

## THE INFLUENCE OF AGRO BANK SHARI'AH COMPLIANCE FINANCING IN STIMULATING AGRICULTURAL DEVELOPMENT IN MALAYSIA: A LESSON FOR NIGERIA

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**Abstract:** *The influence of Malaysian financial industry in stimulating economic development and agricultural development, in particular, cannot be under-estimated. Nowadays, the realization of agricultural development is one of the major targets of numerous nations around the globe. The major objective of this study is to explore the influence of Islamic finance in promoting agricultural development in Malaysia with a particular focus on the influence of agro bank Shari'ah approach and derived lessons for Nigeria. The methodology employed for the study is the qualitative approach. The instrument used for gathering the data is the use of documents throughout the study. The authors concentrate on both public materials (such as journals, and textbooks, etc.) and online sources such as official annual reports by the BNM (Malaysia financial sector report), Agro Bank annual reports, etc. The available documents were synthesized according to the demand of this excerpt. This study found evidence that; agro bank Shari'ah archetype has a significant influence on agricultural development in Malaysia. The study recommends that more initiatives and broadening the use of relevant Islamic financing contracts should be available to support the accomplishment of agricultural development in Malaysia, this is an addition to heavily relying on few products such as BBA mode of financing. The data further shows that Nigeria can learn several ideas from the Malaysian efforts for agricultural development in Nigeria.*

**Keywords:** Islamic finance, Agricultural development, Agro bank, Malaysia, Nigeria

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### INTRODUCTION

The aspiration for agricultural development of many countries made it a global phenomenon. Many bits of evidence from the available studies from the developed and developing nations including the third nations exposed the need for attaining development in the farming sector in these rural areas worldwide. Early studies on agricultural extension programme appeared in India by Moore (1984) as one of the World bank efforts for institutional development. Within the same period, a study on agricultural marketing policy and development appeared in America by Meissner (1987) through the American Development Bank.

In the middle-East, early studies on the subject of agricultural development appeared in Palestinian West-Bank Sahliyah (1982); and other recent efforts such as study made by (Ansari, Hosseini-Yekani, & Mahdavinia, 2012). While in Africa, available studies that indicate the presence of commitment toward agricultural development include countries such as Nigeria (Adebayo & Idowu, 2000; Umeh, 1991); Mali Brondeau (2011); Sub-Saharan Africa Kleemann (2016); and South-Africa Makhura (2008).

Similar studies were noted in Asian countries and its regions such as South-East Asia by (Cuevas, 1990; Regnier, 2009); Indonesia (Purbiati, Supriyanto, & Santoso, 2009); Bangleadesh (Khalily, Meyer, Hushak, & Cuevas, 1991); in China (Leng, Huang, & Shen, 2016; Liu & Ge, 2007; Xin & Dou, 2009; Zhang & Zhou, 2011); in Russia (Matyukha, Voigt, & Wolz, 2015); in Pakistan, (Saqib, Zafar, Khan, Roberts, & Zafar, 2015); and, in Malaysia by (Ab Aziz, 2011; Baydar, White, Simkins, & Babakol, 1990).

In European and American continents, studies found available involve a study in Latin America written by (Wittman, Powell, & Corbera, 2015); in Romania (Aggelopoulos, Pavludi, Tselembis, & Soutsas, 2011); in Brazil (Born, Broglio-Micheletti, Lima, de Araujo, & Delabie, 2009); in Spain (Gomez-Conde, Lopez-Valeiras, Gonzalez-Sanchez, & Rodriguez-Gonzalez, 2012); in Hungary (Szeles, 2007; Szeles & Szabo, 2008); and in Belgium by (Viaene, Gellynck, & Verhelst, 2004).

The grounds of the above studies clearly informed that the aspiration for agricultural development is definitely a worldwide event. There is no doubt that some of these fields are in one style or another interconnected with agricultural development. Most of these studies focus on agricultural marketing, agricultural extension, agricultural production, agribusiness, agricultural enterprises, and agricultural financing through self-financing, credit financing, and financing from the banks (such as the World Bank, Central Banks, Banks of Industry, Development Banks, Labour Banks, Islamic Banks, and New generation banks), which are all sources for raising agricultural development globally.

