

# THE NIGERIAN AGRICULTURAL POLICIES 1960-2002 WHERE IS THE MISSING LINK?

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## **Abstract**

Agricultural sector in Nigeria, in the past is known to play many key roles in the process of economic development. In its historical perspective, the make up of Nigeria's agricultural policy has been dictated largely by philosophy of government developments. In spite of all the policies adopted and implemented by the government from 1960-2002 still agricultural sector is not better than it was 42 years ago. This paper discusses the various agricultural development policies adopted by the government from 1960-2002 with land reform as the missing link. The paper then makes some recommendations.

## **Introduction**

Agricultural sector in Nigeria, in the past is known to play many key roles in the process of economic development. These roles changes with stages of economic development, but in general, the roles often associated with agriculture in the early phases of economic development include the following as per Iwayemi (1995).

- a. The generation of most of the Gross Domestic Product (GDP)
- b. The provision of most of the employment opportunities for the labour force.
- c. The provision of adequate food for growing population
- d. The generation of foreign exchange.
- e. The generation of savings for investment in agriculture as well as other sectors.
- f. .. The production of "raw materials and the release of surplus or under utilized resources<sup>1</sup> for use in other sectors, especially in the fledging industrial sector and .g. The provision of an expanding market for the products of Non- agricultural sector. Iwayemi, maintains that "as economy ;develops, certain changes are expected in the roles of agriculture. Firstly, the Gross Domestic [Product derived from agricultural sector normally declines. Secondly, there is a tendency for the share of total labour force engaged in agriculture to decline. Thirdly, the relative share of foreign exchange derived<sup>8</sup> from the sector may also decline. Fourthly, the share of total investable capital generated by the agricultural sector may also decline.

Agriculture is expected to maintain its role and even assure more importance in the provision of food for the population, the production of raw materials for use in other sectors and provision of an expanding market for the products of other sectors.

The colonial policies were exploitative rather than developmental .the emphasis of colonial policies was on export promotion through institutional arrangement like the marketing boards, leaving traditional agriculture, untouched, neglecting the productivity of food crops. For the purpose of this paper, we can broadly classify Nigerian agricultural policies into four i.e Institutional, Credit, infrastructure, and enabling environments. All the policies of government from 1960-2002, centered on tackling problems of agriculture, from the above perspectives for example so many institutions were created or established by the government to handle institutional problems of agriculture such as commodity marketing and pricing, distribution policy, agro service centers, seeds problems, input subsidy, poor technology, lack of extension services, research problems, drought, etc.

In response to the above problems the governments create/establish the following institutions and policies.

### **Institutional Policies**

Agricultural commodities marketing and pricing policy: - National commodity boards, were established in 1977, to replace the regional multi commodity boards that had been operated at the state level ranged from 25% to about 50% of the actual cost of tractor services.

### **Agricultural Research Policy**

A decree promulgated in 1971 created Agricultural Research Council of Nigeria with the power to co-ordinate and controls all agricultural research activities in Nigeria. Decree Promulgated in 1973 empowered the Federal Government to take over all research institutes. In 1975 the Federal

Government reconstituted<sup>^</sup> the agricultural research institutes network into 14 institutes and in 1977, the National Science and Technological Development Agency was created to co-ordinate all research activities in Nigeria.

### **Agricultural Extension and Technology Transfer Policy**

The most important feature of agricultural extension policy in 1970s, was the demise of the old **system** of state based general agricultural extension services, under the old system only states employed and utilize the services of agricultural extension personnel and mainly for general advisory services to farmers came a new one which called for the department of extension personnel to specific national programme and projects. The basic strategy for promoting and the adoption of new technology by farmers under the new system was the use of NAFPP and ADPs.

**Agricultural Mechanization Policy:-** The need for mechanization policy became very pressing in the early 1970s, in view of increasing shortage of agricultural labour which necessitated the substitution of some appropriate forms of mechanization power for human labour. The following, policy instruments were adopted.

