

## GOVERNMENT CREDIT, BANKS' CREDIT AND AGRIBUSINESS SECTOR PERFORMANCE UNDER CONSOLIDATION POLICY IN NIGERIAN BANKING INSTITUTIONS (1995-2014): A TREND ANALYSIS

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### Abstract

*Consolidation policy in the Nigerian banking institution is a reform strategy recently adopted by CBN to reposition the banking sector. Consolidation gave birth to merger and acquisition of banks. These were done to achieve improved financial efficiency, forestall operational hardships and expansion bottlenecks. It is against this backdrop that the paper made a trend analysis in government credit to agribusiness, banks' credit to agribusiness, agribusiness output and number of agribusiness enterprises that accessed the credit through Agricultural Credit Guaranteed Scheme Fund (ACGSF). Data were collected from the published annual reports and accounts of the CBN and were subsequently analyzed applying trend analyses such as exponential trend analysis and quadratic trend analysis through Eview (Econometrical view) packages for management sciences. It was found that government credit allocation, value of banks' credit allocation to agribusiness, agribusiness output and number of agribusinesses that accessed the credit was higher during the post-merger and acquisitions consolidation policy era than the pre-mergers and acquisitions consolidation policy era. The study concluded that post-merger and acquisition consolidation policy in the Nigerian banking institutions was higher than the pre-merger and acquisition consolidation policy era. The study recommends that banks should be more aggressive in their profit drive for improved financial position to reap the benefit of post-merger and acquisition consolidation bid.*

**Key words:** government credit, banks' credit, agribusiness sector performance, consolidation policy, Nigerian banking institutions

### INTRODUCTION

As confirmed by [3], agriculture is the first and most thriven occupation of mankind. [4] posits that agriculture has been the main source of gainful employment from which Nigeria nation can feed its feeding population. Agriculture occupies a priority status in Nigeria as the sector serves as the key driver of growth, wealth creation and poverty reduction for a large portion of the population. It accounts for about 70% of employment, and in spite of this, [1] opined that it has not been able to achieve the major objectives of agricultural development which the [15] indentified to include: increase in food production and farm income; make household food, water and energy secure and maintain

the natural resources. They stated further that the failure of agriculture to meet these objectives is due to limited credit allocation.

Over the years, there have been efforts by various governments to diversify the economy. Policies have been initiated, committees set up but the seemingly good initiatives have been marred by little commitment from government. For the agricultural sector, successive governments have made serious efforts at making good agricultural policies through schemes, programmes and institutions, they however, have not been able to back them up with adequate budgetary allocation and financing coupled with corruption in the execution of the policies.

Banks play a crucial role in propelling the

entire economy of any nation, of which there is need to reposition it for efficient financial performance through a reform process geared towards forestalling bank distress. [14] opines that the Central Bank of Nigeria (CBN) choose to begin the Nigerian banking sector reform process with the consolidation policy through mergers and acquisitions. This is done in order to arrest systems decay, restoration of public confidence, building of strong, competent and competitive players in the global arena, ensuring longevity and higher returns to investors.

Nigerian agricultural policy provides, among others, for adequate financing of agriculture. The role of finance in agriculture, just like in the industrial and service sectors, cannot be over-emphasized, given that it is the oil that lubricates production. [7] states his position most plainly by arguing that the only means to a cumulative improvement in agricultural productivity is a public policy designed to move to large-scale agriculture and encouraging a rapid rate of industrialization. Public expenditure on agriculture has, however, been shown not to

be substantial enough to meet the objective of the Government agricultural policies [5]. The objective of agricultural financing policies in Nigeria is to establish an effective system of sustainable agricultural financing schemes, programmes and institutions that could provide micro and macro credit facilities for agriculture to thrive.

