SSRG International Journal of Economics and Management Studies Volume 8 Issue 9, 29-34, Sep, 2021
ISSN: 2393 – 9125 / https://doi.org/10.14445/23939125/IJEMS-V8I9P104

Review article

Analysing State Financial Dealings on Food Production in Nigeria

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Received Date: 06 August 2021
Revised Date: 07 September 2021
Accepted Date: 19 September 2021

Abstract - *The rate at which food production has declined in recent past is alarmingly heart wrecking. Several governments have engaged the economy in different policies and programmes to boosting agricultural sector which in other hand promoted food production in Nigeria. But reality of today, reveals that there is severe and terrible low amount of food available to the citizens and this has promoted hunger as well as heightened hike in price of food commodities even in the input-good market where producers obtain seeds that were cultivated. The embargo placed on importation of food commodities did not have sustainable effect on production neither on consumption. This is seen in the angle of subsistence production of food which have been the character of farming operations across the states in Nigeria. The study established the fact that if food production is engaged by states through financial dealings with producers and also embarking on agro stimulation programmes and policies in the micro economy then the effect would translate into sustainable food production thereby availing surplus of food produce to the market, shrinking high prices and also reducing hunger. The approach would ultimately affect productivity and employment.*

Keywords - *Credit scheme, Food production, Local economy, Policies and Programme, State Financial Dealings.*

I. INTRODUCTION

The primal purpose of the sustainable development goal (SDG) doled out by United nations in 2016 was to reduce the implications of poverty transported through hunger which is currently the ravaging indigenes of lands across the Nigeria shore. Hunger is a household name within the continent of Africa and have been the biggest challenge to health and the growth of children who die between the ages of 0 to 5years. The means that hungers attacks faster than malaria in deteriorating human health and life's longevity. In relation to this, the government of Nigeria in other to face the emerged challenged in the polity did apt the aims of SDG which was transformed into policies to facilitate food production and boost the foreign exchange directed to affect export transactions. Though these policies in Nigeria most time do not see daylights because of poor monitoring and evaluation of implementation process and ambiguity of policies that are developed which do not reflect the core needs of the stakeholders of that sector (Adekunle,2012).

Undoubtedly, it is no longer news that the rapid and constant velocity of flight of funds have gravely contributed to the underachievement of policies goals in levels of government that characterise the most populous black race. The implication of this is that the higher the flight of funds; the lower the achievement of objectives and the quicker hunger clamps down the active part of the work force and children. Popularly, too many factors con tribute to the hunger rise in any economy as war, resources hoarding, tripled rise in population, poor investment in agriculture, poor production etc. But the flight of funds meant is key to birthing these other setbacks in the economy except for cases such as natural disasters and wars. Due to the high levels of hunger across the lands in Nigeria there is faster shorter life span orchestrated by decimation people especially the masses to whom belong subsistence kind of production devoid of needs of the public. The prevailing challenges in the food production sector also called the agriculture sector have crippled performance of agriculture in recent times. Nigeria since third quarter of 2010 has increased in its food importation thus leading to outflow of foreign exchanging. Certainly in 2010, an estimated $1. billion was spent on the importation of rice as against alternative investment that would have been delved into in other to engage local farmers to carry out such production. Alternately, the government would have established infrastructures through which farmers can carry out activities of production processes and then generate funds through this. The foregoing revealed that there is poor or no food production at all in the local economies (CBN,2010).

Assertively, it has been revealed that agriculture and credit scheme are positive correlates of each other. This means that credit scheme which upholds financial dealings of state has impact on agricultural development hence food production would be influenced. The state of poor financial dealings promotes hunger in the states and this is the rationale for food insufficiency and ravaging diseases engineered by hunger. In line with the foregoing, the US advanced five pillars in its initiative to end hunger that is crippling the economy of Africa and one of these five pillars to ending hunger is food production which implied that food production is the primal focus upon which all other measures and points to tackling hunger can be hinged (Adekunle, 2012). According to Manyong et al (2005) Nigeria's bid in agricultural policy and programme development has been to chart the nations economic growth through food production in a dwindling monoculture economy. Thus there must be involvement of states in every policy crafted from the national parlance and then broken down and modified to fit into every state´s local economy.