-The creation of the ministry of science and Technology. -Establishment of a number of universities of Technology. -the operation of tractor Hire units (THUs) by states. -Liberalize import policy in respect of tractor and agricultural equipment. -Massive assistance programme to farmers on land clearing through cost subsidies -Lunching of a machinery ownership scheme in 1980, under which the federal government provided half of the purchase cost of farm machinery to be owned and used by farming co-operatives or group farms.

-Establishment of a center for agricultural mechanization for mechanization research, farm machinery testing and machinery adaptation to Nigerian condition. If we look at these policies of mechanization critically they are not meant to benefit the real farmers because they have a very small plot of land which doesn't require large machine and to those who have a large farm that will enable the use of machine, access to the machine is difficult only government officials and those connected benefited from the machines and today the mechanization units are left with scrap of such machines because of poor maintenance culture coupled with fact that the beneficiaries were not in real farming business.

**Agricultural Co-operation Policies:** A number of instruments were adopted to mobilize rural people for social and economic development through agricultural co-operatives - that following were the main instruments;

- The use of agricultural co-operatives for the distribution of some farm inputs as well as imported food commodities.
- The provision of necessary encouragement for the establishment of co-operative farms and other co-operative enterprises. -The creation of a department of agricultural co-operative within the federal ministry of agriculture, water resources and rural development in 1979

**Water Resources and Irrigation Policy:-**River Basin Development Authorities were established in 1977, it was estimated that the scheme would jump from 13000 hectares in 1968, to an estimated total of 274000 hectares in 1991 at the cost of N2.2 billion at 1977, price but N2.78 billion was expended to the end of 1982. The RBDAs had mandate for land preparation, development of irrigation facilities and the construction of dams, boreholes and roads (Abba et-al 1985).

The RBDAs were re-organized in 1986, as a result of which fractions were restricted to land development and water resources management and development including provision of irrigation facilities.

**Operation Feed the Nation:-** This programme was launched by the Military Government in 1976 and re-lunched as "GREEN REVOLUTION" programme under the civilian Administration between 1980 and 1983.

**National Directorate of Employment (NDE)** was established in 1986, to promote employment

programme all over the country as a strategy for ameliorating Nigeria's increasingly severe unemployment problem. The directorate oversees various special school leavers and graduate agricultural programme then in operation in most states of the federation..

### **Enabling Environment**

The Federal Government's policies towards tackling the environmental problems such as deforestation, desertification, and land degradation and on ensuring that enabling environment is provided adopted the following:

- Fiscal Policies.
- Arid Zone Afforestation

**Trade Policy Measures:-** The key instruments of trade policy were:- The promotion of agricultural exports through the abolition of export duties on schedule export crops in 1973 and reduced or abolished import duties in respect of food, agricultural inputs, agricultural raw materials and agricultural machinery and equipment.

**Exchange Rate Policy<sup>1</sup> Instrument:-** the Naira was allowed to appreciate in this period. According to Oyejide in Iwayemij (1995), the real exchange rate of Naira appreciated by about 61% between 1973 and 1980. This appreciation renders Nigerian agricultural export and import competing food commodities at considerable international price disadvantage thereby discouraging their domestic production.

**Devaluation** of the Naira through the creation of second tier foreign exchange market has had remarkable effect on both agricultural inputs and output prices most of which have increased several folds.

**Export Promotion** of non -oil goods including agricultural commodities, by allowing exporters to keep all their foreign earning in a domiciliary accounts from which they could freely draw for their foreign **exchange** transactions. Other measures are trade liberalization and import substitution measures.

**Arid Zone Afforestation:-** This programme was launched in 1978, as a strategy towards protection of forestry and fight desertification through deforestation.

