Impact of Inflation on Farm Families in Sokoto State

Yusuf, B. I.[1], K. M. Baba[2], I. Mohammed[3] and H. M. Bello[4]

[1] Dept. of Agric. Sci., Shehu Shagari college of Education, Sokoto
[2] Dept. of Agric Econs, Federal university of Technology, Minna
[3] Dept. of Agric. Econs. and Extension, Usmanu Danfodiyo University, Sokoto
[4] Dept. of Agric Econs and Extension, Usmanu Danfodiyo University, Sokoto

ABSTRACT

This study assessed the effects of inflation on farm families in Sokoto State. Data were collected fron 150 respondents using structured questionnaires administered to 30 respondents each from five loca government areas (Sokoto-South, Wamakko, Yabo, Tureta, and Binji). The data collected were analyze using descriptive statistics. The study revealed that, while majority of the respondents fell within th age range of 31-40 years (39%). Sixty two percent of the respondents had no formal education and 2 percent acquired adult education. About 73 percent of the respondents had more than 16 years farming experience and 75 percent of the farmers practiced mixed cropping with millet/sorghum/cowpe mixture being the most common practice. Fifty seven percent of the respondents were of the view tha inflation increase their total farm income. However, 93 percent of the respondents asserts that inflatio severely affect their purchasing power due to high prices of inputs, cost of transportation and hig prices of other necessities. Generally, 64 percent of the respondents opined that inflation had negativ effects on them and their households. The respondents felt that inflation can be reduced throug reduction in fuel price, price stabilization measures, agricultural subsidies to farmers and increase market supply through increase in production of goods and services.

Introduction

The rate of inflation in Nigeria and its corresponding effects on consumers has increased and persisted markedly since independence in 1960. Moser (1995) observed that during the period following Nigeria's independence (1965-1975), rate of inflation diverged dramatically, as Nigeria's average annual inflation rate nearly doubled to 18 percent, while that of its trading partners narrowed significantly to 4 percent. The trends continued between 1985 and 1995, as Nigeria's annual average inflation rose to 24 percent while its trading partners posted an average rate of 13 percent. Since the mid 1990, Nigeria has experienced a period of stagflation. By the end of 1993, however, inflation had reached 60 percent and real per capita income had stalled (Moser, 1995). With all the increases in wages and salaries plus the increase in fuel prices and government expenditure, Nigeria has become a repository of serious galloping inflation as prices of items continue to increase leading to a substantial decrease in real wage.

In recent months, dramatic increases in basi food grains prices have aroused intense concer about world agriculture and about the impact o food price inflation on poor consumers i developing countries. As nutrition deteriorate and access to services such as health care an education diminishes, the family's prospects fo overcoming hunger and poverty become mor remote than ever. Robert (2008) further stresse that inflation could push at least 100 millio more people into poverty, wiping out all th gains the poorest billion have made durin almost a decade of economic growth.

Production decision of farmers may be based o their satisfaction with price received in th previous growing season. Therefore, in situati of rising prices of farm produce (inflation farmers usually find it more profitable to u land and new technology in order to increa production in response to the increase in pric According to Tomek and Robinson (198 favourable agricultural price can have mark influence on the rate at which new technology adopted and hence on the rate of change of farm output. On the other hand, Byrns and Stone (1981) argued that inflation causes either reduction in our capacity to produce, reduction in the purchasing power of the consumers, or inefficiency in the production and distribution of goods and services and in either case there will be decline in the standard of living.

In view of the conflicting opinion on the effects of inflation on farmers and the continued increase in prices of goods and services (inflation), this study seeks to revisit inflation with a view to assessing it's effects on farmers and their families.

METHODOLOGY

With a land area of 26,648.48 Square kilometers, Sokoto State is located between latitude 11° 30'N- 13° 50'N and longitude 40° E - 6^0 40'E. It is bordered in the north by Niger Republic, Zamfara State to the east and Kebbi State to the south and west. In terms of vegetation, the State falls within the Sudan savannah zone. Rainfall starts late and ends early with an annual mean falls ranging between 500mm – 1300m (Sokoto State Diary, 2000). The topography of the State is dominated by the famous Hausa plain of Northern Nigeria. The vast fadama land of Sokoto Rima River systems dissects the plain and provide such alluvial soil fit for variety of crops cultivation in the State. Sokoto State has a population of more than 4 million people (based on 2006 census) made up of two ethnic groups namely, Hausa and Fulani. Over 80% of the inhabitants of Sokoto State practice one form of agriculture or the other. They produce such crops as millet, sorghum, rice, cowpea, groundnuts and vegetable for subsistence and. cash.