#### **Literature review.**

According to [8], the policies of banks that were of relevance to agriculture are: direct credit to the agricultural sector on concessionary terms; the launching of a Rural Banking Scheme in 1977 under which designated commercial banks were required to open a specified numbers of rural branches in different parts of the country and with at least 40% of the total deposit in these rural banks lent to borrowers within those rural areas; ACGSF launched in 1977 to reduce the risk borne by commercial banks in extending credit to farmers. Under this scheme, the Central Bank of Nigeria guaranteed up to about 75%. One of the broad policy frameworks for achieving this goal is the

Financial System Strategy 2020, launched by the Central Bank of Nigeria in 2007. The FSS 2020 seeks to enhance Nigeria's economic growth through robust policy reforms in the financial sector including: consolidation of banking sector reforms; recapitalization and consolidation in the insurance sector and capital markets; creation of microfinance banks and the conversion of community banks; establishment of the African Finance Corporation; pension reforms to generate long term investible funds and solve the pension crisis; monetary policy reforms; and restructuring of the Nigeria Security Printing and Minting Company

The Central Bank of Nigeria (CBN) also issued new guidelines on bank mergers and acquisitions that are primarily directed towards regulating mergers and acquisitions and forestalling hostile bids that the CBN considers as damaging to the banking industry.

Since independence in 1960, successive Nigerian governments have made efforts to address the problem of lack of access to credit to the rural poor. In recognition of the vital role of small-scale farmers in wealth creation, the federal government has experimented with various financing initiatives. These are largely subsidized, targeted credit programs to promote agricultural production and improve the lives of smallholders. It was in recognition of the downward trend observed in agricultural productivity that the Federal Government of Nigeria at various periods put in place credit policies and established credit institutions and schemes that could facilitate the flow of agricultural credit to farmers [12]

## **MATERIALS AND METHODS**

There are 25 consolidated Nigerian banking institutions studied, precisely commercial banks operating in the country some of which were merged and acquired as a result of the consolidation policy by CBN in order to strengthen the financial system of the banks. The study used secondary data, mostly time series. Data on bank's credit allocation to agribusiness sector, agribusiness output, number of agribusiness enterprises and

government credit allocation in agribusiness sector of the economy, merger and acquisition consolidation policy in the Nigerian banking institutions were collected from the publications of development finance and research department of the CBN, National Bureau of Statistics (NBS). Trend analysis such as exponential and quadratic trend analysis were employed in analyzing the data. The various models that were used to analyze the data for the study are specified below.

The exponential trend model for examining the trend in growth rate of government credit allocation to agribusiness activities, agribusiness output, number and value of bank's credit allocation, merger and acquisition consolidation policy in the Nigerian banking institutions within 1995 - 2014 is specified in line with [13] and [7] as:

$$Y_{it} = \exp(\beta_0 + \beta_i t + e_i) \dots \dots \dots (1)$$

when Linearized, becomes

$$\text{Log} Y_{it} = \beta_0 + \beta_1 \text{Log} T_i + e_i \dots \dots \dots (2)$$

where,

Log = natural Logarithm

$Y_{it}$  = Government credit allocation to agribusiness activities in period t, or agribusiness output in period t, or number of bank's credit allocation in period t and value of bank's credit allocation in period t, all in pre and post-merger and acquisition consolidation policy in the Nigerian banking institutions.

T = time trend variable (years).

$\beta_0$  and  $\beta_i$  = parameters to be estimated.

$e_i$  = error term.

The annual exponential compound growth rate in government credit allocation to agribusiness activities, agribusiness output, number and value of bank's credit allocation in the pre and post-merger and acquisition consolidation policy in the Nigerian banking institutions is given in line with Onyenweaku, (2004) as:

$$r = (e^{\beta_i} - 1) \times 100 \dots \dots \dots (3)$$

where,

$e_i$  = Euler exponential constant ( $e = 2.71828$ )

$\beta_i$  = estimated coefficient in equation (2).

The log quadratic trend equation was used to measure the acceleration (increase at increasing rate), deceleration (increase at a decreasing rate) or stagnation (sameness) in the growth rate of government capital investment to agribusiness activities, agribusiness output, number and value of bank's credit allocation in the pre and post-merger and acquisition consolidation policy in the Nigerian banking institutions and is fitted as:

$$\text{In} Y_{it} = \beta_0 + \beta_1 t + \beta_2 t^2 + e_i \dots \dots \dots (4)$$

where,

$\beta_2$  = estimated parameter

All variables as previously defined.

A positive significant value of  $\beta_2$  will indicate acceleration while a negative significant value of  $\beta_2$  entails a deceleration. Stagnation in the growth rate, explained by a non-significant value of  $\beta_2$ .

