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## Extending Credit Frontiers for Women In Minna

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### Abstract

Access to credit is an important factor in enhancing the wealth creation of individuals, yet one requirement of modern banking which marginalizes the poor, especially women is the traditional issues involve such as the issue of security of loan and collateral. There is growing realization that poverty ratio could be growth neutral because of existence of exploitative tendencies in the social, economic and political relationship in the developing economy (Lind, 1997). Women lack access to various credit facilities and production resources within the economy (NAPEP, 1999). The aim of this study is to assess the credit opportunities available in which the women explore so as to obtain credit assistance for their micro enterprises in Minna. Two major types of data were collected for the purpose of this study; it includes: the primary data and secondary data. The study revealed that there are available frontier credit providers in Minna, and the numbers of them include the cooperative societies, community development organizations, thrift collectors, non-governmental organizations and money lenders. The cooperative societies provide the chunk of loans to women for micro enterprises in Minna, in which make to get engaged in businesses like; trading, medium size trading, hairdressing, tailoring, knitting, pottery, food vendor to mention few. In all the study however certified that, the extending credit frontiers available for the women are informal in nature. These informal financial institutions provide loan to micro entrepreneurs who are majorly women and therefore recommend that the Government should reform its policies (economic and social policies) which to have direct support to women and urban poor, so as to have direct access to credit facilities.

**Key Words:** Credit, Women, Financial Institutions, Business and Government.

### 1.0 Introduction

Access to credit is an important factor in enhancing wealth creation of individuals, yet one requirement of modern banking which marginalizes the poor, especially women is the traditional issues involved such as the issue of security of loan and collateral. The majority of Nigerian women like in most of the developing countries have to depend on informal sources for many of their credit requirements. There is growing realization that poverty ratio could be growth neutral because of existence of exploitative tendencies in the social, economic and political relationship in the developing economy.

Among the many constraints faced by women in developing countries, one that has attracted the attention of many policy-makers is the inability of women to secure credit for income generation activities (Harold et al, 2006). The broad objective of development in Nigeria is to raise the standard of living of all Nigerians in a sustainable manner. Considering the poor status of the inhabitants or the urban areas which women took the major percentage of them, the problems have been seen unresolved due to the kind of business and the access to credit facilities, looking through the structure of business they got them selves engaged, which is informal and they are unlikely to generate modest growth within the economy and for their sustenance.

The report of NAPEP (1999), observes the fact that women lack access to various credit facilities and production resources within the economy. The past effort of the Federal Government of Nigeria involved the creation of micro credit scheme, which serves as the cardinal interventions programme of the Government of Nigeria, to create Micro Finance Institutions (MFIs), as to extend credit facilities to poor especially women. In the expansion procedure of credit to womenfolk, there are some pertinent questions that need to be considered such as: what have become the micro financial institutions, how accessible are

these institutions to adequate funding, and what the barriers are, and how it's affecting women from accessing the credit, how the social and economic status affects the credit facilities.

The aim of this paper is to assess the sources of credit opportunities available for women for development of small scale business or micro enterprises. In other to achieve the started aim, the following specific objectives are; identify various lending related women credit organizations in Minna, determine the level of women group participation in micro enterprises, identify various micro financial institution available to women in Minna, examine the impact of these micro credit institutions on businesses of women in Minna.

## 2.0 Study area

Minna lies on latitude 9°37'N and 6°33'E on geological base of undifferentiated basement complex of mainly gneiss and magmatite. The North Eastern part of the town is a more or less continuous steep outcrop of granite which occurs and limits any urban development in that direction (Minna Master Plan, 1979). Minna is bounded to the North by Shiroro Local Government, in the East by Muyan Local Government, to the West and South by Bosso Local Government and to South-East by Paikoro Local Government. Minna is approximately about 163km from Federal Capital (Abuja). Minna covers about approximately 1000 hectares of land (Minna Master Plan, 1979).

## 3.0 Literature review

Micro finance is the provision of credit, savings and other financial services to micro entrepreneur and low-income borrowers. It is about providing financial services to the poor who are not served by the conventional formal financial institutions that is extending frontier of financial services provision (NAPEP, 1999). Microfinance as a development tool- people living in poverty- like every one else need access to diverse range of financial services; including loans, savings services, insurance, and money transfer. Access to financial services enables the poor to increase income and smooth consumption flows, and thus expand their asset base and reduce their vulnerability to the external shock that are a part of their daily existence. The availability of financial services acts as a buffer against sudden emergencies, business risk and seasonal slumps that can push a family into destitution.

