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## Developments in the Agricultural Sector in the Fourth Quarter of 1990

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# DEVELOPMENTS IN THE AGRICULTURAL SECTOR IN THE FOURTH QUARTER OF 1990

## I. PREDOMINANT AGRICULTURAL ACTIVITIES

There was a marked improvement in the overall performance of the agricultural sector during the fourth quarter of 1990, in spite of the wide-spread drought in some northern states. A bumper harvest of grains and vegetables was achieved in the south, due to the adequate rains recorded during the quarter, while substantial progress was made with regard to some major agricultural activities such as harvesting of citrus and yams, land preparation for the next cropping season; vegetable and wheat cultivation; and processing of grains. The livestock production was given a boost through intensive rearing of poultry, mainly to cope with the increased demand during the Christmas festival. In addition, the improved river and coastal water levels, coupled with adequate supply of fishing inputs and fingerlings, gave a boost to fish production. In general, the key factors which stimulated the improvement in agricultural performance during the quarter included good distribution of rain in the southern and middle-belt states (in spite of its early cessation in the North), improvements in input supply and better husbandry practices adopted by many farmers in response to the extension services efforts of states' Agricultural Development Projects (ADPs). For instance, rainfall averaged 225 mm per month during the quarter, representing only a marginal decline of 10.7 per cent below the level in the preceding quarter (peak period of rains), with the distribution positively skewed in favour of the southern states (see Table 1). In the North, the dry spell of cold harmattan winds favoured the planting of wheat under irrigation in Borno, Kano and Sokoto States. As regards input supply, a total of 1,062,444 metric tonnes or various fertilizer types were distributed to farmers by the end of December, 1990, compared with 912,206.0 metric tonnes in 1989, representing an increase of 16.5 per cent.

Given these positive developments, overall output of staple crops, rose at the end of the quarter, by 10.2 per cent compared with 4.9 per cent in the corresponding period of the previous year. Livestock production increased by 0.6 per cent in contrast to a decline of 0.7 per cent in the fourth quarter of 1989. However, the performance of the agricultural sector was moderated slightly by a few reports of drought and pests outbreaks in Borno, Kano, Katsina and Sokoto States, where some field crops such as millet, sorghum and cowpeas were destroyed, while erosion and flood threatened crop production in Akwa-Ibom, Anambra, Cross-River and Imo States. These problems were tackled and some of the adverse impacts on the sector were substantially reduced.

## II. INSTITUTIONAL AGRICULTURAL CREDIT

### (a) Commercial and Merchant Banks' Loans and Advances

A sum of ₦4.2 billion was outstanding as total credit to

the agricultural sector by commercial banks during the quarter. The amount represented increases of 5.8 and 21.6 per cent over their levels in the preceding quarter and in the corresponding quarter of 1989, respectively (see Table 2). It also constituted 16.4 per cent of all commercial banks' loans and advances outstanding to the economy at the end of the quarter, compared with the stipulated minimum of 15.0 per cent. A sub-sectoral breakdown showed that loans outstanding to food crop production constituted ₦1.56 billion or 37.2 per cent of the total loans while cash crops, poultry and others accounted for ₦0.55, ₦0.496 and ₦1.594 billion or 13.1, 11.8 and 38.0 per cent of the total, respectively.

Loans and advances outstanding to the agricultural sector by merchant banks at the end of the fourth quarter of 1990 totalled ₦1.1 billion. This represented increases of 16.4 and 34.7 per cent over the respective levels of credit extended to the sector in the preceding quarter and in the fourth quarter of 1989. Total merchant banks' loans to agriculture during the quarter also constituted 13.5 per cent of their total credit to the economy, a performance which was well in accord with the prescribed minimum of 10.0 per cent (see Table 3). A sub-sectoral analysis showed that ₦0.363 billion or 33.0 per cent of the total loan was allocated to food crop production, ₦0.16 billion or 14.5 per cent of the total was granted to farmers producing cash crops while the balance, ₦0.578 or 52.5 per cent of the total, was absorbed by other sub-sectors. The increase in commercial and merchant banks' loans to agricultural sector partly reflected the rising demand for credit and the increase in the value of investments required to break even in most agricultural enterprises.

