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Effect of CBN Policy Measures Prior to and Amidst of Covid-19 Pandemic Era on Cottage Firms and Farmers in Nigeria

Dr. Okuma N. Camillus

Senior Lecturer, Department of Banking and Finance,
Madonna University Nigeria, Okija Campus, Anambra State, Nigeria

Nwoko Cyprain, NJ

Lecturer, Department of Entrepreneurship,
Madonna University Nigeria, Okija Campus, Anambra State, Nigeria

Abstract:

After the oil sector crises of 1970s, the Nigerian government through its regulatory institutions and policies has been unsuccessfully trying to revive the agricultural sector in. The outbreak of Covid-19 pandemic and its effect reignited the interest of the government and CBN towards restructuring the economy through enhancement of household industries and agricultural sector. This study therefore sought to examine the effects of CBN policy measures prior to and amidst of Covid-19 pandemic on cottage firms and farmers in Nigeria. The ex-post facto research design was employed. Annual time series covering 1995 to 2018 obtained from CBN Statistical Bulletin and African Statistical Yearbook. Primary data are equally employed in the course of the study to cover Covid-19 pandemic era considering the fact that 2020 CBN statistical bulletin is not yet out. Statistical tools of Unit Root Test, Engle-Granger Co-integration Test and Error Correction Model Test were employed in analyzing the collected data. Thus, the result of prob.(F-statistics) of 0.08975 shows that the CBN policies has no significant effect on the growth of cottage industries and famers in Nigeria within the period of the study. The researcher amongst others recommends promotion and encouragement of financial sector deepening, establishments of cottage firms scheme/board, strengthening the capital base of the cottage firms and farmers, eliminate the cost of accessing Covid-19 credit facility and the technicalities involved, establishing functional Agricultural Institutions of learning.

Keywords: Covid-19, Pandemic, CBN Policy, Cottage Firms, farmers, Financial inclusion, financial exclusion, financial deepening

1. Background to the Study

Towards the end of 2019, World Health Organization (WHO) reported the outbreak of a strange virus identified as Corona Virus in Wuhan China. These viruses are Zoonotic, meaning that they are normally transmitted between animals and people. The Corona virus disease (Covid-19) is caused by a new strain of virus linked to the same family of viruses as Severe Acute Respiratory Syndrome (SARS) that has not been previously identified in human.

In early part of 2020, Covid-19 spread across the world and the World Health Organization(WHO) declared it a pandemic. According to the Global Health Organization, in March 12, 2020, the number of cases of covid-19 outside China has increased 13-fold and the number of affected countries has tripled to the extent that there are more than 118,000 cases in 114 countries, and 4,291 have lost their lives in hospitals.

Nigeria as a country was also affected by the pandemic with the Federal Ministry of Health confirming the first covid-19 case in Lagos State on the 27th of February, 2020. Between the period of the first incident in Nigeria and 29th March, 2020, the virus sky rocked; hence NCDC declared and confirmed 14 new cases and having the total of 111 cases between 27th of February and 29th March, 2020. Out of the total confirmed cases, 3 were discharged and 1 person died. And as at 12th September, 2020, the Covid-19 sampled and tested increased to 440,248, confirmed cases rose to 56,177 while discharged cases became 44,088 and Covid-19 related death cases increased to 1,078.

The pandemic exposed the whole countries of the world to economic risks and un-expectations following the lockdown syndrome initiated by the western world as a measure of curtailing the speedy spread of the covid-19. Nigerian government on 29th mach, 2020, in reaction to the measures of the Western nations, announced a 14 day lockdown enforced in the commercial hub, Lagos state, Neighboring Ogun state and the nation's capital, Abuja in a bid to slow the spread of the new Corona Virus in Africa's most popular country. Following the continuous increase, the Federal Government on March, 2020 asked public servants to work from home, as a step to effect social distancing and to check the spread of the Virus. As the already taken steps seems not to be yielding quick expected result, Nigerian State governors introduce ban on interstate travel on April, 23rd, 2020 and all sectors of the economy were closed and all the states of the federation and capital territory Abuja started experiencing total lockdown.

The pandemic and the economic lockdown action obviously have adverse effect on the world economy and on Nigerians GDP in particular. Hence, in Nigeria, the lockdown announcement immediately triggered price of goods, more especially the food stuffs and people rushed for the available goods as most of the production firms got closed. The Government after considering the immediate and direct effects of the total lockdown on household and national economy at large, they eased the production and movement of food stuffs.