Micro finance programme are currently being promoted as a key strategy for simultaneously addressing both poverty alleviation and women's empowerment (Maryoux, 1997). Where financial service provision leads to the setting up or expansion of micro-enterprises there a range of potential impacts including; Increasing women's income level and control over income leading to greater levels of economic independence Access to networks and markets giving wider experience of the world outside the home, access to information and possibilities for development of other social and political roles; Enhancing perceptions of women's contribution to household income and family welfare, increasing women's participation in household decisions about expenditure and other issues and leading to greater expenditure on women's welfare; More general improvements in attitudes to women's role in the household and community

There has however been no systematic, cross-cultural comparative study of the ways in which micro-finance programmes contribute to women's empowerment or the contexts and organizational frameworks within which this occurs. Material collated in a pilot research project coordinated by Maryoux (1997) indicated that automatic benefits to women cannot be assumed even in the most innovative programmes. Many evaluations of micro-finance programmes have assumed that high take-up and repayment levels indicate positive impact on women and have not investigated further. Nevertheless, despite the patchy nature of

information, and debates about the impact of particular organizations; it is clear that many programmes have had negative as well as positive impacts on women (Montgomery, 1996).

Targeting women is being increasingly advocated because of evidence of their higher repayment rates. However, evidence suggests that the prioritization of cost efficiency and financial sustainability may further dilute the potential contribution of micro-finance programmes to women's empowerment (Otero and Rhyne, 1994). Some researchers have expressed concerns that women's micro-finance programmes may be merely using women as unpaid debt collectors mediating between development agencies and male family member, increasing their dependency on men (Goetz and Gupta, 1996; Noponen, 1990). The overriding concern with repayment rate put further pressure on groups to exclude those likely to experience greatest problems (Hulme and Mosley, 1996; Noponen, 1990).

In some cases increased funding for large organization has led to the squeezing out of smaller organizations in the same area who may have been challenging gender subordination on a wider basis (Arn and Lily, 1992; Ebdon, 1994). The degree, to which this is a result of women's own decision to switch allegiance because of better credit terms, or because of pressure from men to get access to credit while maintaining their own power, is unclear. Long term sustainability requires both attentions to developing the skills; earning capacity and empowerment of clients and institutional learning entail substantial costs in the short term (Johnson and Rogaly, 1996).

#### 4.0 Methodology:

The information used for this study was obtained from questionnaire, verbal discussion, field survey among others. It was gotten from questionnaire asking people about the ways they started their businesses, when they started, amount invested, benefits derived so far. The questions asked was based on the responses of the women to credit availability to start up business and or expand their micro enterprises, constraints to the businesses, the opportunity to obtain loan from both formal and informal sources, ability to obtain credit from formal lending institution, the constraint to obtaining credit from formal institutions, modalities of obtaining credit from informal institutions etc.

Questionnaires were analyzed using frequency table, Histogram and Pie chart. This analysis present the researcher with opportunity to understand the situation of thins and regression model was also employed to verify hypothesis set up. The secondary data give the basic knowledge and information on basis of micro finance and access to credits facilities. There was also the collection of relevance data from National Population Commission, Community bank, National Directorate of Employment, Micro-finance bank. 250 women were taken as a sample size of the entire population.

#### 5.0 Discussion of Results:

Lack of access to credit is the shortcoming most frequently faced by micro entrepreneurs, perhaps because it is not most readily identifiable. According to Lawal (1996), however, the most severe constraint is material shortages. On the premises that credit is indeed the main constraint, some argued in favour of fast credit programmes: that provide only credit and quick through sample loan application procedure.

##### 5.1 Various Credit Lending women Organizations in Minna

Basically there are two broad credit lending organization in Minna generally, they are the formal and informal credit facilities providers the most common to women in small businesses in Minna are the Thrift Collector, Cooperative societies, "Adache" as called in local parlance, Community Development Organizations, Money lenders. These informal organizations are numerous but lack pre-requisite capacity to lend huge sum of money to borrowers. This new wave of credit provision institutions have evolved in recent time have

acted as intermediary between individual and community as a group. The beneficiaries of these loans have increases their income and expand their businesses. Each expansion pulls them further from the devastation of poverty.

### 5.2 The Available Micro Enterprises in Minna

The analysis of the various micro enterprises embarked upon by women in Minna as shown in Table 1.

