

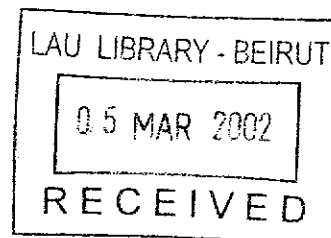
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THE GROWTH AND DEVELOPMENT OF
NIGERIAN ECONOMY

A Research Topic
Presented to Business Division
Beirut University College

In Partial Fulfillment
of the Requirements for the Degree
Master of Science in Business
Management

By
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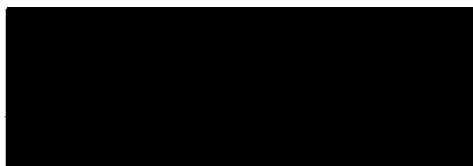
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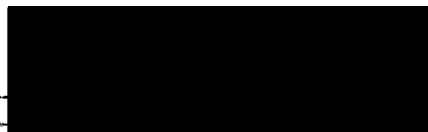
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Chapter 1

INTRODUCTION

The political entity known as Nigeria came into formal existence in 1914 with the amalgamation of the Northern and Southern British protectorates, and thereafter attained independence on October 1, 1960. The Country lies within the tropics between latitudes 4° and 14° north of the equator and between longitudes 3° and 14° east of the greenwich meridian, and has an area of 913072.64 square kilometres.

The past 25 years have seen Nigeria emerge from an underdeveloped state into a developing one with tremendous achievements in science and technology, industrialization and manufacturing. On the economic front, the country's growth has of course, been underpinned not only by its active commercial community, but also by the country's substantial oil income. Over the past few years, the results of the governments diversification programme have become apparent, with a wide spectrum of industries ranging from aluminium to cement, steel fabrication to food, brewery springing up. The achievements in Nigeria's industrial sector since independence have included the completion of the Kaduna refinery, automobile industry, good communication network, steel industry, and good transportation system.

Twenty-five years ago, the country could be classified in almost every way as underdeveloped. It lacked housing, power supplies, schools, hospitals, roads, ports, airports, and had little industrial sector while the farming that existed was little more than subsistence farming. Today, the country has been fortunate enough to make major strides in all areas of

development and has been able to increase its food production. The country has and is still undergoing major scientific and technological transformation as evident from the rapid economic growth.

STATEMENT OF THE PURPOSE

Nigeria is on the road to economic development and industrialization. In the country, and on every side, the signs of a great industrial awakening are evident. New buildings change the skylines of our cities. Great bridges make vital new links in our highway system. All over the country, new factories arise. Paint factories, textile mills, cotton gins, chemical plants, plants for the extraction of palm kernel and groundnut oil. All producing goods for the nation. Top of it all, highly sophisticated industries such as steel, car assembly are now living realities.

STATEMENT OF THE PROBLEM

Is Nigeria a third-world country with a difference? If so, what makes the difference? Is it its high population growth? Or is it because it is an oil producing nation? The answer is that Nigeria has distinguished itself as a star in the third-world with its rapid economic growth and industrialization.

PERFORMANCE OBJECTIVE

When Nigeria attained independence on October 1, 1960, its economic state was relatively underdeveloped. There were only a few manufacturing industries. The country was basically producers of raw materials. Economic activities were largely concentrated in the hands of the aliens. But the story has reversed

today as Nigeria emerged from its state of underdevelopment to a developing nation. The stage is set for complete industrialization and economic bouyancy. These are evident from the unbelievable transportation system, communication network, textile mills, breweries, electronic industry, steel industry, and automobile industry, the combination of which clearly say that Nigeria is now a developing nation.

To illustrate the above changes, the researcher will do the followings:

1. Describe and discuss the developments that have taken place in public and private sector.
2. Analyze the contribution of newly developed industries to the national output and employment.
3. Assess the role the industrial growth has played in strengthening the economic and overall social growth in the country.

Chapter 2

REVIEW OF LITERATURE

The review of literature focuses upon the study of the economic growth of Nigeria undertaken by famous Nigerian Economists and scholars. Their scope of interest covered such vital issues as the growth of the economy, specific projects undertaken by the Nigerian Government to such current issues as the recession and ways to get out of it. In the subsequent paragraphs, the work of these people follows:

The first of these is Dr. Pius Okigbo, who was an Economic Adviser to the Prime Minister of Nigeria in the First Republic, and his study was more concerned with manufacturing.¹

Manufacturing has been of interest to him since his days as an undergraduate, and it developed into an especial interest during the period 1956-60 when he practised his profession. His Doctoral research year at Ibadan University presented him with the opportunity to examine the establishment of modern industry in Nigeria.

Dr. Okigbo gathered facts and figures which consisted of official reports of the various ministries statutory corporations, marketing boards, statistical offices, and other agencies of government. Dr. Okigbo, in his work attempted to ascertain the role, nature, and extent of modern manufacturing industry in Nigeria and assessed its prospects in terms of the obstacles and opportunities that are indigenous to Nigeria. Thus, in

¹Nigeria Trade Journal. Lagos: Federal Ministry of Information, 1960-64.

his study Nigeria's resources, infrastructure, markets and finances were examined. He also examined the rationality of current industrial development, the position of modern manufacturing in the present Nigerian economy, and the influence of the then five Nigerian Governments as they attempt to promote industry. So, his work did not only examine these sectors of the economy, and those factors that relate to the establishment of modern manufacturing but also considered in some detail, eight industries that epitomize many of the opportunities and limitations faced by Nigerian modern industry in the early 1960s.

The work of Dr. Okigbo made it clear that manufacturing facilities were being erected in Nigeria at an ever increasing pace. His study revealed that of the many problems facing the republic, the maintenance of internal stability, the achievement of national unity, and the modification of traditional social systems, the problem of how to put an end to centuries of poverty and ensure decent living standards was one of key importance. Thus, a change from the status quo is what the Nigerian has in mind when he talks of economic independence. His study further revealed that the country is no longer willing to rely on the export of primary products, i.e. agricultural and mineral. Therefore, the country is striving to increase her national wealth rapidly. The process of industrialization is viewed as one means to this end. Extracts from his work is given below.²

²Sokolski, Alan. The Establishment of Manufacturing in Nigeria. Praeger Publishers. New York. 1965.

"It is eminently understandable for Nigerians to postulate that their manufacturing industry should be broadened. They believe that many benefits to the economy will be realized: additional employment, especially for the urban dwellers, acceleration of the growth of National income, particularly since industry appears to be more amenable to an increase in productivity than agriculture; earning, and in some cases saving, foreign exchange, and diversification of the economy, enabling Nigeria to avoid the full force of price fluctuations in world raw-material markets. Furthermore, as a corollary, they hope that if Nigeria acquires modern large-scale industry, the hallmark of the major world powers - there will be arrogated to Nigeria a large measure of prestige, particularly on the African continent"

A second renowned Economist who wrote on Nigerian economy was Mr. Gamaliel Onosode.³ Mr. Onosode is a leading Economist and is Chairman of several major international companies. His interest was that despite the ongoing economic recession in the country, Nigeria still presents an attractive opportunity to any serious investor. Mr. Onosode outlined the transformation in the past 25 years of the Nigerian economy from an agrarian subsistence agriculture to a budding industrial giant, on the verge of take-off. To him, the difficulties which Nigeria is experiencing and the Government response underlines the basic economic growth and strength of the country and its resilience in the face of adversity, at home and overseas.

From his own standpoint, independence coincided roughly with the discovery of oil in commercial quantities. So, the fortunes of the economy have closely mirrored that of the oil industry, which accounts for about 90 percent of total foreign exchange. The suddenness of the arrival of oil wealth,

³Daily Times. Lagos, November, 1975.

coupled with its magnitude, put considerable pressure on the economy's absorptive capacity, as well as on the public service. It is not surprising that serious errors were made in resource allocation and project implementation. To him, one of the big mistakes was the neglect of agriculture and particularly the small farmers, who were forced to seek other jobs in commerce and industry. This past neglect constitutes the major economic challenge facing the country, which rightly sees the twin benefits of a revitalized agricultural sector and the possibility of self-sufficiency in food.

Mr. Onosode then maintained that responding to this challenge has permeated the whole of Nigerian society. It can be measured in the bumper crop during the harvest, and small farmers are now going back to the land, while many industrial corporations are moving deliberately into agricultural businesses since they have viewed it as a way of securing their raw material supplies and conserving hard-earned foreign exchange. He positively stressed that oil will still dominate the economy even in the face of reduced OPEC production quotas and weak oil prices. To combat the oil glut problem, he called for diversification into other sectors which could generate export revenue in the medium to long-term. Other potential lies in cash crops, for which Nigeria was once famous. He made it abundantly clear that economic restructuring are beginning to yield desired results and recovery is in sight, but it remains important that the ongoing dialogue with the IMF be consummated as lack of progress could retard economic recovery. To him, what the nation needs is the understanding of its traditional trading partners in order to normalize its trading relation-

ships with them.

In his final analysis, he made it abundantly clear that despite the difficulties being encountered, Nigeria still presents an attractive opportunity to any serious investor who is interested in making a longer-term commitment. The days of quick money are gone but there are ample areas, where reasonable regards can be reaped. There include large-scale agricultural projects to produce food as well as industrial raw materials. In his opinion, Nigeria's economic achievements have been checked since independence. Rapid avances have taken place in transportation, opening up remote areas of the country. Industries such as textiles and bottling have come of age. The stage is set for a leap forward with major petrochemical projects now due to come on stream and further development in the steel industry.

Another scholar who wrote on Nigerian economy was Dr. Okion Ojigbo⁴. Dr. Ojigbo served on the staff of three Nigerian Heads of State. As insider in the three government, he was therefore oportuned to assess the role of Agriculture to the nation's economy. His concern was that the economy could be revived through meaningful expenditures in agriculture, which hitherto has been relegated to the background. Dr. Ojigbo made it clear that until the discover of petroleum, agriculture was the major source of foreign exchange earnings; and it is still quite possible for griculture to be an additional source of foreign exchange earnings, particularly if the country make

⁴Federal Ministry of Economic Development. National Development Plan: 1978-1985. Lagos: 1975.

farming attractive to Nigerians. To achieve this, the nation must therefore embark on policy measures aimed at increasing the productive capacity and earning power of peasant farmers who are the mainstay of our agriculture. To him, the country made false starts in agriculture because this basic fact was overlooked. Thus, farmers will be paid well for their outputs to make farming worthwhile. He made it clear that it cannot be overemphasized that the rural areas hold the key to the national goals of self-sufficiency in food production. This is so because the majority of our population reside there and improvements in their productivity and earning power would provide the raw materials for our industry, excesses for foreign exchange earnings, and markets for the outputs of our factories. In addition, improved quality of life in the rural areas would also stem the exodus to urban centers and promote agricultural activity within the rural areas.

He also stressed the need for the rural farmers to organize into cooperatives, in which case, the question of a loan, or land, would be a much simpler thing to do. This organization is necessary because of the Banking rules and regulations which insists on borrowers meeting certain conditions. He made it clear that the road to recovery is quite hard but given the nation's potential and abundant human resources, he believed the country will sail through. The prerequisites for this is that Nigeria must map out a lot of strategies based on the immediate, medium, and long term goals. He concluded by saying that with all these measures being proposed, Nigeria's self-sufficiency in food production is very realizable; say within the next three to five years.

Oluwole Adeosun is another writer scholar who had written on the Nigerian economy⁵. Mr. Adeosun is a Chief Executive of a leading Lagos Merchant Bank, and his writing was an overview of the Nigerian economy, as well as possible solutions for the economic ill of the nation. Mr. Adeosun began by stating that in a developing country such as Nigeria, the best way forward for the economy lies in the continuous encouragement of joint ventures, with emphasis on employment and training of Nigerians. This explains why the government for its part is giving impetus to certain industries to cut dependence on imports and encourage self-reliance. This is so because the honeymoon with oil wealth has given way to more long term projects including petrochemicals, gas processing and heavy industries, such as steel.

