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Diversification of Nigeria's Economy Through Agriculture and Solid Minerals in the Face of Dwindling Economy

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ABSTRACT

This research work examined the diversification of the Nigeria's economy through agriculture and solid minerals in the face of dwindling economy. The study is founded on simple micro-economic theory of demand and supply. Correlation, co-integration, and Ordinary Least Square Regression tests were adopted in this work. The result obtained in the study suggests that agricultural commodity export prices have positive impact on economic growth of Nigeria. This suggests that Nigeria has to encourage increase in agricultural products through developing the sector. Also, the findings of the study reveal that solid mineral production has significant short and long-run impact on the Nigerian economy. Based on the findings, to develop agricultural and solid minerals sector, which contributed over 90% of Nigeria's economic growth before the discovery of oil, entails government making these sectors an interesting sector i.e. providing the capital required, both human and non-human, developing markets for agricultural output internationally. It is further recommended that the best policy objective of the government should carry out a comprehensive inventory of the country's mineral resource potentials and actively promote the development of these resources for both local and foreign consumptions and hope that this will encourage the development of local sources of raw materials for the nations industries.

Keywords: *Manufactured Sand; Fine Aggregate; Microfine; Workability.*

1.0 Introduction

Nigeria's economy is struggling to leverage the country's vast wealth in fossil fuels in order to displace the poverty that affects about 33% of its population. Economists refer to the coexistence of vast wealth in natural resources and extreme personal poverty in developing countries like Nigeria as the "resource curse", although "resource curse" is more widely understood to mean an abundance of natural resources which fuels official corruption resulting in a violent competition for the resource by the citizens of the nation.

Nigeria's exports of oil and natural gas—at a time of peak prices—have enlisted the country to post merchandise trade and current account surpluses in recent years. Reportedly, 80% of Nigeria's energy revenues flow to the government, 16% covers operational costs, and the remaining 4% go to investors. However, the World Bank has estimated

that as a result of corruption 80% of energy revenues benefit only 1% of the population UNESCO, (2015)

A careful observer noticed that the oil boom which would have been an enduring blessing to Nigeria has regrettably necessitated to a great shift of attention to oil money which resulted to a total neglect of agriculture and solid minerals Maria, (2015).

The Adverse effect of this boom and euphoria led to the establishment of new urban cities that necessitated mass exodus of able-bodied men and women from the rural areas to the cities in search of white-collar jobs and quick money.

This development drastically reduced interest in agriculture and agrarian economy. Agricultural sector has been the leading provider of employment in Nigeria since the sixties and seventies, when the sector provided employment for more than 70 percent of the Nigerian population.

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Unfortunately, in the wake of oil discovery, the attention on this sector of the economy was gradually and myopically shifted to the oil sector where Employment opportunities were very low and the traditional agricultural exports have been on a progressive decline. Regrettably, the scenario has given rise to acute unemployment as oil sector could only employ limited number of population and worse still, only experts. However, it is a well-known fact across the globe that for a country to attain growth and economic development its economy must be diversified.

Mono-cultureless must give way for productive development of various sectors of the economy (Maria, 2015). In Nigeria the era of oil boom has gone and we are facing now the oil doom which requires serious attention to diversification of our economy in order to restore the economy to normalcy. Agriculture offers about 70% of GDP and job market in 1960-1964 and as at 2012 it was about 37.02% (Maria, 2015). Solid mineral contributed about 33% in 1960-1970, by 2010 it contributed less than 1% (Ayodele and Udunfa, 2013). Interestingly this may not be the case when a comprehensive forward and backward linkage analysis of the solid mineral sector and other sectors that are dependent on it for raw materials are undertaken.

The statistics shows that as solid minerals contributing to GDP increase, building and construction to GDP increase as well, thereby connoting a positive correlation between the sub sectors of the economy.

1.2 Statement of the problem

The volatility of the international oil market with the attendant volatility of government revenue gives credence to any argument for diversification of exports.

The fact that crude oil is an exhaustible asset makes it unreliable for sustainable development of the Nigerian economy (Utomi, 2004). Rezaie (2013) maintains that the necessity of escaping from the single product exports and getting rid of its problems, diversifying in export products, providing currency for investment and increasing the share in international trade and international markets clearly shows the importance of non-oil exports.

Nwidobie (2014) posits that non-oil exports contribute to export diversification and serve as a channel for poverty reduction.

