

AGRICULTURAL GROSS DOMESTIC PRODUCT (GDP) AND ECONOMIC GROWTH IN NIGERIA

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Abstract: One of the sector that is regarded as part of the contributors to the growth of the overall economy of Nigeria is the Agricultural sector. This is despite the low yields, inputs and lack of adequate full attention on the sector by the government in time past as a result of oil sector being the major area of interest of the government. This study aimed at examining the impact of Gross Domestic Product (GDP) on economic growth in Nigeria.

Secondary source of data was employed of Gross Domestic Product (GDP) for the period of 2008-2018. It was revealed that agricultural sector has the potential of contributing positively to the overall Gross Domestic Product, there by leading to economic growth in Nigeria. This paper also shows that agricultural sector in today's economy of Nigeria has taken back its position of being a key sector of the economy that it use to be before the drastic shift from Agriculture to focusing on oil sector as the determinant of the growth Gross Domestic Product (GDP) level in Nigeria.

Keywords: Gross Domestic Product (GDP), Economy, Growth, Agriculture, Sector.

1. INTRODUCTION

Background of the Study

In the 1970s, the discovery of crude oil and its exportation had a contribution of over 90% to government revenue which made it possible for government to embark on projects that resulted in the injection of much money into the economy.

The poor people in the rural settlement were abandoned to the practise of agriculture and in response to the staggering performance of agriculture in the country; government in over decades initiated numerous programs aimed at restoring the agricultural sector for it to regain its place in the economy.

However, no significant success has been achieved due to the several persistent constraints inhibiting the performance of the sector (Manyong et al., 2005). From the perspective of sustainable agricultural growth and development in Nigeria, the most fundamental constraint is the peasant nature of the production system with its low productivity, poor response to technology adoption strategies, poor returns on investment and poor or inadequate education programme on agriculture.

The shift of focus from the Nigeria oil sector to agriculture has enabled the agricultural sector to be one of the major contributors to economic growth. In the past years agricultural sector played significant and meaningful roles in poverty reduction. While the agricultural sector may have in recent years contributed significantly to improved growth performance in Nigeria, its actual contribution appears to be much short of overall potential. Although several studies have outlined the theoretical relationship between agriculture and economic growth, disagreements still persist (AWOKUSE, 2009).

One sector that has a critical role to play in poverty reduction in Nigeria is the agriculture sector as over 40% of the GDP comes from the sector and it employs about 60% of the working population (NWAFOR et al., 2011).

However, the agriculture sector has the highest poverty incidence and tackling poverty entails tackling agricultural underdevelopment. Economic growth in Nigeria has largely been accounted for by resilient agricultural growth associated

with performance in four constituent sub-sectors: crops, livestock, fisheries and forestry (EBOH et al., 2012). While the agricultural sector may have in recent years contributed significantly to improved growth performance in Nigeria, its actual contribution appears to be much short of overall potential.

With 75% of the world's poor in rural areas and most of them dependent on farming, agriculture must be part of world economic growth, poverty reduction, and environmental sustainability (UNDP, 2012). Agriculture is critical to achieving global poverty reduction targets and it is still the single most important productive sector in most low income countries, often in terms of its share of Gross Domestic Product and almost always in terms of the number of people it employs (IDA, 2009). In countries where the share of agriculture in overall employment is large, broad-based growth in agricultural incomes is essential to stimulate growth in the overall economy, including the non-farm sectors selling to rural people.

Hence, the ability of agriculture to generate overall GDP growth and its comparative advantage in reducing poverty will vary from country to country (FAO, 2012). The majority of the poor and food insecure in Africa live in rural areas, and most of them depend on agriculture for their livelihoods. To support broad-based poverty reduction and food security in Africa, smallholder agriculture must be a central investment focus (GARVELINK et al., 2012). The sheer size of agriculture in most African economies suggests that strategies designed to promote the early stages of economic growth cannot ignore agriculture. The promotion of the rural economy in a sustainable way has the potential of increasing employment opportunities in rural areas, reducing regional income disparities, stemming pre-mature rural-urban migration, and ultimately reducing poverty at its very source (ANRÍQUEZ and STAMOULIS, 2007).

The potential of agriculture to generate a more pro-poor growth process depends on the creation of new market opportunities that most benefit the rural poor (HANJRA and CULAS, 2011). Nigeria is a vast agricultural country "endowed with substantial natural resources" which include: 68 million hectares of arable land; fresh water resources covering about 12 million hectares, 960 kilometres of coastline and an ecological diversity which enables the country to produce a wide variety of crops and livestock, forestry and fisheries products (AROKOYO, 2012). Poverty in Nigeria is concentrated in rural areas, which are home to more than 70% of the nation's poor.

