Capital Market and Its Performance on Industrial Sector Financing in Nigeria

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Abstract
The Nigerian capital market has been playing a role in pricing mechanisms and therefore contributes to the growth of industrial sector. This study examined the impact of capital market indicators (industrial loan, equity, market capitalization) on industrial sector financing in Nigeria. The data were obtained mainly from Central Bank statistical Bulletin. and Nigerian stock Exchange fact book The work adopted ordinary least squares of multiple regression statistical technique Based on the analysis, the following findings were made; .there is a significant impact between industrial loan and the growth of industrial sector financing in Nigeria, there is a significant impact between market capitalization and the growth of industrial sector financing in Nigeria, there is no significant impact between equity and the growth of industrial sector financing in Nigeria. The study recommended that market capitalization should be looked in order to improve on the current share price and total number of stocks, the percentage ratio should be properly monitored during company's investment. Finally government should properly guide the activities of companies that are quoted on stock

Keywords: *Capital market, Industrial loan, Equity, market capitalization, Industrial sector.*

1.0 Introduction

The capital market is an important segment of the financial markets that sustain real development in industrial financing in Nigeria. For any economy that wishes its industrial to function effectively and grow, there must be a mechanism by which the surplus funds of sales are transferred to investors who enquired and spend more money than their immediate incomes. The financial markets provide an effective means of mobilizing short and long term capital resources from lender and allocating them to their areas of lenders need. Industrial financing involves extensive technology based on development of the productive system of an economy. (Udegbunam, 2002).

Industrial development therefore represents a deliberate and sustained application and combination of suitable technology, management technologies and other resource to move an economy from the traditional low level of production to a more unformatted and efficient system of mass production of goods and services. Industrial financial therefore became one of the main focuses of the government based on potential benefits. In order to promote industrial financing, bank offers financial assistance to private enterprise which by virtue of their size make a significant contribution to the economic development of Nigeria. Although industrialization is a good thing, it need not, however, be confined to the encouragement and development of the long scale industrials if is by implication serves of investment which initially or during their gestation period need not necessarily be profitable. (Udoh & Udeaja, 2011)

However, in Nigeria, the role of institutions in the development of the Nigeria manufacturing sub-sector has not been full of addresses and the impact has not been experiencing a stunted growth and its contribution to gross domestic product. The industrial sub-sector in whole remains small, accounting for only 6.6 percent of GDP in 200 and 12 percent of employment. The production indices using 1990 as a base year (100) also indicates that which agriculture and services experienced modest growth from 103.5 and 107.5 to 1336 and 2970 between 1991 and 1999 respectively, industrial sub-sector recorded a decline from about 70.1 percent in 48 1980 to just 44.3 percent in 2002. Banks in Nigeria are highly liquid but they believe that lending to the manufacturing sub-sector is very risky and increasing credit to the manufacturing sector. If is not justified in terms of risk and cost (Oke & Adeusi, 2012). The business environment in general is very risky and uncertain so firms may not be able to serve debt. Apart, the judicial system is reportedly inefficient and banks cannot easily enforce contracts.

The Nigerian capital market has been playing a role positively in its pricing mechanism and therefore it contributes minimally to the GDP growth of the economy. This has raised a number of questions with regards to behaviour of share prices over the years. The historical development of banks in general and in particular, gives an integrated account of the operation of the regional development institutions in Nigeria and their achievement in providing capital for industry. It also serves or provides a useful background for understanding the differences in efficiency and effectiveness between the institutions and the Nigeria industrial development. Capital formation is clearly a critical factor in the economic growth of any nation, the maintenance of growth and stability in the capital market is essential to the growth of the industrial sector in particular and to the economy in general. (Abu, 2009).

A stable and advanced capital market is highly desirable, as it facilitates the efficient allocation of capital for meaningful growth, as well as the participation of the populace in the ownership of business organization. Often times, capital market operators and investors have decried the non-reflection of companies performance in the market price of their shares traded on the Nigerian Stock Exchange. They have variously complained of the exchange adopting faulty pricing methods, over-pricing, under-pricing or even stagnation when juxtaposed with reported earnings, profits, dividends, growth potentials and other variables that should affect share prices. However the vital role of the Nigerian stock exchange in industrial sector has not been empirically investigated thereby creating a research gap in this area. The study is undertaken to examine the impact of capital market on industrial financing. Aside the social and institutional factors inhibiting the process of economic growth in Nigeria, the bottleneck created by the dearth of finance to the industrial sector. As a result, it is necessary to evaluate the Impact of capital market on the growth of industrial financing in Nigeria.