Table 1: Micro Enterprises for women in the study area

Micro Enterprises	Frequency	Percentage
Petty Trading	53	21.0
Medium size trading	30	12.0
Provision stores	23	9.2
Tailoring	25	10.0
Hairdressing	25	10.0
Knitting	12	5.0
Pottery	30	12.0
Food Vendors	18	7.2
Hawking	12	5.0
Others	22	8.6
<b>Total</b>	<b>250</b>	<b>100.0</b>

Source: Author's Field Survey, Aug., 2008

The table indicates that the petty trading 21%, medium size trading 12%, provision stores 9.2%, Tailoring, 10.0%; Hairdressing, 10.0% Knitting, 5.0%; Pottery, 12.0%; Food vendor, 7.2%; Hawking, 5.0%; Others 8.0%. This has gone along way to indicate that they are really micro enterprises that requires little capital to start. Yet many are finding it difficult to start up business.

### 5.3 Reason for Engagement in Business Venture

Table 2 indicates the degree of engagement of women in commercial activities to enhance productivity.

Table 2: Reason for Engaging in Business Venture

Reasons	Frequency	Percentage
Support to Family	80	32.0
Women as Breadwinner	67	27.0
Additional cash flow	25	10.0
Economic depression	63	25.0
Others	15	6.0
<b>Total</b>	<b>250</b>	<b>100.0</b>

Source: Author's Field Survey, Aug., 2008

Table 2 shows that 32.0% of respondents engage in business venture to support their family resources; 27.0% of women in Minna engage in business because they are the breadwinner of their family. 10.0% of the women go into business because of the cash flow; 25.0% enters in micro enterprises because of the economic depression of the 21<sup>st</sup> century.

#### 5.4 Sources of Informal Credit for Micro Entreprises in Minna

The question of how the women obtain credit from informal sources was asked and the result is shown in figure 1

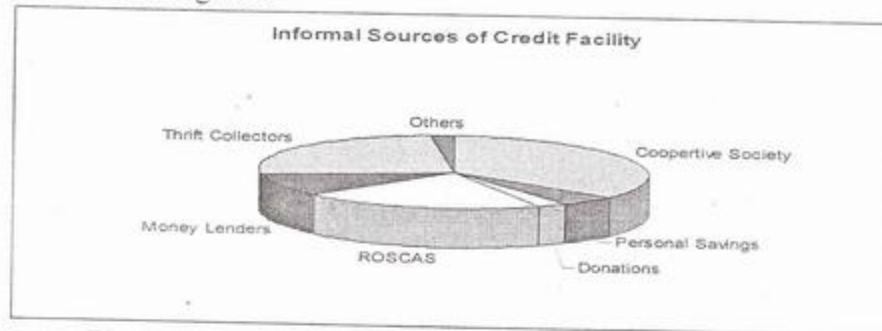


Fig. 2 Sources of Informal Credit for Micro Enterprises  
 Source: Author's Field Survey, Aug., 2008

According to Fig. 1 the study shows that 5.0% of the women in micro enterprises in Minna have personal savings to start up business, while 35.0% of them obtained credit from cooperative societies which delays the starting period of the business as they have to be a financial member of such organization for at least six months before they are entitled to apply for credit. 2.5% of the respondents agreed to the fact their businesses started with donations from relatives. 10.0% of the businesses depend on moneylenders for their operation. In the informal source; credit rotation account for 20.0% of the startup capital of many businesses in Minna. This is done through the deposit mobilization and credit allocation by town unions, social societies and cooperatives, which is known as Rotation Saving and Credit Association (ROSCAS).

#### 5.5 Access to Formal Credit Facilities in Minna by Micro Entreprises

Cash flow for credit facilities that are conventional and formal in nature were assessed and the result shown in Table 3.

Table 3: Access to formal credit facilities in Minna

Formal Institutions	Frequency	Percentage
Government agencies	38	15.2
Commercial banks	13	5.2
None of the Formal Institution	138	55.2
No response	61	24.4
<b>Total</b>	<b>250</b>	<b>100.0</b>

Source: Author's Field Survey, Aug., 2008

According to Table 3, on the accessibility of women to formal credit facilities, the government agencies account for 15.2%, commercial banks 5.2%, none of the formal institutions 55.2%, while 24.4% of the respondents have no response to the question. This implies that about 79.6% of the respondents really on informal sources for credit facilities.

#### 5.5 Membership of Cooperative Societies by Women in Minna

This shows the membership and non membership of the respondents to one or more cooperative societies in Minna.

Table 4: Membership of Cooperative Societies by women in Minna

Cooperative societies	Frequency	Percentage
Membership	213	85
Non-membership	32	13
No response	5	2.0
<b>Total</b>	<b>250</b>	<b>100.0</b>

Source: Author's Field Survey, Aug., 2008

Table 4 shows that 85% of the respondents were members of one cooperative or the other, 13% acclaimed they were not in any cooperative society, while 2% of the respondents declined response to the question.