Data on socio-demographic characteristics of the respondents and the effects of inflation on farm families in Sokoto State were collected through the use of a structured questionnaire. The population in this study comprises of all farming households in Sokoto state. A 3-stage random sampling technique was used in selecting the sample for this study. The first stage involved a random selection of five local government areas in Sokoto state (Binji, Wamakko, Yabo, Tureta and Sokoto South). The second stage involved a random selection of five villages from each of the local government areas. The third stage involves a random selection of six households from each of the villages in the selected local governments. This give a total of 150 respondents interviewed using personal contact method. Descriptive statistics were used to analyse the data collected.

RESULTS AND DISCUSSION

Socio-demographic characteristics

Findings of the study reveal that a major proportion (39 percent) of the respondents fell within the age group of 31-40 years. Thirty four percent were aged 41-50 years. Only 11 percent were aged between 21-30 years(Table 1). The finding tally with those of Williams (1978) who reported that only about five percent of people leaving school wanted to engage in one form of agriculture or another, and that the average age of persons that engage in agriculture was 35 years in Nigeria.

The results also show that majority of the respondent in the study area are without formal education. Table 2 shows that 62 percent of the respondents had no formal education while 20 percent acquired adult education. Only 8 percent of the respondents had primary education. This could have negative effect on the adoption of new techniques of production. Obibuoku (1983) emphasized the significance of education in the acquisition of knowledge about new technology and the negative effect of low level of education in the adoption of improved agricultural practices. Table 4 shows that majority of the respondents (75%) cultivates millet/sorghum/ cowpea mixture. This finding is in concurrence with Komolafe and Adegbola (1981) who found that farmers in the northern Nigeria plant great diversity of crops as a major insurance against total loss either from pathogens or extremes of weather. Moreover, results of this study revealed that majority of the farmers in the study area are peasant farmers in that they produce mainly for food since they cultivate food crops (rice, maize, millet sorghum, cowpea, etc.) for subsistence and market the surplus, as suggested by Aleiro(1997). With respect to the years of farming experience of the respondents, result indicates that 73 percent of the respondents took on farming as a major occupation for more than 16 years. This is supposed to have a positive effect on output, all things being equal.

Causes of inflation – The findings of the study reveal that 84 percent of the respondents concurs that there has been, over the years, a general increase in prices of goods and services, and that the general increase has been a continuous one. The causes of inflation as given by the respondents are given in Table 5

The results reveal that 57 percent of the respondents were of the view that inflation is caused by increase in fuel price and high cost of production. While 24 percent opined that the cause of inflation was inadequate supply of goods and services and high demand, 15 percent said it was the incessant increase in salary/wages that caused inflation, (Table 5). In agreement to this finding, Byrns and Stone (1981) opined that economists are nearly unanimous in believing that inflation results whenever our demands for goods and services grow faster than does our capacity to produce them. In this respect inflation is hence seen to be caused by situation of high demands by the growing population, which is not matched by high supplies. Byrns and Stone (1981) further suggested that inflation may also be caused by high prices for the petroleum products used in manufacturing process or prices of industrial raw materials.

Effects of inflation on farm families.

Inflation affects farmers' income in that during inflationary period farmers tend to increase their total farm income as a result of the high price they receive for their agricultural produce (Tomek and Robinson, 1981). The results of this study reveal that 57.3 percent of the respondents are of the view that inflation increases their total farm income. These findings also agree with those of Taylor (1985) that during inflation, it has been possible for farmers to increase their farm income. According to Halcrow (1980) however, a large share of this increase in income is often capitalized in farm inputs, and other costly household necessities, hence the increased farm income during inflation is often nominal not real. This is largely because prices of outputs and prices of inputs rise together during inflation. Inflation was also found to negatively affect the purchasing power of the respondents. The result is presented in Table 6

As shown in Table 6, 92 percent opined that inflation affect their purchasing power negatively while only 7 percent indicated inflation as having a positive effect on their purchasing power. This finding confirms the finding of Ben (1984) and Ajayi and Ojo (1981), that inflation affects the purchasing power of consumers due to high prices of goods and services. Moreover, all the respondents are nearly unanimous that inflation affects their cost of production due to the high price they pay for agricultural inputs. About 89 percent of the respondents confirmed this view. This agrees with Stanlake and Grant's (1995) view that where producers cannot absorb some of the higher factor cost as a result of inflation by improving productivity they may find it difficult to survive.