### (b) Loans and Advances Under the Agricultural Credit Guarantee Scheme (ACGS)

A sum of ₦14.02 million was granted to 4,178 farmers by the trading banks under the Agricultural Credit Guarantee Scheme during the quarter. This represented a decline of 71.0 per cent below the amount of ₦48.4 million granted in the preceding quarter (see Tables 4 or 5). As in the past, food crop, cash crops and livestock farmers were the major beneficiaries of the guarantees as they accounted for ₦12.198 million (85.9 per cent), ₦0.533 million (3.8 per cent) and ₦0.596 (4.2 per cent) of the total, respectively. A state-by-state breakdown showed that Anambra State was allocated ₦2.10 million (15.0 per cent of the total loan), Katsina State received ₦1.69 million (12.1 per cent) and Gongola State was granted ₦1.32 million (9.4 per cent). The decline in the total amount granted under the Scheme during the quarter was mainly attributed to poor repayments by farmers who had previously benefitted from the Scheme. This development tended to make banks very cautious in dealing with new applications under the ACGS.

### III. TRENDS IN MAJOR AGRICULTURAL PRICES

#### (i) Domestic Retail Prices

Domestic retail prices of many agricultural commodities declined during the quarter. The prices of local rice, beans (white), maize (yellow), benniseed, gari (white and yellow) and vegetable oil, fell by 8.6, 9.1, 5.1, 22.0, 28.8, 33.0 and 1.5 per cent, respectively, when compared to their levels in the preceding quarter (see Table 6). The decline in prices was attributed mainly to improved domestic supplies following the bumper harvest during the quarter. However, the prices of millet, guinea corn, yam flour, eggs and palm oil rose by 23.2, 19.5, 11.9, 24.2, 40.1 and 1.0 per cent, respectively, over their levels in the preceding quarter due largely to increased demand for them during the Christmas and New Year festivals. Besides, the increased demand for guinea corn and millet has been attributed to their continued use in the brewery industries as substitutes for wheat and malted barley whose importation has been banned.

#### (iii) World Commodity Market

The apparent stability of the prices of Nigeria's major agricultural export commodities at the London Commodity Market during the third quarter continued into the fourth quarter of 1990. Aggregate world price index of Nigeria's scheduled agricultural export commodities declined by 1.0 per cent, in dollar terms, below the level in the preceding quarter. This, however, represented an increase of 4.8 per cent over the level in the corresponding quarter of 1989 (see Table 7). In naira terms, the aggregate index rose by 3.8 and 16.8 per cent over the levels in the preceding quarter and the corresponding period of 1989, respectively (see Table 8). The naira price increase was attributed mainly to the depreciation of the naira against major trading currencies during the quarter. Apart from cocoa, cotton and soyabean, whose dol-

lar-based price indices fell by 6.6, 1.9 and 3.6 per cent respectively, all other commodities recorded increases which ranged from 0.5 per cent for coffee to 23.2 per cent for ginger.

The development in the beverage market was influenced in general by the lull in trade due in part to the looming Gulf crisis which at that time created uncertainties about shipping arrangements and partly to the anticipated recession and speculative restraints in demand informed by the fear of an outbreak of a global war. These problems were accentuated by the willingness of major producers to unleash into the market excess stocks following the rising trend in crude oil prices, and the need to improve their overall foreign reserve position in order to cope with the rising cost of energy import.

Vegetable oil and oilseeds prices firmed up due to increased domestic consumption by major producing countries. In particular, domestic demand for copra, cotton, groundnut, groundnut oil and palm kernel were strengthened as the prospect of trade was slim.