However, on 13th June, 2020, President Muhammadu Buhari admitted the economic difficulties caused by the lockdown measures, acknowledging also, that many citizens had lost their livelihoods. Meanwhile, the impact of the lockdown in Nigeria shows that virtually all the sectors were badly affected and the few that could be said to be operating are not performing optimally. This happens immediately after initiating the lockdown policy, thus, the reason is that Nigerian economy was already fragile before the pandemic.

According to Ahmed (2020), the pandemic and its sequential lockdown have had severe consequences on household livelihoods and business activities, resulting from drop in global demand, declined consumer confidence and slowdown in production. This led to the revisit of the Nigeria government 2020 budget, slashing its revenue projection by about 40% and seeking emergency support from the International Monetary Fund, the World Bank and African Development Bank to be able to execute the 2020 budget.

Whereas, the pandemic and the followed up lockdown policy in Nigeria affected all the sectors of the economy adversely, one can equally see the experience as an ample opportunity for Nigerian government and policy makers to pursue a radical economic restructuring and reformation policies and make a u-turn to put in place some developing economy based policies. Such policies may take reformation shapes such as the liberalization of the petroleum downstream sector, export diversification, agro-based industrialization, exchange rate convergence, securitizing government's equities in joint ventures, privatizing government's redundant assets, public-private partnership-led infrastructural development and cut in governance costs that are directly needed to aid the rebound of the economy going forward and especially in times of adversity (Mabogunje, 2020).

The era of Covid-19 and the pandemic has exposed the opportunities and necessities of the developing nations to be independent of so many factors and sectors. This necessitated promulgations of regulations favoring the agriculture and health sectors amidst of Covid-19 pandemic era. In Nigeria, Presidential Task Force (PTF) on Covid-19 and the Joint Technical Task Team on emergency response to Covid-19, facilitated force and unhindered movement of food livestock and agricultural inputs and farmers' movement across the nation during this lockdown. The production of food stuff and its movement were to be affected by the lockdown caused by the covid-19 pandemic and this act triggered the interest of individual, state and federal government towards, household firms, farmers and SMEs. This may be traced to the reason that importation of goods were seriously and negatively affected coupled with the negative impact of the pandemic on production and exportation of crude oil.

Agriculture had been the mainstay of Nigeria's economy before the discovery of crude oil. From 1960 to 1969, the sector accounted for an average of 57.0% of GDP and generated 64.5% of export earnings. Nigeria has been known for her agrarian economy prior to the discovery of crude oil in commercial quantity in 1956 in a village called Obibiri in present Bayelsa state. Agriculture was the major source of Nigerians foreign exchange earnings through the exportation of cash crops such as rubber from Delta state in South-South region, groundnut, hide and skin produced by the Northern region, cocoa and coffee from the western region and palm oil and kernel from Eastern region of the country. (Okolie. 2018).

Apparently, agriculture has been neglected since the discovery of crude oil in Nigeria in 1950s. The Nigerian economic attitude that showcased the oil production as the major or sole source of revenue has exposed the economy to so many challenges. The discovery of crude oil in Nigeria is a mixed blessing. It came with economic growth and infrastructural development, though some of the projects were abandoned and the funds for those projects embezzled. The major discredit was the destruction of environment, especially the adequate environment which affected farming and so many other households industries, which was the primary source of livelihood of the indigenous population in Nigeria. It also affected the thinking of every average Nigerian, seeing farming as a sector for the poor and low class and oil sector for the rich and high class, also the irrational thinking of migrating to cities by our youths in quest for oil related businesses and abandoning household businesses/farming. Even after studying various professional courses in institutions of learning, an average Nigerian graduate abandons his area of study to continue waiting for oil related job, because, for him you will hardly make it if not through oil or politics and the politicians only target the same oil money.

The previous government authorities noticing the severe and adverse effect of centralizing the sources of Nigerian revenue solemnly on crude oil had tried reversing it through various government economic and financial policies. For instance, the -Military Head of State, (Major General Olusegun Obasanjo) in 1976 took a bold attempt to revive agriculture and launched Operation Feed the Nation, he's successors, President Shehu Shagari, instead of reforming the policy, He quickly dumped it in preference of Green Revolution of 1980 that also ended in failure, so many other government policy for agricultural sector revival came up and died naturally. The trend continued unabated with early oil money being squandered with impunity by government officials and some privileged Nigerians, especially since the return of democratic government in 1999. While revenue from crude oil came in billions of dollars, it was being spent extravagantly. Agricultural sector, infrastructures and other basic needs of humanity that were to grow the country's economy were virtually left unattended. Unfortunately, eighty percent of the country's consumable were imported while the household/local industries that can produce same suffered neglect.