While assessing the overall effect of inflation on the farm families, the respondents were of the view that although inflation nominally increases their total farm income, it however affects their standards of living adversely as a result of the high transport cost, production cost and high prices of other goods and services. Their responses are presented in Table 7.

The results in Table 7 indicate that 87 percent of the respondents were of the view that inflation had a negative effect on them and their households, while 13 percent said that it had a positive bearing on them and their households. The results further reveal that majority of the respondents suffered from the persistent inflationary pressure in the country. These findings conform the assertion of Ajayi and Ojo (1981) who opined that in periods of inflation individual standards of living falls because the value of money also falls. Therefore, in spite of the increased total farm income, inflation curtails the farmers from being able to afford agricultura inputs and other goods and services due to the costly nature. Byrns and Stone (1981) also agreed with this finding that during inflation consumer's standard of living falls.

Suggestions on how to curb inflation

The suggestions of the respondents on how t curb inflation is given in Table 8. The results i Table 8 shows that about 27 percent of th respondents suggested a reduction in fuel pric as a measure of controlling inflation, about 16 percent suggested price stabilization measur to be intensified by the government and percent suggested agricultural subsidies farmers in order to boost agricultural producti Furthermore, 12 percent and 8 perc suggested increase in market supply of go and services and a reduction in the amount money in circulation, respectively. About percent each suggested the establishment industries and construction of good road netv

These findings conform to results of ea studies which found that petrol prices influe factor cost, cost of transportation and pric other goods and services. Ben (1984) sugg that petroleum prices play a significant r influencing prices. Hence a reduction in price will no doubt reduce transport cost ar positively influence redistributive trade. Th of price control measures as a mea controlling inflation has been articulat Lambo (1987) who opined that inflation curtailed through a full statutory freeze of and prices by the government. He further that any price policy worthy of consid must start with general level of prices. other hand, the use of increase in agri production as a method of controlling i has also been suggested by Ajayi and Ojo (1981) who noted that agricultural production will increase market supply which will result in a decline in price. This finding is further justified by Moser (1995) who found that in 1985 Nigeria's inflation rate fell to 7 percent (from 40 percent in 1984) owing to excellent agricultural harvest and the improved fiscal position from 1984.

CONCLUSION

The demand for food is increasing overtime due to growth in population and if the real effect of inflation on crop production and farm families is not checked, it is likely to result in either a continuous rise in food prices, food shortages or a fall in real standard of living or a combination of all the three.

It therefore, might be inferred from these findings that real poverty is likely to be more prevalent in the rural areas during inflation. Moreover, even if inflation nominally increases farmers' income the pace may be too slow to meet with increase in productivity to match with demand associated with increase in population due to the subsistence nature of the agricultural production prevalent in Nigeria. While the study recommends more research on the impact of inflation on farmers, the paper suggests that inflation could be effectively minimised through reduction in fuel prices, price stabilization measures, agricultural subsidies to farmers, and increased agricultural production.

REFERENCES

Ajayi, S.I. and O. OJO (1981). *Economics of Social Issues,*(8th Edition). Homewood Business Incorporation, California. 670pp.

Aliero, H.M.(1991).Fluctuations in the prices of agricultural products: A study of prices of onion in Aliero Township market. Unpublished B.Sc. project report, Department of Economics, UsmanU Danfodiyo University, Sokoto. 34 pp

Ben, C. (1984)."The Impact of petroleum price on inflation." *The Economic Jounal* 2(2):3-26. Ahmadu Bello University, Zaria.

Byrns, R.T. and Stone G.W. (1981). *Economics.* Good Year Publishing Company. California. 854 pp.

Halcrow, H. G (1980). *Economics of Agriculture.*(1st Edit). Mc Grow-Hill Inc. New York, U.S.A. 370pp.