## RESULTS AND DISCUSSIONS

### **Trend in government credit allocation to agribusiness activities, aggregate banks' credit allocation for agribusinesses and agribusiness output pre (1995- 2004) merger and acquisition consolidation policy in the Nigerian banking institutions.**

Table 1 shows that between 1995 and 2004, a total of 504.86 billion grain equivalent of aggregate agribusiness output was domestically produced in Nigeria. Quantity of aggregate agribusiness output in Nigeria varied from a minimum of 43.88 billion grain equivalent in 1995 to a maximum of 57.71 billion grain equivalent in 2004. Aggregate agribusiness output increased from 43.88 billion grain equivalent in 1995 to 54.71 billion grain equivalent in 2000 and subsequently decline to 49.85 billion grain equivalent in 2001. It again increased from 51.68 billion grain equivalent in 2002 to 57.71 billion grain equivalent in 2004. The mean quantity of aggregate agribusiness output in Nigeria between 1995 and 2004 was 50.49 billion grain equivalent.

Table 1. Trend in government credit allocation to agribusiness activities, aggregate banks' credit allocation for agribusinesses and agribusiness output pre (1995- 2004) merger and acquisition consolidation policy in the Nigerian banking institutions.

Years	Government capital investment to agribusiness (₦Billion)	Agribusiness output (Grain Equivalent)	Number of bank's credit allocation to agribusiness	Value of bank's credit allocation to agribusiness (₦ Billion)	Percentage change in Government capital investment to agribusiness (%)	Percentage change in Agribusiness output (Grain Equivalent) (%)	Percentage change in Number of bank's credit allocation to agribusiness (%)	Percentage change in Value of bank's credit allocation to agribusiness (%)
1995	5.7	43.88	1809	164.13	-	-	-	-
1996	5.9	45.62	2014	225.52	3.39	3.81	10.18	27.22
1997	6.2	47.03	1784	242.03	4.84	3.00	-12.89	6.82
1998	6.1	48.82	1464	219.14	-1.64	3.67	-21.86	-10.45
1999	6.9	50.13	1288	241.84	11.59	2.61	-13.66	9.39
2000	8.8	54.71	2001	361.45	21.59	8.37	35.63	33.09
2001	57.9	49.85	1995	728.55	84.80	-9.75	-0.30	50.39
2002	32.4	51.68	2368	1050.98	-78.70	3.54	15.75	30.68
2003	8.5	55.43	2430	1151.02	-281.18	6.77	2.55	8.69
2004	38.7	57.71	3379	2083.74	78.04	3.95	28.09	44.76
Total	177.1	504.86	20531	6468.40				
Mean	17.7	50.49	2053	646.84	-17.47	2.89	4.83	22.29

Source: CBN statistical bulletin and annual statement of accounts, various issues (1995 -2004). Percentage changes in government capital investment to agribusiness activities, banks' credit allocation for agribusinesses and agribusiness output pre-merger and acquisition consolidation policy in the Nigerian banking institutions were researcher's computation.

The result further indicated that aggregate agribusiness output showed heterogeneity in growth between 1995 and 2004. The growth rate of aggregate agribusiness output varied from a minimum of -9.75 in 2001 to a maximum of 8.37percent in 2000. The overall average growth rate of aggregate agribusiness output between the year 1995 and 2004 was 2.89percent. The growth rate of aggregate agribusiness output in Nigeria between 1995 and 2004 is relatively low. Prevalence of favourable weather conditions across the country's ecological zones and implementation of the various intervention programmes are imperative for the growth of aggregate agribusiness output in Nigeria economy [14]. It is possible that the inconsistency in the growth rate of aggregate agribusiness output in some of those years could be due to inadequate financing of the agribusiness sector and the lack of implementation of the various intervention

programmes targeted at developing aggregate agribusiness output. The result generally showed inadequate allocation of government spending to agricultural sector for production purposes. These results agreed with the findings of [6] who observed continuous neglect of agricultural development in Nigeria by the government. This result suggested that the slow rate of increase in government spending to agricultural sector for agribusiness production probably slowed down the rate of increase in the output of agriculture in the country and the productivity of the sector, especially, where farmers lacked personal savings for investment purposes and/or found it difficult to obtain loans from informal credit sources to purchase better production inputs due to the uneconomical interest rate charged by these informal credit lenders.