Thus, agricultural development is an important tool that encourages the proper conditions for farming so that planting, harvesting, and processing of crops that can ultimately reduce poverty and save lives. In other words, agricultural development is regarded as a way of supporting crop producers with the help of various agricultural resources, such as employing modern techniques, providing protection, controlling the pest, facilitating diversity and assisting research spheres. Hence, agriculture has multi-dimensional functions in economic development such as agricultural businesses and food production, which have the potential ability to feed the nation, provides jobs, contribute to national income and tax, improve food supply, increase export, and reduce poverty (Lamido, 2014).

Despite the profusion of the reviewed studies, the authors are yet to come across with a study that directly links the agro bank Shari'ah perspective with the agricultural development. Although the study of Ridhwan (2011) shown some kind of substance in its content, however, the author focuses more on signifying opportunities for an agro entrepreneur in developing agro initiatives in Islamic banking in Malaysia, rather than showing the influence of agro bank from Islamic outlook in promoting agricultural development. Thus, the availability of the (Ridhwan, 2011) study could not serve as a barrier to the pursuance of this one.

## **METHODOLOGY**

The study is qualitative in style, it intended to present and understand the phenomenon that relates to the influence of Islamic finance model in stimulating Malaysian agricultural development from the agro bank outlook. This is in line with the view of Creswell (2014) that qualitative research is an instrument for researching and interpreting the meaning individuals or groups ascribe to the social or human problem. The mechanism used for the collection of information is the use of documents during the course of the study. The authors ponder on both public documents; official and annual reports by the BNM (Malaysia financial sector report); Agro Bank annual reports, etc. the documents were synthesized according to the needs of this effort.

## **RESULTS**

### **BRIEF HISTORY OF AGRO BANK IN MALAYSIA**

Agrobank is an owned-asset of the Malaysian government earlier known as (Bank Pertanian Malaysia Berhad) under the office of the Finance Minister. The Bank is guided by the established regulations of the Malaysian Ministry of Agriculture and Agro-Based Industry. The legal standard of the Agrobank is under the Act of the Malaysian Parliament No. 9/69 on September 1, 1969.<sup>1</sup> The Malaysian government on December 12, 2007, sent a financial bill that received the endorsement of RM1 billion by the Malaysian lower Parliament to empower the Agrobank for agricultural development, productions, supply and empowerment. The Malaysian government considered the Agrobank as a solution to the agricultural production and supply, handling and marketing of agricultural products to customers.<sup>2</sup> The major objective of the bank is to promote sound agricultural development in the country, through the provision of loans and advances. The main function of the bank is to coordinate, supervises the granting of credit facilities for agricultural purposes, and mobilise savings, particularly from the agricultural sector and community (Agrobank, 2016).

### **Agro Bank Islamic**

Recently, on July 1, 2015, the Malaysian Minister of Agriculture and Agro-Based Industry in the person of Dato Sri Ismail Sabri Yaakob inaugurated the conversion of Agro bank into full-fledge Agro Bank Islamic in Malaysia. The Malaysian government considered the transition as a positive development and a benefit for the Shari'ah Compliant Products, Halal Food Industry, and promoting Shari'ah compliance business transaction for both Muslim and non-Muslim customers. The Malaysian Agro Bank Shari'ah compliant financing intended to provide more confidence to depositors, investors, food operators, entrepreneurs, and customers to drives their relevant transactions in accordance with the Shari'ah principles. This complies with the economic development objectives and in turn support employment, investment, agricultural development, and poverty reduction.

Malaysia's intention of Agro Bank is to boost asset ownership for its Islamic banking sector. The Agro Bank in Malaysia has loans financial records of 32 per cent provided to Malaysia's food production sector and it has managed to convert deposits worth RM352 million equivalent to USD 94.2 million from the conventional system into Islamic (Hamza &

<sup>1</sup> [www.agrobank.com.my](http://www.agrobank.com.my)

<sup>2</sup> Ibid

Basu, 2015). The Chairman Faizah Mohd Tahir reveal that Malaysia has one of the world's largest Islamic finance sectors and authorities envision the industry accounting for 40 per cent of the country's total banking assets by 2020 compared with 23 per cent last year (Hamza & Basu, 2015).

The Malaysian Agro Bank has been mandated with the special task as one of the Islamic banking institutions in the country. The mission is to ensure that the agricultural sector becomes a well-developed in the nation. The bank has provided several types of banking facilities and services that relate to agricultural financing, and provision of financing models that could cater and satisfy the customer needs with regard to agricultural financing. The bank is also committed to providing financing facilities for developing agricultural initiatives; promoting value-added features for all the banking products and services provided by the bank; and ensure the relevance and suitability of all financing facilities provided by the bank (BNM, 2005).