The thoughts of Obasanjo (1998) expresses thus that advanced nations still support the local economies with finances and subsidies as against the notion that financial dealings of states slow down economic growth to even the extent of negatively affecting local economy thus raising the cost of manufacturing. The major problems of Nigeria's food production sector are captured in the light of poor tools for cultivation, inadequate harvesting tools, land constraints, poor technology and scarce science of improved production. Given the ground that factors mentioned in the foregoing can be sufficiently tackled by financial dealings and engagements of states, it becomes logical to infer that production is induced trough financial dealings as this offsets the lag between production and consumption. Financial transactions would induce adequate supply in the market thus improving food availability and decreasing prices of commodities (CBN, 2000). Realistically, it is undeniable truth that food production as one of the sub-branches of agriculture is a meaningful enterprise only in the face of financial dealings of any state and influence. Majorly, State financial dealings on food production are carried out through financial institutions established in various states- Deposit money banks, Nigeria agricultural cooperative and rural development bank (NACRDB) and others are engaged in creating adequate environment for financial dealings (transactions) and help individuals to secure loanable agricultural resources to effectively engage in food production.

Thus aggregately, there is a consequence of financial dealings on food production, even when exponents of non-interventionist state philosophy critique the reality of the foregoing in the sense that Nigeria´s own problem is more peculiar and its system differs from that of capitalism and socialism of America and Asian continents. Too many factors can poignantly mar the actualisation of objectives of states´ engagement in making financial dealings and systems available. Hence, states financial dealings become unable to induce robust food production in the local economy and the macro-economy. This study is designed to analyse state´s financial dealing on food production, so as to ascertain level of food availability in Nigeria.

II. STATEMENT OF THE PROBLEM

In Nigeria there has been varying programmes indicative of several efforts that have been carried out by regimes to affect food production. With the recent policy of the federal government on border closure and total ban on importation of certain food commodities, it is expected that production of grains, leguminous crops and several others would flood the markets across the 36 states thus bringing down prices of commodities and clamping down hunger that is now the commonest phenomenon in these states. It can not be denied that issues such as insurrection, incessant kidnaps, flooding etc. are limiting the efforts of the farmers. The truth still remains that the deadly blow of the Covid19 cannot be forgot easily yet the state government did little or nothing to help the farmers to boost farm production and this spoke volumes. The whole concern of the federal and state government become targeted at fighting corona virus and lockdown local economies which induced a jack up in prices of commodities across the state and this created room for more hoarding of food substances by producers, wholesalers and the elite class that buys of food commodities hence all these contributed to the ravaging hunger that ravaged the land thereby increasing and encouraging burgling, robbery , destruction of warehouses, and several looting activities. Conversely, before the Covid19 outbreak as pandemic, there were no meaningful financial dealings of state government in the various states to boost food production which will in turn push up food surplus in the commodity market thus crowding out high prices of self economic interests. Since the ban on importation of rice, the price of rice increased terrifically in that it becomes even for the common man to purchase the local grains indicative of the fact that there is a sharp lag between quantities of imported grains and quantities of local grains produced. Given this it becomes factual to may it clear that there oil low investments that is to say financial deals as relating to food production in Nigeria.

III. OBJECTIVES OF THE STUDY

The study is bent on achieving the following:

- To determine the consequence of state financial deals on food production
- To x-ray reasons for domestic food production in Nigeria economy
- To uphold measures which states can adopt to boosting food production.

IV. RESEARCH QUESTIONS

The following research questions are put forward as mecahnism to guide the study and achieve objectives:

- What consequence does state financial dealings have on food production?
- Are there reasons for poor food production in Nigeria economy?
- What are the measures that states can adopt to boosting food production?

V. SIGNIFICANCE OF THE STUDY

The study would be beneficial to researchers, institutes, agricultural organisations and even financial institutions as great awareness is made through this study about the impact of finance on food production which is achievable through the participation of various instituttions. This study would also positively affect the state goverenement of the 36 states in Nigeria, as it opens fortes through which hunger in the land can be reduced thus establishing grounds for commercialization of agriculture against the substistent agriculture sectoral practices that have given way for food insufficiency as well as limiting innovative ways of food production.