1.1 Objectives of the study

The specific objectives are

i. to examine the impact of industrial loans on the growth of Industrial sector
ii. to examine the impact of equity on the growth of Industrial sector iii
iii. examine the impact of market capitalization on the growth of Industrial sector

2.0 Review of Related Literature

2.1 Theoretical framework

The following theories are postulated on capital market and industrial financing

2.1.1 Efficient market hypothesis

This theory was propounded by Pender in 1974, it is the one in which security prices always fully reflect all publicity available information concerned by securities trade. Such a market is efficient in the sense that it properly fulfills the primary role of a capital market, the optimum allocation of resources. Different versions of efficient market hypotheses are:

1. Weak form
2. Semi-strong form
3. Strong form

These versions differ by their nations what is meant by the term and all meaning available

1. Weak form: Accept stock price already reflects all information that can be derived by examining market trading data such as the history of past prices, trading volume or short interest. This version of hypothesis implies that trend analysis is fruitless, past stock data is publicly reliable and costless to obtain. The weak form hypothesis implies that if such data ever convey valuable signal, Recap past future performance, all investors would have learnt or ready to exploit as they become widely known because they buy signal for instance will resulting immediate price increase.

2. Semi-strong form: State that all publicly available information regarding the prospect of a form must be reflected or ready in the stock price such information includes, additional to past prices fundamental data on the firms product use. Quality of management, balance sheet composition, patients, held, earning forecast and accounting practices; again, if any investor has access to such information from public available sources, one will expects to be reflected in stock prices.

3. Strong form: Version of efficient market hypothesis states that stock prices reflect all information relevant to a form whether publicly or privately including information available to only company insider. This version is quite extreme. Few will argue with a proposition that corporate officers have access to pertinent information long enough before public release to enable them to profit on trading on that information. Indeed, the much of the activities securities and exchange commission in directed towards preventing insiders from profiting by exploiting their privilege situation.

2.1.2 Random Walk Theory

The random walk hypothesis sees future price movements in terms of probability distribution of different possible outcomes. The theory holds that a new market price of a share depends solely on the reaction of investors to the new relevant information about the share and will be totally independent on the past market price. That is, the past history of a share's price has no relevance for the prediction of future changes in that price. In essence, the random walk theory challenges the technical analysis approach believing it to be real value in stock market analysis. It is pertinent to mention here that the random walk hypothesis is a special case of the more general efficient market hypothesis.

2.1.3 Fundamental analysis

This theory posits that at any point in time, an individual security has an intrinsic or true value, which is the present value of the future receipts accruing to the security holder. The theory also holds that, the intrinsic value of the security depends on some essential factors affecting the company, the industry and the economy. The principal decision variables in fundamental analysis are earnings and dividends, Earning depends on the relationship between expected sale and cost, which were affected by several factors, internal and external to the firms opening environment. Therefore, fundamental forecast stock prices on the basis of economy, industry and company statistics.

Fundamental analysis also attempts to identify factors influencing or likely to influence share prices that is the market reaction to information about the economy, industry and company. In assessing the company, great reliance is placed on its published financial statements in addition to assessing the quality of management. With the information on financial statements, the investors arrive at an estimate of the true value of the company. Since other investors may likely at the same time, using the same information, the intrinsic value is likely to be the goodwill operators - building in all information that will gain the true value of the market. If fundamental analysis is used as a guide for investment decisions, the buy and sell decision will be based on the discrepancy between intrinsic and market prices.