To him, joint ventures in the Nigerian experience have been of advantage to the various operators in the economy. For foreigners they encourage development of local contacts who are needed to obtain support from government or to ease the way through Nigeria's often complex bureaucratic bottlenecks. To the private Nigerian investor the joint venture gives access to foreign expertise while assuring him of effective control. Officials welcome joint ventures because they ensure a healthy investment climate.

He made it clear that joint ventures have stimulated capitalism in Nigeria. Between 1966-76 capital owned by

⁵Nigeria Magazine. Lagos. Federal Government Printer, 1983-85.

Nigerians in foreign business rose from seven percent to 43 percent. Areas where foreign investors have been most active but have continuously involved Nigerian include banking and Insurance. He went further to say that despite austerity policies bank profits are up, insurance is growing faster than in many western countries. Other areas of foreign influence include manufacturing, mining, and shipping and construction although recession has dampened the construction market.

Further in his analysis, he said the government is very active and encourages projects where export revenue could be earned, particularly steel, mining and agro allied industries. It is in natural resources exploitation and large scale industrial projects where private foreign technical partners are most valued. He rounded up his writing by saying that against all odds the British have been active in Nigeria since independence, as British firms are involved in all aspects of Nigerian life from trading, finance, manufacturing to large scale industrial ventures in mining and construction.

Nigeria's economy was further analyzed by Godwin Okurume, a World Bank Economist, who focused his writing basically on agriculture⁶. Mr. Okurume wrote from an optimistic view-point by asserting that the country will soon overcome its present economic difficulties, and make major economic leaps especially in agriculture. Mr. Okurume admitted the current insufficiency of foodstuffs, and subsequently advanced reasons for this phenomenon.

⁶New Nigerian Newspaper. Kaduna, August, 1985.

Among the factors which led to the stagnation of agriculture according to him were urban, following the oil boom of the 1970s, low technology used on the land, successive droughts, and the begin neglect of agricultures by government and individuals. However, he pointed out that the Nigerian agricultural and cooperative bank was established in 1973 to help boost agricultural products. In addition, in 1976 operation feed the Nation (OOFN) and "Green Revolution" in 1979 were set up to help boost agriculture in the country. Closely aligned to this was that only in recent years had it been realized that food production must be recognized as a distinct policy targets. He attributed the stagnation in agriculture to management abuses. Abuses occurred by the diverting of agricultural credit for other purposes by greedy entrepreneurs; while corporate investors shunned agriculture, since quicker returns were available in commerce and industry.

From the analyst point of view, another hinderance to agricultural development is that agriculture is still largely in the hands of peasant farmers operating small-holdings, heavily dependent on current rainfall, and lacking access to tractors, irrigation, sophisticated tools and seed technology. Consequently, when the rains fall and cropping is heavy these farmers are not necessarily better off, since they lack adequate storage and are forced to sell the glut at knock down prices. The side effect is that financing these small-time farmers looked uneconomic to many of Nigeria's financial institutions.

However, he concluded by saying that the good news for agriculture in Nigeria is that plans are now under way to institute a comprehensive insurance scheme to cover crops from

planting to marketing. In this way, farmers would be highly motivated thereby boosting productivity in the country.

The review of literature continues with an analysis of Nigeria's economic development plan undertaken by Dr. Kadir Jasin⁷. Dr. Jasin held the Trade and Industry Portfolio in the second republic, and believed that Nigeria has to go down stream in order to enjoy greater prosperity from her natural resources. Dr. Jasin sees the country's boundless natural resources going to waste because the country failed to make use of them while the country continues to export products raw. For instance, after a century of growing rubber and achieving substantial progress in production technology, Nigeria still sells the commodity raw. Log exports are replaced by semi-finished and finished products like saw timber, joineries, plywood, veneer, and furniture. But the country is trailing far behind such countries as Japan, South Korea, and Taiwan in the exports of finished timber products although the latter depend on imported timber. He made it known that the Nigerian tinplant was set up in 1962, and this plant is capable of producing 90,000 tonnes of tinplate a year for the domestic market. A small portion of its production is exported to neighbouring countries.

Jasin contended that the establishment of such capital and technology-intensive projects like Aladja Steel and Ajaokuta

⁷Federal Ministry of Trade and Industry. Annual Reports: 1979-1983. Lagos: Federal Government Printer, 1983.

steel could be taken as the cornerstone of Nigeria's industrialization programme. Having fairly successfully forged a broad based import substitution which began during the mid 1960s, the Nigerian Government feels that it is timely to push for the second stage import substitution as well as for capital-intensive industries in several areas. Thus, the success of a number of the earlier export substitution industries such as textiles, garments, and footwear, and the discovery of oil and gas in the last decades provide the impetus for the current round of industrialization.

To him, by world standards, Nigeria's proven oil and gas resources are enormous. In addition, Nigeria's vast hydroelectric potential is only marginally exploited. So, the combination of vast energy resources and abundant natural resources make Nigeria a good candidate to host heavy industries. But the smallness of ~~the domestic market and~~ uncertain international outlook have injected a note of caution into the government's plan to industrialize, he finally concluded.

Dr. Samuel Aluko is another Economist who has written on the economy of Nigeria⁸. Dr. Aluko is a renowned Economist, and one time Economic Adviser to a state Governor during Ex-President Shehu Shagari's era, and his analysis centered on the statistical growth.

His statistical analysis covered the period 1980-83, but also paid attention to the fact that the Nigerian government

⁸Daily Times Review of Industry: Lagos. 1979-83.

is trying to restructure the economy. Dr. Aluko began by saying that Nigerian economy at the end of 1980 presented a picture of growth with monetary stability. Real GDP grew by 5.8 percent, and this compares well with countries in the economic community of West African States (ECOWAS) where real GDP grew by 2.3 percent. He went on to say that Nigeria already has a diversified commodity based with natural rubber, palm oil, tin, timber, and cocoa. Nigeria is now concentrating on increasing the size and scope of its manufacturing sector.

Dr. Aluko pointed out that despite this picture of satisfactory growth, Nigeria was affected by a recession. The recession struck in mid 1981, when for the first time prices of almost all Nigerian commodities went down. The prices were the lowest they had been in real terms for 20 years. This was further aggravated by the oil glut and subsequent fall in price. As had been the practice, the government tried to cushion this downswing by increasing its expenditure and investment. This anti-cyclical spending took its toll. Saving declined as investment increased, and to bridge the savings-investments gap, the country borrowed increasingly from abroad. Between 1980 and 1982, the government's external debt nearly trippled. At the end of 1983, the country's total debt was US\$22 billion. This was 79 percent of the GNP making Nigeria one of the most highly indebted countries in the world.

The final analyst in the review of literature as regards the Nigerian economy is professor Tom David West⁹.

⁹Ministry of Petroleum. Annual Reports: 1984-85.
Lagos: Government Printer 1985.

Professor Tom David West was one time the Minister for Petroleum, and Nigeria representative at the Organization of Petroleum Exporting Countries (OPEC). Professor West focused his interest on the efforts being made by the government of Nigeria to industrialize by going into partnership with reputable foreign firms to either build or invest certain sectors in Nigeria.

The first of such agreements was the US\$690 million project signed with a French Company. The deal involves the construction of three power plants, commercial complexes, residential housing, tourist centers, and other infrastructure. This plan calls for the supply of advanced technology to set up integrated processing plants for rubber and timber products. He also made it clear that the government has given a Soviet-based company the task of building a steel industry for Nigeria. The production of steel from West's point of view would be the cornerstone for the country's needed economic growth and industrialization. With this, Nigeria will be on the verge of economic take-off, he concluded.

Chapter 3

PRESENTATION AND ANALYSIS OF RESULTS

In the presentation and analysis of results, objective of the researcher are as follows:

- 1) To describe and discuss the developments that have taken place in public and private sector.
- 2) To analyse the contribution of newly developed industries to the national output and employment.
- 3) To assess the role, the industrial growth has played in strengthening the economic and overall growth in the country.

ECONOMIC DEVELOPMENT AND GROWTH

The remarkable feature of the national development plans for the past 25 years is the conscious and sustained effort to diversify Nigeria's economy. Though a large portion of the nation's population is engage in agriculture, Nigeria believes that in order to attain accelerated growth in its economy, it must embark on a bold programme of industrialization. There are well over 2000 industrial establishments in Nigeria. These contribute substantially to the Gross National Product. The present industrial policy of the government to ban or restrict the import of products which can be manufactured within the country will enhance the contribution of the manufacturing sector and reduce the nation's reliance on external resources. The question of development and transforming the country from developing to a developed state has received attention. Some of Nigeria's notable industries include electricity, water treatment plants, automobile, steel and telecommunication. The description and discussion of specific and notable industries

that have helped to propel Nigeria to limelight will be preceded by a post-independence historical background.

HISTORICAL BACKGROUND (1960-1966)

The industrial sector has grown very rapidly since 1960. In that year value-added in industrial establishments employing 50 or more was £8.7m. By 1964 net output had grown more than 25-fold to £219m. Industrial production in smaller scale productive establishments is extensive, but its exact magnitude was unknown. For any underdeveloped country it was very difficult to describe accurately the character of the industrial sector, and to specify its outer boundary, and Nigeria was no exception. However, there were in existence capital intensive, government owned enterprises, medium-scale processing and assembly enterprises of a more labour-intensive character but still employing advanced technical processes; small-scale yet capital intensive producers, skilled artisante industries utilizing mainly hand tools, marginally employed semi-skilled producers making crude consumer goods, and lastly commercial processing in the household.

Thus between 1960-66, industrial production in Nigeria thus exhibited wide diversity in terms of the degree of specialization and division of labour, technology, factor proportions, the quality of raw material input, and finished products. This diversity was typically recognized in a polar form as giving rise to a modern industrial sector and a semi-traditional industrial sector. Beginning with rural cottage industry, the only information on this subject came from the 1965 Rural Economic Survey. On the basis of a sample survey of 199 rural villages, the following

villages, the Federal Office of Statistics estimated that 900,000 households are engaged in manufacturing activities. The major areas of production are food processing textiles, palm oil extraction, clothing, mats and metal products¹⁰.

TABLE I
SMALL INDUSTRY IN 14 NIGERIAN TOWNS 1961

<u>Industry</u>	<u>No of Firms</u>	<u>Total Employment</u>
1. Tailoring	3450	7288
2. Carpentry	2773	7123
3. Shoemaking	118	401
4. Motor repair	390	616
5. Welding	396	2968
6. Blacksmithing	369	763
7. Printing	146	938
8. Baking	221	1341
9. Mattress making	266	488
10. Radio repair	236	906
11. Photography	157	424
12. Corn milling	65	131
13. Gold smithing	267	516

Although far from complete data on the extent and nature of small scale urban industries are available as evident from the surveys carried out in 14 towns in the country. These surveys reveal a high degree of uniformity between geographic areas in terms of the location of the industry. Most of these

¹⁰Peter Kilby, The Development of Small Industry in Nigeria University of Ibadan, 1964.

pioneer industries were concentrated in certain areas, thus creating a geographical imbalance in industrial location. The office of statistics estimated that there are about 9700 small industry in Lagos alone. Adeoye enumerated 4770 craft and industrial establishments in Ibadan, and reported patterns nearly identical to those found in other major towns as regards the size of the firm and nature of capital equipment.

There are a number of features of urban small scale industry that should be noted. First, such enterprises are not evenly spread geographically, but tends to be highly concentrated in the new commercial and administrative cities where there were considerable wage employment. There was comparatively little small industry in the large traditional towns of the Northern and Western regions. This clustering occurred because the products of small industry were consumer goods, and it was only where there was a concentration of consumer purchasing power that these essentially activities could be supported on any scale. Second, at least three different types of producers can be identified in the small industry sector. These are the producers of crude consumer goods whose member is closely related to the volume of urban immigration, the skilled artisan producers of simple but better quality products and relatively complex modern scale industry. Third, total employment in urban small-scale industry would seem to be in the neighbourhood of 100,000, which is less than in rural cottage industry but greater than the number employed in establishments of ten or more.