Another hit in Nigeria economy was the sudden crash in the price of crude oil in the international market in June 2014 which Nigeria felt most as a mono-economy and since then, the Nigeria economy has been in tatters. Currently, with the experience of Covi-19 pandemic, most countries without solid economic base are witnessing serious adverse impact of

the corona virus and Nigeria without diversified economy is not excluded. Hence, CBN has disclosed that 22 Nigerian banks submitted request to restructure 35,629 credit facilities of businesses that were impacted by the corona virus pandemic, as of July, 2020, and also risk of rise in non-performing loan and decline in deposit rates were disclosed by the CBN.

The government in consideration of these numerous effect of covid-19 on the economy decided to introduce programmes and initiatives to cushion the covid-19 impact on Agriculture/farmers, in pursuit of these, most state in Nigeria received improved seeds of sorghum, pearl millet, cowpea and rice from International Research Institute for Semi-Arids Tropics (ICRISAT) in collaboration with Nigeria government. In the same vein, Nigeria's Federal Ministry of Agriculture and Rural Development (FMARD) and Centre for Dry land Agriculture joined hands with ICRISAT and Syngenta Foundation for initiatives, which draws support from the Techniques for African Agricultural Transformation (TAAT) of the African development Bank, Harnessing Opportunities for Productivity Enhancement for Sorghum and millet (HOPE), Accelerated Varietal Improvement and Seed Delivery of legumes and Cereals in Africa (AVISA) and Agricultural Transformation Agenda Support Program (ATASP -1) projects.

In mitigating the impact of Covid-19 and to contribute in building a sustainable system for food security, ICRISAT developed a three phase response plan with (1) recovering and coping phase. (2) Adaptive phase and (3) Transformative phase in West and Central Africa. Seed support initiative is a part of the coping and recovery phase of ICRISAT's interventions, which prioritize increasing agricultural production through adequate supply of targeted breeder seed to ensure continued support in production of quality certified seed in partnership with governments and other partners in the region.

Sequentially, the Nigerian Federal Government (NFG) through the Central Bank of Nigeria (CBN) has introduced N50bn credit facility as a stimulus package to support household and Micro, Small and Median Enterprises (MSME) affected by the covid-19 pandemic. The disbursement and management of this fund is delegated to some agencies and institutions and more especially to NIRSAL MFB. The Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) was launched in 2011 and incorporated in 2013 by Central Bank Nigeria (CBN) as a dynamic, holistic USD500 million public-private initiative to catalyze the flow of finance and investment into agriculture. NIRSAL was established in collaboration with the Federal Ministry of Agriculture and Rural Development (FMARD) and Nigerian Bankers Committee and NIRSAL's mandate is to stimulate the flow of affordable finance and investment into the agricultural sector.

In inauguration of the disbursement of the fund in Abuja, the Managing Director, NIRSAL MFB, Abubakar Kuran said that a total of 3,256 individuals and businesses that were negatively affected by the impact of the corona virus pandemic would benefit under the first trench of the fund disbursement. According to him, as at April 14, 2020, over 80,000 applications had been received from businesses and individuals for the ₦50 billion credit facility. He also stated that the idea of this fund is to provide cash flow owing to the lockdown and the restriction in movement of people.

Based on the guidelines released by the CBN, those that can benefit from the funds are households with veritable evidence of livelihood adversely affected by Covid-19 pandemic. According to Kure (2020), this loan is not a grant, it is a credit facility intended to cushion the impact of Covid-19 on business particularly the households and SMEs.

1.1. Statement of the Problem

The government in collaboration with CBN has been promulgating various policies since 1970s in trying to mitigate the challenges of cottage firms and farmers in Nigeria. Over these years, the growth of the agricultural sector in Nigeria had continued declining despite these various efforts and policies of government at revamping the financial system of the nation. Most of these policies that came up in 1970s died natural death and the major factor of the unsuccessfulness of these early policies was linked to squandering of money with impunity by government officials and some privileged Nigerians, especially since the return of democratic government in 1999.

Currently, the government has introduced new policy measures amidst of Covid-19 which is seen as very positive step to cushion the effect of the pandemic on household firms and farmers and also to revive the agricultural sector in Nigeria. However, the approach and methodology of the Covid-19 loan extension exposes some of these challenges from the angle of the household business owners and farmers.

Technicality of accessing, processing and obtaining of the Covid-19 loan is high considering the exposure, educational standard and technical knowhow of the targeted populace.

Cost of obtaining the Covid-19 loan by the low income earners is high. Though it may not be stated as a requirement, but in reality, the process of obtaining the loan has various stages that attract some costs that sums to a reasonable value which the targeted class may not be able afford.

Most of the personnel's of financial institutions that are involved in the process Covid-19 loan disbursement and politicians have seen this as opportunity of enriching their relatives, loyalists, and members of their groups, for politicians, it is a viable tool for campaign.