2.1.4 Technical analysis

In analyzing the market, the technical analysis approach relies on trends. This is based on the assumptions that stock markets do not perform on a random basis but are influenced by three distinct cyclical trends, namely; primary, secondary and minor or tertiary trends. Primary trend is a long-range cycle that carries the entire market up or down. It gives the direction to which the share is moving over a period of one year or more. The secondary trend usually of a month or more acts as a restraining force on the primary trend, tending to correct deviations from its general boundaries. The minor trends are day-to-day fluctuations in the market. They are of little value because of their short duration and variations in amplitude. By following these trends, it is possible to predict the general market direction. The main problem in applying technical analysis lies in distinguishing reversals within a trend and real changes in the trend itself. This problem is critical since prices do not change in a smooth uninterrupted manner. The technician, therefore view changes and their significance mainly through price and volume statistics. Several indicators are employed to measure price volume and supply demand relationship for the overall market, as well as for individual stocks. The basic proposition in true trend analysis is a bull market when successive high prices are reached after secondary corrections, and when secondary upswings advance beyond previous secondary downswings. The secondary downswings corrections are believed to be of shorter duration than the secondary upswings. The reverse of its propositions is believed to hold for a bear market. This study is restricted to investigating the price-efficiency of the Nigerian Stock market by employing the weak form of the Random walk Model. The reason for choosing this theory is that, the random walk hypothesis sees future price movement in terms of probability distribution of different possible outcomes. The new market price of a share is predictable from the reaction of investors to new relevant information about the share and it is totally independent of the past market price. Unlike the fundamental analysis, which holds that, the intrinsic value of a security depends on some essential factors that affect the company, industry and the economy and the technical analysis that relies on trends.

2.2 Conceptual framework

The capital market deals in long-term funds. It supplies industry with capital and finances medium term and long-term borrowings of the central, state and local governments. The capital market deals in ordinary stocks, shares and debentures of corporations and bonds and securities of government. (Jhingan 2012). The capital market is a market for long-term funds, in other words, a market for long-term commitments on the part of the lenders and long term needs for funds on the part of the borrower. It is a market for transacting in long-term debt and equity obligations. It is also a market for the mobilization and utilization of long-term funds for development. (Levine & Zervos, 1996). Capital market is a market where long term financing is evolved. In other words, capital market is a source of long-term funds. (Abu, 2009). The capital market deals on long-term funds. The market provides a mechanism for lenders to provide long-term funds in exchange for financial assets issued by borrowers or traded by holders of outstanding negotiable debt instruments. (Nzotta 2004). In Nigeria, the instruments of the capital market are mainly company shares, debenture stocks, revenue bonds or development/loan/stock/bonds and unit trust. (Levine & Zervos, 1996).

The capital market is an important segment of the financial markets that sustains real development in industrial financing in Nigeria. For any economy that wishes its industrial financing to function effectively and grow, there must be a mechanism by which the surplus funds of sales are transferred to investors who enquire and spend more money than their immediate incomes. The financial markets provide an effective means of mobilizing short and long term capital resources from lenders and allocating them to the areas of borrowers need. Industrial financing involves extensive technology based on development of the productive system of an economy. (Nzotta, 2004). Capital market exists primarily as a vehicle for the mobilization of funds. However, capital mobilization will be restricted to the channeling of savings into new issues, which will therefore, result to a new increase in capital formation. The federal government of Nigeria through the capital market had raised long term loans for on lending to the regional and later state governments for development projects since 1961 when the NSE began operation. The federal government had been encouraging the state governments to approach the capital market to raise long term capital for development projects on their own merit. In this way, the state governments will be subjected to market discipline. Currently most state governments have raised long term funds through the capital market for development purposes. Also, foreign exchange market liberalization, the deregulation of interest rate structure dividend policy have made the Nigeria capital market a viable option for capital formation. More companies now use the capital market facilities for strengthening their balance sheets and growth. In this process, there have been flaring of rights issues, offer for subscription for equity and debenture stock. (Soyode, 1990).

2.2.1 Structure of -Nigeria capital market

The Capital Market consists of the Primary and Secondary markets for further clarity, each of the subsets are explained below:

i) The Primary Market

The Primary market of new issue market as it is offer called provides structures for the placement of new issues of Securities in the market. New issues are new Securities issued for the first time by the government and corporate bodies to the general public or only to existing shareholders. The new issues market consists of amalgam of fundraisers and fund issues. The fund raisers are deficit units who are in need of imitable funds, while the funds issuers (provide for funds) are the surplus units that supply funds to the market e.g. Pension funds, Private Investor etc. (Nzotta, 2004). Public issues of shares or debentures take three Principal forms which include: Firstly, by right issues and open offers which basically is a situation where the company invites its existing shareholders to subscribe further Capital required. Secondly, by placing or selective Marketing, which results when a Company agrees to allot the whole issue of the Securities at an agreed price to intermediary Merchant bank to corporate finance subsidiary of a Commercial Bank. Thirdly, by public offer, which is, an invitation made to the public generally to subscribe for or purchase securities of a Company. The instruments traded in the primary market include equity, capital, bonds, government capitals and preference capital.