However the price of ginger firmed up due to supply shortages. The world market for grains, sugar and gum arabic was worst hit by the recession during the quarter. Available data showed that except for wheat, whose price rose in dollar terms by 23.3 per cent, the price of maize and sugar declined by 6.1 and 5.5 per cent over their levels in the preceding quarter, and by 9.3 and 12.8 per cent when compared to their levels in the corresponding quarter of 1989 (see Tables 9 and 10). Wheat prices jumped up following the sharp increase in demand by the USSR as a result of the liberalization of trade under the country's new socio-economic policy reforms.

Agricultural Studies Office  
Real Sector Division  
Research Department.

Table 1

**AVERAGE QUARTERLY RAINFALL BY STATE**  
(mm)

STATES	4th Quarter 1989	3rd Quarter 1990	4th Quarter 1990	Percentage change between	
	(1)	(2)	(3)	(1) & (3) (4)	(2) & (3) (5)
Abuja		253	173		-31.6
Akwa Ibom		415	406		-2.2
Anambra		350	404		15.4
Bauchi		203	30		-85.2
Bendel		422	492		16.6
Benue		266	83		-68.8
Borno		121	44		-63.6
Cross River		381	538		41.2
Gongola		170	161		-5.3
Imo		294	406		38.1
Kaduna		254	18		-93.0
Kano		89	n.a		—
Katsina		165	n.a		—
Kwara		216	116		-46.3
Lagos		279	283		1.4
Niger		193	142		-35.8
Ogun		184	287		56.0
Ondo		255	314		23.1
Oyo		166	204		22.9
Plateau		231	75		67.5
Rivers		465	316		32.0
Sokoto		170	1		-99.4
<b>National Average</b>	<b>222</b>	<b>252</b>	<b>225</b>		<b>-10.7</b>

Source: Dept. of Meteorology, Oshodi.

Table 2

**ANALYSIS OF COMMERCIAL BANKS' LOANS AND ADVANCES TO THE  
AGRICULTURAL SECTOR, 1990  
(END-FOURTH QUARTER 1990)  
(N'000)**

	December 1989	September 1990	December 1990	% Share of Agric.
Agriculture	3,470,531	3,986,159	4,221,409	
Food Crops	1,184,964	1,355,922	1,569,313	37.2
Other Food Crops	351,775	318,235	396,714	9.4
Cash Crops	456,809	582,317	553,110	13.1
Poultry	413,075	481,510	458,296	10.9
Other Livestock	174,186	227,174	202,312	4.8
Forestry	90,231	104,681	177,344	4.2
Fishing	307,473	378,977	365,330	8.7
Others	492,018	537,343	498,985	11.8
Total Loans & Advances	21,850,249	24,577,145	25,692,642	

Source: Central Bank of Nigeria

Table 3

**ANALYSIS OF MERCHANT BANKS' LOANS AND ADVANCES TO THE AGRICULTURAL SECTOR 1990  
(END-FOURTH QUARTER 1990)  
(N'000)**

	December 1989	September 1990	December 1990	% Share of Agric.
Agriculture	815,103	942,999	1,098,827	13.5
Food Crops	96,646	148,255	252,291	3.3
Other Food Crops	137,401	173,703	104,453	9.5
Cash Crops	69,988	116,304	159,751	14.5
Poultry	115,763	114,148	76,857	7.0
Other Livestock	27,244	29,327	47,307	4.3
Forestry	53,268	35,959	33,362	3.0
Fishing	136,086	192,618	182,066	16.6
Others	178,706	132,685	242,740	22.1
Total Loans & Advances	5,434,827	6,572,166	8,080,055	

Source: Central Bank of Nigeria.