The continued unimpressive performance of the non-oil sector and the vulnerability of the external sector thus dictate the urgent need for a reappraisal of the thrust and contents of the development policies and commitments to their implementation. Indeed, the need for a change in the policy focus and a shift in the industrialization strategy is imperative, if Nigerian economy is to be returned to the path of sustainable growth and external viability.

This raises the question of the role of the non-oil export has in the economic growth of the country and what factors are responsible for the performance/or otherwise of the non-oil sector. Available empirical studies have not satisfactorily revealed whether there exists any relationship between these two variables. These issues underpin the need for this study.

1.3 Research question

- What is the short and long-run impact of agricultural export on the Nigeria economy?
- What is the short and long-run impact of solid mineral production on the Nigeria economy?

1.4 Objective of the study

The main objective of this study is to examine the diversification of the Nigeria's economy through agriculture and solid minerals in the face of dwindling economy. The specific objectives are:

1. To determine if there is a long run relationship between agricultural export and economic growth in Nigeria.
2. To examine short and long-run impact of solid mineral production on the Nigeria economy.

1.5 Research hypotheses

1. There is significant long run relationship between agricultural export and economic growth in Nigeria.
2. Solid mineral production has significant short and long-run impact on the Nigerian economy.

2.0 Review of Related Literature

2.1 The Role of agriculture in the economic development of Nigeria

Agriculture is the production of both food and cash crops for consumption of mankind (Ezema, 2012). Agriculture is the science of making use of the land to raise plants and animals.

It is the simplification of nature's food webs and the rechanneling of energy for human planting and animal consumption. Agriculture is the predominant activity in most of the zones in Nigeria, percentage of persons working in agriculture ranges between 24.4 and 85.1 percent across zones in Nigeria. With respect to states, the activity ranges between 2.4 and 91.7 per cent, majority of states having over 50 percent. Increases in agricultural output brought about by increasing land and labour productivity, will make food cheaper; benefit both rural and urban poor people who spend much of their income on food.

As stated by Reynolds (1975), agricultural development can promote the economic development of the underdeveloped countries in four distinct ways by: increasing the supply of food for domestic consumption and releasing the labor force needed for industrial employment; enlarging the size of the domestic market for the manufacturing sector; increasing the supply of domestic savings; and providing the foreign exchange earned by agricultural imports. Agriculture, the second largest sector after oil, fell from 48% of GDP in 1970 to 20.6% in 1980 and was only 23.3% of GDP in 2005 (CBN, 2014). The sector's contribution to the growth of the Nigerian economy in 2013 stood at 39.21 and 41.93% improvement in the third quarter of 2014. This is because agricultural output continued to experience improved production in 2014. The sector recorded growth rate of 3.83% in the fourth quarter of 2013 as against 5.68 in the fourth quarter of 2012. Output in the third quarter of 2014 stood at 5.08%, up from the 3.89% recorded in the corresponding period of 2013 and also higher than the 4.52% recorded during the second quarter of 2014 with a low level of job creation as compared to education, financial intermediation, among others (Ogen, 2014).

As Kuznets put it in his classical study of the role of agriculture: "One of the crucial problems of modern economic growth is how to extract from the product of agriculture a surplus for the financing of capital formation necessary for industrial growth without at the same time blighting the growth of agriculture" (Kuznets, 2014). Finally, successful industrialization requires efficient use of the surplus transferred. Availability to industry of a surplus of agricultural resources effectively transferred is only a necessary condition, not a sufficient one.

Industrialization strategies that make effective use of this surplus still have to be devised and implemented, and this has occurred highly unevenly across countries, with many countries taxing their agricultures of a surplus without industrializing successfully for that matter.

2.2 Development of Nigeria's solid minerals sector

The exploitation of the solid minerals sector dates back to 1901 when many European companies started to organise mining of tin around Jos in small holdings and gradually moved into other areas of the country. Their activities were then overseen and guided by the colonial officers. In December 1903, official geological surveys commenced when the colonial government inaugurated the Minerals Survey Committee. The Committee was to carry out reconnaissance of the mineral potentials of the Southern and Northern Protectorates before undertaking the more detailed and more expensive task of geological mapping of the regions. The outcome of the survey include the discovery and documentation of the lignite bodies of Asaba-Ibusa-Ogwashi environ, occurrences of galena, tinstone, columbite, monazite, limestone and clays in various localities of Southern Nigeria. In Northern Nigeria, significant contributions include location of some occurrences of iron-ore near Lokoja, marble close to Jakura and tin in parts of Kabba, Ilorin and Zaria. In 1909, coal was discovered along the Udi escarpment as the major output of the mineral survey of Southern Nigeria.