### 5.7 Access to credit facilities from government micro finance banks in Minna

Access to credit facilities from government micro finance banks indicated that 30.0% of the respondents have obtained credit facilities from Community Banks now referred to as Micro-Finance Bank in Nigeria. This may be so because the only micro finance bank in Minna is situated in the study area and other banks by the government that provide credit facilities are National Agriculture and Cooperative Bank (NACB) which provided about 7.5 % of credit to women; Others account for 2.5% while 60.0% of the respondents have no access to credit from these formal government banks. (See Fig. 2 below)

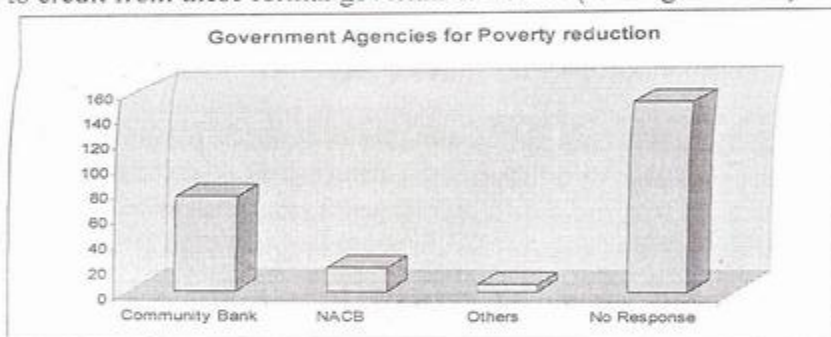


Fig.2 Government Agencies for Poverty Reduction

Source: Author's Field Survey, Aug., 2008

### 5.8 Programmes for the Women to Enhance Micro Credit

Government agencies are the sole responsibility organ charged with the responsibility of poverty eradication programme. There have been several programmes embarked upon government in the past to made available credit to poor in both urban and rural areas. Some of the strategies for poverty reduction include Nigeria Bank of Commerce and Industry (NCBI); Nigerian Agricultural and Cooperative Bank (NACB); Better Life Programme (BLP) for rural women; National Directorate of Employment (NDE); Directorate for Food Road and Rural Infrastructure (DFRRI); Family Support Programme (FSP); Family Economic Advancement Programme (FEAP) and recently introduced National Poverty Eradication Programme (NAPEP).



Table 5: Programmes that enhanced Micro Credit Facilities

Programmes	Frequency	Percentage
FEAP	19	15.2
FSP	19	15.2
BLP	6	4.8
WRAPA	6	4.8
NAPEP	50	40.0
NACRDB	12	9.6
Others	13	10.4
<b>Total</b>	<b>125</b>	<b>100.0</b>

Source: Author's Field Survey, Aug., 2008

According to Table 5, the different programmes of the government have served as means for women to access credit facilities; the analysis from the Table indicates that FEAP account for 15.2%, FSP; 15.2%, BLP; 4.8%, WRAPA; 4.8%, NAPEP; 40%, NACRDB; 9.6%, and others which include project YES in the Niger State records about 10.4% of the respondents. It implies that, only about 50.0% of the respondents have heard of credit facilities re been provided by these agencies.

#### 4.2.8 Amount of Fund given to Micro Enterprises in Minna

Investigations into amount available for micro enterprises for loan were looked into and it was revealed that the amount varies according to capacity and savings of the entrepreneur to the informal institution while in the case of formal institution it depend on valuation of the business itself. The investigation revealed that the amount for the informal ranges between #20,000 - #150,000 and the formal ranges from #150 - #250,000 depending on the situation and the society one belongs to. This is illustrated in table 4 below.

Table 5: Amount of Fund given to Micro Enterprises in Minna

Amount	Frequency	Percentage
Informal # 20,000 - #50,000	90	36.0
#50,001 - #100,000	75	25.0
#100,001 - #150,000	25	10.0
Formal # 150,001 - #200,000	13	5.0
#200,001 - #250,000	7	3.0
More than #250,000	5	2.0
No Response on amount collected	48	19.0
<b>Total</b>	<b>250</b>	<b>100.0</b>

Source: Author's Field Survey, Aug., 2008

Those that have collected between 20,000 and 50,000 as credit facilities are 36.0%; those that received between 50,001 and 100,000 were 25.0%; those with credit facility of between 100,001 and 150,000 were 10.0%; between 150,001 and 200,000 there were 5.0%