### **The Objectives of Agro Bank**

The major objectives of Agro bank in Malaysia according to (Agrobank, 2016) are:

- To stimulate comprehensive agricultural development;
- To coordinate and supervise the grant of credit from public funds for agricultural purposes by individuals, incorporated and unincorporated companies;
- To provide financing advances and other credit facilities for the development of the agricultural sector and agricultural-related business;
- To mobilise savings with particular emphasis to the agricultural sector and, in furtherance of this objective, to accept savings and time deposits;
- To uplift the well-being of the agricultural community;
- To carry on the general business of modern and financial services institution catering to the total financial needs of its customers.

### **Islamic Financing Contracts for Agricultural Financing in Malaysia**

The result from the available sources indicated that in 2008 the Malaysian government opted for the operation of Agro Bank Shari'ah compliant services. Many scholars, investors, experts and the Malaysian government officials considered Islamic mode of financing as one of the viable options for agricultural development. This is ascribable to the specific characteristic features of Islamic financial products.

Bank Islam considered it a Shari'ah financing contract and categorised them into four groups. These groups are known as i) equity participation contracts (*Mudarabah* and *Musharakah*); ii) deferred payment or non-participation contracts, this category include (*Murabahah*, *Istisnah*, *Ijarah*, *Bai Salam*, *Bai Inah*, and *Bai Mu'ajjal*); iii) Immediate payment contract (*Bai Al-Dayn*, *Bai Al-Sarf*); and iv) supporting contracts (*Waqaf*, *Wadiah*, *Wakalah*, *Hibah*, *Kafalah*, *Qardul-Hasan*, and *Ar-Rahnu*).

However, Agro bank in Malaysia although it has several Islamic financing models, the results indicated that the system focuses more on using *Bay bi thaman Ajil* BBA as the most appropriate Islamic financing contract in administering its Shari'ah facilities. The following are some of the Islamic financing products and services offered by Agro bank in Malaysia for effective agricultural development:

**Table 1. Agro Bank Financing Products and Services in Malaysia**

Type	Facilities and financing
Deposits	Agro Saving; Agro Saving-i (Islamic); Fixed Deposits / Investments; Agro Perdana; Agro Perdana-i
Personal Financing	Hartani-i (Tawarruq); Ar-Rahnu; AgroCash-i; Special Advance for Investment Assets-i (SAFIA-i)
Business Financing	Entrepreneurs capital 1 Malaysia (MUSIM-i); Private: Paddy Cash-I; Replanting SAWIT-i (SAWIT-i); Term Financing-i; Paddy-i (Tawarruq); Ease of Working Capital Financing-i ( <i>Tawarruq</i> ); Machinery & Equipment Financing-i (MAEF-i); Agro Cash Line-i; Strategic Alliance Financing-i (SALF-i); Financing Programmes; Fund For Food (3F); Agro Bakti Financing Programme
Trade Financing	Letter of Credit-i; <i>Murabahah</i> Trust Receipt-i; Trade Working Capital Financing-i (TWCF-i); Bank Guarantee-i; Shipping Guarantee-i (SG-i); Documentary Collection
Electronic Banking	AGRONet (Retail Internet Banking); AGRONetBIZ (Business Internet Banking); SELF-SERVICE TERMINAL (ATM/CDM/CQ/CoDM/Internet Kiosk); AgroAgent (Agent Banking Services); e-Payment Fees & Charges; Agro Visa Debit Card-i; Agro VISA Business Debit Card-i
Services	Bill Payment; Takaful; Wasiat (Letter of Will); Assessment Tax; Zakat (Tithe); SSPN-I; Safe Deposit Box; Rates; Fees and Charges; Interbank GIRO; Interbank Fund Transfer (IBFT); Agro <i>Mabrur</i> -i

*Source:* [www.agrobank.com.my](http://www.agrobank.com.my)

### AGRO BANK FACILITIES FOR FINANCING AGRICULTURE IN MALAYSIA

Establishment of commercial funds essentially for market and profit-focused on normal deposit by the depositor of the Agro bank. Agro bank funds all the accomplishments of the agricultural sector, production, processing and marketing of agricultural products. Besides that, there is the provision of certain special funds and schemes by the Malaysian government that aimed at providing funds for financing the agricultural sector (Ridhwan, 2011). These special funds are incentives with a view to promoting investment and agricultural development. The facilities provided by Agro bank for financing the agricultural sector are classified into two categories; that is commercial funds and special funds established by the Malaysian government to provide means for the agricultural sector.