Table 4

**LOANS GUARANTEED UNDER ACGS BY PURPOSE  
(FOURTH QUARTER 1990)**

PURPOSE	NO. OF BENEFICIARIES			AMOUNT OF LOAN (N'000)			% DIST. OF AMOUNT			Percentage change between	
	4th Qtr. 1989	3rd Qtr. 1990	4th Qtr. 1990	4th Qtr. 1989	3rd Qtr. 1990	4th Qtr. 1990	4th Qtr. 1989	3rd Qtr. 1990	4th Qtr. 1990		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(1) & (3)	(2) & (3)
LIVESTOCK	132	154	71	2,318.3	1,941.7	594.4	8.6	4.0	4.2	-74.4	-69.4
Poultry	33	64	28	1,651.1	1,414.8	348.2	6.1	2.9	2.4	-78.9	-75.4
Cattle	73	37	26	572.5	366.6	132.7	2.1	0.8	1.0	-76.8	-63.8
Sheep	3	32	7	20.7	95.3	26.0	0.1	0.2	0.2	25.6	-72.7
Other Livestock	23	21	10	74.0	65.0	87.5	0.3	0.1	0.6	18.2	34.6
FISHERY	231	168	31	995.0	592.0	316.0	3.7	1.2	2.3	-68.2	-46.6
MIXED FARMING	14	—	—	57.7	—	—	0.2	—	—	—	—
FOOD CROPS	4,539	14,839	3,751	18,140.0	40,248.1	1,2049.5	67.2	83.1	85.9	-33.6	-70.1
Grains	3,677	12,047	3,170	13,910.8	32,345.4	10,454.9	51.5	66.8	74.6	-24.8	-67.7
Roots & Tubers	862	2,792	581	4,229.2	7,902.7	1,594.6	15.7	16.3	11.3	-62.3	-79.8
CASH CROPS	246	303	134	3,575.1	1,483.6	526.1	13.2	3.1	3.8	-85.3	-64.5
Oil Palm	1	—	2	865.0	—	105.0	3.2	—	0.7	-87.9	—
Rubber	—	—	—	—	—	—	—	—	—	—	—
Cocoa	1	1	13	326.0	50.0	65.0	1.2	0.1	0.5	-80.1	30.0
Cotton	189	107	46	2,257.9	740.0	167.7	8.4	1.5	1.2	-92.6	-77.3
Groundnut	53	195	73	126.2	693.6	188.4	0.5	1.5	1.4	49.3	-72.8
Others	316	878	191	1,924.7	4,182.7	536.2	7.1	8.6	3.8	-72.1	-87.2
TOTAL	5,478	16,342	4,178	27,010.8	48,448.3	14,022.2	100.0	00.0	100.0	-48.1	-71.1