**Fiscal Policy Instruments:-**The fiscal policy instruments during the period were characterized by high rate of expansion in capital and recurrent budget of government, generous tax incentives for investors in agriculture.,

Tax measures focused on accurate depreciation allowance on agricultural capital investment to reduce taxable income and income tax relief on income from new agricultural enterprises. For example there was an increase in rate of capital allowance on plantation equipment from 10% between 1966 and 1969 to 25% between 1970 and 1984 and fell to 20% in 1985, during the same period annual allowance, on plantation equipment expenditure which stood at 10% between 1966 and 1969 rose to 15% between 1970 and 1984 and 33.3% in 1985. In 1987 Government decreed five year .tax for profit earned by companies engaged in agricultural production and agro-processing, provided at least 10% off the equity capital of the companies was imported into Nigeria not earlier than the beginning of 1987 and provided the companies were incorporated in Nigeria. Other policies ) adopted under the SAP include the followings:

The establishment of National Agricultural Land Development Authority (NALDA) in 1991 to execute a National Agricultural development programmes, the programme would (1) Provide strategic public support 'for land development (ii) facilitates the appropriate cost effective mechanization of agriculture (iii) contribute significantly to the attainment of National food fibre self-reliance etc.

**Land Use Policy:-** The 'basic instrument of land policy was land use decree promulgated in 1978'Under the decree Ownership of land was vested in the hands of state government in trust for the people. User rights were to be granted to people through statutory right granted by state Governors in respect of rural land. There were also soil policies.

### **Infrastructural Policies'**

Lack of roads in some part of the country and poor condition of roads in other parts are the major infrastructural problems affecting agricultural activities in the country. To tackle this problem DFFRI was established.

**Directorate for Food, Roads and Rural Infrastructure (DFFRI)** was established in 1986 for the purpose of executing rural development programmes, the directorate has been actively involved in the construction of feeder roads, in rural water supply scheme, in rural electrification project and in some agricultural support services involving the multiplication and distribution of seeds as well as the production and distribution of fish finger lings.

### **Credit Policies**

Large scale agricultural production require heavy investment and most farmers in Nigeria are poor, as such cannot afford the type of investment required without assistance from financial institutions. In response to this, government came up with policies that include monetary policies and establishment of credit institutions for lending to farmers, in both urban and rural areas, the following are some of the credit policies.

### **Monetary Policy Instruments**

The instrument for agriculture were the use of concessionary interest rate on agricultural loans to tie subsidize, agricultural credit, and the use of various regulations and special scheme to ease the flow of credit to agriculture and rural sector at relatively low costs. For example for most of the 1970s interest on agricultural loans did not exceed 6% per annum, even then it was one of the lowest in the economy. In the 1980s it was increased to 9% per annum, even then it was one of the lowest in the economy. In 1987 agricultural loan attracted interest rates of between 10 and 11%. Liberalization of agricultural loan term so that small-scale farmers could obtain loans of up to N5000 without tangible collateral. In 1988, the grace period for the repayment of commercial bank loans and advances to investors in long gestation cash crop plantation was increased from 4 to 7 years while that of investors in mechanized large scale farm was increased from 40 to 45%.

**The People's Bank of Nigeria:** was established in 1989 to provide basic credit requirement for under privileged Nigerian both in the urban and rural areas who could not normally benefit from the services of the orthodox banking system due to their inability to provide collateral security.

Accept savings from the same group of customers and make repayment of such savings together with interest. The programme for the establishment **Community Bank** took off in December, 1990, the banks were mandated to carry out most regular banking business at purely local level and their role in the financial system was to provide effective banking services for the economies of rural areas as well as small enterprises in the urban centers. Among the major institutional and regulatory measures taken by government to direct more credit - flow to agriculture were: The establishment of (he Nigerian **Agricultural and Co-operative Bank (NACB)** in 1973 as a specialized credit institution for agriculture and rural development. The designation of the agricultural sector as priority or 'preferred sector such that Central Bank of Nigeria (CBN) stipulate that a minimum of 6% of commercial and merchant bank loan should go to the sector, the minimum share of commercial bank loan was subsequently increased to 12%.

**Rural Bank Scheme** was launched in 1977 under which Commercial Banks were required to specify a number of branches in rural areas with at least 40% of the total deposit in the rural areas lent to borrowers within those rural areas.

**Agricultural Credit Guarantee Scheme** was launched in 1977 to reduce the risk borne by commercial banks in extending credit lo farmers, under this scheme the CBN guaranteed up to about 75% of the value of the principal and interest on loans guaranteed to farmers by the commercial bank up to minimum of N50,000 for individual loans and N1.0 million for loans to co-operatives and corporate bodies.

