

ABSTRACT

This study examined and analysed the impact of agriculture on economic growth in Nigeria. It adopted the secondary data sourced from Central Bank of Nigeria covering the period 1985 to 2010. The study employed the modern Time Series of the Ordinary Least Square to test for the relationship between agriculture and economic growth in Nigeria. The results derived infer that there exists a significant relationship between agriculture spending and economic growth. The null hypothesis stated for this study does not hold. What this implies is that agriculture revolution is a determinant to economic growth. Thus, it is important that the government placed greater emphases on this sector by increasing budgetary allocation to agriculture in Nigeria in other meet the recommendations of both Food and Agriculture Organization (FAO) and African Union (AU). It is recommended that more funding be provided for agricultural universities in the country to carry out more research on all aspect of agricultural output, such as livestock, crops, fishing and forestry, crop preservation and also establishment of more research institutes to improve seedling production, encourage the use of irrigation farming system and provision of storage facilities for seasonal products as means of improving the country's agricultural output. Further recommendations include the need for the Central Bank of Nigeria to come out with stable policy guideline to enable the commercial banks disburse loans to farmers at a very lower interest rate, in order to help them expand their production capacity. More so, the need for government to encourage more exportation of agricultural output as this in turn will enhance external foreign exchange earnings and improve the competitiveness of Nigerian agricultural produce in the international markets.

CHAPTER ONE INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The term Agriculture is derived from the Latin words, "ager," meaning field, and "Cultura", meaning cultivation. This suggests that the earliest form of production agriculture was crop production (Are, Igbokwe, Asadu, Bawa, 2010; Erebor, 2003). It may be noted that Agriculture is more than crop production. It also includes animal production, processing of primary products (or value addition) and marketing of produce and products. Erebor (2003) defines agriculture as the art and science of cultivating the soil, processing crops and livestock products for man, and the process of selling excess crop and livestock.

Meanwhile, (Kricher, 1997) defines agriculture in a more advanced way by saying that, agriculture or farming is the simplification of nature's food webs and the rechanneling of energy for human planting and animal consumption. To simplify, agriculture involves redirecting nature's natural flow of the food web. The natural flow of the food web is the sun provides light to plants convert sunlight into sugars which provide food for the plants (this process is called photosynthesis). Plants provide food for herbivores (plant-eating animals) and the herbivores provides food for carnivores (meat-eating animals). This simple illustration of food web provides the basis for analyzing the impact of agriculture on economic growth.

In literature, economic history provides us with ample evidence that agricultural revolution is a fundamental pre-condition for economic growth, especially in developing countries. Development economists have focused on how agriculture can best contribute to overall economic growth and modernization. Todaro and Smith (2003) look at Lewis theory of development, and reported that the underdeveloped economy consisted of two sectors. These sectors are the traditional agricultural sector characterized by zero marginal labour productivity and the modern industrial sector. In Rostow's linear stages of economic growth, agricultural revolutions is a pre-condition for take-off and take-off stages

The importance of a vibrant and robust agriculture is reminiscent on its role in providing employment opportunities for the teeming population, eradicates poverty and contributing to the growth of the economy. The linkage between agriculture and economic growth is well documented in literature (Ogen, 2007; Okongwu, 1986; Atte and Muhammed-

Lawal, 2006 to maintain few). According to Izuchukwu (2011), agriculture has been the backbone of the economy in Nigeria providing employment and source of livelihood for the increasing population, it accounts for over half of the GDP of the Nigerian economy as at independence in 1960.

However, the role it plays in the regional and economic development of the country has diminished over the years due to the dominant role of the crude oil sector in the economy. With the increasing food demand in Nigeria, the country has available natural resources and potential for increasing the volume of crop production towards meeting the food and nutritional requirement of the rapidly increasing population and guarantee food security in the country. Therefore, the source of national wealth is essentially agriculture.

Unquestionably, the neglect of agriculture in Nigeria owing to the discovery of oil has retarded the growth of the economy for the past decades. The effect of this neglect could be felt in the poor quality of life of people as average Nigerian was quoted as living in US\$ 1 per day; if translated to Naira, this amount to N165 day at present. It may not be wrong to say that such a remark is a political cover. The faces we see daily on our streets and those we may not be able to see because of their inability to muster enough strength to walk up to the street as a result of several days of hunger and starvation, or even food associated ill-health and avoidable deaths of tens of people everyday, a better, more sincere and realistic assessment of the situation would be put an average income at US \$0-0.5 per day. Studies in literature reveal that seven out of every 10 Nigerians live in abject poverty; hardly able to feed, cloth or house themselves. It is an indisputable fact that Nigeria and her sub-Saharan African neighbors have been dubiously christened by the world political and economic powers as citadels of hunger, poverty, ignorance, diseases, misery, debts, filth and crises. This unquestionable imagery will for long remain indelible in the world's archives unless a reasonable step is taken by people and Government of this doomed sector of the global village. It is against this backdrop that the study seeks to assess the impact of agriculture on economic growth.

1.2 STATEMENT OF THE PROBLEM

Besides oil, the major strength of the Nigerian economy is its rich agricultural resource base, its human resource and its huge markets. However, these resources have to be effectively mobilized so as to diversify the economic base and reduce dependence on oil and import. The economy remains vulnerable to external shock emanating from fluctuation in the world prices of crude oil and the rising prices of imports. The resulting external and internal imbalances are manifested in the adverse balance of payment position, unemployment and low capacity utilization in virtually all sectors as well as the deteriorating purchasing power of the populace (Atte and Muhammed- Lawal, 2006).

The contribution of agriculture to the Nigerian economic growth is very low compared to what it used to be in the past 14 years. Nigerian agriculture to a large extent still possesses the characteristics of a peasant economy that was prominent in the pre-independence period. Given the information above, this study seeks to assess the impact of agriculture on economic growth in Nigeria from 1985-2010.

THE IMPACT OF AGRICULTURE ON ECONOMIC GROWTH IN NIGERIA

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