ii) The secondary market

The secondary market is the formal market for trading in capital and shares, bonds or debentures and other long-term Securities. The market provides the fulcrum for the capital market. It essentially measures changes in general economic activities through capital market index. The market is accessible to all investors and has various participants. The market provides Liquidity for all securities issued by various corporate bodies and the government. In this market investors can convert their Securities holdings into cash and buy more securities for investment purposes or for subsequent reasons (Nzotta, 2004). Alile (2012) describes the secondary market as a value for providing liquidity to investors. In Nigeria, secondary market transaction in quitted securities are called out by licensed stockbrokers on the six trading floor of the Nigerian capital exchange.

2.2.2 Nigerian stock exchange

The NSE provides facilities for raising long term capital for government and industrialists to finance development projects and for expansion modernization of industries respectively. (Ndako, 2010). This means that the NSE is a place where long term securities of varying forms are traded. The NSE provides all necessary facilities, rules and conducts for health competition and growth of the market. Therefore, the NSE is an intermediary between suppliers of funds and the investors of long term funds. This allocative function of the NSE is critical in determining the overall growth of the economy. If capital resources are not provided to those economic areas, especially industries where demand is growing and which are capable of increasing productivity, then the rate of expansion of the economy will inevitably suffer (Alile 2012). The NSE has witnessed tremendous growth since its establishment in 1960. This growth is conspicuous in the increasing number of capital market instruments traded in the exchange, market operators and size of market capitalization. Undoubtedly, various factors are responsible for this growth among which are as follow:

- **i.** The indigenization of the credit base objective. This was responsible for the huge investments in the second and third development loan stock issues in 1961 and 1962.
- **ii.** The income tax management Act, 1961. Under this act, existing person and provident funds in the country were obliged to invest at least one-third of this fund in Nigerian government stock at the penalty of forfeiting valuable tax concession.
- **iii.** The National provident funds Act, 1961 pension and provident funds established after 1961 were required under this Act to invest at least half of this funds in stocks.
- **iv.** The insurance, miscellaneous provisions Act, 1964 required that at least 25 percent of all local investment of these insurance companies must be in government securities as the Act required the insurance companies operating in Nigeria to invest locally at least 40 percent of their premium on locally insured risks in any financial year.
- **v.** The operations of the central bank of Nigeria (CNB) has greatly stimulated the growth and development of capital market in Nigeria via Government securities. Apart from acting as the issuers, underwriter and retailer of these stocks, the CBN provides facilities to ensure the marketability of these securities.
- **vi.** The pioneer industries ordinance 1951, as amended, stipulates that only those foreign companies which allowed at least 10 of their equity capital to be held by Nigeria would benefit from liberal tax part of their share equity to Nigerians through the NSE.
- **vii.** The indigenization decree had great potential in stimulating dealings in industrial stocks. Reflecting the efforts of various companies to comply with the requirements of this decree. The increasing pace of economic activity and the growing confidence in the Nigerian economy.
- **viii.** The unbundling and eventual privatization of key government monopolies and other enterprise have greatly stimulated dealings in industrial stocks in the NSE.

2.2.3 Industrial sector in Nigeria

Industrial sector involves extensive technology based development of the productive system of an economy. Industrial sector development, therefore, represents a deliberate and sustained application and combination of suitable technology management techniques and other resources to move an economy from the traditional low level of production to move automated and efficient system of mass production of goods and services. Industrial development has become the main focus of economic development because of its potential benefits. Industrial sector tends to proper economic problems constraining the growth of the sector and the strategies and policy reforms needed to accelerate the pace of industrial sector. It is usually argued by development economists that industrial sector development is prerequisite capable of transforming an underdeveloped economy into a developed one. This is because industrialization is believed to be a catalyst capable of propelling a structural transformation and diversification of an economy. Over the years, successive governments in Nigeria have instituted various policies and programmes aimed at industrializing the Nigerian economy. However, despite these drivers of industrialization, the efforts have seemed not to be yielding fruitful results as the share of industrial sector in total output remained unimpressive (Udoh and Udeaja, 2011). For instance, manufacturing sub-sector which is at the heart of industrial sector has continued to perform poorly over the years. Evidence has shown that manufacturing share of the GDP has increased from 7.17 percent in 1970 to 10.4% in 1980 before declining steadily to 5.50 percent in 1990. By 2000, the manufacturing share of total GDP has declined to 3.67 percent before declining consistently to 1.80 percent in 2010. As at 2012, the manufacturing share of GDP had fallen drastically to 1.88 percent (CBN, 2012). The poor performance of industrial sector as evidenced in the dismal performance of the manufacturing subsector has been attributed to so many factors, including capacity underutilization, poor and decaying infrastructures, low level of technology, low investment (Ndako, 2010)