Source: Central Bank of Nigeria

Table 5

**LOANS GUARANTEED UNDER ACGS BY STATE  
(FOURTH QUARTER 1990)  
(N'000)**

STATES	NO. OF BENEFICIARIES			AMOUNT OF LOAN (N'000)			% DIST. OF AMOUNT			Percentage change between	
	4th Qtr. 1989	3rd Qtr. 1990	4th Qtr. 1990	4th Qtr. 1989	3rd Qtr. 1990	4th Qtr. 1990	4th Qtr. 1989	3rd Qtr. 1990	4th Qtr. 1990	(1) & (3)	(2) & (3)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
Akwa-Ibom	—	49	26	—	239.9	67.5	—	0.6	0.5	—	-76.7
Anambra	526	814	249	3,305.4	2194.4	1,091.9	12.2	4.5	7.8	-67.0	-50.2
Bauchi	1,585	1,290	410	5,552.3	5,121.2	2,173.8	20.6	10.6	15.5	-60.8	-57.6
Bendel	373	698	341	1,886.3	2,603.6	605.0	7.0	5.4	4.3	-67.9	-76.8
Benue	25	1,213	51	162.3	3,248.3	267.4	0.6	6.7	1.9	64.8	-91.8
Borno	74	2,664	487	191.0	6,321.8	875.5	0.7	13.1	6.2	358.4	-86.2
Cross River	11	34	6	43.0	165.2	25.9	0.2	0.4	0.2	-39.8	-84.3
Gongola	405	486	400	2,498.9	1,571.8	1,318.3	9.3	3.2	9.4	-47.2	-16.1
Imo	253	845	214	865.1	2,839.0	622.5	3.2	5.9	4.5	-28.0	-78.1
Kaduna	393	1,151	290	1,181.7	3,083.1	853.5	4.4	6.4	6.1	-27.8	-72.3
Kano	368	857	123	1,184.7	2,585.3	454.7	4.4	5.3	3.2	-61.6	-82.4
Katsina	266	830	542	1,419.5	3,990.1	1,699.0	5.2	8.2	12.1	19.7	-57.4
Kwara	17	720	54	97.4	1,632.1	279.2	0.4	3.4	2.0	186.7	-82.9
Lagos	113	35	2	405.8	104.2	100.0	1.5	0.2	0.7	-75.4	-4.0
Niger	69	1,581	260	187.5	3,362.5	819.7	0.7	6.9	5.9	337.2	-75.6
Ogun	30	133	17	1,856.2	538.0	160.0	6.9	1.1	1.1	-91.4	-70.3
Ondo	12	168	16	364.1	445.9	898.8	1.3	0.9	6.4	146.9	101.6
Oyo	76	193	111	3,483.9	1,226.2	420.0	12.9	2.5	3.0	-87.9	65.7
Plateau	347	490	125	1,087.0	2,623.7	450.0	4.0	5.4	3.2	-58.6	-82.8
Rivers	246	76	28	849.8	345.0	86.0	3.1	0.7	0.6	-89.9	-75.1
Sokoto	289	2,010	418	388.9	4,157.0	730.0	1.4	8.6	5.2	87.7	-82.4
Abuja	—	—	8	—	—	23.5	—	—	0.2	—	—
<b>TOTAL</b>	<b>5,478</b>	<b>16,342</b>	<b>4,178</b>	<b>27,010.8</b>	<b>43,448.3</b>	<b>14,022</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>-48.1</b>	<b>-71.1</b>

Source: Central Bank of Nigeria

**ESTIMATED DOMESTIC PRICES OF SELECTED STAPLE FOOD  
IN THE FOURTH QUARTER, 1990  
(In Naira)**

FOOD ITEMS	Unit	4th Quarter 1989	3rd Quarter 1990	4th Quarter 1990	Percentage change between	
					(1) & (3) (4)	(2) & (3) (5)
		(1)	(2)	(3)		
Local Rice	50 Kg	296.0	316.0	288.7	-2.5	-8.6
Bean (Brown)	100 Kg	474.9	478.3	478.6	0.8	0.0
Beans (White)	"	423.6	478.9	435.4	2.8	-9.1
Millet	"	151.6	176.8	217.9	43.7	23.3
Guinea Corn	"	179.0	199.5	238.4	33.2	19.5
Maize (Yellow)	"	167.0	192.3	182.5	9.3	-5.1
Maize (White)	"	169.1	188.0	179.4	6.1	-4.6
Benniseed	"	423.3	517.5	403.8	-4.6	-22.0
Garri (Yellow)	"	202.6	233.3	167.9	-17.1	-28.0
Garri (White)	"	198.2	245.3	164.4	-17.1	-33.0
Yam Flour	"	188.7	266.5	298.2	58.0	11.9
Eggs (Medium)	Crate	22.7	20.7	25.7	13.2	24.2
Palm-oil	Tin	143.0	144.2	150.1	5.0	4.1
Groundnut Oil	"	176.7	176.8	178.6	1.1	1.0
Vegetable Oil	"	162.5	169.5	166.9	2.7	-1.5

Source: Central Bank of Nigeria Survey Returns

Table 7

**INDICES OF AVERAGE WORLD PRICES (c.i.f. London)  
IN DOLLARS OF NIGERIA'S MAJOR AGRICULTURAL EXPORT  
COMMODITIES IN THE FOURTH QUARTER, 1990  
(1975=100)**

