



ECONOMIC EFFECTS OF CHANGES IN PRICES OF CASH CROPS ON FARMERS' WELFARE IN IKERE LOCAL GOVERNMENT AREA OF EKITI STATE

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ABSTRACT

This research work is to identify the economic effects of changes in the prices of cash crops on farmers' welfare in Ikere Local Government Area of Ekiti State. The population of the study consists of all the farmers in Ikere - Ekiti while only 220 farmers were randomly selected from her eleven (11) wards. In analyzing the result, simple percentage scores' sampling was used. From the fact findings, it is discovered that people are more interested in cash crops production than food crops production but little or no encouragements in terms of farming subsidy, supports and others grants are given to the farmers by the government and that changes in prices of cash crops are being experienced due to insufficient production of the output. Based on the findings, it is suggested that the government should always come to the aid of cash crops' farmers by earmarking nothing less than 25% of the yearly budget on farming generally and that the government should watchdog the full implementation of such fund on agriculture.

Keywords: cash crops, farmers, price changes, economic effects

INTRODUCTION

Cash crops are a major source of export revenue for much of sub-Saharan Africa, providing the livelihood for millions of rural households. Given their potential key role in development and as a vehicle for reducing poverty, it is not surprising that the policy debate has focused on how to promote the production of these crops, how to create the enabling conditions for smallholders to benefit from the opportunities created by commercial agriculture, and how to design public policies to facilitate this process (Winters et.al 2004, Harrison 2006).

Crop farming involves the growing of both cash crops and food crops. The global history of cash crops might contribute to a depiction of a crisis of capitalism and its periodization as well. Nigeria's cash crops include tobacco, groundnuts, cocoa beans, rubber, kolanuts, cotton, palm kernel and cashew nuts. Definitely, cash crops are for feeding and clothing the world. Due to the economic importance, cash crops help us to understand trade relations and by looking at the way those crops were perceived-processes of trans-cultural entanglements.

The impact of cash cropping in West Africa cannot be isolated from its social and historical background. So, cash cropping made systematic collection of taxes possible. An imposition on a per capita basis became the rule and the major incentive of small farmers to engage in commercial farming. Cash cropping also made possible extensive monetization of West Africa, as this result in both favourable and unfavourable effects on the quality of the diet.

Cash cropping was and still is being practised as a mining agriculture, exhausting soils and deteriorating their fertility for extended periods of time. Anyway, cash cropping was developed in response to the need of European economies for tropical products. Altogether, cash cropping extension created a network of intermediaries of large European corporations and shop-keepers who would efficiently drain all the earnings from cash cropping away from productive agricultural investments. So, cash crops help sustain a community's economy with a marketable agricultural product especially in most developing economies.

The growing of cash crops is seen as one way to help farmers improve their current situation, (Sharma, 1997).

For long, agricultural policies in Nigeria have focused on the growing of cash crops, as a way to increase the incomes of farmers and thus enable them to purchase food to meet their food sufficiency needs. Cash crops can provide a good source of income and some of the crops have beneficial effects on the environment. Cash crops are mainly crops which are grown for profit and they include coffee, cocoa, sugar cane, cassava and cotton.

Prices for major cash crops are set in global commodity markets with some local variations. A consequence of this is that farmers relying on such a crop may suffer low prices caused by excess supply on the global market. Promoting cash crops production for export is often criticized less environmentally sustainable than food production for domestic consumption. Thus, prices could be referred to as the payment that is made to procure the quantities of any goods, commodities, materials and so on. On a neutral ground, prices could be the costs or values for having our needs.

Economically, prices are the enabling force between demand and supply, between producers and consumers. So, it is the force at which demand and supply of goods and services interests.

Without placing prices on goods and services, it may be difficult a little bit for money to function as a sure medium of exchange. So, in modern economies, prices are generally expressed in unit of some forms of currency. For commodities, they are expressed as currency per unit weight of the commodities. So, prices for major cash crops are usually set in global commodity markets with some local variations which are affected positively or negatively by increasing tariffs between 70% and 100%.

The chief agricultural cash crop products in West Africa especially in Ekiti, Nigeria include cocoa, palm oil, cassava, coffee, cotton, rubber, raw tobacco, rice, and kolanuts (Anyanwuyuga, 2005). Cash crops production is usually practised and cultivated in plantations mostly under a capital-intensive system of farming. But in Ekiti State, cash crops' farming is being cultivated by every farmer especially in small scale besides subsistence farming due to unavailability of fund and capital.

