Journal of Business School
2019, 2(3): 7-27
DOI: 10.26677/TR1010.2019.75
Journal Homepage: https://www.journalbusiness.org

Impact of Fiscal Policy on Agricultural Productivity in Nigeria: An Empirical Analysis

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Abstract

This study is designed to empirically examine the impact of fiscal policy on agricultural productivity in Nigeria between 199-0-2016. The research made use of secondary data obtained from the Central Bank of Nigeria statistical bulletin, Food and Agricultural Organisation (FAO) and the World Bank database. The study adopted econometric tools of analysis to empirically test the objectives outlined in the study. Empirical evidence revealed that all things being equal a rise in gross fix capital formation, agricultural credit and gross domestic product will lead to a corresponding increase in agricultural productivity respectively. Conclusively, the research holds that government total expenditure on agriculture and agricultural credit to the sector has no significant impact on agricultural productivity in Nigeria, while gross domestic product (economic growth) and investment by government in the area of roads, dams, irrigation and preservation have positive influence on productivity in the sector within the period under reference. In line with the foregoing conclusion, the following policy recommendations were made: government should put in place policy and modalities that will encourage existing banks (both commercial and agricultural banks) to make credit facility readily available to farmers to boost production in the sector; government should provide funds to acquire sophisticated farm tools (harvesters, tractors, herbicides, fertilizer etc) and as well build irrigation, dams, storage facilities and establish food processing industries across the country to enable farmers increase productivity, process and preserve their food stuff; government spending on agricultural sector must of a necessity be increased in line with global best practices as advocated by the United Nations agencies and other global organizations.

Keywords: Fiscal policy, economic growth; agricultural credit; cointegration