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Perspective

The Nation's Agricultural Productivity and the Impact of Agricultural Financing

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DESCRIPTION

About two thirds of Nigeria's population lives in rural areas, where agriculture is the primary industry. As the most significant industry, it accounts for between thirty and forty percent of the GDP and employs more than seventy percent of the working population. After the oil industry, the agriculture sector is the second largest. It is used to be the main industry, but as more individuals flocked to the lucrative oil sector, investment in the industry drastically declined. Resilient growth performances in Nigeria's four constituent sub-sectors-crops, livestock, fisheries, and forestry have contributed significantly to the country's agricultural productivity. Although the agricultural sector has lately made a substantial contribution to Nigeria's record of continuous growth, its overall contribution appears to fall well short of its potential.

Nigeria's agricultural subsectors possess capabilities that facilitate the sector's expansion. According to CBN, the crops production subsector was the main driver of the agriculture sector's growth between 1960 and 2011, accounting for an average of 83.5% of the sector's GDP. Both agricultural productivity and output have experienced significant fluctuations. The agriculture sector's contribution to GDP increased from 28% in 1985 to 32% in 1988, decreased to 31% in 1989, increased to 37% in 1990, but then sharply decreased to 24% in 1992 before rising once more to 37% in 1994, according to data that is currently available from the CBN. In 1996, it was 32%; in 1998, it increased to 40%; in 2000, it decreased to 27%; in 2002 and 2006, it increased to 37%; and so on. The agriculture sector's share of GDP steadily decreased from 0.37 in 2009 to 0.22 in 2012 and 0.20 in 2014. Today's economy is becoming more diverse and less dependent on the importation of agricultural products from other countries, and this is largely due to the agriculture sector acting as a catalyst for economic growth and sustainable development. In terms of improving government revenue, spending, infrastructure, living standards, and Gross Domestic Product, the agricultural sector is the major contributor to the development of the country.

The sheer magnitude of agriculture implies that it cannot be disregarded in policies intended to support economic growth in its early phases. Enhancing the rural economy sustainably can lead to more job openings, a reduction in early rural-urban migration, less regional income inequality, and the elimination of poverty from its source. Agriculture is a way of life that includes raising livestock through fishing, caring for animals, producing food, and planting and harvesting crops in a methodical manner in order to provide goods like fiber and feed. The continuation of agriculture is essential to human survival. It is essential to the emergence and growth of prehistoric human civilizations, and it fostered their expansion and eventual wealth. Dating back thousands of years, agriculture represents the human race's journey from primitive hunter-gatherer tribes to the societies that will give rise to the world's greatest civilizations. Government finance is a powerful tool that can be used to start an economy on the path to economic growth and eliminate market failure the propensity for an economy to generate too much of some things and not enough of others. The costs a government bears for (i) Maintaining itself; (ii) Advancing society and the economy; and (iii) Aiding other nations are referred to as government finance or expenditures. Any of the several credit instruments used to fund agricultural transactions, such as loans, notes, bills of exchange, and bankers acceptances, is commonly referred to as agricultural financing. Credit breaks the cycle of poverty experienced by small-scale rural farmers, hence promoting productivity and elevating the standard of living. It has also been suggested that the main obstacle to the growth of both large- and small-scale farming is credit to agriculture. Any endeavor to make these financial facilities more easily accessible is referred to as agricultural financing.

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