

PRIVATE SECTOR AND AGRICULTURAL MARKETING: A PANACEA TO MANAGING NIGERIAN ECONOMY BEYOND RECESSION

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Abstract

Agriculture in Nigeria has continued to experience dwindling fortunes for some decades owing to neglect of the sector occasioned by the oil boom. This is because a government centred approach to agricultural marketing was incapable of sustaining the tempo of growth experienced in the 60s and 70s. The rural sector with its many constraints is responsible for more than 90 percent of food consumed in the country. With a rapidly increasing population, food production cannot match up with population growth. The result is a shortfall in food supply. In the light of the ban on imports including agricultural products, the activities of agro allied firms sourcing locally for raw materials is compounding the current agricultural marketing through food crisis by buying off almost all available grains without necessarily contributing anything to its production. The corollary is that only little is left for food consumers with attendant spiraling of grain prices. This paper believes that if efficient and effective agricultural marketing is not properly employed and managed, the emergence of more such firms could further exacerbate the hunger problem. The involvement of the private sector in direct agricultural marketing will go a long way to redress this anomaly.

Keywords: Marketing, Agriculture, Private Sector, Nigerian Economy.

Introduction

A government centred approach to agricultural marketing seems to have failed in the past to yield the dividends. This is because the performance of agriculture in Nigeria has been poor. It has not been able to attain desirable goals of development such as economic growth and structural transformation based on the technical change most appropriate to the factor endowments of the country (Balogun, 1986). From the inception of the oil boom (1974-1982), agriculture's share of Gross Domestic Product (GDP) dropped from 60% to 15% while its share of exports dropped from 70% to 2% (Talabi, 2000). The capacity of Nigerian agriculture marketing to provide food to meet domestic requirements has also declined. Consequently, demand pressure on available food supplies, which has risen due to the astronomic growth in population, has resulted in soaring domestic food prices and

rising food import bills. Various shades of opinions are unanimous in attributing the downturn in the agricultural marketing sector to the oil boom. This is a correct assessment of the situation.

Attempts by the government in the past in launching numerous agricultural marketing strategies could not yield fruits as it has always ended in dismal failure. Many had heralded governments attempt in direct agricultural marketing as panacea to Nigeria's agricultural problems without due consideration that the small scale farmer is the mainstay of Nigerian agriculture. With the present scenario, there is no justification for continued government centred approach to agricultural marketing. In view of government's failure in this regard, there's urgent need for government to step aside and allow the private sector to take the lead in resuscitating and revitalizing agricultural marketing. The absence of bureaucratic

bottlenecks in the private sector, its performance in other sectors of the economy, capacity for efficient management of resources and the fact that some private sector firms depend on agricultural raw materials makes them well disposed to take up the challenge. Agricultural marketing, if properly managed, could form the spring board for industrial development, particularly those marketing industries based on the use of agricultural raw materials. This paper x-rays the role of the private marketing sector (agro allied marketing firms) in the Nigerian food crisis and identifies the role the private sector could play with government support in revamping Nigeria's agriculture.

Private Marketing Sector and the Nigerian Food Crisis

The private sector has been reaping the gains of most government attempts in developing the agricultural marketing sector without contributing anything in return. This is akin to parasitism and is particularly true of those industrial concerns that are agro marketing based. The ban on the importation of rice, maize and barley in 1985, 1987 and 2003, coupled with the proliferation of agro marketing based companies searching locally for raw materials, puts a lot of strain on the demand and supply of locally produced grains and other agro based raw materials. This made the demand for food to contrast all previous projections. Demand greatly exceeded all forecasts, as grains are smuggled across our national borders into neighbouring countries by unpatriotic individuals who are "tempted" to take advantage of better prices offered for their grains in those countries. This practice has totally distorted statistical data on supply and demand by rendering proper analysis and planning difficult. The ban on

grain importation which engendered a high demand for locally produced grains by Agro marketing allied firms sourcing locally for their raw materials puts added pressure on the traditional marketing system which relies on peasant method of production for its supplies (Wudiri and Fatoba, 1992; Effiong, 1998). This brought about an unhealthy competition between consumers of grains as staples and industrial users of agricultural products as raw materials for the purchase of available agricultural products. This phenomenon, along with astronomic population growth, is responsible for scarcity of food supplies. The agro based marketing firms, in view of their relative economic power, are able to buy off the little available food supplies as raw materials from the market to the disadvantage of the consuming populace. This situation portends a danger (hunger) signal to food consumers who have, by virtue of the present circumstances, become "endangered". With the emergence of more agro allied marketing firms relying on the peasant method of production for their raw materials supplies, a situation will arise where the populace will have no food to buy as the market would have been cleared by industrial users. It is sad to observe that most of these marketing firms, with the exception of a few companies like Savannah Sugar company, Jos International breweries etc, do not own farms. This is a subtle way of avoiding costs. In view of these problems, it is correct to say that the traditional small scale farmer based production system with its numerous handicaps has fulfilled important economic and social functions in the past but has now become inadequate in meeting present day challenges of feeding the nation and providing sufficient raw materials. From the foregoing, it can be deduced that the private sector has

contributed immensely to the underdevelopment of Nigeria's agricultural marketing sector. This unhealthy trend has to be halted through the formulation and enforcement of measures that compels the private sector as stakeholders to participate actively in agricultural marketing.