Turning to the latter, the most recent information on firms employing ten or more was provided by the industrial survey of 1964. A total of 686 returned questionnaires on the issue

indicated employment, gross output and value added were growing. Similar survey to ascertain the pattern of growth of the economy was carried out in 1965. Of the 649 establishments returning information in that year, 59% employed 10 to 49 workers, 33% employed 50 to 299, and 8% employed 300 or more. Perhaps more interesting than their size distribution is the pattern of ownership. Of the paid-up share capital of 321 limited companies, 68% was of foreign origin. Of the remainder, 22% was Nigerian public and 10% Nigerian private. Those industries in which private Nigerian firms were prominent included bread baking, saw milling, rubber creping, furniture, printing and wearing apparel. Investment by Nigerian public authorities was both in participation with foreign investors and in wholly government owned projects.

It is not surprising that foreign enterprise played a leading role in Nigeria's industrial sector. Foreign private investment, particularly British investment was an important feature of many sectors of the Nigerian economy. Table III summarizes the results of the 1964 survey of foreign investment. The stock of foreign capital in mining and oil overtook that of the distributive sector in 1963. The flow of new investment was primarily due to oil and manufacturing. Other shifts in the composition of investment were a withdrawal from plantation ventures, a proportionately reduced investment flow into water and road transport, and increased activity in large scale construction projects. Regarding the financing of foreign companies, the large proportion of borrowed funds to total capital employed is worthy of note.

TABLE II
EMPLOYMENT AND OUTPUT OF FIRMS, 1964. (#000)

	No Employed	Gross output	Value-added
Flour milling	518	4489	1176
Bakery products	2013	2136	721
Cigarettes	2533	14465	1032
Beer Brewing	2860	13207	8943
Soft Drinks	1140	1355	780
Textiles	7637	7690	3955
Saw milling	1324	1635	650
Furniture	8233	5535	3916
Printing	3516	3428	1388
Rubber products	5753	3163	1844
Footwear	6894	10790	4800
Vegetable oil milling	3866	20459	5355
Chemical products	3158	14226	5312
Cement	2349	6840	3506
Metal products	4943	10638	3269
Vehicle Assembly	1761	8222	1200
Vehicle Repairs	7722	29764	6522
Other	9716	23708	4656
	75896	178800	68631

TABLE III
TOTAL FOREIGN INVESTMENT 1964 (£ ta)

	Paid-up capital	External Debt	Total	Fixed Assets
Mining and oil	43.2	85.5	128.7	146.2
Manufacturing	28.4	30.3	58.5	63.5
Agriculture	3.9	1.5	5.4	5.9
Transportation	2.1	1.4	3.5	3.0
Construction	5.2	7.1	12.3	8.2
Trading/Service	40.5	60.5	101.0	47.5

Net flow of Foreign Investment

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Manufacturing	5.9	20.5	11.0	9.2
Agriculture	1.1	0.2	0.5	0.5
Transportation	0.3	0.2	0.2	0.9
Construction	0.7	4.6	2.4	1.4
Mining and oil	6.9	7.5	12.5	35.3
	<u>14.9</u>	<u>33.0</u>	<u>26.6</u>	<u>47.3</u>

Federal Office of Statistics, Industrial Survey of Nigeria
 1963, Lagos, 1966.

THE ROLE OF THE GOVERNMENT

In Nigeria, the Federal and the then Regional government took active role in promoting economic development in general and industrialization in particular. Nigerian's first development plan was launched in 1962, and since 1965 each of the then regions had its own plan in addition to the Federal plan. Until 1962 plans were primarily collections of infrastructure investments and government sponsored development schemes. However, how much detailed attention was devoted to planning on the project level is difficult to establish. In some areas, notably the plans of the port authority, the electricity corporation, the Niger Dam, and various transport facilities, careful forecasts were apparently made and costs and benefits evaluated. In the majority of others, limitations of data or time apparently prevented much analysis. Most of the projects listed in the four-year plan were therefore not properly evaluated; and the manner in which the sums listed under many broader heads were intended to be spent remained in specified. Broad priorities were there, but detailed micro-level studies were scarce and, in some instances, badly needed. In 1961, the Federal Government launched the 1962-68 development plan. The 1962-68 plan overestimated the availability of foreign aid and underestimated imports. It is of importance to point out that while economic planning as such did have little effect upon the course of events, government policies and public investment have been of critical importance in determining both the path and the speed of economic development.

Measures taken by public authorities to promote industrialization are of two kinds, direct and indirect. Indirect

measures include the provision of social infrastructure, guarantees to private investors against uncompensated nationalization, and freedom for foreigners regarding the sale of their assets and repatriation of profits. The direct measures may be grouped into three categories which are fiscal incentives, support activities, and direct public investment in manufacturing.

The fiscal incentives extended by the Federal Government for the purpose of promoting industrial investment include tariff protection, import duty relief, accelerated depreciation allowances and pioneer income tax holidays. Both tariff protection and import duty relief on material imported for use in manufacturing were obtained by direct application to federal government and each case was decided by the Minister - in - Council on the advice of the Ministries of Commerce and Industry and Finance¹¹.

Accelerated Depreciation of 40% for plant and equipment and 20% for building may be claimed by all investors in the year in which the expenditure was made in addition to normal capital amortization of 10% or more based on the expected life of the asset.

Thus an investor is usually able to write off 50% of his fixed investment in the first year.

Support activities undertaken by public agencies cover a wide field. Direct includes (a) the provision of debenture and equity capital by the Regional Development Corporations, the Federal Loans Board and the Nigerian Industrial Development

¹¹Industrial Development (Import Duty, Relief) Ordinance 1962.

Bank, (b) the construction of industrial estates (c) compulsory patronage by public assistance schemes for development of indigenous manufacturing enterprise. Indirect support of the industrialization effort is provided by the government sponsored system of technical education and the activities of Federal Institute of Industrial Research.

Between the period 1962-68, agencies of the Federal and Regional Governments undertook direct industrial investments. Major projects of this type, where public authorities provided 90% or more of the capital include a fruit cannery, four cement mills, a glass factory, a paper mill, two breweries, an intergrated textile mill, two soft drink bottling plants, a ceramics factory, a mint, a glass factory and four oil-seed crushing plants. Total investment in these projects was in excess of £50m¹².

Having sketched the basic outlines of the Nigerian economy and setting of the industrial sector there in, I am now in a position to present step by step the various industries that have been established since 1971 till date, and the ways they have help to foster the economic development.

1967 - 1970

During the period 1967-1970, there were no major industrial establishments in Nigeria because of the civil war.

¹²Central Bank of Nigeria, op. cit. p.5 and A.N. Hakam for Industrial Investment from his "The Motivation to invest and the locational pattern of foreign private industrial investments in Nigerian", Nigerian journal of Economic and Social Studies, vol. 8, March 1966, ;.65.

1970-1975 ECONOMIC DEVELOPMENT PLAN

Nigeria's economic development plan for the period 1970-75 focused on two distinct areas: Transportation and Agriculture. The reasons for this are obvious. 1970 saw the civil war in Nigeria coming to an end, and there was high need to reconstruct the damaged roads, bridges and also to provide enough food for the war-weary citizens of the country. Thus in the subsequent paragraphs, I will present in logical sequence the development that have taken place in both transportation and Agriculture and also discuss these developments.

ROAD TRANSPORTATION IN NIGERIA

If there was anything characterising the Nigerian transport scene yesteryears, it was the seeming lack of a cohesive and comprehensive infrastructure. This legacy stems from Nigeria's colonial past and beyond when traditional village and town networks were little more than broad tracks in the forest. The colonial power introduced roads primarily as a means of transporting raw materials to the coast from their inland sources. There was no attempt to construct an intergrated transport system over and above that required to carry the primary produce to the ports. The first rush to build roads did not take place until the 1960s, when the need arose. There was little private car ownership and road transport was largely restricted to local-built vehicles. New road-building programmes tended to be over-ambitious in the light of the huge distances to be covered and the limited funds.

There was a temptation to build as many roads as possible with as little money as possible. The sad results of these economic roads' built during the first bituminous boom of

1964-70 became painfully obvious. Often, before the last stretch of the new road was even completed, the road would already be pitted and worn into potholes, in the middle and gallops at the side. This was so because foreign constructors had no experience of the peculiar geographical and climatic conditions of tropical Nigeria. The peculiarity of the soil strata in Nigeria was also never properly taken into consideration. Thus with the first road building boom of the 1960s revealing the need for design modification from the contractors and the need for proper maintenance from the Nigerian governments, many lessons were incorporated into the newer generation of roads. Ungraded crushed quarry rock is now being used as a base course rather than the porous laterite which plays havoc on Nigerian roads during the rainy season. This process is now widespread in Nigeria.

NIGERIA: BEST ROADS IN BLACK AFRICA

Nigeria is widely recognized to have the best road systems in Black Africa. The network is extensive and a great proportion of the network is asphalted. In fact, in the western states between Benin and Lagos, and between Lagos and Ibadan, the road is up to three-lane international motorway standard. Similarly, the two cities of Port Harcourt and Enugu, spanning three Eastern states, are connected by a broad multi-lane highway culminating at Enugu in an elaborate system of fly-overs, interchanges and by-passes. The country's road system, constructed during the post 1970s oil boom, is still a widely respected legacy of the previous military rulers. Julius Berger, a company which established a name for itself in Nigeria

in the late 1960s and early 1970s, was responsible for building the complex, elevated urban motorway system in Lagos (Capital city) which earned the city the title "Los Angeles" of Black Africa:

Nigeria has in the past 10 years build up to 80,000km of rural roads under the Rural Access Roads programme (RARP). The blueprints for the roads were drawn up by the transport and road Research laboratory in the U.K. Local Nigerian supervisors were trained from scratch while qualified engineering graduates were employed to put their studies into practice. The Nigerian roads have developed to the point where they can be viewed as models for other developing countries.

The road projects in Nigeria have two distinct objectives. The first is to provide year-round access from the rural producing areas to the market centres. The second aim is to provide jobs for people in the high unemployment rural areas while the roads are built. This in turn will later generate more long-term employment when the rural areas are linked to the towns. The result so far is a model rural road system which is now reckoned to be in better condition than what they were years back.

My discussion of the road system of Nigeria will focus on the non-participation of private entrepreneurs in the construction of roads as well as the need and essence of planning.

Robinson, H. The Economic Co-ordination of Transport Development in Nigeria, Lagos. 1980.

There are a number of reasons why the private sector in Nigeria is incapable of initiating transportation projects. First, investment in transport infrastructure are known for their indivisibilities and lumpiness. Second, since transport facilities are offered to entire economy, then, transport decisions are influenced by technical economies which are external to transport. In Nigeria, transport projects are evaluated on their own merits, and their consequences are not often being related to other links in a transport system. And in most cases, the choice of a transport project is linked to political considerations, and invariably, the cost and benefit analysis are not used in transport projects choices.

OFN: EFFECTIVE STRATEGY FOR MASSIVE FOOD PRODUCTION

Agriculture has always been the most important single activity in the Nigerian economy. About 70 percent of the total working populations engage in it, producing yam, rice, cassava, plantains, beans, sugar-cane and citrus fruits for food, and cocoa, oil palm and kernel, groundnuts, rubber, cotton and timber as raw materials for local industries and for export. The agricultural policy of both the Federal and state government is to increase agricultural output substantially as a weapon against malnutrition and a means of improving the standard of living of every Nigerian. Much more has therefore been spent in providing farmers with fertilizers, pesticides and other agricultural inputs at heavily subsidized prices. In

Federal Ministry of Agriculture, Handbook of Agriculture in Nigeria, 5th ed. Federal Ministry of Agriculture, Lagos. 1980.

addition, tractor hire services and land development schemes are being expanded at government expense as an additional contribution to agricultural production.