VI. LITERATURE REVIEW

Due to desire and bid of farmers to engage in meaningful food production in different regions where agricultural practices are carriedout, informal financial markets have been born out even in a system that recognises the formal financial operations- this is to enable farmers secure loans that establishes financial dealings between them and the black-markets or the so called parallel markets (Udry, 1993). Since states attitude towards investements in food productions is poor; farmers secure financial deals with informalfinancial houses and sometimes from formal financial institutions pending on the size of the producers' resources and level of enlightenment. This is because since agricultural sector is characterised by poor farming tools and land tenure; there is huge subsistent practice. Since the recent deregulation policy and practice; agricultural sector mainly food production has suffered setbacks to the extent that banks prefer not granting loans to farmers especially when these farmers are small scaled. As against the days when allocations were given to agricultural sector and banks compiled based on directives because failures to do this would attract a penalty. Thus Gurdenson et al (2005) observed this observed this odd phenomenon as grave cost to the Nigerian ecosystem in which farmers are been constrained by unavailability of loanable funds that could be got through the banks. The government of each state has come up with strategic plans and long range goals to dampen the non-compliance of the banking system towards the development of agricultural sector. It cannot be debunked that most times what impairs farmers to secure funds from the few banks in the prevailing market are interest rate risks, regular fluctuations in price of food commodities, flooding in swampy areas and recent attacks and clsash between herders and farmers which culminated into bad harvests. Due to the disincentivization of the government; the food production culture of nigerian macro-agro-system has been defaced and this has led to the disinterest of the Nigeria youth that are the active workforce expected to be harnessed for total overhaul of the agrarian sector (CBN, 2000).

Accordingly, Jones and Wolf (1969) cited in Okezie (2013) advanced that agricultural revolution in any state is the underscore of economic devlopment and this revolution cannot be isolated from financial resources of the state. As history advanced, also that ancient USA emerged from such agricultural revolution through financing. This supports the view of Ukeje (2002) that the vast reserves of human and material resources found in Nigeria's macro economy is capable of sustaining and providing the basic needs of the surging population. And that if agricultural production is managed properly it has propensity of supplying other industries with raw materials and transforming the economy into structural plane for gainful employment. The historic past holds agriculture as prominent sector of the economy but emergence of oil div erted attenttion and caused neglect of the sector thus the dwindling the effect of the agricuktural sector surfaced in the present times (CBN, n.d.). In the perspective of Nwajiuba (2012) the popukation of the economy involved in food production was 60 to 70% whuich showed that this subsector oif agriculture was the pivot of the economic system in Nigeria. And following this, it contributed to 37% of GDP, from 1980 – 2011 report. Between these periods it was highest in 1992 and 2002 with 43.3% and 43.9% respectively. Arguably, Okezie, Nwosu and Njoku (2013) proposed that the only meaningful way through which agricultural impact is felt is through states' financial dealings also called public spending; as this has direct effectiveness in agricultural boost and poverty eradication. The various spendings by government are captured as basic structure- recurrent sspending and capital spending targeted at making food production and the entirety of the sector more impactful. Technically, after the independence era, the sort of support given to food production could be ascertained through the various development plans but the allocations to various sectors revealed counter-objectives that were pursued by then regimes as adavanced by government in the budgets. This is b ecause from the state to National level, agricultural sector received least allocation, hence food production subsector remained in its subsistent and un derperforming enclave. Thus objectives before independence which was targeted at only boosting export produce could be said to have more relaible allocations and meaningful impact on thge structure of the Nigeria economy than the post independence plan. Against the foregoing, Orgen (2007) adavnced that agricultural sector has a multiplier effect on any nations socio-economic and industrial structure since agricult5ural bsector has multifaceted structure in its whole nature of production operations. According to Ogwuma (1981) cited in Okezie et al (2013) based on studies carried out by the researcher; revealed that agricultural financing in Nigeria shows positive relationship between interest rate and loanable funds and level of agricultural output. In the same Light, Lawal (2011) in a study carriedout to find the amount of federal government expenditure on agriculture for a period thirty years- 1979 – 2007. The statistical findings revealed that governement spendings follows irregular pattern and that the contribution of governments financial dealings in agricultural sector has direct relationship with contruibution the sector churns into GDP. In other findings, effects of government budgetary allocation to agricultural output in Nigeria shows the percentage and amount of budgetary allocation to agriculture and has positive relationship with total agricultural production in Nigeria (Okezie et'al, 2013).