Purpose of the Study

The purpose of this study includes the following reasons; to encourage cash crops farming or plantation, to make cash crops marketable in all the quarters of the local government area, to facilitate cash crops management board, to enhance the production of cash crops in the land and to place Ikere – Ekit as well as Ekiti State in the forefront in cash crops production among others in Nigeria.

Research Questions

The following research questions will definitely help the researcher to achieve his target on this paper;

1. Does Ikere – Ekit encourage the production of cash crops among her people?
2. Are the sales of cash crops within the land or outside the land?
3. Are there any frequent changes in the prices of the available cash crops in Ikere – Ekiti?
4. Does cash crops' production earn the farmers more gain than food crops in the land?
5. Are warehouses or storage facilities available in Ikere – Ekiti for stockpiling farm produces?

REVIEW OF RELATED LITERATURE

Agriculture is the main occupation of the people which provides income and gainful employment for more than 75% of the population in Nigeria. The main cash crops being cultivated in the land are cocoa, cassava, kolanut, cashew and palm oil.

Individual farmers in Ikere – Ekiti just naturally grow cash crops as a livelihood, to generate fund for the family's needs and for the survival of other sector of the economy.

Cash crops' farming is advantageous as it serves as sources of living for the farmers, salaries and wages for the employees and farm workers, and revenues for the government through taxes. When cash cropping started, it could not be established with certainty. But after it has been of importance to the Western World for their economic development, former Late President Umaru Yaradua urged the Nigerian Youths to go into cash crops' farming, promised to assist them (Tall rock, April 23, 2009). He then believed that agriculture was of the core philanthropic versions of how to feed the world.

With these issues in mind, Clavin (year) argued, one can detect a central continuity and lesson from dealing with global cash crops that have been the central linkage of global agriculture and security of cash, crops, war and peace. Then, in searching the history of cash crops, one should think generally about the idea of commodification. The history of cash crops demonstrates not only a general process of commercialization but also how the commercialization of human labour proved to be socially disintegrating force. So, global history of cash crops might contribute to an illustration of a crisis of capitalism and its periodization as well.

For long, it has been discovered that cotton is a very important cash crop not only for rural economy but also for textile industries for different textures of cloth production. There also, cocoa that is being produced in Ikere Ekiti is a very germane cash crop for processing beverages like bournvita, milo, chocolate and others which are vital for human growth. Recently, it was discovered that the cocoa tree can be used as herb to revamp blood shortage. Palm oil does not lag behind because it is also an important cash crop being processed for the use of mankind and as raw materials for soap production industries. Oil palm has been one of the major cash crops all over the world as a result of its significance to mankind and other humanities on earth. Obviously, oil palm is being produced and processed in Ikere – Ekiti by almost all farmers who have one or two palm trees for domestic uses, for processing soaps and other detergents for cleaning and washing. So, palm oil is a cash crop that cannot be over-emphasized as it generates revenues for the government and the farmers, cultivating it in Ikere local government of Ekiti State.

In addition to the above issues, cassava being a new African cash crop is not exempted in Ikere Local Government Area of Ekiti state as it improves food production and security across the World. Fortunately, bakers can now include cassava flour in bread making following the Federal Government's new policy of having 40% cassava flour input in bread production and consumption in the country. The new policy commenced operation on July 1, 2012 which proposes that bread making in the country will comprise 60% wheat and 40% processed cassava flour. However, cassava is also used to make alcoholic beverages. Therefore, cassava-based processed foods hold significant long term potential for market growth in blended flour products such as biscuits, breads, fritters, and chin-chin. From research findings, it is obvious that industrial sector uses cassava derivatives in the manufacturing of paper products, wood processing, artificial sweeteners and ethanol.

In earlier times, cash crops were usually only a small but vital part of a farm's total yield, while today, especially in the developed countries. Almost all crops are mainly grown for revenue generation. In east developed countries, cash crops are usually crops which attract demand in more developed nations and hence have some export values. So, prices for major cash crops are set in commodity markets with global scope, with some local variations based on freight costs and local supply and demand equilibrium.

Cash crops play the following roles:

- Cash crops' farming is very significant to the generality of the whole world as it performs the following roles
- Cash crops are grown mainly to be sold rather than being used by the people who grew it or that living in the area it is being planted.
- Cash crops are well suited to researching internationalism and international institutions, especially the League of Nations and its affiliated organizations.
- Cotton is a very important cash crop not only for rural economy but also for textile industries.
- Cash cropping has made a systematic collection of taxes possible which forms a means of revenue generation for the government.
- Cash cropping has also made possible extensive monetization of West Africa which results in both favourable and unfavourable effects on the quality of the diet.
- Cash cropping was developed in response to the needs of European economies for tropical products.
- Cash crops help to sustain a community's economy with a marketable agricultural products and it is a good source of income. Eventually, some of these cash crops have beneficial effects on individuals, environment and the economy.