The Nigerian Agricultural and Cooperative Bank, with headquarters in Kaduna has been established to grant loans to farmers. Priority has been given to food crops, fishery, poultry, beef piggery and dairy in various parts of the country. Bold schemes for storage facilities, particularly of strategic grain reserves and farm-to-market roads in rural areas have been launched in every part of the country. A new scheme, the Operation Feed the Nation (OFN) has been launched for the promotion of agriculture. A national council on Operation Feed the Nation (OFN) was established in 1980 to coordinate the activities of all ministries and organizations involved in agricultural production, processing marketing and research. The council was also charged with the responsibility of finding new ways that will facilitate the application of science to agricultural production in Nigeria so that the country can achieve self sufficiency in agricultural production in the quickest possible time.

ACHIEVING OFN OBJECTIVES

The Operation Feed the Nation was launched in 1980 in order to increase the tempo of agricultural development throughout the country, and the following short-term and long-term measures were introduced to achieve the OFN objectives:

- massive distribution of heavily subsidized inputs such as fertilizers, pesticides, improved seeds, livestock feeds and day-old chicks.
- the liberalization of bank credit facilities to the agricultural sector.
- the reform of the produce marketing system and the establishment of new commodity boards to cover the major crops and the fixing of guaranteed minimum prices.
- the construction of cold stores in several parts of the country for the preservation of perishable food items, meat milk and others.
- Assistance to the states for mechanized land clearing.
- the establishment of agro-service centres where farmers can obtain all their inputs like fertilizer, improved seeds, chemicals and credit facilities.
- decision to establish one 400 hectare mechanized commercial farm in each state.
- the establishment of eleven River Basin Development Authorities all over the country to develop Nigeria's resources for agricultural production.
- the establishment of other irrigation projects such as the simple earth dams and canals for vegetable production and swamp rice projects.
- the establishment of agricultural credit guaranteed scheme, whose operation are to make it easy for farmers even in the small towns and villages to obtain loans without terms.
- the provision of technical manpower and facilities by the governments to the farmers to help boost food supply.

AGRICULTURAL MECHANIZATION, LIVESTOCK AND FISH

The Nigerian government has accepted the fact that if we are to meet the food demands of our rapidly increasing population, its agricultural system must be modernized. This explains why virtually all the states operate Tractor Hiring Service at highly subsidized rates. A national agricultural mechanization policy is being pursued with vigor. There is in existence a systematic technology for small scale and large scale farmers. Cooperative and private ownership of tractor-hiring services are being encouraged and a centre of agricultural mechanization has been established at Ilorin for the fabrication and adaptation of agricultural machinery and equipment to our climate and soil in the various ecological zones. This is in addition to the excellent work being done by the International Institute of Tropical Agriculture, Ibadan, which, by every standard should be highly rated.

In livestock and fish, Nigeria has equally taken bold steps towards improving them. Negotiations have been completed for establishing new ranches in strategic parts of the country while old ones will be rehabilitated. Grazing reserves are also being established to provide sufficient food for our cattle. Nigeria is now moving gradually towards self sufficiency in livestock and fishing. Under the National Accelerated Fish production programme, fishermen, either as individuals or in cooperatives are, assisted with essential equipment and storage facilities. The development of fish multiplication farms was vigorously pursued and the establishment of the Kainji and Lake Chad Research Institutes as well as the Institute of Marine and

Oceanography were steps to boost the Industry.

It is gratifying to note that reports from the states, institutions and other organizations engaged in food production indicated that there has been a marked increase in food production as a direct result of the activities of the OFN. This encouraging result is due, among other things, to the proper organization and management of OFN programs at both the federal and the state levels. Though the actual implementation of the programmes rests with the state governments the federal government gives the necessary leadership and support by giving and providing the necessary inputs and infrastructures. Inputs such as fertilizers are being imported for the past years and distributed at heavily subsidized rates to farmers. Other inputs include improved seeds which are produced and multiplied under the seed multiplication programme and distributed to farmers for planting.

In the livestock sector, day-old chicks and parent stocks were imported and given to farmers. In addition, grains, concentrates and premixes for the production of seeds are also being imported and distributed to the states. For the fisheries sector, fishing nets, outboard engines are given to cooperative societies at heavily subsidized rates. Through the livestock and fisheries programmes, Nigeria hopes to increase its supply of animal protein in our diet.

SELF-SUFFICIENCY IN FOOD PRODUCTION.

The aspiration of the federal government of Nigeria has always been to ensure that the country is self-sufficient in food production within the shortest time possible. Apart from

the OFN programme, there are other agricultural development programmes geared to achieving this aim. I will now briefly highlight some of them.

- a) The National Accelerated Food Production Programme (NAFPP) launched a few years ago, has been very successful judging by the number of farmers who have participated directly in the project.
- b) 230 Agro-service centres are being established in different locations in the country. Some of them have been completed.
- c) The federal government has steadily been building up a strategic Grains Reserve with a total capacity of 250,000 tonnes.
- d) Guaranteed minimum prices for selected crops are fixed by government to encourage farmers to produce more.
- e) Eleven River Basin Development Authorities which eventually should make it possible to achieve double cropping in one year are being established some are already functioning.
- f) The establishment in each state of large-scale mechanized farms which will ensure the optimum utilization of Nigeria's very limited farm machinery.

RIVER BASINS DEVELOPMENT AUTHORITIES
(AN AID TO AGRIC.)

River Basin (watershed) development authorities are parastatal institutions organized to harness the potential resources of some important rivers and their water plains. Accordingly they are supposed to carry out comprehensive harnessing of underground water resources in order to attain several ends. In addition such parastatals are supposed to execute flood and erosion control schemes, build and maintain dams and water

channels, bore-holes and wells in addition to irrigation and drainage schemes. Furthermore such institutions are also organized to provide other waters for both domestic and industrial purposes.

THE NEED FOR RIVER BASINS AUTHORITIES

In Nigeria the absence of certain infrastructure, the means of livelihood and the size of the population decline the rural from urban communities. Whereas urban centres have these infrastructures and are peopled by a predominately non-agricultural labour force, the rural communities show opposite characteristics. Since the conditions in rural communities in this country leave much to be desired, so there is need to develop such rural communities. These development efforts have three major objectives. These are to raise the level of income of rural people improve well-being and increase their employment opportunities.

From all indications river basin or watershed development authorities are broad based parastatal organizations whose functions include flood and erosion control and the building of artificial lakes and bore holes for the purpose of supplying fishing grounds and water for domestic, industrial and irrigation needs. River basins have transformed and improved rural life by creating new settlements repleted with a majority of the basic needs such as pipe borne water, electricity, good road network and modern houses. Secondly, these authorities have the potential of increasing the level of agricultural production through

irrigation facilities. Such irrigation facilities do not only increase per cropping agricultural output but also multiple cropping and hence total agricultural production. Such available water also attract sedentary livestock and fishery organizations and also agro-allied industries. The ultimate end of these possibilities is increased livestock and fish production, increased demand for agricultural products, better prices for these products and increased farmers' incomes. Employment generation and the expected increased purchasing power of rural communities constitute the third way these authorities can help improve rural life. In addition to the above personal benefits, the entire nation also benefit in the form of increased revenue through tax with which more development projects can be executed.

From the above it is clear that one of the main role of river basin development authorities is increased crop, fishery and livestock production of farmers, fishermen and herdsmen who constitute a majority of rural people. The result of this increase in production is increased savings and purchasing power of this group of rural dwellers. The resulting increased savings potential does not end there. It has a multiplier effect which is the potentially increased ability of this group of rural people to carry out self-help community projects.

However, if these river basin development authorities are to help achieve increase agricultural, livestock and fishery production, decreased unemployment and underemployment, increased savings and purchasing power, reduced poverty, and equality as well as improve settlements with the necessary infrastructural facilities, the various state governments have to be committed to the cause. And in addition to governmental

commitment, the government must come out with several options for achieving the objectives for rural development. These options include, among others, planned action programmes, community development programmes, educational programmes and the provision of needed infrastructures. Although each of these means has certain disadvantages they are nevertheless very useful tools in achieving meaningful rates in rural development. In most cases, however, it is usual to use a combination of these means to achieve selected rural development objectives.

MEANS OF ACHIEVING RURAL DEVELOPMENT OBJECTIVES

Several options are open to Nigeria in achieving the rural development objectives, and they are as follows.

- a) Extension services of the government and commercial enterprises.
- b) Community development projects.
- c) Planned action programmes such as land settlement, land consolidation and river basins.
- d) Provision of needed services such as credit, water for irrigation and marketing outlets.
- e) Educational programmes such as farmer training centres and agricultural shows.

Some of these avenues have their limitations. For example the extension services of the government have not been very effective in extending their knowledge about their package deals to a majority of the farmers. Such extension agents have been known to be biased towards the top 10 percent of farmers who are termed "progressive" to the neglect of a majority of the farmers. Secondly, one would expect that farmers will vary in the amount of acquired farming knowledge and experience with

the result that any educational programmes directed at such farmers should be discriminatory in the sense that the more knowledgeable ones should be given a different educational programme, from less knowledgeable and experience ones. But what do we find? We find that all farmers no matter the observed differences in farming knowledge and experience receive the same educational programme. In planned programmes one major fault is that the planners take into consideration the felt needs of the community the programme is expected to serve. Even on rare occasions when this is done the execution becomes faulty with the result that some programmes do not take off and even if they take off they are abandoned midway. In the majority of cases of community development projects, lack of finance and executive managerial competence have wrecked well throughout community projects.

In spite of some of these pitfalls, it is nevertheless useful to utilize one or a combination of these avenues, to achieve some of the objectives of rural development. It must be obvious however, that any one of these which is capable of achieving more than one objective simultaneously is superior to any that helps to attain only a single objective. It is also clear that any project which tries to use more than one of these avenues in trying to achieve the set out rural development objectives is most likely to attain greater results. In this respect it is believed that the River Basin Development approach to rural development which principally falls under planned programme but which also utilize execution, the provision of needed services and also incorporate educational programmes will be a better tool for achieving most of the enumerated objectives of rural development.

PULP AND PAPER INDUSTRIES IN NIGERIA

The history of pulp and paper industries in Nigeria is quite recent. Experiments on the use of indigenous trees for pulp production were started at the Federal Institute of Industrial Research in the late sixties. The Institute established that papers of acceptable quality could be made from several trees which was then grown in small plantations for pit-crops for the mines, poles and even as firewood. Other Nigerians abroad and at the University of Ife conducted more laboratory studies to prove that the fast growing trees can be converted into internationally marketable pulps and papers using conventional processes. Thus pulp wood plantations on very modest scales were started in 1964.'

There was at then only one paper mill in the country. The mill located at Jebba had an annual capacity of about 12,000 tonnes of a combination of industrial and cultural papers. This output represents less than 10 percent of the total paper requirements of the country. The remainder was made up by importation.

PLANNING FOR FUTURE

Nigeria consumed 28,000 of paper products in 1961, In 1965 85,000 of paper were consumed. The consumption has risen very dramatically since then to the extent that in 1971, over ₦24,258,000 was spent on importation of paper and board to the country.

'Federal Ministry of Trade and Industry. Annual Report. Lagos. Nigeria. 1973.

To combat this, Jaako Poyry and Company of Finland conducted a feasibility study for pulp and paper mills in Nigeria on behalf of the Federal Government and they conservatively estimated the growth rate in demand at 15 percent in 1972/73. But this proved to be highly unreliable, and consequently the Federal Government of Nigeria gave the establishment of pulp and paper mills a priority consideration in the Industrialization programme in order to conserve foreign exchange and to support industrial, educational and cultural developments.

Pulp and paper mills, like other industries based on petroleum, iron and steel, are highly capital intensive and at this stage in the economic life of Nigeria, only the Federal Government can afford to set up these industries. The Federal Government took the initiative in this, the Government was motivated by its concern for creating a broader industrial base to sustain social, educational and economic growth, ensuring a much needed technology transfer and opening up of remote areas of the country. To this end, two new pulp and paper mills were built while the existing paper mill at Jebba was expanded to include both pulp and paper making factories.