Table 1 also showed that between 1995 and 2004, a total of 177.1 billion naira of was

invested in agribusinesses in Nigeria by the government. Government capital investment in agribusinesses in Nigeria varied from a minimum of 5.7 billion naira in 1995 to a maximum of 57.9 billion naira in 2001. Government capital investment in agribusinesses in Nigeria increased steadily from 5.7 billion naira in 1995 to 6.2 billion naira in 1997 and subsequently declined to 6.1 billion naira in 1998. The value of government capital investment in agribusinesses in Nigeria fluctuated between 1999 and 2001. It thereafter decreased from 57.9 billion naira in 2001 to 8.5 billion naira in 2003 before increasing again to 38.7 billion naira in 2004. The mean value of government capital investment in agribusinesses in Nigeria between 1995 and 2004 was 17.7 billion naira. The result further indicated that government capital investment in agribusinesses in Nigeria showed heterogeneity in growth between 1995 and 2004. The growth rate of government capital investment in agribusinesses in Nigeria varied from a minimum of -281.18 in 2003 to a maximum of 84.80 percent in 2001. The overall average growth rate of government capital investment in agribusinesses in Nigeria between the year 1995 and 2004 was -17.47 percent. The growth rate of government capital investment in agribusinesses in Nigeria between 1995 and 2004 was relatively low. This amount of government spending in the agricultural sector is insufficient to drive a meaningful agribusiness transformation from a subsistence orientation to a market orientation [10]. The result further shows that there was no consistency and continuity of programmes of action by the successive Governments towards agribusiness development in Nigeria. The expectation is to see a pattern that will show an increasing trend over the period as an indication of a growing agribusiness sector investment. The inconsistency in the pattern of the Federal Government capital spending in agribusiness sector would account for the inconsistency in the pattern of growth of agribusiness output in the economy.

Table 1 further showed that between 1995 and 2004, a total of 6468.40 billion naira of was

the value of bank's credit allocation to agribusinesses in Nigeria. Value of bank's credit allocation to agribusinesses in Nigeria varied from a minimum of 164.13 billion naira in 1995 to a maximum of 2083.74 billion naira in 2004. Value of bank's credit allocation to agribusinesses in Nigeria increased steadily from 164.13 billion naira in 1995 to 242.03 billion naira in 1997 and subsequently decline to 219.14 billion naira in 1998. It again increased from 241.84 billion naira in 1999 to 2083.74 billion naira in 2004. The mean value of bank's credit allocation to agribusinesses in Nigeria between 1995 and 2004 was 646.84 billion naira. The result further indicated that value of bank's credit allocation to agribusinesses in Nigeria showed heterogeneity in growth between 1995 and 2004. The growth rate of value of bank's credit allocation to agribusinesses in Nigeria varied from a minimum of -10.45 in 1998 to a maximum of 50.39 percent in 2001. The overall average growth rate of value of bank's credit allocation to agribusinesses in Nigeria between the year 1995 and 2004 was 22.29 percent. The growth rate of value of bank's credit allocation to agribusinesses in Nigeria between 1995 and 2004 was relatively low. This result suggested that under the scheme, credit was extensively rationed. In credit schemes with extensive rationing, a large number of beneficiaries are targeted but with each beneficiary receiving a small amount [11]. Access to credit is the motive for implementing extensive credit rationing. Increase in access to credit with limited availability of credit will culminate into small loan sizing. According to [11], extensive credit rationing is indicative of poor loan sizing.

Evidence from Table 1 also showed that between 1995 and 2004, there was variation in the number of loans granted to different agribusiness enterprises by banks in Nigeria. A cumulative number of 20,531 farmers of different categories benefited from bank's credit allocation in Nigeria from 1995-2004. The number of loans granted to different agribusiness enterprises by banks in Nigeria varied from a minimum of 1,288 farmers in 1999 to a maximum 3,379 farmers in 2004.