Fundamentally, the underdeveloped dynamics of markets in third worlds especially in Nigeria has made development of food production a necessity. Given the level of skyrocketing prices, insufficient market commodity supplies, and recent ban on importation of food commodities still constrained the piwer of food production in Nigeria. Mongues et al (2008) revealed that Nigeria's share of public financial dealings in the agricultural sector is least when matched against other African countries. And the reason for the sharp fall as against early years of agriculture dominance was negligence of the sector by government from national to state level. Food production remains least in the allocation schedule of states. Nigeria is accou8nted to fall behind in agricultural financialo dealings by world's standard as revealed by FAO percent recommendation which also showed nigerias contribution to be 25 percent.

VII. THEORITICAL FRAMEWORK

A. Marxian theory of production

Marxian theory of production upholds that conflicts emanates from class struggles due to resources which implies that struggle of the classes of insufficient food resource is basically because of hunger that is ravaging not only the morphological structure of the body but the health status. According to Marx the resources of a state should be collectively owned which implies state engagement or involvement in sectors of the local economy to tackle hunger and other ills that may likely lead to crack down o fthe society and the system. Should there be adequacy of food resources, it then follows that there should be stability in prices, low rate of hunger, commercial quantities of different food resources, cooperative spirit between the rich class and the masses, and in general it will also increase the share of GDP of Nigeria in the worlds production statistics.

B. Consequence of state financial dealings on food production

Severally from past to the present day government, there has too many policies and schemes directed to improving agricultural output, increasing earnings, employment opportunities, improving food securities, availability of machineries for production, incentives for farmers, agricultural credit and banking system etc. Nonetheless, financial dealings of gov ernment goes beyond supportive measures to direct involvement in agricultural production operations especially in the aspect of food production which tackles and shuts down the fabrics of hunger been estaqblished by insufficiency of food (Rogers, 1999). According to Department of foreign Affairs and Trade (DFAT) (2014) the private sector financial dealings on production does not entirely alone bring sustainable economic growth but the involvement of public sector which is the state plays an essential role in affecting the society maximally in certain areas where private sector cannot thrive. Legislative policies and programmes are consequential to achieving economic, social, technological, and socio-economic growth. This is evident in the fact that state policies and programmes have wider and more qualitative indices through which supposed change in a sectior can come about through appropriate regulation, estab lished laws, institutions and financial dealings by states. The desired shift in food production cannot be achieved even with the subsistent nature of food production that is pioneered by private individuals given the disincentive by states to the local farmers (DFAT, 2014). Furthermore, reasons for food production has not necessarily been the issue of policies in Nigeri; in that several policies and programmes have been structured from the national level but had failed due to certain bottlenecks but intentionality towards financing by several states in the polity would change the paradigm of operation.

The prospects to developing and having sustainable food production through agriculture is highly achievable in the light of biotechnology and change in structural methods which have availed the world of great opportunities (Rola-Rubzen & Hardaker, n.d.). Too many factors contribute to hunger of which food production is major. As Rola-Rubzen and Hardaker (n.d.) puts it that food production policies may increase but poor financing of food production acts as big constraint to the objective of tackling poverty and hunger in the globe. This means that from the grassroot level i.e. the state, there should be financial dealings on food production that would cripple strong stance of poverty and hunger in various local economies. In times of economic booms, the incomes and per capita earnings of individuals or household is boosted especially if the boom is communicated through financial dealings on food production thus this means as disposable income becomes and gains power in the hands of the household agents- somne fractions of income are spent on foods consumption while some other fractions are spent on other things in the other hand households can as well save. But in economic crises which birth financial mis-dealings at the state level, it means that this would cause hunger and poverty since food production would be low and high prices of food commodities in the midst of population explosion (Rola-Rubzen & Hardaker, n.d.).