BUILT MILLS

One of the mills was built at Iwopin and the other at Oku-Iboku. The Iwopin mill was expected to produce 100,000 metric tonnes of bleached pulp from gimelina annually and 60,000 metric tonnes of fine papers-writing, mimeographing, duplicating per annum from 40,000 tonnes of the pulp produced. Provisions to eventually expand the Iwopin mill to a production level of 100,000 metric tonnes of fine paper per annum was already included in the programme of implementation and construc-

the major grades of paper and pulp and Nigeria will become an exporter of some grades of pulp and paper.

MOTOR ASSEMBLY IN NIGERIA

Nigeria has gone into motor vehicle assembly using local components to supplement the imported CKD units. This was in response to the increased demand in vehicles. In the past, vehicles were shipped in a part-dismantled state, and other vehicles were shipped in chassis only. But as vehicles demand increased in size, it became virtually standard procedure to ship them in SKD (Semi-Knocked Down). But recently, Nigeria has ventured into vehicle assembly using imported CKD kits augmented with a number of locally made components.

Nigeria has the largest vehicle population outside South Africa and ventured into CKD assembly in the mid 1970s in quite a big way. About 90 percent of passenger cars in Nigeria are locally assembled, with Peugeot leading the field thanks to their modern plant at Kaduna, Nigeria. Volkswagen cars are also assembled but as is the case elsewhere in Africa, there has been a boom in pick-ups, mini-buses and other utilities in recent years. Leyland Nigeria have a large plant at Ibadan producing Land Rover, Range Rover and a variety of Leyland trucks. Other commercial vehicle assembly operations produce trucks for Bedford Fiat and Steyr. Mitsubishi had also made arrangement for Leyland to produce trucks for them. There are plans to allow for the construction of more assembly plants for passenger cars. Thus, passenger cars and pick-ups are virtually all locally assembled at the government-owned plant. Heavy commercial vehicles are assembled by four assemblers: Berliet, DAF, Ford

and Volvo/Bedford.

Whilst such assembly plants have been appearing all over Nigeria, turning out relatively large number of vehicles, it is ironic that it is being done at a higher price. Local assembly itself is unduly expensive. However, with increased production volume the industries can take advantage of economies of scale thus beating down prices to make it competitive with other developed countries cars.

Undoubtedly, the Assembly plants have helped to develop Nigeria's economy; other benefits are the establishment of jobs at a variety of levels and the transfer of technology to Nigeria.

NIGERIAN STEEL INDUSTRY

The government of Nigeria has also focused its attention on the steel industry in its bold step towards industrialization. Considering the increasing demand for steel, the availability of iron ore and coal in the country, and the importance of steel industry as a leading factors for rapid industrialization the federal government decided to accelerate the establishment of suitable iron and steel plants in the industry. In April 1971, a steel development authority was created to plan and develop iron and steel projects in the country.

The outcome was an agreement signed between the Federal Government of Nigeria and the Technoport of the U.S.S.R. to determine the extent of the iron ore and coal deposits throughout the country that might be used for the proposed iron and steel industry. In 1979 good iron ore deposits were proven at Ajaokuta, so Tiajpromexport of the U.S.S.R. were commissioned to carry out a study of alternative production schemes of

feasibly, in the alternative to continue work on the steel industry.

COMMENCEMENT OF CONSTRUCTION WORK

The 13th of July 1979 signified the beginning of the project execution when the global contract was signed between the Nigerian Government and Tiajpromexport of USSR. This global contract for the first phase of development includes the preparation of all working drawings together with the supply and installation of all the processing equipment by TPE.

STEEL PLANT PRODUCTION CAPACITY

The Ajaokuta Iron and Steel plant was designed as an intergrated unit having a output of 1.3 million tonnes per year of various long steel products at the conclusion of the first phase of its development. Thereafter the plant will be progressively expanded through two further development phases to increase its capacity to 2.6 million tonnes per year and then 5.2 million tonnes per year.

Manpower required for the operation of the plant was estimated to be about 9,000 mainly of technical men. The contract with the Soviets provided for the training in the USSR of about 1,400 men only for the operation. Metallurgical Training Center with a capacity of 2,000 trainees was planned to be constructed at Ajaokuta for the continuous training of technicians and craftsmen. At Ajaokuta steel plant, 85 percent of the plant

'Ministry of Mines and Power: Annual Report 1979. Lagos, Nigeria.

' Federal Ministry of Mines and Power: Annual Report: 1979. Lagos, Nigeria.

had been completed. Plans are also underway for the establishment of four more steel projects in the country. These are a flat products steel plants, foundry complex, Alloy plant , and Aluminium. With the successful coming into stream of the planned projects, Nigeria looked forward to being one of the proud industrialized nations of the world. Great effort is also being directed towards the development of the liquefied natural gas, fertilizer and other petrochemical industries.

THE NEW ELECTRONICS SUCCESS STORY

Electronics is the most versatile technology of today's world. And Nigeria, with its vast population, its long and distinguished tradition in science, has appreciable experience to share. The Nigerian electronics industry is relatively small, but has immense capabilities. It has the second largest technical manpower in Africa. In terms of inherent strength, of variety and diversity of equipment made, a lot of which is based on Nigeria's own research, design and development, this country has a lot to offer. It will be interesting to note that the present level of production in electronics and telecommunications in Nigeria is approximately \$5000m and the production level is expected to increase to over \$10 billion by 1990.'

The electronics industry in Nigeria mainly comprises the following areas:

- 1) Electronic components.

'Ministry of Trade and Industry. Annual Report 1985. Lagos. Nigeria.

- 2) Instruments and equipments.
- 3) Computer Hardware, Software and peripherals.
- 4) Telecommunication including equipment and various types of cables.
- 5) Defence and aerospace equipment.

Nigerian capabilities in the field of telecommunication are diverse and manifold. Moving from conceptualization of a Telecom system to the final commissioning stage requires the kind of expertise that the Nigerian engineers can offer. Moreover, the equipment ranging from electronic exchanges, PABXS, Microwavelonks, Coazial cable links and terminals, to advanced earth statelite stations of international standards are either manufactured or assembled in Nigeria.

In the area of industrial electronics, Nigeria undertakes design and supply of process instrumentation systems for a variety of industries like cement, petroleum and chemicals and fertilizers. One of the most useful developments in Nigeria is the concept of decentralized industrial estates, where there is a nucleus of common facilities like design centres, test centres tool rooms and mechanical fabrications. Such estates can be developed to boost the electronic industry, thereby enhancing the economic progress of a less developed country.

THE GROWTH OF INDUSTRIAL DEVELOPMENT FINANCE IN NIGERIA

The Nigerian Industrial Development Bank (NIDB) was established in 1964 as an Industrial Development Finance Company through the reconstitution of the Investment Company of Nigeria limited which was incorporated in 1959. As a Development Bank, NIDB has two main functions - the banking function and the

development function. Its banking function consists of the provision of medium term and long term finance to industrial projects while its development function consists of contribution to the removal of bottlenecks to development.'

The Bank's development activities include the investigation of new investment opportunities and getting businessmen to be interested in them, development of vaguely conceived projects brought to it by promoters, general assessment of economic stand points, and the provision of technical assistance such as engineering, accounting and managerial assistance to client projects. The banking function of the bank consist essentially of making funds available for industrial investment. The two main aspects of this function are the sanctioning of prospective clients applications for assistance and the disbursement of the sanctions after the client must have met certain pre disbursement conditions.

From its inception in January 1964 to December 1980, the bank sanctioned a total of ₦395 million in aid of 422 industrial projects whose total estimated investment and employment amounted to ₦260 million. NIDB's financial participation of total project cost which averaged 17.2 percent over the years has been growing at a remarkable pace. It was 26.8 percent in 1979. Thus increasing participation is a reflection of the bank's commitment to indigenization of the economy as well as of the improvement in the standard of its investment techniques which enables

'Federal Ministry of Economic Development. Annual Report. 1970. Lagos. Nigeria.

it to judge bankable projects more accurately. However, the impact of NIDB on the economy as regards its contribution to the industrial capital formation should be viewed more in terms of the total investment by its projects, rather than in terms of only the bank's own participation since each project financed does not need only the bank financial assistance but also its technical and managerial assistance to succeed. NIDB, which operated for many years with the constraints of being a privately owned bank with public responsibilities, has effected fundamental changes in its operating policies, thereby making them more relevant to the nation's economic aspirations. Until 1970, the bulk of NIDB sanction went to foreign-controlled enterprises. Only 27 percent of the value of 1969 sanctions went to indigenous projects. This picture has changed since 1970 when Nigerian controlled ventures accounted for 58 percent of the value of sanctions. This proportion has grown very rapidly in recent years - being well over 90 percent.

However, a lot remains to be done with regard to the geographical distribution of the bank's investments. To correct the existing lopsidedness in the distribution of the bank's projects, the bank has recently been reorganized in such a way that every part of the country will soon start to feel its impact. NIDB has acquired a great deal of experience over the years in its specialized field of industrial project financing and had developed considerable expertise in both its banking and development functions. A measure of this success are sanctions which stood at ₦3.4 million in 1964, ₦6.3 million in 1970, and ₦56.9 million in 1980; Table V, as well as the accompanying

histogram and graph show the growth of investment in Nigeria. The period covered is 1960-1985. 1960, the base year shows the number of investments existing in Nigeria then, while while 1985 reveals the number of investments in Nigeria now. The percentage rises in investments are shown in the third column.

TABLE V
GROWTH OF INVESTMENT IN NIGERIA - OUTPUT (000)