The number of loans granted to farmers in different agribusiness enterprises by banks in Nigeria increased between 1995 and 1996 from 1,809 farmers to 2014 farmers respectively and subsequently decline to 1,288 farmers in 1999. It again increased to 2,001 farmers in 2000 and declined to 1,995 farmers in 2001. A steady increase in the number of loans granted to agribusiness farmers was recorded between 2002 and 2004. The number of farmers increased from 2,368 in 2002 to 3,379 in 2004. The mean number of loans granted to farmers within the period in different agribusiness enterprises by banks in Nigeria was 2,053. The result further indicated that number of loans granted to farmers in different agribusiness enterprises by banks in Nigeria showed heterogeneity in growth between 1995 and 2004. The growth rate of number of loans granted to farmers in different agribusiness enterprises by banks in Nigeria varied from a minimum of -21.86 in 1997 to a maximum of 35.63 percent in 2001. The overall average growth rate of number of loans granted to farmers in different agribusiness enterprises by banks in Nigeria between the year 1995 and 2004 was 4.82 percent. The growth rate in number of loans granted to farmers in different agribusiness enterprises by banks in Nigeria between 1995 and 2004 was relatively low. This suggests that bank's credit allocation to agribusiness entrepreneurs in Nigeria is restrictive, stringent conditions of the banks for granting loans to farmers may not be easy for farmers to fulfil and as such cause most farmers to lose interest in accessing loan from banks in Nigeria.

Table 2 below shows the pattern of growth in government capital investment to agribusiness activities, aggregate banks' credit allocation for agribusinesses and agribusiness output, during the post-merger and acquisition consolidation policy in the Nigerian banking institutions (2005-2014).

Table 2 showed that between 2005 and 2014, a total of 810.3 billion naira was invested in

agribusinesses in Nigeria by the government. Government capital investment varied from a minimum of 56.4 billion naira in 2013 to a maximum of 138.9 billion naira in 2009. Government capital investment in agribusinesses increased steadily from 60.3 billion naira in 2005 to 138.9 billion naira in 2009 and subsequently declined to 62.9 billion naira in 2011. The value of government capital investment fluctuated between 2012 and 2014. The mean value of government capital investment in agribusinesses in Nigeria between 2005 and 2014 was 81.0 billion naira. The result further indicated that government capital investment showed heterogeneity in growth between 2005 and 2014. The growth rate of government capital investment varied from a minimum of -78.08 in 2010 to a maximum of 32.63 percent in 2006. The overall average growth rate of government capital investment between the year 2005 and 2014 was -3.78 percent. The growth rate of government capital investment in agribusinesses in Nigeria between 2005 and 2014 was relatively low. However, the mean value of government capital investment during the post-merger and acquisition consolidation policy in the Nigerian banking institutions (2005-2014) was more than in pre-merger and acquisition consolidation policy in the Nigerian banking institutions (1995-2004).

Table 2 showed that between 2005 and 2014, a total of 831.95 billion grain equivalent of aggregate agribusiness output was domestically produced in Nigeria. Quantity of aggregate agribusiness output in Nigeria maintained a steady growth between 2005 and 2014 and varied from a minimum of 61.75 billion grain equivalent in 2005 to a maximum of 107.06 billion grain equivalent in 2014. The mean quantity of aggregate agribusiness output in Nigeria between 2005 and 2014 was 83.20 billion grain equivalent.

The result further indicated that aggregate agribusiness output showed heterogeneity in growth between 2005 and 2014.

Table 2. Trend in government capital investment to agribusiness activities, aggregate banks' credit allocation for agribusinesses and agribusiness output, post-merger and acquisition consolidation policy in the Nigerian banking institutions (2005-2014)

Years	Government capital investment to agribusiness (₦ Billion)	Agribusiness output (Grain Equivalent)	Number of agribusiness farmers	Value of bank's credit allocation to agribusiness (₦ Billion)	Percentage change in Government capital investment to agribusiness (%)	Percentage change in Agribusiness output (Grain Equivalent) (%)	Percentage change in Number of agribusiness farmers (%)	Percentage change in Value of bank's credit allocation to agribusiness (%)
2005	60.3	61.75	4624	9366.39	-	-	-	-
2006	89.5	66.16	4295	4195.10	32.63	6.67	-7.66	-123.27
2007	94.1	70.51	4323	4087.45	4.89	6.17	0.65	-2.63
2008	106.0	75.47	5279	6497.96	11.23	6.57	18.11	37.10
2009	138.9	80.00	5364	8328.57	23.69	5.66	1.58	21.98
2010	78.0	84.80	5089	7840.50	-78.08	5.66	-5.40	-6.22
2011	62.9	89.89	5633	10028.99	-24.01	5.66	9.66	21.82
2012	63.4	95.28	4874	9332.48	0.79	5.66	-15.57	-7.46
2013	56.4	101.00	5766	9256.68	-12.41	5.66	15.47	-0.82
2014	60.8	107.06	7232	12456.25	7.24	5.66	20.27	25.69
Total	810.3	831.95	52479	81390.36	-	-	-	-
Mean	81.0	83.20	5247.9	8139.036	-3.78	5.93	4.12	-3.76