Prices of cash crops are determined by the World markets. Economically, prices are the mechanism between demand and supply. Anytime world demand of cash crops like cocoa, palm oil and cassava increase while supply is minimal, definitely the prices of such crops will jack up in the world market and vice versa. That is, the yearly prices of cash crops cannot be determined by the farmers but by the world market and it fluctuates based on demand and supply in the world. In addition, prices change as a result of shortage supply of cash crops, hoarding of it, excessive demand of cash crops, pests and diseases affecting the crops and impacts of climate changes on production of cash crops.

Changes in prices of cash crops have both positive and negative effects which will be pinpointed one after the other as follows;

1. Increase in the prices of cash crops will amount to increases in the income of the farmers as well as boosting their standard of living. Eventually, some farmers acquire more wives as a result of the increased in income which may probably lead to poor standard of living.
2. Increase in the prices of cash crops encourages the farmers to work hard against the preceding seasons. Based on this fact, their income may be jacked up and standard of living being improved.
3. Increase in the prices of cash crops earns the government more revenue through taxes.
4. Decrease in the prices of cash crops is a taboo on the farmers because it will negatively affect so many things in their life such as their income, style of living and their effectiveness in the sector.

RESEARCH METHODOLOGY

This study employed descriptive research design to analyze the economic effects of changes in prices of cash crops on farmers' welfare in Ikere local government area of Ekiti State. Only 220 farmers were randomly selected for the sampling technique and a questionnaire was designed and used to collect data for the study. The data collected were analyzed by using percentages.

RESULTS AND DISCUSSION

The data in Table 1 shows the socioeconomic characteristics of the respondents. From the results it could be seen that most of the farmers into cash crop farming within the ages of 60-69 years and mostly males. This may be expected since most cash crops in Nigeria are tree crops and mostly owned by either inheritance and through long years of cultivation on lands were the farmers are also landlords.

Table 1: Socio-economic characteristics of respondents

| VARIABLE | FREQUENCY | PERCENTAGE |
|--------------------------|------------------|-------------------|
| AGE(years) | | |
| 20-29 | 30 | 13.64% |
| 30-39 | 35 | 15.91% |
| 40-49 | 24 | 10.91% |
| 50-59 | 38 | 17.27% |
| 60-69 | 50 | 22.73% |
| 70-79 | 43 | 19.55% |
| SEX | | |
| Male | 132 | 60% |
| Female | 88 | 49% |
| MARITAL STATUS | | |
| Single | 25 | 11.36% |
| Married | 165 | 75% |
| Divorced | 18 | 8.18% |
| Widowed | 12 | 5.45% |
| EXPERIENCE(YEARS) | | |
| 1-10 | 15 | 6.82% |
| 11-20 | 30 | 13.64% |
| 21-30 | 50 | 22.73% |
| 31-40 | 70 | 31.82% |
| >40 | 55 | 25% |

| | | |
|------------------------------------|------------|---------------|
| EDUCATION (YEARS) | | |
| Primary | 79 | 35.91% |
| Secondary | 30 | 13.64% |
| Tertiary (Colleges & Polytechnics) | 80 | 36.36% |
| University | 31 | 14.09% |
| HOUSE HOLD SIZE | | |
| -5 | 80 | 36.36% |
| 6-10 | 117 | 53.18% |
| 11-15 | 13 | 5.91% |
| 16-20 | 10 | 4.55% |
| TOTAL | 220 | 100% |

From table 1 above, the farmers' ages range from 20 to 79 whereby the '60-69' has the highest farming capacity in the land which covered 22.73%, male farmers carried 60% while female farmers covered 40%. The marital status showed that married people practised cash crops farming than others which represent 75%, the highest farming experience ranged '31-40' covering 31.82% and in terms of education experience, 36.36% of the respondents showed that majority of the cash crops farmers are Tertiary (Colleges and Polytechnics) graduates. Finally, the size of the household '6-10' has the highest number among all which represents 53.18%.