The main objective of providing these commercial and special funds is to give working capital for new agricultural enterprises and expanding the existing agro project. Simultaneously, the Malaysian government established schemes and provided funds for financing the agricultural sector. These funds reflected incentives for promoting investments and give priority to the agricultural sector. These incentives are commonly taken in the form of low-cost financing, longer duration of financing period and higher than the margin of financing. These schemes and funds are open to all Malaysian citizens, institutions, and companies incorporated in Malaysia provided that, the ownership by Malaysians exceeded 50%.

The Ministry of Agriculture and Agro-Based Industry was assigned the task to continue with this social responsibility initiated by the Malaysian government with a view to attaining the strategic policies intended in the Ninth Malaysia Plan and successive ones. The following are some of the funds and facilities provided by Agro Bank in Malaysia:

**a) Agro Bank Fund for Food (3 loans)**

The main objectives of initiating this project are to promote investment in the area of food production, increase in food and animal production, and efficient distribution of food and food products (Aziz, 2012; Borhan & Aziz, 2009). Those who are eligible to enjoy the program are limited to Malaysians residing in Malaysia, and Malaysian institutions with at least 51% of local ownership. The financing availability is between RM10,000-RM10 Million and can finance up to 90% of the project cost. The financing period is up to 10 years through the Islamic financing product is known BBA. The eligible projects for financing include food production, processing, and marketing (Ridhwan, 2011).

**b) Bumiputera Industrial and Business Community Scheme**

The objective of this scheme is to develop Bumiputera entrepreneurs who aspire to excel in the agricultural sector. To provide fixed capital and working capital for Bumiputera agricultural projects and businesses. The beneficiaries are individual entrepreneurs, companies, farmers, and fishing institutions with the paid-up capital exceeding RM100,000 (Aziz, 2012). However, there is a kind of consideration for individual entrepreneurs. The financing limit for the programme range between RM10,000-RM 5 million and can finance up to 90% cost of the project. The financing period is up to 10 years with BBA as the appropriate financing model for the programme. The eligibility focus of financing is limited to the agricultural sector, agricultural manufacturing, services, processing, and marketing (Aziz, 2012).

**c) Commercial Agriculture Graduate Entrepreneur Scheme**

This is another scheme fund by the Agro bank with a view to producing farming graduates and caters for the unemployment rate among young graduates. Therefore, only unemployed graduates are eligible beneficiaries of the programme with the financing limit of RM50,000-100,000. The financing period is up to 6 years. The Islamic financing instrument applied is BBA. The financing eligibility encompasses all sorts of commercial agricultural production be it short or long term between the period of 1-5years (Aziz, 2012).

**d) Youth Farmer's Scheme**

The objective of the scheme is to assist the youth for self-reliance and improvement in agriculture and agro-based business. The eligibility of the scheme is limited to the Malaysian citizens on an individual or group basis. The financing limit is between RM15,000-RM50,000 with up to 90% maximum financing of the project cost within the period of 7 years. The Shari'ah financing model used is BBA. All agricultural related projects are eligible for financing with no collateral but a guarantor is required (Aziz, 2012; Borhan & Aziz, 2009).

**AGRICULTURAL DEVELOPMENT IN THE MALAYSIAN ECONOMY**

The available result from the document reveals that agriculture has been a backbone of the Malaysian economy by producing agricultural products for local consumption as well as an earner of foreign exchange. The outcome further indicated that agriculture in Malaysia contributes to the nation's Gross Domestic Products GDP, and provides employment for the masses, particularly in the rural dwellings. In 2013, the Malaysian agricultural sector employs

over 1.6 million people or 10.9% of the employment, contributes 23% of the total export earnings, and adds around 7.2% of the Malaysian GDP (Dardak, 2015).