The majority of the targeted populace for the Covid-19 loan policy are not aware and they lack proper information about the loan. Thus, the information has been on the national dailies, internet facilities and in other broadcasting services but the question is whether the news gets to the targeted populace.

The financial institutions and other machineries put in place by the government/CBN to assist in extension of this Covid-19 loan are all in the cities and urban areas while the targeted populace is in the rural areas. Hence, in considering these listed problems, the researcher therefore decided to research on the effect of CBN policy measures prior to and amidst of Covid-19 pandemic on cottage firms and farmers in Nigeria.

1.2. Objective of the Study

The objective of the study is to examine the effect of CBN policy measures prior to and amidst of Covid-19 pandemic on cottage firms and farmers in Nigeria

2. Conceptualization of Variables

2.1. Covid-19

Corona virus disease 2019 (Covid-19) is a most recently discovered virus. It was not known until its outbreak began in Wuhan, China, in December 2019. Covid-19 is an illness caused by a novel corona virus now called Severe Acute Respiration Syndrome corona virus 2 (SARS-COV-2; formerly called 2019-nCoV).

Coronavirus is a family of virus that carries illness such as respiration diseases or gastrointestinal diseases. The virus got its name from the way it looks under a microscope. The virus consists of a core of genetic material surrounded by an envelope with protein spikes that gives it the appearance of a crown. The word corona means 'crown' in Latin. Corona virus is zoometric, meaning that the virus is transmitted between animals and humans. It has been determined that MERS-cov was transmitted from dromedary camels to human and SARS-cov from civet cats to humans. The sources of the SARS - cov-2 (covid-19) is yet to be determined, but investigations are ongoing to identify the zoometric source.

2.2. Pandemic

A pandemic is a disease outbreak that spreads across countries or continents. It is an epidemic occurring worldwide, or over a very wide area. Considering this definition of pandemic, the 'Covid-19' as a virus falls into that family of pandemic. There have been a number of pandemic since the beginning of the 20th century: the HINI pandemic of 2009, the Spanish flu of 1918/19, as well as flu pandemic of 2019/2020. There was also Black Death pandemic, a plague which spread across Asia and Europe in the middle of the 14th centuries.

The covid-19 can equally be considered as an 'outbreak' and epidemic at the same time. The World Health Organization (WHO) declared covid-19 to be a pandemic when it became clear that the illness was severe and that it was spreading quickly over a wide area. There's no sure way to prevent the spread of disease during an outbreak, epidemic, or pandemic, it takes scientists a long time to make vaccine.

Pandemic exposes the world to economic and social problems because so many people will be ill and cannot work and currently in this covid-19 era, most of the country's economic and social activities were locked down as one of the major control measures to reduce the spread of the pandemic.

2.3. Cottage Firms in Nigeria

Cottage firms are regarded as those household/traditional production outfits owned and managed by individuals, their family members and few close friends and relatives, such business is not always mechanized and it is operated and managed within the economical environment of the owners.

This class of industry is more common in the developing countries and this is attributed to the nature and characteristics of the business. Cottage industries are household businesses that operate in the workers house and they are run by few people mostly family members, the firms are not just Small-scale firms, rather, they are unique, in the sense that their operations and services are mostly taken place in the homes of the owners and labour is supplied by members of the family and they are not mechanized (Okuma;2018).

According to Abudulhamid (2005), cottages industries are small scale business in which work is done by the business operators in their homes. According to Nwanna (2001), cottage firms both in the formal and in informal sectors employ over 60% of the labour force in Nigeria, more so 70% to 80% of daily necessities in the country are not high tech product, but basic materials produced with little or no automation by the households.

The cottage firms can be seen as handicraft enterprises and so many factors distinguishes it from other Small-scale industries that operate mainly with hired labour, usually employing 10 to 50 persons. Most of the business skills of cottage industries are inheritance, with natural talent and most of their managers/owners in developing countries are illiterates and unexposed and their operations are not mechanized. In this part of the world, household firm's economic/financial activities are unbanked and financially excluded in the economy and at the sometime they are always ignored by the policy makers. Some of the existing cottage businesses in Nigeria, one can embark on are palm wine tapping/distilling, hunting, blacksmithing, goldsmithing, farming, husbandry, processing of harvested products, hair dressing, bread making, palm oil mill, native medical practitioners, animal husbandry, beadwork, wood work etc. This class of business and their entrepreneurs hardly make use of conventional banks rather they resort to fund raising through non-institutional form like borrowing from friends, family members, local meetings, issue, agbaa-ekporo (Okuma 2018). Soludo (2005) opined that banking services are available to only about 40 percent of the population in developing nations, while others do not have access to formal finance and are forced to rely on a narrow range of some risky and expensive informal financial services which constraints their ability to participate fully in financial markets to increase their income and contribution to economic growth.

