

The Role Of Agricultural Production On Nigeria's Economy

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Abstract: Nigeria's agricultural sector has a high potential for economic growth for the country, but this potential is not being realized. Agricultural Productivity is very low. Farming system that use to be large in scale are now basically small in scale, most farming are still predominantly subsistence-based. Many agricultural policies have not really been effective, either because of change in governments or lack of political will these has led to high rate of inflation and low GDP, high food import rate which has also led to high foreign exchange rates, and the cost of capital.

Recognizing these challenges, the study therefore: Determine the relationship between agricultural production and the Nigeria economy; Identify ways in which agricultural production can contribute to Nigeria's economy; Assess the factors responsible for the decline in agricultural production in Nigeria; and Analyse ways in which agricultural sector can be elevated in Nigeria. The analytical techniques used are step wise regression, correlation analysis, and descriptive statistics.

There is a positive and significant relationship between agricultural production and the Nigeria economy, some of the ways in which agricultural production can contribute to Nigeria's economy are employment, reduction of inflation, reduce deficit among others, factors responsible for decline in agricultural production in Nigeria are Oil boom, lack of access to credit and land, agricultural sector can be elevated through consistency in government agricultural programmes, provision of agric inputs among others.

Keywords: Agricultural production, Economy, Nigeria

I. BACKGROUND OF THE STUDY

Agriculture is a major part of the economy in Nigeria as it contributes 70% of employment rate in Nigeria; agricultural sector is transformed by small, medium and large scale enterprise, Olumola, 2007. One out of every two people on this planet struggles to feed and educate their children. When powered by opportunity, they have a chance to work their way out of poverty and transform their lives. OI, 2012

Nigeria economy is blessed with series of natural resources, yet they suffer in the midst of plenty. Nigeria has a high poverty rate in comparison with other African countries despite its higher GDP. Currently, Nigeria has over 80% of its land arable but unfortunately less than 40% of the land is cultivated despite the country's teeming population and level of unemployment. Even though Nigeria has a high poverty rate, it still has a higher GDP in comparison to other countries of Africa. Till now Nigeria has been trailing behind Western economies. Today, almost fifty years after gaining

independence, Nigeria should compete with economies of the world rather than just African economies. The country is rich in natural resources and has identified the fact that taking appropriate measures can speed its economic development. With this foresight, At this point in Nigeria's development, the best approach is to focus on the agricultural sector. By focusing on agricultural development, Nigeria can speed up its economic growth in the coming decade. Currently, Nigeria has 75 percent of its land suitable for agriculture, but only 40% is cultivated. That indicates there is much room for the county to focus on. This addresses the food security and agriculture component of their plan along with the focus on employment for all. However, to move forward, the country must increase the low productivity of current agricultural companies, engage competition within the agricultural sector, develop domestic policies and increase funding (Ayodele, Obafemi and Ebong, 2013).

One component in determining how to use agriculture to improve economics in Nigeria is to evaluate the historical

efforts in terms of agriculture that Nigeria has engaged in since its independence. This will ensure that the country does not repeat past mistakes. In addition, this evidence will demonstrate whether or not it is feasible for agriculture to be a primary factor in Nigerian economic development. Along with historical factors, there must be an evaluation of both internal and external factors that could impact the Nigerian agriculture market. In addition, it is important to identify the strategies needed to enhance economic growth through the use of agriculture I-Farm, 2015

Agriculture's contribution to poverty reduction is sometimes thought to be small, because its relative economic importance usually falls when low-income countries successfully develop and this view is misleading (DFID, 2005). Agriculture in Nigeria has greatly improved in the past few years because of the advent of technology and other necessary infrastructures. Initially, most Nigerian farmers merely engage in subsistence farming to provide food for their family while very little is made available in the market. Growth in agricultural output has no doubt been on the rise as farmer are stepping away from subsistence agriculture and embracing modern civilization - investing in large scale farming and ultimately increasing agricultural products.

II. LITERATURE REVIEW

AGRICULTURAL PRODUCTION IN NIGERIA

Nigeria has an abundance of material and human resources. The country is divided into three main regions; the Eastern, Western and Northern regions. The Northern region of Nigeria is the largest of the three. It contributes the most to the agricultural sector. A study identified that the main problems of Nigeria stem from the fact that they are unable to access the natural and human resources (Muhammed, &Atte, 2006). Approximately 200 million people in sub-Saharan Africa are between the ages of 15 and 24. According to the World Bank, African youth comprise 60 percent of those who are unemployed, which is a major barrier to the region's continued economic growth. By 2050, sub-Saharan Africa will surpass China and India as the world's largest and youngest workforce. However, a troubling lack of investment in the training of this workforce, particularly women, could greatly impact the projected growth and performance of economies throughout Africa. OICD, 2010.