However, some result of the agricultural sector in Malaysia shows a kind of declining annually. For instance, the outcome of the Malaysian agricultural sector in GDP declined from 29.9% in 1970 to 22.9% in 1980. One decade later, in 1990 the GDP of the agricultural sector dropped to 18.7% and 8.4% in 2000. In the same vein, the share of the Malaysian agricultural sector decline from 7.58% in 2010 to nearly 7.0% in 2014 (Dardak, 2015). This shows that, in spite of an upsurge in absolute value, the share of the Malaysian agricultural sector in GDP is continuously declining. The evidence on increase in absolute value indicated that the contribution of the agricultural sector has increased from 51.3 billion in 2010 to nearly 56.0 billion in 2013 and forecasted to further increase to 58.0 billion in 2014 (MER, 2013).

The accessible result from the documents discloses that three factors were considered as the challenges faced by the agricultural sector in the Malaysian economy. Firstly, there is over-dependent on foreign labour, which led to an increase in the cost of labour. In 2012 alone, Malaysia registered and employed over 750,000 foreign labours. Secondly, there is an increase in the production cost, which contributed to the increase in wages, the price of the agricultural input, and capital cost. Thirdly, there is the existence of low productivity and quality of the agricultural produce. Thus, this sector requires sustainable transformation programs, and this is formulated in the National Agricultural Policy (Dardak, 2015).

## **THE INFLUENCE OF AGRO BANK ON AGRICULTURAL DEVELOPMENT IN MALAYSIA**

The outcome from the existing documents supports that the Malaysian financial sector provided 2.5% workforce of the nation's employment between 2001 and 2008. Although little, highly skilled personnel with average wages. The Malaysia financial sector development plan in addition to other documents projected that positive growth in business will lead to new employment opportunities of 229,000 by the year 2020 (including the agri-business activities) (BNM, 2012b; FSDP, 2011; Narayan, 2015). The documents reveal that both foreign and local Islamic banks have an influence in providing employment, creating investment opportunities, and support for agricultural development. These Islamic banks include and not limited to Al-Rajhi Bank & Investment Corporation Berhad; Asian Finance Bank Berhad; HSBC Amanah Malaysia Berhad; Kuwait Finance House, and local Islamic banks such as BIMB, BMMB, and Agro bank, which in turn reduces poverty, support agro-businesses, small and medium scale enterprises, and promotes economic development (BNM, 2012b; FSDP, 2011).

Specifically, the data gathered from the document reveal that the introduction of Malaysian Agricultural Bank Act, 2008 led to the operation of Agrobank Shari'ah compliant services with employees that are set to offer Islamic Shari'ah compliant services. The results show that, in 2014, the Malaysian Agrobank contributes with the RM 2.6 billion of financing towards food production sector out of overall funding of RM 5.5 Billion. This includes both Agrobank Shari'ah compliant service and conventional system.<sup>3</sup>

Similarly, agro bank indicates a kind of highest achievement in the financial growth of the RM7,484 million in 2015 and RM8,731 million in 2016 or a 16% increase in 2016. Despite the intensely competitive market, the agro bank recorded a deposit growth of RM7,041 million

<sup>3</sup> www.agrobank.com.my

in 2015 and RM8,668 million in 2016 or increase of 23.1 in 2016. However, non-performing financing shows a downfall from 6.6% in 2015 to 5.2% in 2016 with a difference of 1.4% in the area (Agrobank, 2016).

Regarding agricultural development, the financial highlights of the agro bank in 2015 and 2016 indicated that Agro-Food Financing out-performed the previous years with RM2,759 million in 2015 and RM3,148 million or an increase of 14.1% in 2016. Whereas, Agro-Based Industry Financing expanded its foot-print with RM350 million in 2015 and RM543 million or an increase of 55.5% in 2016 respectively (Agrobank, 2016).

The document further divulges that Agro bank currently, brags 167-190 branches throughout Malaysia with over 3400 employees that are set to offer Islamic Shari'ah compliant services including the agricultural sector (Aziz, 2012). The Agro bank facilitates the SME sector through (agropreneurs, micro, small and medium entrepreneurs), which its contribution to Malaysian economy embraces 39.9% of the GDP growth; 65% of employment; and export 17.8% respectively (BNM, 2012a).

The 2005 census results reported by NSMEDC established that SMEs are the main source of employment. SMEs provides over 3 million jobs or 65.1% of the total employment of these business establishments in Malaysia (BNM, 2005, 2006; SME, 2011). The SMEs services sector alone employed 2.2 million workers, whereas the manufacturing and agricultural sectors employed 740,000 and 131,000 respectively (BNM, 2005). These results are largely due to the support made by the Malaysian financial institutions including Agro Bank, and the Central Bank of Malaysia.