2.4. CBN Policy Measures and Cottage Firms

Before the outbreak Covid-19, government had in the past realized the danger/s associated with mono-economy and the manner in which Nigerian government grips the oil sector as their only major source of income. Though, they have also in the past introduced various schemes, policies and programmes that targeted diversification of sources of revenue

and economic sustenance. Some of these policies are Operation Feed the Nation in 1976, Rural Banking Programme in 1977, provision of N300 million (\$80 million) to Small and Medium Scale businesses between the period of 1980 and 1994, introduction of Green Revolution in 1998, establishment of Peoples Bank in 1989. The Nigeria Deposit Insurance Corporation (NDIC) was also established through the NDIC decree of 1988 for Consolidation of people confidence and deposit with banks, establishment of Agricultural Credit Guarantee Scheme Fund in 1977, establishment of Community Bank in 1990/1991 which later reformed to Micro Finance Banks in 2005, non-interest banking policy, financial literacy campaign, the recent electronic banking and cashless policy, Commercial Agricultural Credit Scheme (CACs) and Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), the merging of Peoples' Bank with Family Economic Advancement Programme (FEAP) and Nigeria Agricultural and Corporate Bank to form Nigeria Agricultural Cooperative and Rural development Bank (NACRCD) in 2000. Most of these government economic policies were initiated through the CBN and most of them could not survive ahead of the tenure of the political President that initiated them and many of them were not successful. Thus, Nigeria economy up till date, still experience the challenges of having only one major source of income that is oil sector based.

The outbreak of COVID-19, and the subsequent closure of the entire economy and its impact on oil sector, manufacturing sector, business of Trading, transportation sector, sport, health firms and others exposed the country on need to invest in Agricultural sector and more especially the farmers at the cottage industry forms. In response, CBN took a very bold step by introducing N50bn targeted credit facility as a stimulus package to support household and Micro, Small and Medium Scale Enterprises (MSME). This may be seen as government policy to cushion the effect of COVID-19 on agricultural sector and cottage firms, it may also be seen as a means of economy diversification and also, it can be viewed as a strategy to create a financial recovery avenue after the COVID-19 era. These targets are novel and viable but for them to be achieved, it is expected that the structure, modalities and implementation of the credit facility given have to be sincerely and seriously monitored by the government and financial regulatory bodies starting from the application stage to repayment period.

2.5. Theoretical Framework

The aim of this theory is to determine and explain the factors responsible for the growth rate of various sectors of the economy and the economic growth rate generally. According to Dornbush and Fisher (1994), there have been two prominent periods of intense work on growth theory, the periods of 1950s to 1960s known as neo-classical growth theory period and the interest in economic growth declined in the 1970s but there was resurgence in the later part of the 1980s resulting in the endogenous growth theory.

2.5.1. Solow Growth Model or Neo-classical Growth Model

This model asserted that an economy's growth rate is dependent on two factors: the level of saving and productivity of capital or the capital per output ratio (Banam, 2010). Though the main work on neo-classical growth theory model was done by Robert S. and Trevor S. in 1956 and was extended in 1946 by Harrod-Domar model. The work of Harrod-Domar was extended and expanded by Solow who adds labour as a factor of production and making capital labour ratios flexible unlike in the Harrod-Dommer model where they are fixed. According to Mankiw (2007), the Solow growth model shows how an increase in capital and labour force and advancement in technology can influence entire economic growth and development. The model specification is that output is a function of capital and labour that is $V=f(K, L)$

Where V= output, K=capital and L=Labour.

Some of the assumptions of the models are;

- All savings in the economy are channeled to investment opportunities and augmentation of physical capital stock (Kuleratne, 2001)
- Depreciation of capital rate is assumed to be zero
- No technical progress
- Population growth rate assumed to be fixed.

The summary of the solow growth model shows that an increase in output is dependent on a higher rate of savings via higher stock of capital (Mankiw, 2007). The model indicates that a long run increase in labour will reduce the level of output if there is no improvement in technological progress that will enhance the efficiency of labour. The theory therefore concludes that the long run equilibrium growth rate depends on two exogenous variables: the rate of population growth and rate of technological change (Froyen, 2007). Froyen (2007) further posits that the theory provides little reference to the importance of finance in economic growth other than making reference to savings which does not affect the growth at long run. This theory has bearing to the study because financial development comes in form of technical innovations into the financial system that spurs growth of the system and enhances services to the economy and agricultural sector in particular. Thus, the theory posits that financial development leads to agricultural output growth.