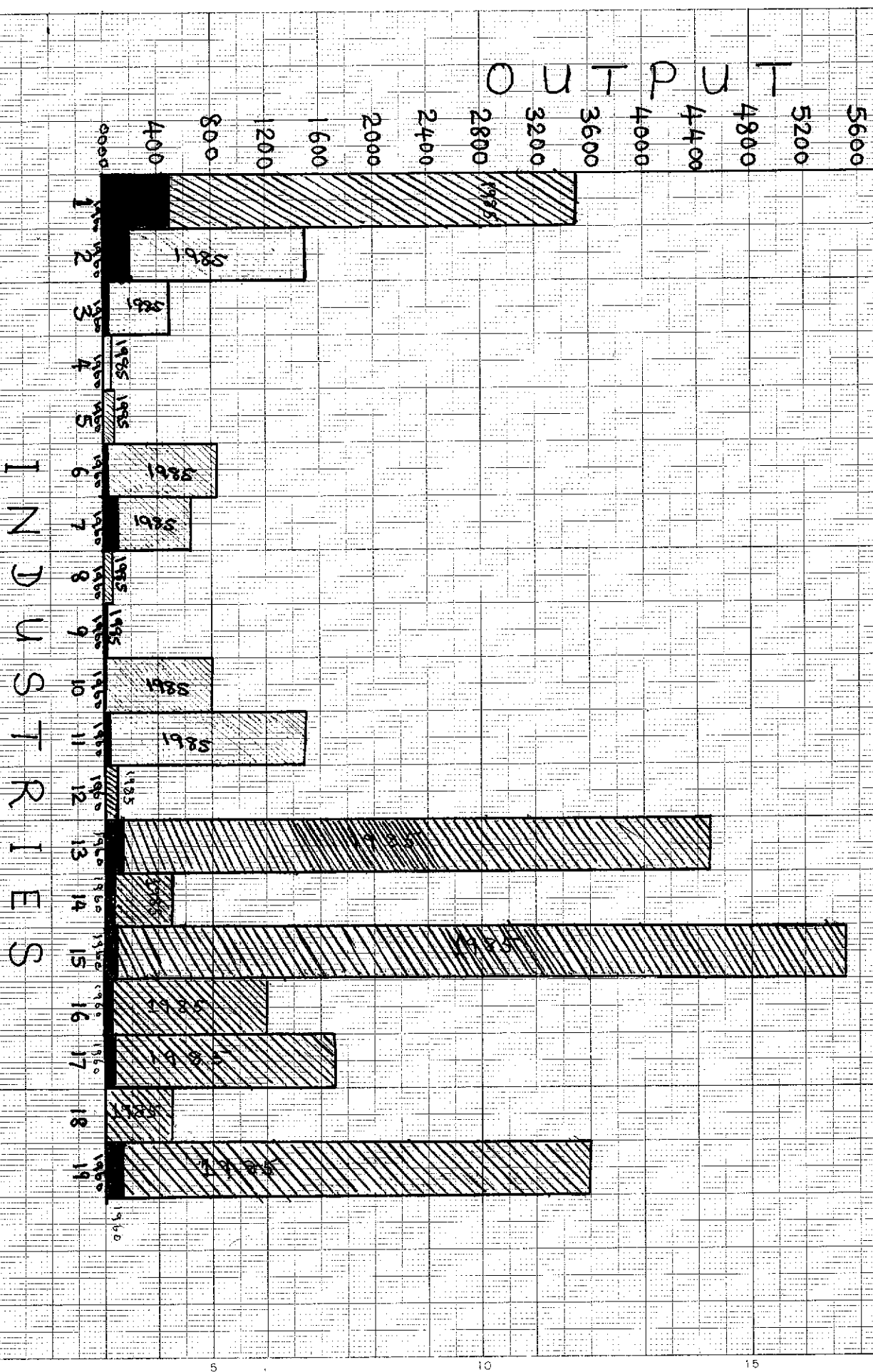
No.	Industries	1960	1985	% Change
1.	Asbestos Cement**	500	3500	600
2.	Bicycle Assembly****	200	1500	650
3.	Brewing***	40	500	1150
4.	Ceramics, Clays, Pottery****	5	60	1100
5.	Concrete, tile****	8	75	387
6.	Flour and Feed milling**	100	850	750
7.	Industrial Gases*	90	650	622
8.	Metal Fabrication****	8	72	800
9.	Motor Vehicle Assembly****	-	2	200
10.	Paper conversion and products**	20	800	3900
11.	Printing and stationery**	45	1500	3233
12.	Radio and T.V. Assembly****	5	90	1700
13.	Textiles*****	100	4500	4400
14.	Tire production and Retreading ****	2	500	24900
15.	Paper milling**	100	5500	5400
16.	Petroleum refinery*	45	1200	2566
17.	Sugar refining**	100	1700	1600
18.	Electronics Industry****	-	500	500
19.	Pulp and paper Industry**	120	3600	2900
		1308	25749	

* Barrels
 ** tons
 *** liters
 **** Numerical
 ***** meters

Source: P. Okigbo. Economic Survey of Nigeria. Ministry of Economic Development: Annual Report. 1980. Federal Office of Statistics Official Gazette 1985.

HISTOGRAM SHOWING GROWTH OF INVESTMENT IN NIGERIAN INDUSTRIES IN 1985 OUTPUT - (1000)

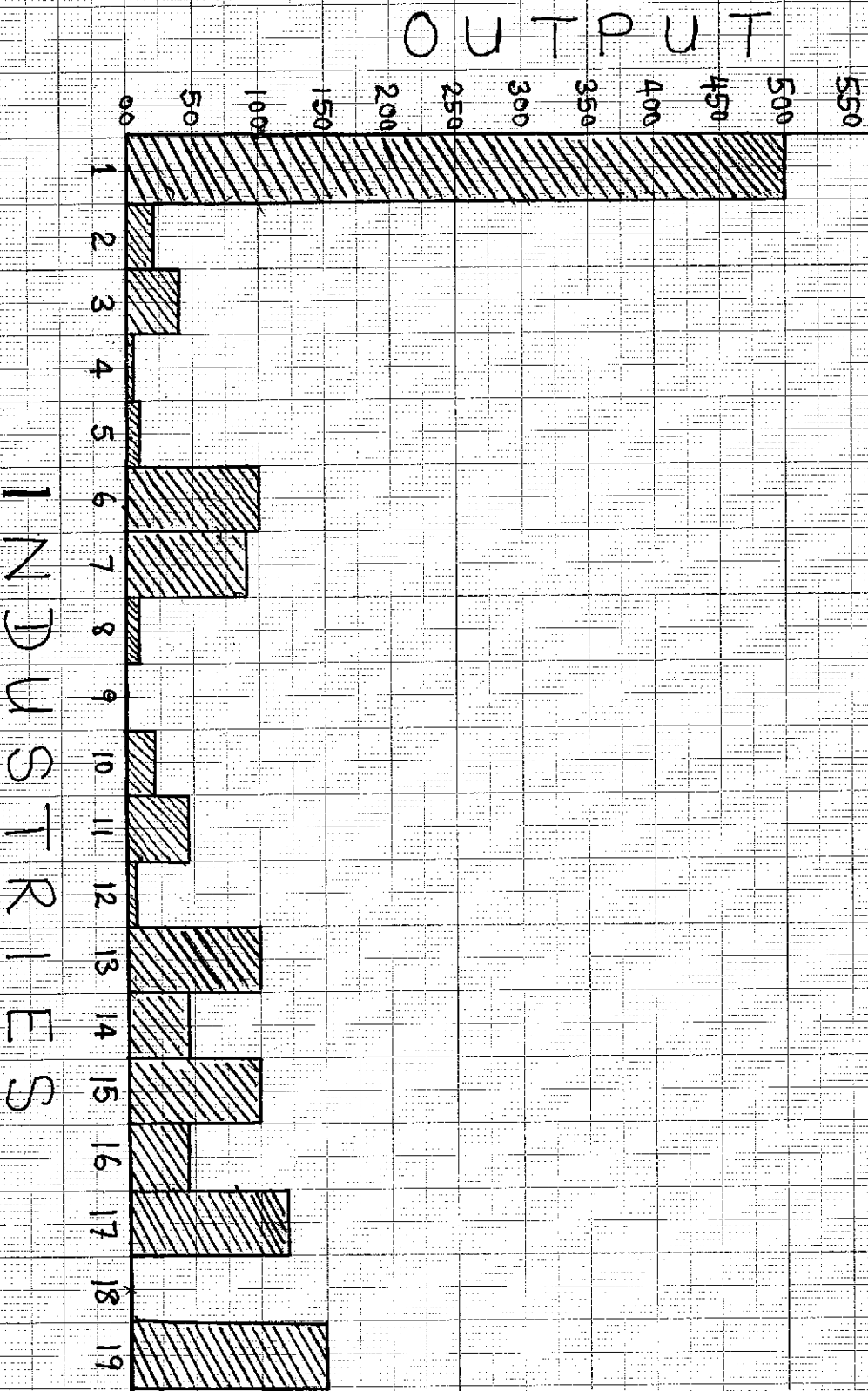
SCALE USED:- 1 cm = 400 UNITS IN Y-AXIS



HISTOGRAM SHOWING GROWTH OF INVESTMENT IN NIGERIAN INDUSTRIES IN 1960

OUTPUT - (10000)

SCALE USED :- 1 CM = 50 UNITS IN Y-AXIS



EXPLANATORY NOTE ON THE GRAPH, HISTOGRAM
OF GROWTH OF INVESTMENT IN NIGERIA

1. - Asbestos cement
2. - Bicycle Assembly
3. - Brewing
4. - Ceramics, Clays, Pottery
5. - Concrete, tile
6. - Flour and Feed milling
7. - Industrial Gases
8. - Metal Fabrication
9. - Motor Vehicle Assembly
10. - Paper Conversion and products
11. - Printing and Stationery
12. - Radio and T.V. Assembly
13. - Textiles
14. - Tire production and Retreading
15. - Paper milling
16. - Petroleum refinery
17. - Sugar refining
18. - Electronics Industry
19. - Pulp and paper Industry

THE CONTRIBUTION OF NEWLY DEVELOPED
INDUSTRIES TO THE NATIONAL OUTPUT AND EMPLOYMENT

The Nigeria government has always have a strong desire to enlarge its relatively limited industrial sector, simply because the government put forth rapid, large-scale industrialization as the panacea for Nigeria's economic ills in general, and for her employment in particular. Thus, the government believes that in addition to its attestation as a demonstration of her economic independence, and its importance as a symbol of national distinction, industrialization has a leading role to play with respect to internal development.'

It is now very certain that the establishment of modern industries have helped solve the nation's unemployment problem as more industrial facilities have created more jobs. With the establishment of these industries, Nigeria can now boast to be able to produce certain items in the country. The production of salt, glue, starch, electric storage batteries, alcohol, fertilizers, papers and produce bags are now living realities. As a supplement to these industries, there were opportunities created in other sectors of the economy. For instance, the steel mill entailed the opening of an iron mine at Lokoja, a limestone quarry at Itobe, the expansion of production in the Enugu coal fields, as well as the exploitation of lignite at Asaba. Construction, transportation, and other service industries were also benefitted by the introduction of this facility.

'Federal Ministry of Trade and Industry. Annual Report. 1980, Lagos. Nigeria.

Thus, the creation of some thousands of new industrial jobs since Nigeria attained independence have had greater ramifications on the overall employment situation than would have been the case if these industries were not established.

With the growth of Nigerian industry the country has profited by the introduction skills (previously foreign) to the majority of both labour and indigennous management. Moreover, the provision of administrative jobs outside the civil service assisted in the development of the professional class. Indeed, it was from these industrial practitioners that the manufacturing entrepreneurs of today and tomorrow will arise.

Industry acts as a vehicle to bring new jobs and skills to Nigeria; concomitantly, it diversified and strenghtened her economy. Nigeria is supplying an ever increasing proportion of the domestic demand for such commodities as cotton, sugar, tobacco and rice and the products derived from them. Furthermore, Nigeria is exporting higher grade produce, augmenting her export list, and progressing beyond the early stages of the processing of her raw materials. There may not be an over-all net saving in foreign exchange, but that exchange that is earned and saved will better enable Nigeria to meet the evolving demands of her people and some of the capital costs of development.

In expanding, industry is also serving other purposes. It is improving the general level of nutrition, The growing dairy industry in Vom and Lagos, for example is benefitting many of Nigerian children. Industrial establishment is spurring economic development throughout the country as was demonstrated in the cement case study.

It is not an overstatement that the remarkable growth of the Nigerian economy before the civil war, as well as the quick recovery from the ravages of the civil war was in no doubt attributable to the numerous industries in Nigeria. Accounting for over 90 percent of total government earnings, the industrial sector became the main engine of growth for the economy. It is therefore not surprising that these industries continue to be a discussion topic in Nigerian dailies and magazines. The history of the Nigeria industry seems immemorial, but actual reckoning of events date back to 1960 when Nigeria attained independence. From a modest beginning earning of few millions dollars in 1960 the Nations earnings have climbed steadily to several billions of dollars in its industries. Apart from this and other direct benefits, there are already pysical signs of economic activity quite apparent at the kev industry centers of Nigeria. Further contribution of newly established industries to the Nigerian economy are as follows.

One of the most important direct contributions of these industries to the Nigeria's economic development is the revenue that accrues to the federal government. Under the present manufacturing law, the federal government collects taxes from these industries. Their contribution to balance of payments have ecually been impressive. For example, in 1974, exportation of the products of the small industries was N536 million. In terms of foreign exchange inflow, some of these industries (foreign owned) bring in foreign exchange to settle their liabilities with the federal government of Nigeria as well as for payment for local goods and services. The Nigerian government uses these not only to import goods and services but also for setting

up infrastructure.

At the macro-level, these sector contribution can be assessed from their contribution to the Gross Domestic Product (GDP). Industry share in total GDP in 1960/61 was only 17 percent. But for the 1984/85, the government realized ₦6552.3 million from the industrial sector. Apart from the direct gains, there are other indirect gains. The concentration of economic activity in certain major towns tend to attract other ancillary industries such as hotel and catering service. Apart from the revenue, participation in industrial operations gives the nationals on-the-sport training.