Table 2: Responses of farmers

| S/N | Research questions | Agreed | % | Disagreed | % |
|---|--|--------|-------|-----------|-------|
| Cash crop production | | | | | |
| 1. | Cash crops farming is well encouraged by Ikere local government by giving farm subsidies to farmers. | 50 | 22.7% | 170 | 77.3% |
| 2. | Almost all farmers in Ikere are interested in cash crops cultivation but no encouragement from the government. | 170 | 77.3% | 50 | 22.7% |
| Marketing of cash crops | | | | | |
| 2. | Sales of cash crops' output is made within the local government, | 190 | 86.4% | 30 | 13.6% |
| Changes in prices | | | | | |
| 4. | There are used to be frequent changes in the prices of cash crops. | 180 | 81.8% | 40 | 18.2% |
| 5. | Changes in cash crops' prices affect the living standard of the farmers. | 165 | 75% | 55 | 25% |
| Profitability of cash crops | | | | | |
| 6. | Profitability of cash crops is more than food crops | 170 | 77.3% | 50 | 22.7% |
| Availability of storage facilities | | | | | |
| 7. | Availability of storage facilities for cash crops such as warehouses | 45 | 20.5% | 175 | 79.5% |

Based on the questionnaire produced for 220 randomly selected farmers in Ikere Local Government of Ekiti State to verify the economic effects of changes in prices of cash crops on farmers, the following analysis are summarized;

Out of 220 respondents on question 1, which says 'cash crops farming is encouraged by Ikere Local Government authority by giving farm subsidies to farmers', only 22.7% agreed while the majority which carries 77.3% did not agree that Ikere government authority gives farm subsidies to farmers. Almost all farmers in area are interested in cash crops cultivation but no encouragement is given. To this, 77.3% out

of 220 respondents affirmed that majority farmers are interested in cash crops cultivation while just 22.7% disagreed on this point. That is to say, farmers do not receive any encouragement from any quarters to boost their productivity.

On the sales of cash crops outputs within the local government, 86.4% of the respondents definitely agreed that their outputs are being sold within the local government better while 13.6% of the 220 respondents disagreed on this view.

On the frequent changes in the prices of cash crops, it was agreed by majority which carries 81.8% that there are used to be frequent changes in the prices of cash crops while just 18.2% of the 220 respondents did not agree on 'frequent changes in prices of cash crops'. Out of the 220 respondents that attested to 'The changes in cash crops prices affect the living standard of the farmers', 75% agreed that the changes really affect the farmers standard of living negatively especially when the prices fall, while 25% did not agree on it that changes in prices of cash crops really affect their standard of living.

77.3% of the 220 respondents agreed that more gains are made on cash crops than on food crops in Ikere while minority which carries 22.7% did not agree that there are more gains on cash crops over food crops. And lastly, based on the available warehouses for storing cash crops in Ikere Local Government of Ekiti State, 20.5% of the 220 respondents agreed that there are available warehouses for storing cash crops in Ikere, while majority number which carries 79.5% disagreed that there are warehouses for storing cash crops in Ikere – Ekiti.

The following findings are resulted to, based on the data collected;

1. Ikere Local Government authority does not really encourage cash crops farming because it contributes nothing to enhance cash crops productivity in the land.
2. Majority of the farmers prefer selling their outputs locally to taking it outside for sale. So, marketing of cash crops at home is better.
3. Though the farmers are interested in cash crops farming but no encouragement from any quarter(s) to facilitate their skill and interest.
4. The frequent changes in the prices of cash crops are ascertained which may be either boomed or depressed.
5. The farmers' standard of living is being affected negatively when the prices of cash crops fall and vice versa.
6. There are more gains on cash crops than on food crops.
7. Lastly, there are insufficient warehouse for storing cash crops if there is any.

CONCLUSION AND RECOMMENDATION

From the fact findings of this paper, it is summarized that cash crops farmers in Ikere Local Government Area of Ekiti state are not really enjoying government supports in terms of subsidies and other financial supports right from the beginning which resulted in poor productivity of their yearly produces and as a result, their standard of living is poor.

Secondly, government should make available modern warehouses for the farmers in the land in order to encourage more production of cash crops. Also, price control policy should be introduced by the government in order to avoid fluctuations of prices which usually tend on the farmers negatively. At least, the prices of cash crops should be stable for 5 years before effecting any change on it.

I would like to recommend that encouragements in terms of farmers' trainings, seminars, conferences, giving credit facilities, free giving of fertilizers, insecticides, seeds, farm implements be provided for the farmers from time to time in order to boost this sub-sector of agriculture in Nigeria especially in Ikere – Ekiti. Not only that, a substantial percentage of not less than 25% should be earmarked in the yearly budget so as to reposition agriculture in the land. In addition, in as much as there are more gains on cash crops than on food crops, more local markets should be built and encouraged for selling the produces to reduce the sufferings of the farmers producing cash crops in Ikere – Ekiti.

In conclusion, the negative effects of changes in prices of cash crops on farmers in Ikere – Ekiti can be reduced to the minimal if the government and the concerned agencies can subsidize, support, encourage, provide the necessary relieves for the concerned farmers.

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