3. Methodology

3.1. Research Design, Nature and Sources of Data

This study employed ex-post facto research design and the data used are in time series form which covered the period of 1995 to 2018 and was sourced secondarily from CBN statistical bulletin 2018, African statistical bulletin year

book 2018, journals and internet. Primary data are equally employed in the course of the study to cover Covid-19 pandemic era considering the fact that 2020 CBN statistical bulletin is not yet out.

3.2. Model Specification and Modification

Following a detailed review of previous studies and improving upon the theoretical postulate and econometric models of Solow growth model or neo-classical growth model in order to achieve a robust result in the context of this study, the researcher rather than adopting, modified the models of the previous researchers and therefore state the model of effect of CBN policy measures prior to and amidst of Covid-19 pandemic on cottage firms and farmers in Nigeria a follows:-

The functional form of the model is

$$\text{GRCFF} = F(\text{LACGSF}, \text{LAMF}, \text{LSME}, \text{DSME}).$$

Reforming this model mathematically, we have $\text{GRCFF} = \beta_0 + \beta_1 \text{LACGSF} + \beta_2 \text{LAMF} + \beta_3 \text{LSME} + \beta_4 \text{DSME} + \alpha$

The econometric log linear form of the model is $\text{GRCFF} = \beta_0 + \beta_1 \text{LnLACGSf} + \beta_2 \text{LnLAMF} + \beta_3 \text{LnLSME} + \beta_4 \text{LnDSME} + \alpha$

3.3. Apriori Expectation (Relationship)

It is expected apriori that all the CBN policy measures to enhance cottage firms and farmers will have positive and significant impact on the dependent variable, the expectation of the coefficient of econometric model is $\beta_{1-4} > 0$ which indicates an improvement of growth of cottage industries and farmers as the explanatory variables increase by a unit.

3.4. Estimation Techniques

This study used series of econometric techniques in testing the effects of CBN policy measures prior to and amidst of COVID-19 pandemic on cottage firms and farmers. The study employed time series data and this necessitated stationarity test in order to avoid spurious regression. Sequentially, the unit root test (stationarity) is followed by the co-integration procedure to examine whether there is existence of long run relationship between variables of CBN policy measures prior and amidst of Covid-19 era. The Error Correction Model (ECM) was used to provide information on the long run and short run relationships as well as the speed of adjustment between the two variables.

3.5. Description and Justification of Variables

3.5.1. Dependent Variable

The regressed variable in this study is cottage firms and farmers in Nigeria which is proxied by Growth Rate of Farming, Hunting and Fishing (GRCFF). Most of the government/CBN policies since after the oil crisis of 1973 have been to disintegrate and diversify the economy more especially through the agricultural sector and household firms. The government interest on Agricultural sector and household business industries have been traced to their impact on the economy prior to oil boom of late 1960s to early 1970s.

3.5.2. Explanatory Variable

The independent variable is the CBN policy measures mostly as relates to cottage firms and farmers in Nigeria and these policies since 1970s have been the major tool and mechanism to drive, enhance, reactivate and revive the agricultural sector in Nigeria. The independent/explanatory is proxied by the following indicators: Agricultural Credit Guarantee Scheme Fund (LACGSF), (Microfinance Loan and Advances (LAMF) Ratio of Deposit Money Bank loans given to Small and Medium Enterprises to total loan (LSME), Small and Medium Enterprise Deposit with Deposit Money Bank (DSME).

4. Analysis of Data

4.1. Unit Root Test

Unit Root test is conducted to guarantee a non-spurious result. The table below presents the properties of the time series data under review and the stationarity of the series is first tested using Augmented Dickey Fuller Unit Root Test and results are stated below.

s/n	Variables	Results
1.	GRCFF	1(0)
2.	LnLACGSF	1(1)
3.	LAMF	1(0)
4.	LSME	1(0)
5.	DSME	1(1)

Table 1
Critical value at 5%
Okuma (2018)

Since most of the variables are stationary at their first differences, it becomes imperative to also examine if the variables could be Co-integrated at long run (Okuma, 2018).

4.1.1. Engle Granger Co-Integration Test

Using Engle and Granger (1987) method of testing Co-integration, the Augmented Dickey Fuller (ADF) value - 4.514334 > - 3.644963 critical value at 0.5 level of significance in absolute terms, therefore, one can conclude that there is existence of a long-run equilibrium relationship among the six (6) Co-integrated variables of CBN Policy measures at 5% significant level and growth of cottage firms and farmers.

Hence, it has been established that the variables are not stationery at level but rather stationary after differencing and that they are co-integrated or converged at long run. This indicates that there is an error at short run and we need to know the speed at which the error could be adjusted and this can be done using Error Correction Model (ECM).

