

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Agriculture in the context of the economy is tied with the various sectors and is essential for generating broad based growth necessary for development. Agriculture is fundamental to the sustenance of life and it is the bedrock of economic development, especially in the provision of adequate and nutritious food so vital for human development and industrial raw materials. Sustainable agricultural development is propelled by agricultural policies. The first national policy on agriculture was adopted in 1988 and was accepted to remain valid for about fifteen years, that is, up to year 2000. Also, in year 2001, a new policy document on agriculture, was launched. The new policy document has most of the features of the old ones, but with more focused direction and better articulation. Agricultural policies are supported by sub-policies that facilitate the growth of the sector. Implementation of agricultural policies is however moderated by macro-economic policies which provide the enabling environment for agriculture to grow paripassu with the other sectors. These policies usually have major impact on profitability of the agricultural system and the welfare of farmers as they affect the flow of funds to the sector in terms of budgetary allocation, credit, subsidies, taxes and therefore, must be in harmony and mutually reinforcing with the agricultural policies. The macro-policies comprise the fiscal, monetary, trade budgetary policies and other policies that govern macro-prices. Agriculture contributes immensely to the Nigeria economy in various ways, namely, in the provision of food for the increasing population, supply of adequate raw materials (and labour input) to a growing industrial sector, a major source of employment; generation of foreign exchange earnings, and, provision of market for the products of the agrarian sector (Okumadewa, 1997). The agrarian sector has a strong relationship with the economy; hence, concern for agricultural policies and the economy. Support for agriculture is widely driven by the public sector, which has established institutional support in form of agricultural research extension, commodity marketing, input supply and land use legislation, to fast-track development of agrarian sector to achieve the aim of economic development. The importance of the agrarian sector, also suggests the intervention of the private sector through sponsorship of research and breakthrough on agricultural issues in Universities, capacity building for farmers and, most importantly, the provision of fund for farm businesses. International governmental and non-governmental agencies including the World Bank Fund and Agricultural Organization of the United Nations, also contribute through on farm and off-farm support in form of finance, input supply strengthening of technical capacity of other support institutions. Agricultural policies provide among others, for adequate financing of agriculture. The role of agricultural sector in diversification of economy cannot be over emphasized, given that it guarantees food security of any nation. Public expenditure on agriculture has, however, been shown not to be substantial enough to meet the objectives of Government agriculture policies (IFPRI, 2008). For a developing country with a mono-product oil economy such as Nigeria, Government's indifference to agriculture portends great danger to the economy for many reasons. For instance, fluctuating food prices are a precursor of inflation. Secondly, from the expenditure approach to national income accounting, it is likely that Engel's Law that a large chunk of expenditure in developing economics goes to food-holds meaning that shocks to the domestic agricultural production and supply could be damaging to price stability. There is also the perspective of food security, in an era when food has been used as a weapon of War (United Nations Oil for food Deal in Iraq)

and as bargaining tool (North Korea- United States Food Deal), even within Nigeria, the federal military government during Nigerian-Biafran War used food blocked as a tool of war. This paper examines Nigeria's agricultural policies and its impact on the economy. It is interesting to note that this area of study has generated a lot of research. Be it as it may, current thinking, particularly in Nigeria seems to focus on how to improve on agriculture as oil has taken sole control of Nigeria economy

1.2 STATEMENT OF THE PROBLEM

Agriculture is the main-stay of the Nigerian economy. According to about 80% (percent) of the Nigerian population engage in agricultural dominated activities. In other words, agricultural sector in Nigeria from right sense of judgment suppose to be the major source of revenue to government as well as the Nigerian citizens especially the (agriculturalist). This was exactly the case in 1960s to 1980s, considering the achievements made from the earnings of agricultural sector in the then three regions of Nigeria, namely, Eastern, Western and Northern regions (Anyanwu, 1997). However, with the discovery of crude oil in Nigeria, agriculture has gradually been neglected. Soludo (2004:678) captures this when he stated that: Despite the dominant role of the petroleum sector as the major foreign exchange earner, agriculture remains the mainstay of Nigeria's economy. In addition, to contributing the largest share of GDP, it is the largest non-oil export earner, the largest employer of labour, and a key contributor to wealth creation and poverty alleviation, as a large percentage of the population derives its income from agriculture and related activities.... Over the years the rate of growth in agricultural production has stagnated and failed to keep pace with needs of a rapidly growing population, resulting in a progressive increase in import bills for food and industrial raw materials. Implicit from the above quotation is that the potential of the agri-business sector as a major employer of the growing labour force and an earner of foreign exchange has also been undermined. As a result, the large majority of Nigeria's population, many of whom live in rural areas, remain poor. In a similar view, the Nigeria Poverty Assessment 2007 attributed the galloping increase in the rate of Nigerian poverty rate as a result of low and declining yield/ productivity in agriculture and this contributes significantly to rural poverty. The Nigerian Poverty Assessment Report further contended that in the light of the poor state of agriculture, as the survey results show, households whose heads are engaged in the sector tended to have the highest level of poverty incidence, over to per cent in 2004 compared to other occupations where the incidence was less than 50 per cent. The sector thus accounts for a significantly large proportion of the poor in Nigeria. Farming households experience greater poverty due to low income from farming activities. As a matter of fact, some of key reasons identified by some scholars such as Anyanwu (1997), Onah (2006), Umoh (2001) and Ayatse and Akuva (2009) that have contributed and hindered agricultural productivity and income from agriculture in Nigeria are linked to poor policy formulation and implementation in the sector. For instance Anyanwu (1997) observed that most of government policies on agriculture have failed to address the issues of land tenure system, provision of adequate agricultural facilities to farmers, access to agricultural micro credits, access to markets for the sale of agricultural provision of agricultural education to rural farmers on mechanized farming, among others. Eze et al (2010) noted that access to credit is a problem for all farmers and is particularly acute for poor farmer. It is on this note that the Report of the Nigerian Poverty Assessment 2007 stated that:

None of the existing credit sources on agriculture appearable to provide credit to poor farmers, without which it is unlikely that they will invest heavily in productivity-increasing inputs. Given that poor farmers are less likely to have assets for collateral, innovative ways need to be found to provide credit, perhaps based on

the group credit systems operating in other countries. On the other hand, improving agricultural extension services as well as providing adequate agricultural infrastructures have remained poor. Over 85% (percent) of the Nigerian farmers have no access to agricultural extension services and lack of necessary agricultural infrastructures that increase productivity. We cannot understand why outside the poor agricultural policies in Nigeria. The implication of this has been poor impact of the agriculture on Nigerian economy.

THE IMPACT OF AGRICULTURAL POLICIES ON NIGERIA ECONOMY

The complete project material is available and ready for download. All what you need to do is to order for the complete material. The price for the material is NGN 3,000.00.

Make payment via bank transfer to Bank: Guaranteed Trust Bank, Account name: Emi-Aware technology, Account Number: 0424875728

Bank: Zenith Bank, Account name: Emi-Aware technology, Account Number: 1222004869

or visit the website and pay online. For more info: Visit <https://researchcub.info/payment-instruct.html>

After payment send your depositor's name, amount paid, project topic, email address or your phone number (in which instructions will be sent to you to download the material) to +234 70 6329 8784 via text message/ whatsapp or Email address: info@allprojectmaterials.com.

Once payment is confirmed, the material will be sent to you immediately.

It takes 5min to 30min to confirm and send the material to you.

For more project topics and materials visit: <https://researchcub.info/> or For enquiries: info@allprojectmaterials.com or call/whatsapp: +234 70 6329 8784

Regards!!!