Source: CBN statistical bulletin and annual statement of accounts, various issues (2005 -2014). Percentage changes in government capital investment to agribusiness activities, banks' credit allocation for agribusinesses and agribusiness output pre and post-merger and acquisition consolidation policy in the Nigerian banking institutions were researcher's computation.

The overall average growth rate of aggregate agribusiness output between the year 2005 and 2014 was 5.93 percent. The growth rate of aggregate agribusiness output in Nigeria between 2005 and 2014 is relatively low. The slow rate of increase in government spending to agricultural sector for agribusiness production probably slowed down the rate of increase in the output of agriculture in the country and the productivity of the sector, especially, where farmers lacked personal savings for investment purposes and/or found it difficult to obtain loans from informal credit sources to purchase better production inputs due to the uneconomical interest rate charged by these informal credit lenders. The mean quantity of aggregate agribusiness output during the post-merger and acquisition policy in the Nigerian banking institutions (2005-2014) was more than in pre-merger and acquisition consolidation policy in the Nigerian banking institutions (1995-2004).

Table 2 further showed that between 2005 and 2014, a total of 81,390.36 billion naira was the value of bank's credit allocation to agribusinesses in Nigeria. Value of bank's credit allocation varied from a minimum of 4,087.45 billion naira in 2007 to a maximum of 12,456.25 billion naira in 2014. Value of bank's credit allocation decreased steadily from 9,366.39 billion naira in 2005 to 4,087.45 billion naira in 2007 and subsequently increased to 8,328.57 billion naira in 2009. The value of bank's credit allocation fluctuated between 2010 and 2014. The mean value of bank's credit allocation between 2005 and 2014 was 14,798.25 billion naira. The result further indicated that value of bank's credit allocation showed heterogeneity in growth between 2005 and 2014. The growth rate of value of bank's credit allocation varied from a minimum of -123.27 in 2006 to a maximum of 37.10 percent in 2008. The overall average growth

rate of value of bank's credit allocation between the year 2005 and 2014 was -3.76 percent. The growth rate of value of bank's credit allocation to agribusinesses in Nigeria between 2005 and 2014 was relatively low. The mean value of bank's credit allocation during the post-merger and acquisition

consolidation policy in the Nigerian banking institutions (2005-2014) was more than in the pre-merger and acquisition consolidation policy in the Nigerian banking institutions (1995-2004).

Table 3. Pre-merger and post-merger acquisition consolidation policy in Nigerian banking institutions(1995-2004)

Pre-merger and acquisition consolidation policy in Nigerian banking institutions(1995-2004)						
GCEA	1.543 (2.747)**	0.182 (0.628)	0.003 (0.107)	0.511	0.371	3.656*
AGOUT	3.789 (130.326)***	0.032 (2.159)*	-0.001(-0.381)	0.863	0.824	22.017***
NBCAA	7.583 (60.358)***	-0.132 (-2.263)**	0.021 (3.553)***	0.799	0.742	13.933***
VBCAA	5.197 (33.122)***	0.021 (0.626)	0.028 (3.625)***	0.960	0.949	84.528***
Post-merger and acquisition consolidation policy in the Nigerian banking institutions(2005-2014)						
GCEA	4.279 (23.584)***	0.160 (1.700)	-0.023(-2.254)*	0.536	0.404	4.046*
AGOUT	4.125 (2036.4227)***	0.067 (63.537)***	-0.001(-5.930)***	0.999	0.999	22851.35**
NBCAA	8.415 (109.504)***	0.006 (0.162)	0.004 (0.913)*	0.691	0602	7.814**
VBCAA	9.718 (37.141)	-0.020(-0.169)	0.011 (0.882)	0.508	0.368	3.617*

2014. and \* represent 1%, 5% and 10% significance levels respectively. Figures ibrackets are t-values. GCEA = Government capital investment in agribusinesses; AGOUT = Agribusiness output; NBCAA = Number of bank's credit allocation to agribusinesses; VBCAA = Value of bank's credit allocation to agribusinesses