Development indicators for rural areas lag behind those for urban areas: incomes are lower, infant mortality rates are higher, life expectancy is shorter, illiteracy is more widespread, malnutrition is more prevalent, and greater proportions of people lack access to clean water and improved sanitation services (TSIGAS and EHUI, 2006).

However, the agricultural sector has the highest poverty incidence and tackling poverty entails tackling agricultural underdevelopment. The causal dynamics between agriculture and economic growth is an empirical question worthy of further investigation. As TIMMER (2005) noted, part of the controversy of the role of agriculture in development stems from the fact that structural transformation is a general equilibrium process that cannot be explained by looking at agriculture alone. The issue of how and under what conditions agriculture is a driving force of rural growth has received scant attention or has given mixed messages including in the position of major multilateral financing institutions (ANRIQUEZ et al., 2003). Despite the myriads of existing literature on the between agriculture and economic growth across the globe and in particular sub-Saharan Africa, there exists a relative dearth of empirical information on the relationship between agriculture and economic growth in Nigeria with a bigger picture on rural poverty.

OBJECTIVES OF THE STUDY

The objective of the study is as follows:

- (i) To examine the impact of Agricultural Gross Domestic Product (GDP) on the growth of Nigeria economy.
- ii) To examine those factors that affects the growth and performance of Agricultural Gross Domestic Product in Nigeria.
- iii) To identify the relationship between Agricultural Gross Domestic Product and economic growth.

BRIEF HISTORY OF AGRICULTURAL DECLINE IN NIGERIA

At independence 1960, the agricultural sector was the most vibrant sector of the Nigerian economy. The sector provided not only food for the teeming population, but also employment, export earnings and raw materials for industries. Agriculture was the pride of the nation, and effectively dominated the other sectors of the economy the contribution of agriculture to the nation's gross domestic (GDP) and export was quit significant. Until the early 1970s, agriculture remained the major development drive of the economy. Through its linkages, agriculture facilitated the other sectors of

the economy. During this period, agriculture was regarded as main stay of the Nigerian economy. The sector employed 80% of the active population, contributed over 60% of the nations GDP and provided nearly 100% of the economy's food requirement (FOS 1996),

By 1971, however, the share of all Nigerian agricultural products in world production started declining just as the export 'of them. By 1974, the share of Nigerian cocoa in world output has declined, likewise, the value of these and other agricultural products in Nigeria's total export declined. Equally noticeable was the decline in output of staple foodstuffs as evident by a sustained rise in consumer 'price index for food during the period and increase food import. Overall, the growth rate of the sector maintains a downwards tread through the 1970s.

Although other sectors of the economy (mining) especially started experiencing growth, they neither had the corresponding growth effect on other sectors of the economy nor employment generation capacity as did the agricultural sector.

Quite a number of reasons have been advanced to explain the phenomenon of declined in agricultural production in Nigeria at late 1960s. These include;

- Unfavourable weather condition
- Inadequate supply of Agricultural Input
- Poor Marketing & other infrastructures
- Activities of the Marketing Board (domestic under-pricing of commodity)
- Rural urban migration
- Faulty domestic policies on agriculture

(Aboyade and Ayida, 1971; Olaloko, e'tal 1979; Ojaide 1993).

The wealth from the oil that Nigerians and their governments made got trapped in the euphoria, which distracted both parties. But more crucially, policies and programmes aimed at educating the general public on agriculture were mil implemented.

Ideally the oil boom created; excellent financial opportunity for revamping agriculture, which started suffering setback. This opportunity was however, interpreted to mean an • emerging alternative source of revenue that was going to be long lasting.

The Nigerian policy makers were simply short sighted and so floated policies and programmes that further sunk agriculture. It has been observed that the various policies implemented during the period have severed negative consequences on agriculture and the economy as a whole (Aboyade and Ayida.1971).

METHODOLOGY

The source of information for this paper is mainly secondary. This includes seminar papers, Literatures, journals and other relevant information gotten from the internet and other sources.

2. NIGERIA GROSS DOMESTIC PRODUCT (GDP) GROWTH RATE

Nigeria is one of the most developed countries in Africa. Services are the largest sector of the economy, accounting for about 50 percent of total GDP. One of the fastest growing segments in Services is Information and Communication, which together account for about 10 percent of the total output. Agriculture, which in the past was the biggest sector, now weights around 23 percent. Crude Petroleum and Natural Gas constitute only 11 percent of total GDP, while being the main exports. Industry and Construction account for the remaining 16 percent of GDP. Nigeria GDP Growth Rate - actual values, historical data, forecast, chart, statistics, economic calendar and news. Nigeria GDP Growth Rate - actual data, historical chart and calendar of releases - was last updated on September of 2018.