Tactically, until the government goes beyond the broad policy implementation to strategic implementation of food production through financial dealings; the nation will still be webbed in hunger and chacracterised by low agricultural produce. The main channels of influence that affects food production through state financial dealings is direct policies and financial deals of states with producers of agricuultural produce- By carrying out financial deals on input market, there is consequent boost to amount of seeds to be planted and quality of seeds to b e boughtby producers from the input market.in furtherance to this, state subsidies on fertilizer and other input components affect prices and buffer produccers quantities to engaging on commercial food production than subsistent quantities. The financial dealings do not also negate the credit and banking schemes targeted at facilitating producers' quantity of production which in turn affects food availability. According to Rola-Rubzen and Hardaker (n.d.)- that the following are ways through which government can engage in effctive food production-

- Input markets- this is by enagaging on fianacial transactions that can affcet prices of inputs used for large quantities of food production.
- Policies to influence marketers of factors of production- land renters, labour and labour prices, accessibility to capital at any time.
- Subsidies on input- State governements can engage in providing subsidies for seeds to grow large quantities of food crops by producers
- Granting tax holidays- state governemnt should grant tax holidays for food pruducers on some occasion so as to motivate them to boost local production.
- Buffer stocks- state gets involved in purchases of seeds when prices are very low and offers it for sell at bargain price when prices are high in order tyo stabilise price.
- Price support- government can set least or bench marks for which inputs can be sold in the seed markets. This encourages producers to buy more from the market.
- Income support- States can intentionally induce producers and marketers by paying agreed amount into their accounts as this will help to curb loses secured during early seed cultivation and production that follows afterwards.
- Crop insurance programmes- the farmers agricultural produce can be insured through established programmes that makes the producers confident enouygh to carryout production in commercialised quantities.

VIII. CONCLUSION

Nigeria is more than a third world country but its misplacement and misdirecting in practical and structural programmes which should promote the economic base have detered expansion in all sectors excepting oil which is riding on the economy's back. No nation in logical terms should suffer and die in the midst of abundance of natural and human resources; Nigeria's case is an exemplary variable of interest to the world of economics theory and analyses – this also suffices for third world economies where inadequate pragmatic steps are taken to boost sectors that can facilitate eerie change in the whole economy. The predominant system of adopting general approach which is a one-size -fits all approach by the federal government to boosting agriculture is terribling crippling the sector. The system upholds the fact that until the federal governemnt churns out policies of food production states cannot strategically formulate policies of local economies to influencing agriculture. Low food productivity can be reinforced and revamped through individual states; as these states have closer grounds and can determine the needs of the producers in that terrain per time thus this would influence food production as states engage in financial dealings that supports and establishes effiuency in commercialisation of food proiduction. The top-bottom approach has failed in this area; it becomes ideally reasonable for a restructured pattern to tackle the problem of food productyion which cannit see day light without systemic and strategic engagement of state financial dealings. Economies of the North pole in development economics adopt this approach of state financial dealings with an inclusion of the federal governement also participating in this production approach.

IX. RECOMMENDATIONS

Given the foregoing, the following cardinal points and measures should be adopted by states to boosting individual state share in national food production and capacity of production from the microeconomic scale:

- States should establish working agencies that would enter into contracts with producers of food commodities so as to engage them in commercial production
- Individual states should structure new programmes and policies that capture short term needs, middle term and long term needs of states directed at tackling problems of low food production in individual states. The states can also reevaluate and remodify previous veritable policies to suit immediate challenges the sate is facing
- No two states have same needs this is clearly from the grounds that all needs and problems are peculiar. Upon this grounds, state food production and development bank should be established and this institution should be saddled with responsibility of availing loanable funds and grants to producers over a needed period of time and that loans should not be targetted at exploiting producers but encouraging them. By this interest rates on food production loans should be very minimal.
- The federal governemnt should always enter into partnership with both states and private organs which is a tripartite bonding in order to disburse income supports and incentives which is to cushion losses incurred in production by natural disasters and human unrest. Also the partnership should be composed of veritable economists and agricurists that should monitor and evaluate functions of the partnership in the short term, medium term and long term.

X. ACKNOWLEDGEMENT

We appreciate God Almighty and beloved friends and families for success of this work.

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