4.1.2. Error Correction Model (Regression)

Variable	Coefficient	Std. Error	T-Statistic	Prob.
C	-64.55034	157.1623	-0.410724	0.6871
D(LnLACGSF)	2.304173	6.359570	0.362316	0.7219
LnLAMF	0.774346	0.425960	2.817884	0.0479
LSME	0.104793	0.366219	0.286149	0.0784
D(LnDSME)	-0.512398	1.460629	-0.35098097	0.7303
ECM(-1)	.036045	0.252127	0.142962	0.8881
R-Square = 0.017820; Adjusted R-Square = 0.040225; F-Statistics=1.324243; Prob. (F - Statistics) = 0.089752; Durbin Watson Stat- 2.245524				

Table 2

Source: Okuma, 2018

4.2. Interpretation of Findings

In re-structuring the economic model equation to accommodate the error correction model coefficient of the explanatory variables, we have $GRCFF = 64.55034 + 2.304173LnLACGSF + 0.7736LnLAMF + 0.104793LSME - 0.512398LnDSME$.

According to Tonye and Andrew (2011), the negative sign of the coefficient of ECM (-1) satisfies one condition of ECM significance while the value of R-squared being different from zero satisfies the second condition of ECM statistical significant.

The value of Adjusted R-Square of 0.040225 of the estimated model shows the co-efficient of multiple determinants. It indicates that 40% of the total changes on the dependent variables are accounted by the variations in the explanatory variables while the remaining 60% of the total variation in the growth of cottage firms and farmers in Nigeria is attributable to the influence of other (stochastic error terms) factors not included in the regression equation. Hence, CBN policy measures in reviving the household firms and farmers in Nigeria have been poorly structured and implemented for boosting the targeted sector of the economy.

In the regression, the value of Probability (F-Statistics) is greater than 0.05 and it shows that all the variables of CBN policy measures put together have not effected significantly on the growth of cottage firms and farmers in Nigeria. Finally, the Durbin Watson statistics value of 2.245524 shows that there is absence of auto-correlation which implies the absence of positive first order serial correlation.

4.3. Discussion of Findings

The regression analysis and its result shows that, Agricultural Credit Guarantee Scheme Fund (LACGSF) has positive and non-significant effect on the growth of cottage industry and farmers in Nigeria. The LACGSF Co-efficient value is 2.304173 and it is in agreement with the apriori expectation. The probability value of LACGSF is 0.7219 which shows that LACGSF as a government and CBN policy measure does not have significant effect on the growth of household firms and farmers in Nigeria. Hence the Null hypothesis is there accepted.

The coefficient value 0.774346 of Micro Finance Loan and Advance (LAMF) indicates that LAMF has a positive contribution to the growth of cottage industries and farmers in Nigeria. This conforms to the apriori expectation and the probability value of 0.0479 which is not greater than 0.05 shows that LAMF is having significant effect on the growth of cottage industries and farmers in Nigeria. Hence, the alternative hypothesis is therefore accepted.

Ratio of Deposit Money Bank Loan to SMS to total credit has coefficient of 0.104793 and it indicates that it has positive contribution to the growth of household firms and farmers in Nigeria. It is in accordance with the apriori expectation. Its P-value of 0.0784 shows that LSME has no significant impact on growth of household industries and farmers in Nigeria. The Null hypothesis is therefore accepted.

The coefficient of Small and Medium Enterprises Deposit with Deposit Money Bank is 0.512398 which shows that DSME has adverse contribution on the growth of cottage industries and farmers in Nigeria. The result is not in conformity with apriori expectation and its probability value is 0.7303 showing that DSME does not have any significant effect on the cottage industries and farmers in Nigeria. The alternative hypothesis is therefore rejected.

5. Conclusion

This study examines the effect of CBN policy measures prior to and Amidst of Covid-19 pandemic era on cottage firms and farmers. Considering the result of the analysis, the study concludes that 40% of the changes in growth of cottage

firms and farmers in Nigeria are influenced by the CBN policy measures. Thus, the value of the Probability (F-Statistics) of 0.089752 implies that the explanatory variable is not significant on dependent variable. The researcher therefore posits that the CBN policy measures have no significant effect on cottage firms and farmers in Nigeria.

6. Recommendations

In consideration of the objectives and the findings of the study, the researcher therefore recommends as follows:-

6.1. Strengthening of the capital base of the cottage firms and farmers

This can be done through the establishment of special and workable scheme/board for cottage firms and farmers with responsibility of rendering specialized services like

- Extension of free or low interest credit facility, with some years of moratorium.
- Extending the term of the loan to the group to longterm with some years of moratorium.