The outcome from the documents indicated that agricultural sector provides development in Malaysia through the presence several initiatives such as Halal Food Industries, Agro banking industry, financing agro-business, agro-enterprises, and individual agro-entrepreneurs, and other initiatives that saw the increase in food production, employment generation, promoting investment and deposits in the agricultural sector, poverty alleviation through the supporting the farmers, and an overall impact on economic development.

## **SUGGESTIONS AND LESSONS FOR NIGERIA**

- Nigeria should redesign its policies and strategies in the agricultural sector that will allow the Shari'ah financing model to thrive into the mainstream of Nigerian agricultural sector for effective economic development.
- Shari'ah systems for agricultural financing in Nigeria should be utilized by the Nigerian government through Bank of Agriculture and other conventional banks using an Islamic banking window so as to improve farmers deposit and support thereby achieving financial inclusion, boost in agricultural production, and support for agro-business, and agro-entrepreneurs.
- Appropriate and relevant Islamic financial products and facilities similar to that of Malaysia could serve as an object lesson for the Nigerian Bank of Agriculture. There is need for experts to test the reliability and benefits of these Islamic financing contracts thereof, with the particular focus to those that are closely relevant to the agricultural sector (such as *Musharakah*, *Ijarah*, *Bay bi thaman Ajil*, *Bai Salam*, *Qard Hasan*, and *Muzara'ah* financing instruments) having potential for agricultural development in Nigeria. For instance, *Muzara'ah* financing model in the Nigerian Islamic banking sector could serve as a

financing model based on free-interest, collateral-free and as a means to improve the logistic aspects of agricultural activities.

- Islamic Bank of Agriculture with the Shari'ah financing similar to that of agro bank Islamic in Malaysia should be available to provide financial support that will effectively enhance farming production, support agro-businesses, agro-entrepreneurship, and small and medium-scale farmers, and other related agricultural activities in Nigeria.
- Using Shari'ah financing for agricultural development in Nigeria by Islamic banks and Islamic banking window by their conventional counterpart can serve as an important opportunity particularly for the rural communities, small and medium-scale farmers, agro-businesses, agro-enterprises and entrepreneurs.
- Islamic Shari'ah financing system in the Nigerian banking sector has the potential to support agricultural development, trade and commerce, and development of manufacturing industries that satisfy the needs of people.

## CONCLUSION

The agricultural sector is one of the strengths of every domestic or national economy. It generates employment and livelihood for the people, facilitating foreign earning and exchange, enhancing the rapid growth, infrastructural development, and human well-being of any nation that has accepted its cause. Besides that, the role of agriculture in economic development is multifaceted. It has influence in boosting food production, agricultural businesses, have the potential to feed a nation, generate jobs, and reduce poverty. This is especially when a nation rendered efforts to stimulate agricultural business growth. As stated earlier, the objective of this study is to identify the influence of agro bank Shari'ah financing in promoting agricultural development in Malaysia. The outcome of this study indicated that, the Malaysian government has shown efforts to grow their agricultural sector through effective agricultural financing policies and support by putting the agro bank in place, which in turn have boosted food production, supports agro-businesses, and enterprises, reduction of poverty, improved food supplies, and increased exports. The result of the study further divulges that the agro bank has several Shari'ah financing facilities that support both individual and corporate agro-business, and agro-entrepreneurs and enterprises. In addition to that, the result indicates that agro bank marked a special influence on Agro-Food Financing, financial growth, support competitive market, recorded a reasonable deposit growth, and Agro-Based Industry financing that outperformed the previous years in 2015 and 2016 respectively. The result from the majority document further indicates that effective use of Shari'ah financing system is good for the agricultural sector due to its ability in supporting the individual small and medium scale farmers, agro-business, agro-enterprises and entrepreneurs, and agricultural development. It also helps in providing food for the populace, raw materials for industries, employment for the unemployed and improves the foreign earnings for the state economy. The separate studies on influence of agro bank Shari'ah financing should be specifically focused on any aspects of agricultural development (such as food production and supplies, agro-enterprises, and its impact on small and medium-scale farmers) in particular, and economic development in general (such as poverty, income generation, financial growth, employment, and its effect on GDP).

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