi-Purpose Cooperative Society Wuese, Mbahiev Weavers and Artisan Cooperative Society, Mbaninge, and 9-9 Multi-Purpose Cooperative Society Ihugh, among others. Members of these cooperatives used their share for farm work especially tubers and grains farming while Lion 6-6 established an orange orchard for the cooperatives.

In the year 2005, the Federal Government of Nigeria through the CBN domiciled the sum of N50 billion with the NACRDB Limited to lend to cooperatives and other farmer organisations at concessionary interest rates (Ityonzughul, 2013). However, S. Onyeagocha describes that "a recent study of the patterns of disbursement of the 50 billion funds showed that more than 75 percent of the fund went to private farmers and other farmers organisations that are not cooperative societies" (Onyeagocha, 2013).

Despite this, some cooperatives in the study area notably, Igyuve Youth Association; the Igyo Livestock Cooperative Society; Ayaka Youth Association; and the Kasev Mbayion Cooperative Society have benefited from the CBN loan facilities.

Members of these associations received 40,000 each, except Kasev Mbayion Cooperative, in which each member received 50,000. The disbursement of the loans enhanced agricultural productivity. Expressing his feeling on this matter, A. Terver who has been a member of the Ayaka Youth Association for many years, explained that he was glad because he used his share of the loan to buy a motorcycle which in turn gave him many things including an orange orchard of about three hundred stands (Oral interview with Terver, 2017). Similarly, D. Iorgba, who is a member of the Igyo Livestock Cooperative Society has used her share of the loan facility to expand her poultry farm and improved her other businesses (Oral interview with Iorgba, 2017).

From the foregoing, it is clear that the above informants contributed to the development of agriculture and improved their wellbeing since they supplied oranges and chickens to Terago Company Limited and wedding receptions respectively for money. Though records are scanty on the activities of NACRDB between 2006 and 2009 on Benue State, it should, however, be noted that the bank operated within that period and after. In 2010, Ocholi and Amodu (2013) stated that NACRDB (now Bank of Agriculture, BOA), Makurdi Branch disbursed N 63 million to small scale farmers; in 2011, N 668 million was disbursed to small scale farmers, while between 2012 and 2016, the agricultural transactions of BOA were done as contained in the next table.

**Table 2: Summary of Loan Disbursement and Repayment Report for the Period between 01/01/2012 and 31/12/2016 by BOA, Makurdi Branch**

S/N	Name of Client	Amt. Approved	Cul Disbursed Amt.	Cumulative Repayment	Default
1	Micro Agric	32,240,000.00	32,240,000.00	4,614,180.37	1,582,217.83

2	Micro N-Agric	15,200,000.00	15,200,000.00	3,551,549.37	1,339,419.01
3	Agribusiness/ SMEs	30,000,000.00	28,761,283.00	2,390,058.72	2,517,506.99
4	Mechanization	30,705,079.00	30,705,079.00	1,416,833.77	0.00
5	CBN ABP	381,897,378.90	221,828,090.10	N.A	3,773,313.02
<b>Grand Total</b>		<b>506,392,457.90</b>	<b>340,268,452.28</b>	<b>11,972,622.17</b>	<b>9,212,456.86</b>

**Source:** Office of the Credit Officer, BOA, Makurdi Branch Office, 20.06.2017

Table 3 reports that BOA, Makurdi had also participated in the CBN's agricultural intervention schemes between 2012 and 2016. It approved the highest amount of 381,897,378.90 under the Anchor Borrowers Programme (ABP), while the sum of 221,828,090.10 was disbursed. There was no record of loan repayment under ABP. This may be a result of a lack of time for the repayment. The money was not all disbursed; this can be attributed to unawareness by the target group or the inability of the clients to meet up the requirements. On the package of Agribusiness too, the facilities were not exhausted this may be as a result of the same reasons advanced above. However, the facilities of all others were all disbursed. This may be as a result of the public awareness and meeting of the loan conditions. As indicated by the foregoing table, clients obtained loans' from BOA, Makurdi Branch under different agricultural programmes of the CBN. These loans helped them to alleviate their plight of mobilising funds for agricultural productivity thereby enhancing agricultural activities in the study area.

Despite the contribution of BOA to agricultural development in the state, the BOA faced critical challenges. One of these challenges was an operational constraint,

even though BOA has operated for decades, lacked an internet banking facility. This constraint paved the way for the suffering of many customers leading to business stagnation. Agreeing with this situation, an informant, T. Jime emphasised that, he started operating with the BOA more than ten years ago, when he opened an account with the Gboko Branch of the Bank, but with the closure of the said branch, customers were shared to move to Makurdi and Zaki-Biam branch respectively (Oral interview with Tume, 2016). He was classified to belong to Zaki-Biam Branch; this coincided with his decision to relocate from Gboko to the Zaki-Biam settlement. He saved his finances there but he later relocated to Makurdi, the Makurdi Branch compelled him to open a fresh account with them hence they did not have the details of their transactions because of the non-internet banking facility. According to him (Time) all the banks in the state have gone digital except BOA. This situation pushed many customers to close has to account and disengage from the bank.