Evidence from Table 2 also showed that between 2005 and 2014, there was variation in the number of loans granted to different agribusiness enterprises by banks in Nigeria. A cumulative number of 52,479 farmers of different categories benefited from bank's credit allocation in Nigeria from 2005-2014. The number of loans granted to different agribusiness enterprises by banks in Nigeria varied from a minimum of 4,295 farmers in 2006 to a maximum 7,232 farmers in 2014. The number of loans granted to farmers in different agribusiness enterprises by banks in Nigeria fluctuated between 2005 and 2014. A steady increase in the number of loans granted to agribusiness farmers was record between 2012 and 2014. The farmers increased from 4,874 in 2012 to 7,232 in 2014. The mean number of loans granted to farmers in different agribusiness enterprises by banks in Nigeria was 9,542. The result further indicated that number of loans granted to farmers in different agribusiness enterprises by banks in Nigeria showed heterogeneity in growth between 2005 and 2014. The growth rate of number of loans granted to farmers in different agribusiness enterprises by banks in Nigeria varied from a minimum of -15.57 in 2012 to a maximum of 20.27 percent in 2014. The overall average growth rate in number of

loans granted to farmers in different agribusiness enterprises by banks in Nigeria between the year 2005 and 2014 was 4.12 percent.

The statistical positive value of the coefficients of time variables for number and value of bank credit allocation to agribusinesses in Nigeria revealed acceleration in the growth rate of those variables in the pre-merger and acquisition consolidation policy. This indicated that these variables increased at an increasing rate within the period under review, while the non-significant negative and positive values of the coefficient of time variable for government capital investment in agribusinesses and agribusiness output respectively were an indication of stagnation in the growth rate of these variables.

During the post-merger and acquisition consolidation policy in the Nigerian banking institution, the statistically significant negative value of the coefficient of time variable for government capital investment in agribusiness and agribusiness output revealed deceleration in growth rate of those variables, while the statistically significant positive value of the coefficient of time variable for number of banks credit allocation to agribusinesses indicated acceleration in the



growth rate of the variable. Likewise, the non-significant positive value of the coefficient of time variable for value of banks credit allocation for agribusinesses was an establishment of stagnation in the growth rate in the variable. The result generally showed inadequate allocation of credit for production purposes to agribusiness enterprises as well as government capital support to agribusiness. Thus, the merger and acquisition consolidation policy have not translated into increasing government credit support as well as bank loan advances for agribusiness development in Nigeria.

## CONCLUSIONS

Number and value of loans allocation to agribusiness operators changed in trend over time. Similarly agribusiness output as well changed in trend over time. Value of bank's credit allocation to agribusinesses in Nigeria showed heterogeneity in growth during the post-merger and acquisition consolidation policy of the banking institutions in Nigeria. The rate of growth in the quantity produced of agribusiness output in Nigeria is not keeping pace with credits from the banking institutions in Nigeria and government capital expenditure, an indication that some funds that were meant for agriculture production were diverted or siphoned by some individuals in possession of the funds. Merger and acquisition consolidation policy in the Nigerian banking institutions did not translate into increase neither capital investment from government nor credit supports from banking institutions in Nigeria granted to agribusiness enterprise operators. The merger and acquisition consolidation policy in the Nigerian banking institutions may have led to disfranchisement of most agribusiness enterprise operators from accessing loan from most banks due to the inability of these operators to meet the stringent requirement stipulated by some of the banking institutions. Number and value of bank credit allocation to agribusinesses in Nigeria acceleration in growth rate while government capital investment in agribusinesses and agribusiness output stagnation in growth rate in the pre-

merger and acquisition consolidation policy in the Nigerian banking institutions. Government capital investment in agribusiness and agribusiness output decelerated in growth rate while number of banks credit allocation to agribusinesses accelerated in growth rate, value of banks credit allocation for agribusinesses stagnated in growth rate in the variable during the post-merger and acquisition consolidation policy in the Nigerian banking institutions. Agribusiness output and value of credit allocation by banking institutions in Nigeria significantly accelerated in growth during post-merger and acquisition consolidation policy of the Nigerian banking institutions than in the pre-merger and acquisition consolidation policy of the Nigerian banking institutions.

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