## **The Missing Link**

The Federal Government had implemented so many policies from 1960-2002, with the aim of solving the problems of agriculture and improving its productivity. But up till today the required improvement has not been achieved and the problems persist. This means that there is a missing link in the policies implemented and the missing link has been identified as lack of well designed land policies, though there was a<sup>1</sup> land use decree which became operational 1978. Anyanwu (1997), stated the aims and objectives<sup>1</sup> of the land use decree as "A law known, the land use decree, came into effect in march, 1978, it was expected to satisfy the need for larger areas of land for agriculture and non agricultural purposes.

It is clear from the aim of the decree that government has recognized the problems associated with farming on a small farm size but unfortunately the government did not enforce the satisfaction of the need for larger areas of land for agriculture and history has shown that all the countries that developed their agriculture, in addition to investment in research and development and invention of technology, they were able to transform their land holding from small farm size to larger farm size. We all know that commercial agriculture can only be achieved through mechanized farming and it is obvious that mechanized farming require larger farm size not small farm size as we have in Nigeria. It has been shown that throughout the most part of the 19<sup>th</sup> and 20<sup>th</sup> century, a major aim of agricultural policy in the U.S was opening up of the virgin land to make possible the creation of new family farm. Japan had to drop its rigid structure of small scale unit with the need to move towards a pattern of agricultural production based on larger units in order to make efficient use of more powerful tractors and associated equipments and there by realized the economies of scale which became important with the use of capital intensive technologies Several economists whose views are summarized by Silos (1971), argued that " the small plot constitutes the main problem of agricultural sector today" and that because of their small size, they hinder the formation of capital as well as increased productivity and maintain the technological level of the rural sector stagnant. Reynolds (1970), seems to be expressing a prevalent view when he, speaks of the lost of potential output because "some of the most productive large holdings were fragmented into inefficiently small units and the inalienability of ejidal tenure perpetuated whatever allocation efficiency resulted. While the problem of agriculture in Latin America, is too much land under the control of too few people, in Asia the basic problems is too many people crowded on to too little land. There is a wide spread agreement among economists and other development specialist on the need for land reforms. To Myrdal land reform holds the key to agricultural development in Asia. The Economic Commission for Latin America (ECLA) has repeatedly identified land reform as a necessary pre-condition for agricultural and rural progress. An FAO report concluded that, in many developing regions land reform remain pre- requisite for development. World Bank (1984), has stated the land use decree of 1978. should be reviewed with a view to making land more easily available and affordable. Meier (1984), the critical factor determine the choice of techniques and factor proportion in agriculture is the size distribution of operation (implement) unit rather than ownership unit, In Sweden and France for example agricultural economists are now much concerned with the problem of farm size, because farms in the small groups are large enough to use modern technical method and farming structure is not as well as it was 50 years ago.

## **Summary**

Agriculture plays key roles, in (he economic development <f Nigeria **in** the' 60s and70\* **in** term of gross domestic product, provision of food, employment and foreign exchange earnings. Government have designed so many policies for improving the performance of agriculture from 1960-2002, which were broadly classified into four, in this paper and also identified lack of land reform as the missing link.<sup>1</sup>

## **Recommendations**

This paper recommend that the government should come out with a land reform policy that will redistribute land so that small holder land will be transform into large holder land to enable the use of tractor, harvesters and either equipments for commercial farming. Government should encourage the invention of simple farm techniques that will be appropriate to our small farm size before the complete transformation to large farm size farming. Government can also adopt the type of land reform strategy

adopted by Tanzanian government, under Julius Nyerere, when he established ujama villages as a policy of encouraging farmers to pool their land together for large scale farming but at the same time each farmer knows his own land area. Government should ensure that the policy is implemented in its totality.

### Conclusion

The paper discussed various agricultural policies of government from 1960-2002, and has shown that despite the implementation of the policies the desired agricultural productivity has not been achieved, because apart from some minor problems elsewhere the right land reform policy is missing as such there is, no way mechanization agriculture for large scale farming will be possible under fragmented small holder land. This paper therefore, concludes that the missing link in Nigerian agricultural policy is land reform.

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