The Manager BOA, Makurdi Branch, and the Credit Officer, Asema and Mrs. Oko revealed in separate interviews that one of the critical challenges facing the bank is the high default of loan repayment (Oral interview with Asema, 2017). Many clients collected the facilities and used them judiciously and obtained reasonable profit but lack the zeal of repayment. This drastically created a breach of trust. According to them, as at the time of this study loans were only being given to those who made their repayment as at when due. It should be noted that the breach of trust would affect many farmers because most of them would not be given credit facilities by the BOA again.

Also considered here is the distance of the BOA from the clients. In her study of Agric-credit and Rural Development, Eche (1999) brings to the fore that credit institutions in Benue State including BOA were located far away from the bulk of the

farmers who live in rural areas. Most of them complained of the long processes involved in loan procurement, “come tomorrow, and come tomorrow” is the normal statement of the bank officials. Looking at Eche’s arguments one cannot hesitate to agree with her and also state that, in most local government areas in the State, BOA did not have a branch in them, most of its branches are located in the urban areas where the target population is scanty thereby aggravating the plight of Benue farmers.

Illiteracy also constituted a pitfall to the operation of the BOA. This factor manifested itself in the course of clients filling their forms of membership of registration and loan application. In the course of fieldwork to the BOA Makurdi banking hall, the author on more than six occasions saw the secretaries of different cooperatives correcting the cancelled and mutilated forms of members. This is to enable them to submit those forms with accurate information as demanded. Yet, in most cases, some information was altered making it difficult for the processors of agribusiness to understand some information needed for their remarks. According to Oko (Oral interview with Oko, 2016) the Credit Officer, BOA Makurdi, some applications were put on hold because of the unclear request made by the applicants of agricultural loans. However, if they come and rectify the errors in time, they will stand a chance of benefiting from the facilities in question.

Corruption was also a major challenge. As stated elsewhere by Onyeagocha, agricultural loans in some cases were distributed to the untargeted group(s). This thwarted the purposes for the disbursement of such facilities. Some informants complained that at times such credit facilities were diverted to politicians and other men of affluence who were not even part-time farmers.<sup>174</sup> A good number of the targeted group did not have access to those credit facilities, thus making them

experience financial challenges. This lowered the agricultural productivity of some farmers in Benue State.

Though BOA Makurdi Branch faced some critical challenges which stunted its healthy growth and operations during the period under review, it cannot in any way, be denied that the bank contributed to the growth of agriculture in Benue State and elsewhere in the country. The table presented below shows the increase in agricultural growth.

**Table 3: Agricultural Sector Inclusive Growth Factor**

Year	Agriculture	Aemp	Total GDP	TP	Tpercap	Agpercap	Scontr	IGF
2002	190,133.40	15.31	433,203.51	122.40	3,539.24	12,422.05		3.51
2003	203,409.87	15.78	477,532.98	126.20	3,783.94	12,889.29	3.95	3.41
2004	216,208.47	16.24	527,576.04	129.90	4,061.40	13,310.06	3.89	3.28
2005	231,463.61	17.32	561,931.39	138.50	4,057.27	13,364.39	2.89	3.29
2006	248,598.96	17.56	595,821.61	140.40	4,243.74	14,159.52	3.05	3.34
2007	266,477.18	18.12	634,251.14	144.90	4,377.16	14,706.45	3.00	3.36
2008	283,175.43	18.71	672,202.55	149.60	4,493.33	15,137.02	2.80	3.37
2009	299,823.86	19.30	718,977.33	154.30	4,659.61	15,538.77	2.50	3.33
2010	317,281.65	19.92	776,332.21	159.30	4,873.40	15,927.42	2.40	3.27
2011	335,180.07	20.56	834,000.82	164.40	5,073.00	16,303.94	2.30	3.21
2012	348,490.80	21.05	888,892.99	168.30	5,281.60	16,558.60	1.60	3.14
					4,403.97	14,574.32	2.84	3.32

**Source:** CBN Annual Report (various editions), NBS, p.50,

Table 3 shows that in a period of more than a decade, between 2002 and 2012 precisely; there was an unflinching increment in agricultural sector inclusive growth.

In 2002, it was 190,133.40 and increased in years in between amounting to the tune of 348,490.80 in 2012. This may be attributed to the efforts of the CBN and other agricultural interventionist bodies. This growth led to an increase in the total GDP of 433,203.51 in 2002 and 888,892.99 in 2012.

### **Conclusion**

The preceding analysis has shown that informal rural financial markets/institutions existed in Benue State and elsewhere in the country before 1978. However, the imperfections that had hindered them from maximally attaining their set goals prompted the establishment of formal rural financial institutions like the Rural Banking Scheme (RBS). The study identified and analyzed components and the origins of the RBS spanning from the People's Bank of Nigeria (PBN) and the Nigeria Agricultural Co-operative and Rural Development Bank (NACRDB) later known as the bank of agriculture (BOA). The study has delved into the history of these aforementioned institutions stating their objectives, achievements in the area of agricultural development, as well as their failures. The work concludes by establishing that due to the daunting challenges associated with the components institutions of the RBS in Benue State, the impact of RBS on agricultural development is marginally felt in the area under consideration.

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