Exploitation effort was made with the setting up of the Geological Survey of Nigeria and the subsequent disbanding of the Regional Mineral Surveys. The activities of the Geological Survey of Nigeria during the World War II was mainly in search of strategic minerals such as wolframite and tantalite in pegmatites of Central Nigeria and further on tin and columbite of Jos Plateau. The post-war period witnessed a change in orientation which was geared towards control, order and supervision in the sector; hence the enactment of the Mineral Act of 1946. Efforts were also concentrated on solid mineral fuels notably coal seemingly required as energy sources for industrial and economic propagation. Thus increased political awareness, prompted the then British Government to set up a Commission of Enquiry which recommended that independent bodies

be set up to manage government established businesses.

Although efforts have been made to develop the sector, but have been relegated to the background with the discovery of petroleum. The sector has always been an appendage of one Ministry or the other where it received little or no attention. Poor or inadequate funding has always been its lot while poor staffing and absence of a National Mining Policy further compound the problems of the sector.

Also, in the recent past, the sector has witnessed so much undue interference and usurpation of powers of the Federal Government with regards to solid minerals exploitation from States and Local Government Authorities. This has been attributed to ignorance of Mining Laws and quest for revenue by these authorities. Such a situation has proved detrimental to smooth operations in the mine fields.

The Geological Survey Department classifies these solid minerals by referring to their use: Mineral fuels: coal, bitumen, lignite, thorium, uranium; Metallic minerals: lead, iron, zinc, manganese, copper, nickel, tin, aluminum etc. Structural building minerals: gypsum, limestone, asbestos, stone, sand, gravel, marble anti ceramic minerals – clay, feldspar, dolomite, fluor spar, asbestos etc. Industrial minerals: Chemical salt, phosphate, sodium, potash, carbonate and sulphate, nitrates, sulphur etc.

Metallurgical and refractory: dolomite, metallic ores, fluor spar, refractory clays, graphite, limestone, etc. Other industrial and manufacturing: asbestos, mica and monazite. Gemstones: topaz, tourmaline, aquamarine, ruby, garnet, amethyst, diamond, sapphire, zircon, emerald etc. Some minerals are quite often separated from the basic categories for special purpose such as protecting the national interest: e.g. mineral fuels like coal, lignite, etc. security interest: e.g. uranium and fissionable minerals etc. strategic industrial interest: e.g. iron ore, gypsum barytes etc.

2.3 Theoretical framework

This study is founded on simple micro-economic theory of demand and supply. Hence the researcher assumed a perfect competitive international market where every primary commodity producer country like Nigeria is a price-taker. In other words produce differentiation is insignificant. The Small Country assumption by which export

supply is assumed to equal actual volume of export is therefore implied.

It is also assumed that exporters are not usually the same as the producers. The farmers who produce the bulk of the export commodities do not participate in the international trade because of its sophistication. It is assumed that these exporters are rational economic agents, hence, they usually make reference to previous years prices to determine their current years supply. Their rational behaviour also compels them to compare the world prices relative to domestic prices. They have the opportunities of selling in either the domestic or international marketing outlets since what is exportable is also consumed locally. Thus, the incentive to export is not just determined by the absolute prices but also by the relative prices. Therefore, as in Bond (1987), the export supply of primary commodities is determined among others by relative prices, domestic production capabilities (resource endowments, technology etc), domestic market growth and domestic policy effects.

2.4 Empirical issues

Studies and mathematical models have shown that maintaining a well-diversified economy will yield the most cost-effective level of risk reduction and economic growth in a country. Samuelson (1968) described economic diversification as an act of investing in a variety of assets. At this juncture, the paper suggests that Nigeria should pay much attention on Agriculture and solid minerals so as to assist in developing other agro-allied sectors in Nigeria.

It will help in tackling the problems of inflation, deflation unemployment and other macro-economic deficiencies which the economy is suffering now etc. Economic diversification strives to smooth out unsystematic risk events in a portfolio so that the positive performance of some investments will neutralize the negative performance of others.

Oliner and Sichel (2000), Jorgenson and Stiroh (2000) and Whelan (2000) used endogenous growth model to study the implication of growth rebound in the US economy. Their findings support the assertion of improving economic diversification through other means like information technology which they see as the main Sources of the rebound; hence the role of technological progress in agriculture cannot be underestimated.

Other researchers like Young (1995) applied the same framework and discovered that the higher growth of output in the newly industrialized countries of East Asia than the rest of the world is almost entirely due to rising in economic diversification which increases labour force participation and empowerment in labour Quality (through knowledge accumulation) and not attributable to rapid technological progress.