2.2.4 Promoting the growth of capital market

NIDB has important function to promoting of developing the capital market in Nigeria. By channeling private savings into productive industrial investment, capital market is established diametrically in many LDCS as a colony of the ardent desire of these countries to launch their economic, in a part in rapid Indus triplication. The capital market in Nigeria in the brain child of the government distinct from those that emanate from pure private initiative, the need to mobilize domestic resources for development and channels saving to meet the requirements of the rapidly expanding industrial private sector reinforced the necessity to establish a capital market. The NIDB began its role of promoting this market by housing the Lagos stock exchange and continue to do so until 1972 when LSCE moved to its accommodation for which of now pays rent NIDB still gives the Lagos stock exchange arrival subvention of ₦24,000, while Central Bank in the period 1963 – 1965 gave ₦14,000. The augmented subvention to the stock exchange from the NIDB, arising from free office accommodation over eight years coupled with other subventions raise serious question as to the economic benefits of the exchange, especially in terms of the airiest cost of maintaining of and the opportunity costs of such finances.

2.2.5 Empirical literature

Many studies have been conducted capital market both in developing and developed countries. Abdullah (2005) examined capital market-growth nexus and found a positive casual correlation between capital market development and economic activities. Abu (2009) elaborated that the nexus between stock returns and output growth and the rate of stock returns is a leading indicator of output growth. According to Agarwal (2001) the study of capital market development and economic growth in African countries suggested a positive relationship between several indicators of the capital market performance and economic growth. This study was expanded by Adam & Sanni (2001) that covers 21 emerging markets over 21 years and found in addition that this relationship exists both directly as well as indirectly by boosting private investment behaviour. The studies then lend support to the financial intermediation literature as well as to the traditional growth literature.

In Nigeria, Osinubi (2001), ventured into knowing whether "capital market promotes economic growth". The study employed the least square regression using data from 1980 - 2000. The result established positive link between economic growth and capital market development and suggest the pursuit of policies geared towards rapid development of the capital market. Udegbunam (2002) noted that Nigerian economy is moving towards increased liberalization, greater openness and greater financial development. He then studied the implications of these developments for industrial growth in Nigeria using simple model which relates industrial output growth to openness, capital market development and some control variables. The study suggests that openness to world trade and capital market development are among the key determinants of industrial output growth in Nigeria. In the other hand, a study in Germany found that capital market volatility has a significant and negative impact on growth. Barlett (2000) and Daniel (2004) provided the evidence that an organized and managed capital market stimulate investment opportunities by recognizing and financing productive projects that lead to economic activity, mobilize domestic savings, allocate capital proficiency, help to diversify risks, and facilitate exchange of goods and services. Undoubtedly, capital markets are expected to increase economic growth by increasing the liquidity of financial assets, make global and domestic risk diversification possible, promote wiser investment decisions, and influence corporate governance that is, solving institutional problems by increasing shareholders' interest value. With well-functional financial sector or banking sector, capital markets can give a big boost to economic development. The study of Ekezie (2002) tend to suggest that relevance of capital market development to economic growth is a function of economic policies prevalent in the economy of study. They examined the empirical association between capital market development and economic growth for a period of ten years around the Indian market "liberalization" event (1981-2001) with the aim to knowing whether Indian capital market is a casino or not. The study revealed: Indian capital market development is not associated with economic growth for period 1981-2001; relevance of capital market to economic growth during the pre-liberalization era; negative correlation between capital market development and economic growth for the post-liberalization era; Indian capital market is a casino for the sub-period of post liberalization and for the entire ten-year event study period.

3.0 Research methods

In this study, exploratory design is employed to identify the factors that contribute to capital market and industrial sector in Nigeria. The selected sampled banks is in line with the works of Balsley and Clover (1988) as cited in Tapang, Bessong and Ujah (2015); Tapang, Bassey and Bessong (2012); Bassey and Tapang (2012) stating that it is common in research studies to use 10 percent sample size, because sample size of 10 percent of the universe has been proved to be more than adequate in research projects. Ogolo (1996) also as cited in Tapang, Bessong and Ujah (2015); Tapang, et al. (2012); Bassey and Tapang (2012) corroborate this when he posits that where a population is known, at least 10 percent of it constitutes a researchable sample.