A. CONTRIBUTIONS OF AGRICULTURE TO ECONOMIC DEVELOPMENT IN NIGERIA

Agriculture helps to provide food for the teeming population of the country. When output increases, the incomes of the farmers increase thereby leading to an increase in the standard of living. Similarly, agricultural development is of vital importance due to the fact that a rise in rural purchasing power as a result of the increase in the agricultural surplus is a great stimulus to industrial development and expansion in the size of the market. The market size for manufactured goods in Nigeria is very small because a large proportion of the population is poverty ridden. However, the demand for such

input like fertilizers, better tools, farm implements, tractors, irrigational facilities in the agricultural sector is relatively low which lead to the expansion of the industrial sector. Edoumiekumo, 2009.

THE ROLE OF AGRICULTURE IN ECONOMIC DEVELOPMENT

At independence in 1960 agriculture accounted for well over half of our Gross Domestic Product (GDP), and was the main source of export earnings and public revenue, with the agricultural marketing boards playing a leading role, but today this leading role in the economy has been taken over by the national oil company, the Nigerian National Petroleum Company (NNPC). Oil still accounts for our major revenue (gearing towards 80%) and almost 100% of our export earnings. Although Agriculture (particularly forestry, livestock and fishing) is shown to serve as the major activity of the majority of Nigerians; it is clear that we indulge in agriculture purely as personal survival strategies rather than as a calculated effort to warming the engine of our countries economy. This is really where our National economic problem lies. Central Bank of Nigeria's data (2003).

AGRICULTURE

Agriculture is the process of cultivation of land and rearing of animal for the purpose of providing food for man and its environment.

STATEMENT OF THE PROBLEM

Agriculture use to be the mainstay of Nigeria economy but no more, agricultural sector has suffered a lot of neglect and poor management in Nigeria since the upsurge of oil.

Nigeria is no longer the leading exporter of cocoa, groundnut, rubber and oil palm as it uses to be, higher output in agricultural production will bring down poverty, reduces food importation, reduces unemployment, increases exportation, reduces malnutrition, reduces insecurity and all this contribute to the growth of the economy.

RESEARCH QUESTIONS

The study therefore seeks to answer the following question:

- ✓ What is the relationship between agricultural production and Nigeria's economy?
- ✓ What are the ways in which agriculture can contribute to Nigeria Economy?
- ✓ What are the factors responsible for the decline in agricultural sector in Nigeria? and
- ✓ What are the ways in which agricultural sector can be elevated in Nigeria?

OBJECTIVE OF THE STUDY

The general objective of the study is to examine the impact of agricultural production on the economy and the specific objectives are;

- ✓ Determine the relationship between agricultural production and the Nigeria economy;
- ✓ Identify ways in which agricultural production can contribute to Nigeria's economy;
- ✓ Assess the factors responsible for the decline in agricultural production in Nigeria; and
- ✓ Analyse ways in which agricultural sector can be elevated in Nigeria.

STUDY AREA

Nigeria has a population of 166.6 million people with a total area of 923,800 sq km and occupies about 14 per cent of land area in West Africa. The country lies between 4oN and 14oN, and between 3oE and 15oE. Nigeria is located within the tropics and therefore experiences high temperatures throughout the year. The mean for the country is 27oC. Average maximum temperatures vary from 32oC along the coast to 41oC in the far north, while mean minimum figures range from 21oC in the coast to under 13oC in the north. It is bounded on the West by the Republic of Benin and the Republic of Niger; on the East by the Republic of Cameroon; on the North by Niger and Chad Republic's and on the South by the Gulf of Guinea. (UNDESA, 2011).

III. METHOD OF DATA COLLECTION

This study employed time series data on the index of agricultural production, real gross domestic product, foreign exchange rate and inflation rate extending over the period of 2000 to 2016 in Nigeria. The mean annual time series data of the selected variables were employed in the study. The data were sourced from the publications of Central Bank of Nigeria annual reports and statistical bulletin (CBN, 2000, 2010, 2015), the National Bureau of Statistics (NBS, 2015) and National Planning Commission (NPC), The approach used for this research were mainly desk study, data collection from secondary sources as well as analysis of data using descriptive statistics and other qualitative methods.