Muttaka (2015) examined the effect of Nigeria's oil dependency on economic growth. He observed that Nigeria has wasted much of its opportunities to break away from underdevelopment despite its massive natural and human resources endowment due to heavy reliance on her huge crude oil resources, regrettably mismanaged, as the major source of revenue. He identified and discussed on some key drivers of economic diversification such as investment, governance and regional dimensions of economic diversification as well as solid mineral and agricultural resources. He maintained that of all the other drivers, good governance remains a prerequisite in building an enabling environment for such diversification.

Oji-Okoro (2011) employed multiple regression analysis to examined the contribution of agricultural sector on the Nigerian economic development. They found that a positive relationship between Gross Domestic Product (GDP) vis a vis domestic saving, government expenditure on agriculture and foreign direct investment between the period of 1995-2007. It was also revealed in the study that 81% of the variation in GDP could be explained by Domestic Savings, Government Expenditure and Foreign Direct Investment.

Oji-Okoro (2011) investigate the contribution of agricultural sector on the Nigerian economic development and reveal that foreign direct investment on agriculture contribute the most (56.43), this means that for every unit of change in FDI on agriculture there is a corresponding change of 56.43 unit in GDP in Nigeria. Suleiman and Aminu (2015) conducted research on the contribution of agriculture, petroleum and manufacturing sector of the Nigerian economy and found out that agricultural sector is contributing higher than both petroleum and manufacturing sectors. The paper reveals that agriculture is contributing 1.7978 units to GDP while petroleum is contributing 1.14 units to GDP which is less than the

contribution of agriculture. Awe and Ajayi (2009) conducted research on the diversification of the Nigerian revenue base for economic development reveals that the R^2 for agricultural revenue was significant when the log of revenue from agriculture was tested on the revenue from agriculture. About 60 percent of the movement could be explained in the relationship. The findings from the study further revealed that dynamic relationship exists between the revenue from the non-oil sector economic development.

3.0 Methodology

3.1 Model specification

Correlation, co-integration, and Ordinary Least Square Regression tests were adopted as:

Table 1: Correlation Factor

Δy_t	$1 + \beta_2 \Delta x_{1t} + \dots + \beta_n \Delta x_{nt} + \delta U_t - 1 + \epsilon_t$2
$Y_t =$	$0 + \beta_1 x_{1t} \dots + \beta_n x_{nt} + \mu_t$3
Where:		
y_t	the dependent variable; β_0	the intercept term
β_1	the regression coefficient; x_t = set of explanatory variables	
μ_t	the error term	

The model is stated as:

$GDP = f(EXA, EXS)$

$GDP = \sigma + \sigma_1 EXA + \sigma_2 EXS + \sigma_3 Y_{t-1} + \lambda_i$

Where GDP - Gross Domestic Product for current year

EXA = Agricultural Export

EXS = Solid Minerals Export

GDP- Gross Domestic Product for previous year

$\sigma, \sigma_1, \sigma_2, \sigma_3, \sigma_4$ - Constants λ_i - Error term

4.0 Discussion of Empirical Results

Sample (adjusted): 1982 2015

Included observations: 33 after adjustments

Trend assumption: Linear deterministic trend (restricted)

Series: GDP AC MC SMC

Lags interval (in first differences): 1 to 1

Unrestricted Cointegration Rank Test (Trace)

Table 2: Empirical Results

Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob. **
None	0.558565	67.93469	63.87610	0.0000
At most 1	0.479549	466.76754	42.91525	0.0000
At most 2	0.241896	36.86965	25.87211	0.0000
At most 3	0.144862	15.007759	12.51798	0.0000

Trace test indicates no cointegration at the 0.05 level * denotes rejection of the hypothesis at the 0.05 level **MacKinnon-Haug-Michelis (1999) p-values

Source: Author's Computation 2017

From the result of the cointegration above, there is presence of co-integration since the trace statistic indicates two co-integrating equations. Also, their eigenvalues are significantly greater than zero. In other words, the possibility exists that there is co-integration among the variables in at least two equations in objective one and thus conclude that there is a positive and significant long-run relationship between diversification of non oil product and the explanatory variables at 5% level of significance. Considering the tables above, there is a long run relationship between dependent variable (GDP) and the independent variables (EXA, EXS) within the period under review 1982-2015.