Based on the objectives of the study, secondary sources are employed in this research. Data were gotten from statistical bulletin of the Central bank of Nigeria, relevant journals and books. Other relevant materials were obtained from published articles and internet connectivity. In analyzing the data gathered for this work. Ordinary least square of multiple regression model was employed to statistically establish the relationship between dependent variable and independent variables. The objectives of the study is to establish the relationship existing between capital market and industrial sector financing. Based on this, the model below has been developed for the study.

INDP = F(INDL,EQ,MKTCAP)
INDP = Industrial production index
INDL = Industrial loan
EQ = Equity
MKTCAP = Market capitalization

Therefore, the functional relationship is linearized into ordinary least square (OLS) model.

$$INDP = \alpha o + \alpha_1 INDL + \alpha_2 EQ + \alpha_3 MKTCAP + e$$

Where ;

Dependent variable = INDP
Independent variables = INDL, EQ, MKTCAP,
Régression constant = α_o
Regression coefficient= $\alpha_1 - \alpha_3$
Stochastic error term = e

Analysis of data

The regression results on capital market and industrial financing in Nigeria (1990-2016).

TABLE 1 (Regression result)
Dependent variable: LINDP

Variables	Coefficient	Std. Error	E. start	Prob.
C	3.498232	0.297301	11.766633	0.0000
LINDL	0.012173	0.027559	0.4417068	0.6640
LEQ	-0.110735	0.0327721	-3.3789412	0.0033
LMKTCAP	0.146212	0.047397	3.0848365	0.0064

R^2 = 0.895228
Adjusted R^2 = 0.856100
F – Statistics = 4.087903
SER = 0.131
DW = 1.47

Following the analysis of the regression

$$Y = B_0 + B_1 INDL + b_2 EQ = b_3 MKTCAP$$

The coefficients from the analysis are

$$Y = 3.498232 + 0.012173_1 - 0.110735 + 0.146212$$
$$(0.29) \quad (0.027) \quad (0.032) \quad (0.047)$$

Figures in parenthesis are the standard error

The coefficient of multiple determinations (R^2) is 0.89522 and adjusted R^2 of 0.856100. The later indicates that 86 percent of variations in the observed behaviour of INDP is jointly explained by the independent variables namely; INDL, EQ, MKTCAP. This shows that the model fits the data well and has a tight fit. Also, the f-statistics is used to test for the significance of such good fit. The model reports on effectively high f-statistics value of 4.08, this shows it is higher than table value. The DW statistics is used to test for the serial correlation in the residuals of the model. The decision rule is that if the calculated DW falls outside du and 4-du, then there is a serial correlation in the residuals. This shows that calculated DW of 4.08 falls and this indicates that the estimates should be taken with caution. The goodness of fit of the model as indicated by the adjusted R-squared shows a good fit of the model that the model fits the data well. For the overall significant of the model, the ANOVA on the f-statistics is used. Hence, the model did not occur by chance, it actually confirms that the model fits the data well. To test for the individual statistics significant of the parameters, the t-statistics of the respective variables were considered, considering their probability values. The a priori expectations about the signs of the parameter estimates are confirmation to economic theory.

4.0 Findings

Given the empirical result of the model, the major findings of the study include; industrial loan had a positive impact on the growth of industrial sector, Equity had a negative impact on the growth of industrial sector in Nigeria and market capitalization had a positive impact on the growth of industrial sector.

5.0 Conclusion/Recommendations

Given the importance role of capital market on industrial sector financing in Nigeria, capital market is an important segment of the financial markets that sustain real development in industrial financing in Nigeria. For any economy that wishes its industrial sector to function effectively and grow, there must be a mechanism by which the surplus funds of sales are transferred to investors who enquired and spend more money than their immediate incomes. The financial markets provide an effective means of mobilizing short and long term capital resources from lender and allocating them to their areas of lenders need. The following recommendations are proffered

1. Market capitalization should be looked in order to improve on the current share price and total number of stocks.
2. The price of share should be effectively implemented in the market so that percentage ratio should be properly monitored during company's investment.
3. The government should properly guide the activities of companies that are quoted in stock

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