

NATIONAL SMALL SCALE BUSINESS DEVELOPMENT LOAN SCHEME

BILL, 2018

ARRANGEMENT OF CLAUSES

Clause:

1. Establishment of the National Small Scale Business Development Loan Scheme
2. Establishment of Governing Board
3. Tenure of Office
4. Cessation of Membership
5. Functions of the Scheme
6. Appointment of Executive Secretary and other Staff of the Scheme
7. Funds of the Scheme and other financial provisions
8. Recovery of loan
9. Sundry powers in relation to repayment of loans
10. Interpretation
11. Citation

A BILL

FOR

AN ACT TO ESTABLISH THE NATIONAL SMALL SCALE BUSINESS DEVELOPMENT LOAN SCHEME; AND FOR RELATED MATTERS

Sponsored by Hon. Anayo Nnebe

[] Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria as follows:

1 PART 1 - ESTABLISHMENT AND COMPOSITION

2 1.-(1) There is hereby establish a body to be known as the National Establishment
3 Small Scale Business Development Loan Scheme (in this Bill referred to as of the National
4 “the Scheme”). Small Scale
Business
Development

5 (2) The scheme shall be a body corporate with perpetual succession
6 and a common seal and may sue and be sued in its corporate name.

7 2.-(1) There is established for the scheme a Governing Board (in Establishment
8 this Bill referred to as “the Board”) which shall provide policy guideline for of the Governing
9 the day-to-day administration of the scheme. Board

10 (2) The Board shall comprise:

11 (a) the chairman, who shall be the head of the Board and shall be a
12 person of cognate experience;

13 (b) the permanent secretary of the Ministry of Finance;

14 (c) a representative from the ministry of trade and commerce;

15 (d) a representative from the banking sector not below the rank of
16 an executive director in a bank;

17 (e) a member representing the organized private sector from each
18 of the six geo-political zones of the Federation; and

19 (f) the Director General of the scheme.

20 3.-(1) The chairman and members of the board other than the ex- Tenure of office
21 officio members shall hold office for a term of four years in the first instance

1 and may be reappointed for a further term of four years and no more.

2 (2) The chairman of the board shall be paid such emoluments,
3 allowances, remuneration and incidental expenses as the President may
4 determine from time to time.

Cessation of
membership

5 4.-(1) Any member of the board of the scheme shall cease to hold
6 office if he:

7 (a) resigns his appointment as a member of the board by a notice
8 addressed to the President;

9 (b) is of unsound mind;

10 (c) becomes bankrupt or makes compromise with his creditors;

11 (d) is convicted of a felony or any offence involving dishonesty or
12 corruption;

13 (e) is guilty of serious misconduct relating to his duties; and

14 (f) is removed by the President in the public interest.

15 (2) If a member of the board dies or resigns or otherwise vacate his
16 office before the expiration of the term for which he is appointed, a fit and
17 proper person shall be appointed for the remainder of the term of office of the
18 predecessor.

19 PART II - FUNCTIONS OF THE SCHEME

Functions of
the Scheme

20 5. The functions of the scheme shall be:

21 (a) to design and implement a loan scheme for small scale business
22 enterprises all over the nation;

23 (b) to develop criteria and conditions for the granting of loans and
24 incentives to small scale businesses.

25 (c) allocate funds for loans to eligible traders;

26 (d) to raise funds in accordance to section 7 (2); and

27 (e) perform such other functions as are necessary and expedient for
28 the purpose of achieving the objectives of this scheme.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

PART III - STAFF OF THE SCHEME

6.-(1) The Board shall appoint an Executive Secretary who shall be:

Appointment of an Executive Secretary and other staff of the Scheme

- (a) the chief executive officer of the scheme;
- (b) responsible for the day to day management of the scheme;
- (c) responsible for the payment of all loan disbursements authorised by the board; and
- (d) supervision and control of all other employees of the Board.

(2) The Executive Secretary:

- (a) shall be appointed by the president; and
- (b) hold office on such terms and conditions as to emoluments and otherwise as may be specified in the letter of appointment.

(3) The Board:

- (a) may from time to time employ such other staff, as may appear to it expedient and necessary for the proper and efficient performance of its functions under this Act;
- (b) the Board shall have power to pay its employees, remuneration, allowances and other benefits as may be approved by the President;
- (c) the board may make rules and regulations relating generally to the condition of service of Employees of the scheme; and
- (d) the rules so made shall without prejudice to the generality of the foregoing provide for the appointment, promotion, discipline and pension of the scheme.

PART IV - FUNDS OF THE SCHEME AND OTHER FINANCIAL PROVISIONS

7.-(1) The scheme shall maintain and administer a fund from which the loans shall be disbursed.

Funds of the Scheme

(2) There shall be paid and credited to the fund in pursuance of subsection (1) of this section:

- (a) all subventions and budgetary allocation made to the scheme by the National Assembly and the Federal government;

1 (b) foreign aids and assistance from bilateral and multilateral
2 government agencies;

3 (c) funds as may be receive by the scheme through the board by way
4 of donation, gift, grant, etc.;

5 (d) all monies received by the board in respect of loan given out by the
6 scheme or the interest payable in respect of any such loan; and

7 (e) all investments or other monies earned or arising from any
8 investment, property or assets of the scheme.