The new industries have been the main engine of growth of the Nigerian economy. They have either helped directly or indirectly in the modernization of Nigerian cities. For instance the transformation of the capital, Lagos from a medium-sized colonial town into a US-style modern city dominated by skyscrapers, six-lane elevated highways and the biggest port in Africa. The efficient network of highways with accompanying ribbon development are the indirect results of Nigeria's newly developed industries.

CONTRIBUTION IN INDUSTRIAL DEVELOPMENT

Nigeria has made an impressive success in the industrial sector with the backing of the pioneer industries. Self sufficiency has been achieved in the local production of various consumer goods which previously had to be imported from overseas markets, and at the same time a reasonable base has been gained in the international export market for some of the Nigeria's Products. With the adoption of institutional framework to promote mixed economy, Nigeria has been recording an average

annual growth rate of 9.5% in the manufacturing sector, which is quite a spectacular achievement considering the short time since independence. This is attributed to the success of the industrial policies pursued by the government.

It is worth noting that in 1960 there were only few factors and that Nigeria imported 70% of its requirements for consumer goods. The successful industrial policies followed by the government to build an earlier industries have made it possible for the country to reduce its imports of consumer goods to less than 20% of her total imports. Nigeria has therefore achieved self-sufficiency in a number of industrial products. Employment in the manufacturing sector has also recorded an equally spectacular growth in that the number of industrial employees have risen considerably. The growth and expansion of the manufacturing sector has also been indirectly responsible for generating employment opportunities in the other sectors of the economy, like communication, transport, building, banking, insurance and trade. The level of industrial production in quantitative terms has increased four-fold since 1960.

This increased level of output from the industrial sector has to find markets. It has been established that about 10% of the total industrial output is exported annually. Through a coordinated investment programme between the government, the private sector and international bodies, Nigeria is self-sufficient in sugar. The seven sugar mills in the country now produce 800,000 tons of sugar compared to less than 160,000 produced in 1962. The projects have also generated income opportunities to a large number of rural small holders as well

as saving the country foreign exchange. In textiles, the country is now able to meet 85% of the local demand, while it has achieved commendable production in plywood, timber, paper and pulp. The development of the paper mills has achieved self-sufficiency and proved a used source of foreign exchange earnings.

THE ROLE THE INDUSTRIAL GROWTH HAS PLAYED IN
STRENGTHENING THE ECONOMIC AND OVERALL GROWTH IN THE
COUNTRY

In approaching the role the industrial growth has played in strengthening the economic and overall growth in Nigeria, the conventional focus would be to concentrate on the scale of production, assessing the contribution of newly established industries of these industries. The role of these industries, and the case typically stated as follows.

"The promotion of this form of industry lessens the need for foreign enclave enterprise. In contrast to concentration in a few cities with its implication of urban unemployment and political unrest, these industries can be geographically decentralized, creating many islands of development. The small industries will provide a training ground or stepping stone to larger scale enterprises. The industries will tap talent savings and skills that could not otherwise be mobilized. Because some of these industries entail labour-intensive technologies for a given amount of capital both employment and output will be larger."

Several of these propositions above stood up to the empirical test. To the extent that these industries are financed by foreign investment and the Nigerian government, they represent a substantial gain in output and employment. The industries more positive role in contributing to long run growth was to

'The Nigerian Journal of Economic and Social Studies. 1970. Ibadan, Nigeria.

produce an increasing number of firms that grow up and out of these industries. The emergence of these industries was to be a prerequisite for Nigeria bold steps at industrialization. Consequently, the newly developed industries have helped to transform the Nigerian economy to an unprecedented level, by increased agricultural production, improving the balance of payments, serving as an aid to economic development, as a spring board for new investments as well as other viable projects.

TRANSFORMATION IN AGRICULTURE

The story of agricultural production in independent Nigeria is of the transformation from traditional to modern methods. Since the first five years plan started in 1961, growth in agricultural production followed traditional lines. Increases in agricultural production were sought through bringing additional areas under cultivation, extending irrigation facilities, the use of improved varieties of seeds as available at that time, better techniques of sowing and fertilizer application. But with the advent of newly established industries, and the mechanization programme introduced, things have changed drastically. For instance, food stuffs production in Nigeria reached a record level of 151.50 million tonnes in 1983-84. Production in 1984-85 was expected to be marginally higher or around the same level.

New records were achieved in 1983-84 in the production of rice and beans. Oil seeds, peanut, cocoa, rubber, also exceeded the previous peak levels. 1984/85 also saw further increases in the production of these crops, all in direct response to the present mechanization brought about by the new industries.

Expansion of areas under high yielding varieties has been an important factor in the increased agricultural production. This increase in area under HYV was particularly marked in paddy for rice production. The performance of Nigeria agriculture since the introduction of modern methods of farming has been impressive as the table below indicate.

TABLE IV

AGRICULTURAL PRODUCTION

<u>Crop</u>	(million tonnes/bale)		
	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>
Rice	53.25	57.12	59.77
Bean	37.45	42.79	45.15
Cassava	11.51	12.86	14.65
Groundnut	7.22	9.86	11.60
Sugar cane	186.36	189.50	196.74
Cotton	7.88	8.63	9.56
Oil seeds	12.08	14.11	16.14

Source: Federal Office of Statistics. Official Gazette 1984. Lagos Nigeria.

NEWLY ESTABLISHED INDUSTRIES AS AID TO
ECONOMIC DEVELOPMENT

Twenty-five years ago, Nigeria could be classified in almost every way as underdeveloped. But with the advent of these industries, the picture has changed. Today, Nigeria has been fortunate enough to make major strides in all areas of development. Since the government started to establish these

industries, Nigeria has enjoyed a dramatic rate of growth in its official reserves which increased at an average rate of 5% annually between 1970-79. Over the years, the results of Nigeria newly established industries have become apparent, with a wide spectrum of other industries ranging from aluminium to cement, explosive to pharmaceuticals, and steel fabrication to food, providing a useful export surplus to help boost further the industrial sector.

The achievements in Nigeria's industrial sector since newly established industries have included the completion of the Kaduna refinery; the Aladja steel industry, and other gigantic projects that have helped to propel Nigeria as a country to be reckoned with in industrialization. Furthermore, the balance of payments on current account jumped from N1.5 million in 1966 to about N5 million in 1975. In addition, inflation seasonally adjusted for a time (though later went up) because of the effect of these newly created industries.

NEW INVESTMENTS AND DEVELOPMENTS

The newly established industries have triggered more new investments that will further help develop the economy of Nigeria. Because of the revenues from earlier projects, and for the fact that the newly established industries have served as springboards for others, the Nigerian government is now either undertaking or planning to undertake more projects.

Large scale projects to be launched or already going on include the widening of the 928km north-south expressway, the construction of a N450m mass rapid transit system to ease Lagos burgeoning public transport systems, a N50m modernization plan

for Nigeria's railways, the construction of the new Tin-can Island Port to release pressure on Apapa Port; and the building of new airports in all states capital.

Chapter 4

CONCLUSIONS, RECOMMENDATIONS AND SUMMARY

In the foregoing chapters, comprehensive survey of industrialization as well as its characteristic problems based on facts and figures was presented. It will be useful, however to draw some conclusions which may find support, or may need to be modified as more such studies are undertaken. This conclusion is based on an assumption, which is, if we assume that the next decade will not see coup d'etat, secession or any other such drastic event that would basically effect the fabric of the federation as it is seen today, then Nigeria will continue to enjoy its present stage of industrial development. Nigeria has abundant trained managers, a limited effective demand for most industrial products and enough development capital. Nigeria does possess many useful natural resources, a fairly adequate infrastructure, a willing labour force, and governments that are actively promoting industry. Nigeria will continue to direct the energies of her people toward the modernization of newly established industries.

A number of problems that affect Nigeria's economy as whole have been pointed out. They contribute to the description of the project setting, and relate, if not always directly, to the establishment of industry. Looking into the future, there appears to be substantial evidence that modern industries will continue in their recent growth. But a general barrier to its acceleration will be the high cost of conduction operations in Nigeria in contradistinction with the more advanced countries.

In sum, it is more than likely more manufacturing and industries will commence in Nigeria during the 1990s. This will result from among other factors, the nature of the nations resources, her disposition and investment. These activities will help revamp the economic ailment, and again set Nigeria on the road to recovery.

RECOMMENDATIONS

The Nigerian economy in the past 25 years has been transformed from an agrarian subsistence agriculture to a budding industrial giant, on the verge of take-off, but there are certain flaws which if corrected will provide impetus for further economic development. Nigeria's independence coincided roughly with the discovery of oil in commercial quantities. Thereafter, oil continued to dominate the economy and when the price of oil fell, the nation was almost rocked to its very foundation. The ugly experience of Nigeria in the last four years calls for diversification into other sectors which could generate export revenue in the medium to long-term ranges. I suggest that the government should give high priority to pursuing a liquefied natural gas project. Other potential lies in cash crops, such as groundnuts, cotton, palm oil and kernel, for which Nigeria was once famous. This economic restructuring from my own point of view will yield the desired fruits.

I do recommend that Nigeria should explore other ways of raising additional revenue to reduce reliance on the vagaries of the international oil market. Unfortunately, successive governments in diversification of revenue has not gone beyond mere rhetoric. The half-hearted attention paid to this impor-

tant issue has been largely responsible for the serious economic recession facing Nigeria now. Nigeria should give the exploitation of gas a serious consideration, because gas is in high demand worldwide. This is where some third world countries like Mexico, Argentina, Pakistan and Algeria derive revenue from. Apart from gas, there are other areas open for exploitation. Some of them are Uranium, lead, zinc, gold, silver, lignite phosphate and cassiterite. These minerals would if exploited will help revamp the economy.

Furthermore, deliberate efforts should be made to further revitalize the agricultural sector. In addition to the operation feed the nation (OFN) and Green Revolution, the government should get to the grass roots by providing peasant farmers with up-to-date machineries and equipments. On the Green Revolution project itself, the government should pay attention to the significant relationship between the amount invested and the harvest from the farms in order to check mismanagement. In an attempt to set up, and be given definite targets to be met within stipulated dates. This is to make Nigeria regain her position as a major exporter of the cash crops in the world.

Another area of revenue that needs to be properly harnessed is industrialization. Most of the industries are not operating at full capacities because of the lack of raw materials as the government is emphasizing the utilization of local substitutes raw material. This should not be so. Though I realize the need for using local substitutes, I must state that it takes a lot of time and research to develop them. Before the nation's researchers come with suitable local substitutes for the imported raw materials, the government should allow industrialists to import raw materials to enable the local industries operate

at full capacities. For nation-wide industrialization and adequate utilization of resources in the rural areas, hitherto neglected, the government should provide the necessary infrastructure. To help these infant industries to attain growth, the people should be encouraged to buy locally made goods. Foreign goods should not be allowed to compete with these local industries while dumping should be thoroughly checked.

It is desirable to have national policy on the development of rural farm-to-markets roads. So, Nigeria policy makers must without further delay, set in motion the necessary machinery for the formulation and implementation of such policy. I suggest that matching grants be made available to help local communities construct new farm-to-market roads. Rural communities embarking on such projects should be requested to apply to the Federal Ministry of Works with evidence of funds already generated from local contribution. The Federal Government would then provide matching grants to such local contributions and send its high way engineers to ensure the effective utilization of such funds. This policy if implemented would combat inflation on the rising tide of food prices, and also help reduce the acute shortage of local foodstuffs now bedevilling Nigeria.

There is no gain-saying, the point that rural areas have been neglected in favour of the urban centres in terms of development. This has resulted to poor quality of life in rural communities. The government should therefore, make conscious efforts to change or at least modify, this age-long discriminatory policy, by ensuring some distributive equity between the rural and the urban centres. Rural agriculture should be accorded priority position in Nigerian National and State Development plans. Improved rural

agriculture will, no doubt, provide employment for Nigeria present army of unemployed and reduce the present alarming rate of rural-urban drift.