Komolafe, M.F. and Adegbola, A.A. (1981). *Agricultural Science for West African Schools and Colleges (second edition).* Oxford University Press, Ibadan, Nigeria. Pp 52-55

Lambo T. (1987), *The Nigerian Economy: A textbook of applied economics.* Evans Brothers Limited. Ibadan, Nigeria.157pp.

Moser, G.G. (1995). *The Main Determinants Of Inflation In Nigeria.* IMF Staff Papers. Vol. 42 (2) : 270-289. IMF Publication Services, Washington D.C. USA. Pp 270-289

Obibuoku, L.O. (1983). *Agricultural Extension As A Strategy For Agricultural Transformation.* University of Nigeria Press, Nsukka. Nigeria. Pp 121-125.

Robert, Z. (2008). Understanding and Containing Global Food Price Inflation. Science in Africa Magazine. Http://www.scienceafrica. cgiar. org.

Stanlake, G.F. and S.J. Grant. (1995). *Introductory Economic (sixth Edition)* Longman Group Limited Singapore. 760pp.

Sokoto State Diary (2000). Sokoto State Printing Press. Sokoto.

Taylor, H.C.(1985).*Outline of Agricultural Economics.* Macmillan Co. New York.U.S.A. 418pp.

Tomek, W.G and. Robinson K.L.(1981). *Agricultural Product Prices.* 2nd Edition. Cornell University, Press. London, England. 350pp.

Williams, S.K.T. (1978). *Rural Development in Nigeria.* University of Ife Press. Ile-Ife. Nigeria. Pp 8 –20

Table 1: Age distribution of the respondents.

Age Range (Years)	Frequency	Percentage
21 – 30	17	11.3
31 – 40	59	39.3
41 – 50	51	34
Above 50	23	15.3
Total	150	100

Source: Field survey, 2004

Table 2: Educational background of the respondents.

Educational level	Frequency	Percentage
Quran Education	93	62
Adult Education	31	20.7
Primary Education	13	8.7
Secondary Education	8	5.3
Tertiary Education	5	3.3
Total	150	100

Source: Field survey, 2004

Table 3: Types of crops mixtures cultivated by the respodents.

LGA	Millet/Surghum/ Cowpea	Millet/surghum/ Cowpea/ Groundnut	Rice	Total
Wammako	12	0	18	30
Tureta	25	5	0	30
Yabo	21	9	0	30
Binji	28	2	0	30
Sokoto South	27	3	0	30
TOTAL	113 (76%)	19(13%)	18(12%)	150(100

Source: Field survey, 2004

Table 4: Years of farming experience of the respondents.

LGA	1-5 years	6-10 years	11-15 years	16 yrs and above	Total
Wammako	3	3	5	19	30
Tureta	1	4	7	18	30
Yabo	0	2	4	24	30
Binji	0	1	3	26	30
Sokoto South	1	1	6	22	30
TOTAL	5(3.3%)	11(7.3%)	25(16.7%)	109(72.7%)	150(100

Source: Field survey, 2004

Table 5: Causes of inflation suggested by the respondents

Responses	Frequency	Percentage
Increase in Fuel Price and High Prod. Cost	86	57.3
Inadequate Supply and High Demand	37	24.7
Increase in Salary and Wages	23	15.3
Others	4	2.7
Total	150	100

Source: Field survey, 2004

Table 6: Effect of inflation on farmer's purchasing power

Responses	Frequency	Percentage
Positive	21	7.3
Negative	129	92.7
Total	150	100

Source: Field survey 2004

Table 7: Effects of inflation on standards of living

Response	Frequency	Percentage
Positive	20	13.3
Negative	130	86.7
Total	150	100

Source: Field survey. 2004

Table 8: Farmers' suggestions on how to curb inflation.

Suggestions	Frequency	%
Increase in production/market supply	18	12
Establishment of industries	10	6.7
Reduction of fuel prices	40	26.7
Govt. should establish price control measures	25	16.7
Banning rice importation.	5	3.5
Agricultural subsidy to farmers	20	13
Reduction of money in circulation	12	8
Tax reduction	6	4
Hoarding should be discouraged	4	2.7
Construction of good roads and other infrastructure	10	6.7
Total	150	100

Source: Field survey 2004.