ANALYTICAL TECHNIQUES

Step wise regression
Correlation analysis
Descriptive statistics

IV. RELATIONSHIP BETWEEN AGRICULTURAL PRODUCTION AND THE NIGERIA ECONOMY

The result of the estimated coefficients of the relationship between agricultural production and the Nigeria economy indicates that agricultural production has a positive and significant influence on Nigeria's economy at 5% probability level. The estimated coefficient of agricultural production (3.5) implies that 1% increase in agricultural production will increase economy of Nigeria growth by approximately 3.5%. Inflation rate was found to be negatively related to economic growth and significant at 5% with an estimated coefficient of -

3.3. This implies that a unit increase in inflation rate will lead to a decrease of economic growth by a magnitude of 3.3. Foreign Exchange change rate was found to be positively related to Nigeria economy but not significant.

The results of the regression show that there is a positive relationship between the dependent variable (Nigeria economy) and the independent variables (Agricultural production). A unit change in agricultural output will cause 40 percent in Nigeria economy GDP respectively. The estimated model shows F-ratio of about 42 as compared with the F-table value of 3.65 with 10 percent level of significance. This implies that agricultural production for the periods of analysis have significant influences on Nigeria's economy level.

The explanatory power of the regression model with an adjusted R^2 of 0.72 is impressive. This indicates that 72 percent of GDP is explained by the agricultural production. The remaining 28 percent is explained by variables outside this model.

V. WAYS IN WHICH AGRICULTURAL PRODUCTION CAN CONTRIBUTE TO NIGERIA'S ECONOMY

As indicated in the study agriculture is important to Nigeria economy in the following areas:

- ✓ A shift in monoculture economy
- ✓ Provision of food and raw materials
- ✓ Reducing the country's level of unemployment
- ✓ Curb the effect of rural-urban migration
- ✓ developing the degrading infrastructural facilities
- ✓ Curbing the level of the existing corruption in the country.
- ✓ creation of demand for goods produced in non-agricultural sectors
- ✓ providing investable surplus in the form of savings and taxes
- ✓ Earning valuable foreign exchange through the export of agricultural products,
- ✓ Contribution to National Income
- ✓ Shift of Manpower
- ✓ Helpful to Reduce Inequality
- ✓ Helpful in Phasing out Economic Depression
- ✓ Improving Rural Welfare
- ✓ Extension of Market for Industrial Output

VI. FACTORS RESPONSIBLE FOR THE DECLINE IN ECONOMY THROUGH AGRICULTURAL PRODUCTION

The study analysed some reasons why agriculture production has led to decline in the economy. The factors are as stated below:

- ✓ High demand for agricultural produce
- ✓ Lack of improved technology
- ✓ Lack of adequate processing facilities
- ✓ Inefficient dissemination of information by the ADPs
- ✓ Insecurity of investment
- ✓ Low price of agricultural products
- ✓ High rate of insecurity in Nigeria

- ✓ Non-competitive nature of agricultural products from the country in the export market
- ✓ Inconsistency in government agric reform programs due to instability of the political climate

VII. WAYS IN WHICH AGRICULTURAL SECTOR CAN BE ELEVATED IN NIGERIA

In order to increase the economic growth of Nigeria, the study has identified some ways in which the agricultural sector can be elevated in Nigeria. These include:

- ✓ Youth empowerment
- ✓ Investment in farmers
- ✓ Encouraging agribusiness
- ✓ Promotion of self-sufficiency in food and raw materials for industries
- ✓ Improvement of the socio-economic welfare of rural people engaged in agriculture
- ✓ Diversification of the sources of foreign exchange earnings through increased agricultural exports
- ✓ Harmonization of agricultural research institutions
- ✓ Access to credit and land

VIII. CONCLUSION

From the above analysis and explanation we conclude that agricultural production is necessary for the economic development of Nigeria. On the whole, the agricultural production contributes significantly to Nigeria's economy. The employment base of the Nigeria economy is largely dependent on the agricultural sector. However, the agricultural sector contributes only 40 percent to the economy. Agriculture can also help to curb the corruption in Nigeria. Encouraging agribusiness is necessary for the promotion of Nigeria's agricultural sector.

IX. RECOMMENDATION

In order to boost the economy of Nigeria through agricultural production, the following is thereby recommended:

Government should provide funds to acquire sophisticated farm tools.

Special incentives such as tax holidays should be given to those who engage in agriculture Extension programmes should be pursued by the government.

Government should be more consistent when embarking on agricultural reform program.

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