This measure will help to provide more food, raise the rural income level as well as provide the industries with the necessary raw materials. Further, the nation will be able to realize the much-needed foreign exchange from the export of some agricultural products. To be able to achieve the above stated goals, the government needs to adopt a multi dimensional approach to Nigeria's rural development policies and plans. This will improve taking action on several fronts simultaneously in an intergrated manner to break the vicious circle of rural poverty and underdevelopment. Such an intergrated approach will aim at modernizing rural agriculture, setting up more industries and providing other basic infrastructures and social amenities such as electricity. pipe-borne water, good roads, eductional and health services.

It is necessary for special emphasis to be laid on agricultural development projects, feeder roads, health centres, rural electrification, and setting up of small scale industries, so as to improve the quality of life of the rural people. The provision of these infrastructures are the basic indicators used for measuring economic development of any given country. Their availability stimulates the springing up of medium-scale industries which have been lacking in the rural areas for a long time.

These medium-scale industries must be both labour and capital intensive. In the implementation of the scheme, special consideration must be given to those projects that mutually reinforce one another.

Perhaps, Nigeria may borrow a leaf from the Tanzanian experiment where the policy of Ujamaa recognized rural integrated development as the basis of self-sufficiency and economic development. Nigeria may also learn from the experiences of China, where rural agriculture provides a strong bedrock for the economy. Similarly, Nigeria may consider the experiments in the Soviet Union and other East European countries where there have been relocation of industries and the development of new regional programmes as efforts to enhance the economic viability of the rural communities and influence migration from the cities to the country-side.

For the effective implementation of the rural development plans and the achievement of rural progress, it is necessary that a National Commission on rural development be set up in Nigeria.

My other recommendation to further boost the economy of Nigeria is that the Federal Government should stop awarding scholarships to Nigerian student to study abroad, because in my own opinion the present universities in the country can serve the best purpose for which millions of dollars are being spent for abroad.

The government should borrow a leaf from countries such as India and Japan who are proud of millions of their home universities products without referring to British or American trained professionals. It is my opinion that millions of Doctors, Lawyer, Scientists in various degrees could be trained more qualitatively than abroad. In addition to this, the government should encourage technical education that are in high demand in the country.

Moreover, the federal and state governments must pay attention to the development of tourism and other revenue generating sources which have been inadequately exploited. Among these are taxes, fees and tolls collection. The government should ensure that all the registered companies, firms industries duly comply with the tax reform laws.

In my final recommendation, I would say that no matter the revenue generated in Nigeria, the impact on the life of the average Nigerian will be negligible unless something urgent is done to corruption in high places and enthrone probity in all facets of the nation's life. To save the nation from the suffocating economic ailment, the government should take concrete steps to diversify the economy, take other necessary actions to reduce the outflow of cash leaving the country and to stress on technical education, as well as curtailing the mass exodus of Nigerians to oversea institutions.

SUMMARY

Nigeria since attaining independence in 1960 has been harnessing her resources for the benefit of her people. To this end, the specific objectives of the various governments have been the need for greater self-reliance - that is, increased dependence on our resources in seeking to achieve the various objectives of the society.

Agriculture has always been the most important single activity in the Nigerian economy. About 70 percent of the total working populations engaged in it, producing yam, cassava, plantains, rice, beans sugar cane, cocoa and a host of other. The agricultural policy of both the federal and state government is

to increase agricultural output substantially as a weapon against malnutrition and a means of improving the standard of living of every Nigerian. Much money has therefore been spent in providing farmers with fertilizers, pesticides and other agricultural inputs at heavily subsidized prices. In addition, tractor hire services and land development schemes are being expanded at government expense as an additional contribution to agricultural production. The Nigerian agricultural and Cooperative Bank has been established to grant loans to farmers. Priority has been given to food crops, fisher, poultry, beef and dairy in various parts of the country. Bold schemes for storage facilities have been launched in every part of the country. A new scheme, the Green Revolution, has been launched for the promotion of agriculture, so that the country can achieve self-sufficiency in agricultural production in the quickest possible time.

In the industrial sector, there are well over 2000 establishments in Nigeria. These contribute substantially to the Gross National Product. In order to reduce the nation's reliance on external resources, there is a policy that ban or restrict the importation of produces which can be manufactured in the country.

The country hosts a lot of industries for the manufacturing of different needs. A good example is the pulp and paper industry established to cater for the needs of local publishers. Nigeria is widely recognized to have the best roads in Black Africa, and in the cities there are fly-overs, turnaround that give the nation a good look.

The establishment of the Iron and Steel industry received attention in the nation's bold step towards industrialization. Considering the increasing demand for steel, the availability of iron ore and coal in the country, and the importance of steel industry as a leading factor in rapid industrialization the government decided to accelerate the establishment of suitable iron and steel plants in the country. The foundation stone for the Delta Steel project was laid in 1979, while construction work has been intensified on the infrastructural requirements for the Ajaokuta blast furnace steel plant.

Great effort is also being directed towards the development of the liquefied natural gas, fertilizer and other petrochemical industries. The manufacturing industry has moved steadily away from the production of light consumer goods to the substitution of a wide range of other formerly imported goods.

In order to provide additional finance to industries in Nigeria, the Federal Government has established Banks and Financial institutions. An example of such financial institutions is Industrial Development Bank (NIDB). The primary role of the NIDB is to provide medium and long-term loans and sometime equity investments to new and expanding industries.

Nigeria as a developing nation is seeking growth and modernization within the organizational framework of a mixed economy in which both the public and private sectors play significant roles. The state as the sector partner in the task of development provides the general direction to economic activities in the nation by laying down the foundations of growth through investment in social and economic infrastructure such as roads,

railways, airlines and numerous commercial and industrial institutions. The private sector complements this effort by building on these foundations and making productive use of goods and services in all sectors of the economy.

Successive five year development plans have reaffirmed the long-term objectives of the nation which includes expansion of the economy with equitable sharing in its benefits and intergration of national economy. Apart from seeking overall growth, government policy has been aimed at the alleviation of manual industries. It is the improvement and proliferation of this goal to which Nigeria is irrevocably committed.

APPENDIX

INVENTORY OF MAJOR NIGERIAN MANUFACTURING INDUSTRIES:
IN OPERATION, UNDER CONSTRUCTION, OR PROPOSED - DECEMBER 1985.

1. Asbestos Cement

- a. Ikeja - Asbestos cement products (Nigeria) Ltd.
In production since March, 1961.
N1,200,000 initial capital investment and N700,000 expansion.
- b. Emene - Turner's Asbestos Cement (Nigeria) Ltd.
In production since April, 1963.
N3,000,000 investment

2. Brewing

- a. Kaduna - Nigerian Breweries Ltd.
In production since 1963.
N2,000,000 initial investment plus N3,000,000 expansion.
- b. Ikeja - Guinness (Nigeria) Ltd.
In production since 1962
N5,000,000 investment
- c. Independence Brewery Ltd.
In production since November, 1963.
N3,000,000 investment
- d. West African Brewery Co. Ltd.
In production since April, 1964.
N5,000,000 investment.

3. Cement

- a. Nkalagu - Nigerian Cement Company Ltd.
In production since 1964.
N9,000,000 investment.

- b. Ewekoro - Nigerian Portland Cement Ltd.
 - In production since December, 1960
 - ₦10,000,000 investment
 - c. Port Harcourt Portland Cement Co. Ltd
 - In production since 1961
 - ₦3,000,000 investment
 - d. Kalambania Cement Company Nigeria Ltd.
 - In production since 1965
 - 8,000,000 investment
 - e. Apapa- Anglo Cement Co. Ltd
 - In production since 1963
 - ₦5,000,000 investment
 - f. Apapa - Lagos Cement Works Ltd.
 - Under construction. Production scheduled for 1986
 - ₦6,000,000 investment
4. Ceramics, Clays, and Pottery
- a. Ikeja - Clay Industries (Nigeria) Ltd.
 - In production since 1963
 - ₦1,000,000 investment
 - b. Isieke-Iheku Clay Industries Ltd
 - In production since 1961
 - ₦1,500,00 investment
 - c. Ikorodu Ceramics Industries
 - In production since 1964
 - ₦1,800,000 investment
5. Industrial Gases
- a. Apapa Industrial Gases of Nigeria Ltd
 - In production since 1961
 - ₦3,000,000 investment

- b. Emene - Niger Gas Ltd
 - In production since 1962
 - ₦4,000,000 investment
- c. Port Harcourt Gas producers Ltd
 - In production since 1960
 - ₦1,500,000 investment
- d. Apapa Chemical Industries Ltd
 - In production since 1963
 - ₦5,000,000 investment
- 6. Motor Vehicle Assembly
 - a. Apapa - Niger Motors Ltd
 - In production since 1961
 - ₦4,000,000 investment plus ₦3,000,000 expansion
 - b. Peugeot Assembly of Nigeria
 - In production since 1974
 - ₦35,000,000 investment
 - c. Volkswagen Assembly Plant of Nigeria Ltd
 - In production since 1972
 - ₦30,000,000 investment
 - d. Ford Motor Co. Proposing to establish assembly plant
in Lagos.
- 7. Paper conversion and Products
 - a. Apapa - Nigerian paper converters
 - In production since 1962
 - Producing toilet paper, index cards, folder files
 - b. Apapa Nigerpak Ltd
 - In production since 1962
 - ₦1,500,000 investment plus ₦1,000,000 expansion

c. Ikeja Conversion Co. (Nigeria) Ltd

Under construction

d. Apapa - Bordpak Ltd

₦10,000,000 investment

Construction due to start in late 1986

8. Textiles

a. Ikeja - Nigerian Textile Mills Ltd

In production since 1962

₦5,000,000 investment

b. Aba Textile Mills Ltd

In production since 1964

₦17,000,000 investment

c. Onitsha Textile Printers of Nigeria Ltd

In production since 1970

₦15,000,000 investment

d. Kaduna Textiles Mills

In production since 1961

₦6,000,000

e. Asaba Textile Mill

In production since 1965

₦9,000,000 investment

f. Kaduna - Arewa Textiles Mill

In production since 1966

₦4,000,000 investment

9. Tire Production and Retreading

a. Ikeja - Dunlop Nigerian Industries Ltd

In production since 1962

₦7,000,000

b. Port Harcourt - Michelin (Nigeria) Ltd.

In production since 1962

₦6,000,000 investment

10. Paper Milling

a. Jebba Nigerian papers Mills, Ltd

In production since 1971

₦9,000,000 investment

b. Kwara Papers Mills Ltd

Being proposed.

c. Ikeja Paper Mills Ltd

Under construction

₦30,000,000 investment

11. Petroleum Refining

a. Alesa - Eleme Petroleum Refining Co. Ltd

In production since 1960

₦20,000,000 investment

b. Kaduna Refinery Nigeria Ltd

In production since 1974

₦80,000,000 investment

c. Warri Refinery Nigeria Ltd.

In production since 1975

₦45,000,000 investment

12. Sugar Refining

a. Bacita Sugar Co. Ltd

In production since 1964

10,000,000 investment

b. Enugu Sugar Co. Ltd

In production since 1972

₦15,000,000 investment.

13. Printing and Stationery

- a. Aba - International Press Co.

In production since 1960

N1,000,000 investment

- b. Ibadan - Caxton Press Ltd

In production since 1961

N1,500,000 investment

- c. Victoria Island Press Ltd

In production since 1966

N3,000,000 investment

14. Metal Fabrication

- a. Port Harcourt - Nigerian Aluminium products Ltd

In production since 1960

N1,500,000 investment

- b. Port Harcourt - Aluminium of Nigeria Ltd

In production since 1963

N3,000,000 investment

- c. Jos - Berry Hiu (Nigeria) Ltd

In production since 1964

N3,400,000 investment

- d. Apapa Steel structures Ltd

Under construction

N5,000,000 initial investment

15. Iron and Steel Industry

- a. Ajaokuta Steel Industry

In operation since 1982

N50,000,000 investment

- b. Aladja Steel Industry

In operation since 1983

N60,000,000 investment.

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