6.2. Registration

All the household industries in Nigeria have to register with a special scheme/board. The cost for registration has to be minimal and procedures will not be too technical. Whereas, the intention of the scheme is to enhance the growth of these household firms, hence, there will be maximum period of membership, say 10 years and after which, the firm will stop enjoying the benefits associated with that class of industry.

6.3. No Collateral/Securities

The loan and credit facilities to this category of business will be without collateral. The registration certificate, identity of the entrepreneur/owner of the cottage firm, sighting of the location of the business by the scheme/board should be enough security for loan extended to this class of business owners.

6.4. Social Amenities in Rural Areas

Hence 90% of these cottage Industries and farmers exist in the rural areas, the government should ensure the provision of social amenities like roads, water, electricity, hospitals, schools etc in the rural areas where most of this class of business owners resides.

6.5. Free Tax

The cottage firms and farmers should be exempted from paying corporate income tax for the period they are enjoying the registration and membership of the cottage firm scheme board.

6.6. Stop Imposition of Multiple Levies

This has been the major difficulty and challenge of cottage firms and farmers in Nigeria. Most often, the local, state and Federal governments impose series of levies to cottage industries in Nigeria. Some of these levies range from state development levy, local government development levy, bill board levy, business premises, Minor industry levy, sanitation levy, branded vehicles bill, advertisement levy, power bill, security levy, artisanship levy, business renewed levy, water bill, road maintenance levy, electricity transformer purchase levy, electricity transformer maintenance levy and so many others. Considering the size and nature of household industries, they will hardly break-even after incurring all these costs

6.7. Elimination Doubling of Cost

Most often, the owners of cottage firms and farmers incur double cost for a particular service, whereby they pay the government for services that will never be rendered and in the course of doing business, those services will still be bought by the cottage firms owners in the market do to their necessities. This increases the total cost of inputs and production and it makes it difficult for them to breakeven. For instance, the owners of cottage firms always pay for power bill, water bill, sanitation bill etc to the government and by the end of the day, these services will never be rendered by the government. To sustain the business, the cottage firm's owners still pay for and obtain these services from the market.

6.8. Sensitization

The government and financial regulatory agencies should be sensitizing the cottage entrepreneurs and farmers on the benefits of those financial policy measures promulgated and made available for them. This will expose them, educate and enhance their knowledge about the services and systems created to support their industry.

The Nigerian government should continue to ensure efficient and effective financial sector deepening and financial inclusion policies by extending more banking services to areas where we have more cottage firms and rural farmers.

6.9. Stop of MIS-Channeling and Politicking with credit facility mapped out for household firms and farmers.

Most often, the funds made for these cottage firm owners and farmers only get to them on paper but do not actually get to the proper and targeted populace. This is influenced by either the personnel's of the financial institution handling the fund and the politicians. Most often, the politicians see such scheme/fund as opportunity and means of settling the members of their lineup (supporters). By so doing, the policy will end up making the rich richer and the poor poorer.

6.10. That Accessing and Processing of Covid-19 Credit Facility Has to Be Free in Actual And Should Not Be Too Technical

For instance, most of the cottage firm owners and farmers are scared of applying for the Covid-19 credit facility do the cost and technicalities involved. The cost of training and obtaining the certificate for the Covid-19 loan is too high that no cottage firm owner or rural farmer can afford such and by the end of the day, the fund is mis-channelled to those who can pay for the training and certificate and not to the expected and targeted group.

6.11. Financial Institution

Government should endeavour to establish existing and functional financial institutions in the rural areas especially those institutions that are made for low income earners, household businesses and farmers. This will enhance financial inclusion and there will be need to encourage cashless policy by ensuring that those banks in the rural areas like Micro Finance banks are using cashless policy facilities like POS, ATM, internet/online banking etc and these banks will take the responsibility of sensitizing the customers.

6.12. Agricultural Institutions of Learning

The government has to build functional agricultural institutions of various levels starting from secondary school level/standard, higher collage level/standard and university level/standard. The knowledge acquired from each level will enable someone to be fit to embark on agricultural related business at any level he quits education.

At the same time, the government has to ensure and enforce the reversals of all the existing Agricultural institutions that were turned into conventional Collage of Education, Polytechnic or University. This has been the government indirect way of abandoning agricultural sector which they claim to have interest in reviving.

- The government through the regulatory bodies should ensure promulgation of effective and efficient financial intermediation policies in Nigeria.
- CBN should ensure that most of their policies are cottage firms and farmers embracing. Hence, about 90% of Nigeria farmers are in the rural areas and they engaged in subsistence farming (Nwanna, 2001).

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