The Gross Domestic Product (GDP) in Nigeria expanded 2.90 percent in the second quarter of 2018 over the previous quarter. GDP Growth Rate in Nigeria averaged 1.08 percent from 2010 until 2018, reaching an all-time high of 10.59 percent in the third quarter of 2010 and a record low of -13.98 percent in the first quarter of 2016.



Fig.1



Fig.2

The Gross Domestic Product (GDP) in Nigeria was worth 375.77 billion US dollars in 2017. The GDP value of Nigeria represents 0.61 percent of the world economy. GDP in Nigeria averaged 97.52 USD Billion from 1960 until 2017, reaching an all-time high of 568.50 USD Billion in 2014 and a record low of 4.20 USD Billion in 1960.

3. X-RAY OF NIGERIA GROSS DOMESTIC PRODUCT ON AGRICULTURE (2015- Q1, 2018)

Nigeria has experienced high levels of economic growth since 2005. Between 2005 and 2006, Nigeria repaid USD 12 billion of its debt to the Paris Club to achieve debt cancellation of USD 18 billion. The dependence of the economy on the oil sector cannot be overemphasized. Oil revenue accounted for 75.3 per cent of federally collected revenue in 2012 (CBN, 2012) and about 14.8 per cent of the GDP.

Agriculture experienced a decline from 64.1 per cent in 2007 to 33.7 per cent in 2012; and industry from 23.4 per cent in 2007 to 11.4 per cent in 2012. The wholesale and retail sector recorded an increase from 13.9 per cent in 1981 to 23.75 per cent in 2012. The services sector, which houses the advancing telecommunications sector, trends an increasing proportion of 9.8 per cent in 1981 to 16.4 per cent in 2012.

The transformation in the telecommunications service sub-sector has created massive employment within the country. The rebasing of the GDP in 2013 rendered Nigeria the largest economy in Africa with a GDP of USD 510 billion.

This shows an economy that has experienced growth over the last decade. However, resource allocation across tiers of government has been a source of recurring debate and a major issue of controversy in the National Conference given the exacerbating poverty level in the country.

As at the third quarter of 2017 (Q3 2017), according to National Bureau of Statistics, Agricultural sector contributed immensely to Nigeria’s economic growth with the contribution of 24.44 Percent to the nominal Gross Domestic Product (GDP) (NBS 2017).



Fig.3

Actual	Previous	Highest	Lowest	Dates	Unit	Frequency	
3487312.92	4859436.87	5189365.99	2594759.86	2010 – 2018	NGN Million	Quarterly	Constant 2010 Prices, NSA

The above shows the analyses of Gross Domestic Product (GDP) from Agriculture in Nigeria between 2015 to First quarter of 2018. In First quarter of 2018, there was decrease in the value of GDP from 4859436.87 NGN Million to 3487312.92 NGN Million. Nigeria’s Gross Domestic Product (GDP) has the average of 3762583.50 NGN Million from 2010 until 2018 when the Gross Domestic Product (GDP) rose to 5189365.99 NGN Million in the third quarter of 2017 and a record low of 2594754.86 NGN Million in the first quarter of 2010.

4. CONCLUSION

In today’s Nigeria, agriculture is seen to be one of the major contributors to economic growth. In the past years agricultural sector play significant and meaningful role in poverty reduction with over 40 Percent of the Gross Domestic Product (GDP) coming from the sector, also agricultural sector has also been proven to have about 60 percent of the total work force of the entire working population (Nwafor et al 2011).

The study examines the position of agricultural sector in the general Gross Domestic Product (GDP) of Nigeria economy. For agriculture to play a meaningful role in contributing to the Gross Domestic Product (GDP), agricultural activities need to be more active and it is imperative that those constraints inhibiting the performance of the sector are first identified with a view to unlocking them and creating a conducive investment climate in the sector through enlighten education programmes such that, agriculture will become one of the most important growth points in the economy. It is against this backdrop that the study is undertaken.

5. RECOMMENDATION

- a) Nigeria Agricultural sector should utilize opportunities provided and sustainable growth of a diversified economy.
- b) Nigeria government should actively expand base and be competitive internationally through the improvement of quality of agricultural product and services using the skills of local farmers.
- c) The government should also mobilize national resources to facilitate developmental strategies in boosting economic growth through agriculture.
- d) Economic empowerment of indigenous agricultural small and medium enterprises through patronage of their products and services.
- e) Improved land use right process and provision of appropriate structures for regulations and propelling the private entrepreneurs to develop the agricultural sector in order to increase the Gross Domestic Product (GDP) of the economy.
- f) The government should also engage the private agricultural business owner in regular dialogue and allowing them to play active role in economic planning based on market principles.

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