Commodities	4th Quarter 1989	3rd Quarter 1990	4th Quarter 1990	Percentage change between	
				(1) & (3) (4)	(2) & (3) (5)
	(1)	(2)	(3)		
All Commodities	96.4	102.0	101.0	4.8	-1.0
Cocoa	58.4	72.8	68	16.4	-6.6
Coffee	105.1	123.0	123.6	17.6	0.5
Copra	124.8	82.4	99.0	-20.7	20.1
Cotton	133.5	149.3	146.5	9.7	-1.9
Groundnut	—	—	—	—	—
Groundnut oil	88.7	99.8	109.8	23.8	10.0
Palm Oil	67.1	64.1	70.0	4.3	9.2
Palm Kernel	113.8	72.0	82.7	-27.3	15
Soyabean	161.1	121.1	116.8	-27.5	-3.6
Ginger	62.0	71.5	88.1	42.1	23.2
Rubber	114.8	—	—	—	—

Source: Public Ledger



**INDICES OF AVERAGE WORLD PRICES (c.i.f. London)  
IN NAIRA OF NIGERIA'S MAJOR AGRICULTURAL EXPORT  
COMMODITIES IN THE FOURTH QUARTER 1990  
(1975=100)**

Commodities	4th Quarter 1989 (1)	3rd Quarter 1990 (2)	4th Quarter 1990 (3)	Percentage change between	
				(1) & (3) (4)	(2) & (3) (5)
All Commodities	1172.6	1319.1	1369.8	16.8	3.8
Cocoa	712.4	941.3	922.0	29.4	-2.1
Coffee	1278.7	1590.3	1673.2	31.0	5.2
Copra	1520.2	1066.3	1348.4	-11.3	26.5
Cotton	1654.4	1930.8	1985.7	20.0	2.8
Groundnut	—	—	—	—	—
Groundnut-oil	1072.5	1289.3	1490.4	39.0	15.6
Palm Oil	817.4	828.4	950	16.2	14.7
Palm-Kernel	1377.1	929.3	1122.0	18.5	20.7
Soyabean	1728.2	1564.9	1581.6	-8.5	1.1
Ginger	754.3	1918.0	1194.3	58.3	30.1
Rubber	1399.1	—	—	—	—

Source: Public Ledger

Table 9

**AVERAGE PRICES OF GRAINS, SUGAR AND GUM ARABIC IN THE FOURTH QUARTER OF 1990  
(\$/Tonne)**

Commodities	4th Quarter 1989 (1)	3rd Quarter 1990 (2)	4th Quarter 1990 (3)	Percentage change between	
				(1) & (3) (4)	(2) & (3) (5)
Rice	345.0	—	—	—	—
Maize	130.8	126.3	118.6	-9.3	-6.1
Sugar	535.7	494.6	467.2	12.8	-5.5
Wheat	184.1	138.0	170.0	-7.7	23.2
Gum Arabic	2,594.7	2,100.0	2,100.0	-19.1	0

Source: Public Ledger

Table 10

**AVERAGE PRICES OF GRAINS, SUGAR AND GUM ARABIC IN THE FOURTH QUARTER, 1990  
(N/Tonne)**

Commodities	4th Quarter 1989 (1)	3rd Quarter 1990 (2)	4th Quarter 1990 (3)	Percentage change between	
				(1) & (3) (4)	(2) & (3) (5)
Rice	2,550.7	—	—	—	—
Maize	982.0	1,005.9	990.7	1.0	-1.5
Sugar	4,020.0	3,938.6	3,898.0-3.0	-1.0	—
Wheat	1,381.7	1,098.6	1,415.6	2.5	28.8
Gum Arabic	19,465.7	16,722.2	17,528.5	-10.0	4.8

Source: Public Ledger