9 (3) The Board may with, the consent of the President borrow, on such
10 terms and conditions as the board may determine , such sum of money that may
11 be required in the exercise .of its functions.

Annual Estimates

12 (4) The Board shall not later than six months before the end of each
13 financial year prepare and submit to the President, an estimate of the
14 expenditure and income of the scheme during the next succeeding year.

Account and
Audit

15 (5) The Board shall cause to be kept a proper account of the scheme in
16 respect of each year and shall cause the account to be audited not later than six
17 months after the end each year by auditors appointed by the board from the list
18 in accordance with guidelines supplied by the Auditor General of the
19 Federation and the fees of auditors and the expenses for the audit shall be paid
20 from the funds of the Board.

Annual report

21 (6) The Board shall not later than six months after the end of each year,
22 submit to the President through the minister, a report on the activities of the
23 scheme and its administration during the immediate preceding year and shall
24 include in the report the audited accounts of the scheme and the auditors
25 comments therein.

26 PART V - PROCEDURES FOR ADMINISTERING THE LOAN

Eligibility

27 **8.**-(1) No person shall be entitled to a loan under this Act unless he or
28 she is an entrepreneur doing a legitimate business in Nigeria.

29 (2) To be considered eligible for a loan under this Act, the trader or
30 potential small scale business man and woman shall make an application to the

1 board and establish to the satisfaction of the Board in a prescribed form that
2 he:

3 (a) is a citizen of Nigeria with a registered company or a business
4 name with the Corporate Affairs Commission; and

5 (b) is qualified for the loan, having satisfied all the requirements of
6 section 8(1) of this Act;

7 (3) Every agreement for a loan in respect of which a guarantee is to
8 be given under this act shall be in such form and upon such terms and
9 conditions as the board may approved. Forms and terms
of loan agreement

10 (4) Where for any reason any request for a loan for the purpose of
11 this Act is rejected by the Board, it shall give reasons thereof to the person
12 making the request and shall specify what step should be taken by the
13 applicant to enable him or her to comply with the requirements.

14 (5) The rate of interest payable on a loan granted pursuant to this
15 Act shall be as may be directed by the board. Rate of interest

16 (6) Security required by the board for the purpose of any loan under
17 this Act may be one or more of the followings: Forms of security

18 (a) a charge on land in which the borrower holds a legal interest;

19 (b) a charge on movable property of the borrower;

20 (c) a life assurance policy, a promissory note or other negotiable
21 security;

22 (d) stocks and shares;

23 (e) a personal guarantee;

24 (f) a surety or guarantee by at least two persons of means and
25 substance or owner of a landed property; and

26 (g) any other security acceptable to the bank which the Board may
27 deem fit.

28 (7) (a) No loan granted pursuant to this Act shall be applied to any
29 purpose other than that for which the loan was granted; Loan to be applied
for the purposes
of approval

30 (b) Any person who applies loan granted pursuant to this Act for

1 other purpose in contravention of section 8(5)(a) of this Act shall be guilty of an
2 offence and liable on conviction to a fine of an amount not less than the amount
3 of loan in respect of which the offence was committed.

4 RECOVERY OF LOAN

Due date

5 **9.**-(1) Every loan granted under the provision of this Act shall become
6 due for repayment in accordance with the schedule of repayment made by the
7 applicant.

8 (2) Where a person has defaulted in the repayment of the principal and
9 interest of any loan collected under this Act, the Board shall endeavor to
10 recover the amount outstanding from the borrower and may for that purpose
11 dispose of any security obtained in respect of the loan.

12 (3) Where any part of the principal or interest remains outstanding and
13 the steps specified in subsection (2) of this section have been taken or where
14 recovery of any amount outstanding is impracticable, the Board may compel
15 the suretees or guarantors if any in accordance with the terms of the loan to
16 settle the claim.

17 SUNDRY POWERS IN RELATION TO REPAYMENT OF LOAN

Sundry powers
in relation to
payment of loans

18 **10.**-(1) The Board shall have power to accept payment of the whole or
19 part of the principal and interest before the time when such payment is due,
20 upon such terms and conditions as the Board may deem fit.

21 (2) The Board shall also have power to:

22 (a) postpone upon such terms and conditions as the Board may deem
23 fit the repayment of any sum due in respect of any principal and interest at any
24 time for a period not exceeding two years;

25 (b) extend from time to time the period of the repayment of any loan or
26 compound or release any loan or part thereof upon such terms and conditions as
27 the board may deem fit; and

28 (c) accept as full and final payment the services of the borrower for a
29 period and upon such terms as may be determine by the Board.

1	11. In this Act:	Interpretation
2	"Scheme "means the National Small Scale Business Development Loan	
3	Scheme;	
4	"Board" means body established to run the scheme "Chairman" means	
5	chairman of the scheme;	
6	"President "means President of Federal Republic of Nigeria;	
7	"Minister" means minister of Finance.	
8	12. This Bill may be cited as the National Small Scale Business	Citation
9	Development Loan Scheme Bill, 2018.	

EXPLANATORY MEMORANDUM

This Bill seeks to establish the National Small Scale Business Development Loan Scheme to design and implement a Loan Scheme for small scale business enterprises all over the nation.