Private Sector Participation in Agricultural Marketing

Agro based marketing firms e.g. Sugar Companies, Breweries, Textile Mills, Flour Mills, Tyre Producers, Feed Mills, Fruit Juice Companies, Vegetable Oil Companies, Producers of Biscuits, Cornflakes and Baby foods etc, should be compelled to establish large scale marketing farms to produce their raw material needs.

A governmental agency should be established to monitor and ensure compliance. Where their farms cannot supply all their raw materials need, they should resort to the "contract farming" arrangement earlier practiced by the Nigerian Tobacco Company with great success. An incentive package for contract farmers in the form of credit and supply of inputs should be put in place. This is expected to empower the rural farmers in their operational areas. Sustainable growth can only be achieved with active participation of rural farmers who produce substantial amount of food and raw materials.

All the multinational marketing firms (oil companies and others) should be made to operate an agricultural marketing unit as part of their community development efforts in their areas of operation. These units can procure, multiply and distribute improved agricultural inputs to farmers as well as technology transfer through extension to the farming public.

An Agricultural Research Tax Fund (ARTF) should be established whereby agro based marketing firms and multinational companies operating in Nigeria will contribute to the furtherance of agricultural marketing research. The proceeds from the fund should be distributed to agencies and individuals conducting marketing researches relevant to our development marketing needs after duly submitting a convincing proposal.

In view of the high export potentials of some agricultural products (especially cassava), there is need to adopt a vigorous export promotion strategy to encourage its selective export. The private marketing sector can finance the export promotion drive through contract farming arrangement as already specified in this paper. This will generate huge foreign exchange for the country.

Non-governmental organizations (NGOs) should float micro credit schemes for rural empowerment. ECWA's rural development strategy is commendable.

Government and Agricultural Marketing Development

The advocacy for a private marketing sector centred approach to agricultural development is not a call for government to hands off agriculture. Government's assumption of a supportive role, provision of facilitative services and creation of an enabling environment to induce increased private marketing sector participation in agriculture will go a long way to bring about the needed agricultural marketing transformation.

Political stability guaranteed by good governance, coupled with a conducive political atmosphere devoid of ethnic/religious conflicts, strikes, fuel crises,

power outage, will result in an environment in which it pays to invest in agriculture and agri-business.

The strategy for private marketing sector participation as outlined in this paper should be backed up by appropriate government fiat with an agency established to play a regulatory role.

There is an ardent need for the creation of social and economic overheads in rural areas through the construction of good roads, rural electrification, the provision of potable water, housing, health and basic educational facilities in rural areas. This underscores the marketing need for the pursuit of a vigorous rural development marketing programme.

Government's attempt at banning certain agricultural imports, particularly those that can be produced locally, is a welcome idea. This ban should be strictly enforced to prevent smuggling. It is sad to note that despite the ban, these same goods continue to flood our markets. Issues on food import dependency can only be overcome through outright ban as well as through encouragement of agro-industrial import substitution using abundant factor endowment and through economically rational investments in the productive capacities of Nigerian agriculture (Balogun, 1986).

Government needs to place more emphasis on capacity building to formulate and analyze agricultural marketing development policies which are appropriate to Nigeria. To achieve this capacity, government should support human resources development, encourage wider participation in the policy making process, help to strengthen the institutional marketing base. Such measure, it is believed, will make an important contribution towards setting Nigeria on the

path towards sustainable growth in agricultural marketing.

Institutions responsible for agricultural marketing in Nigeria are in most cases weak, unstable, ineffective, inefficient and unaccountable. The present need is to strengthen these institutions through the implementation of a strategy to create a sustainable marketing system, paying more attention to developing marketing services that serve the needs and demands of the clientele, concern with improving internal marketing arrangements and strengthening capacity to respond to the changing context, supportive policy and regulatory framework (Mrema, 1997; Conlin and Stickling, 1999).

Summary and Conclusion

Agricultural marketing drive, spearheaded by the private marketing sector with government playing ancillary roles, will go a long way in bringing about the needed agricultural marketing transformation and at the same time sustained growth in the agricultural marketing sector. By contributing to their raw material requirements, it is expected that there will be an overall increase in the volume of agricultural production. The contract farming arrangement is expected to empower the rural farmers, engender increased tempo of agricultural marketing activities and hence contribute immensely to rural development. Government is still relied upon to facilitate the process and ensure it succeeds.

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