4.1 Ordinary least square result

Dependent Variable: GDP

Method: Least Squares

Sample: 1982 2015

Included observations: 33

Table 3: Statistical Findings

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.197925	6.671804	2.479319	0.0000
AC	0.278895	0.161038	1.731860	0.0036

MC	0.060801	0.391597	0.155263	0.0007
SMC	9.363411	3.276565	2.857691	0.1277

Table 4: Correlation Findings

R-squared	0.899466	Mean dependent var	3.743529
Adjusted R-squared	0.839413	S.D. dependent var	4.800381
S.E. of regression	3.901583	Akaike info criterion	5.670773
Sum squared resid	456.6705	Schwarz criterion	5.850345
Log likelihood	-92.40314	Hannan-Quinn criter.	5.732012
F-statistic	6.651845	Durbin-Watson stat	2.173783
Prob(F-statistic)	0.000010		

Source: Author's Computation 2017

From the equation (GDP) = F (EXA, EXS) above, the GDP coefficient of 1.00000 indicates that the level of economic growth (GDP) in Nigeria is 1 when other variables are zero. This shows that a unit increase in economic growth (GDP), Agricultural Export (EXA) and Solid Minerals Export (EXS) on average, will lead to increase by 3.197925 in GDP respectively.

The result shows that diversification of non-oil product export in Nigeria variables contribute about 89.95% of the total variations in the economic growth proxied as Gross Domestic Product variable (GDP). Since the calculated probability (F-statistics) which is 0.00001 is less than 0.05, we accept alternative hypothesis and accordingly reject the null hypothesis. Solid mineral components of diversification of non-oil export product has a insignificant and negative impact on the growth of Nigerian economy (GDP), while agricultural export have positive and significant effect on the dependent variable (GDP).

Specifically, the impact of diversification of non-oil export product on economic growth in Nigeria as indicated in the test result above shows that the beta coefficient of non-oil export diversification is 3.197925 while t-statistics and

probability are 2.479319 and 0.0000 respectively. This indicates a strong support for the alternative hypothesis and rejection of null hypothesis at 5% level of significance. Based on this result, we observed that, diversification of non-oil export product has been relatively high over the years and has significant positive impact on the growth of Nigerian economy.

This means that change in diversification of non-oil export product has positive and significant impact on the change in economic growth in Nigeria. From figure 1 in above, we observed that although the agricultural export of the economy contribute significantly to the growth of Nigerian economy through GDP, the solid minerals has always been low and this has hindered its capacity to enhance the growth of Nigerian economy as well as the foreign earnings. During the period under review, agricultural export contributed a maximum of 44.61% in 2015 and a minimum of 28.26% in 1982. The solid minerals export has been insignificant with an average contribution of 0.38% during the period. Solid minerals components of non-oil export attained a maximum contribution of 1.12% in 1982 and a minimum contribution of 0.24% in 1986. From the graph as attached, it can be observed that agricultural export is the dominant exports in the non-oil subsector. This is because, when the contribution of the agricultural export to the gross domestic product rises, a rise in the non-oil export is also noticed.

Table 5: The Structure of Nigeria's Export, 1982-2015

Year	Oil exports	Non-Oil Exports	Total exports	Share of Oil exports in
	(N Million)	(N Million)	(N Million)	Total Exports (%)
1982	5	345	350	1.4
1983	14	352	366	3.8
1984	21	364	385	5.5
1985	21	386	410	6.2
1986	40	423	463	8.6
1987	82	496	578	14.2
1988	111	488	599	18.5
1989	87	434	521	16.7

1990	45	422	467	9.6
1991	158	525	683	23.1
1992	510	544	1054	48.4
1993	953	669	1622	61.1
1994	1176	746	1922	61.1
1995	1894	837	2731	69.4
1996	5366	878	6244	86.0
1997	4563	890	5453	83.7
1998	6322	1618	7840	80.6
1999	6572	1909	8481	77.5
2000	5671	1457	7128	79.6
2001	9742	1144	10086	89.5
2002	10118	1090	11208	90.3
2003	10806	1222	12028	89.8
2004	8122	579	8701	93.4
2005	7292	579	7871	92.6
2006	8841	618	9459	93.5
2007	11224	497	11721	95.8
2008	8368	553	8921	93.0
2009	28209	2152	30361	92.9
2010	29293	3845	331338	88.4
2011	55017	2954.4	57971.2	94.9
2012	106627	3259.6	100886.1	97.0
2013	116857	4677.2	121533.1	97.2
2014	201385	4228.3	205613.1	97.9
2015	213779	4986.4	218765.2	97.7

Source: Central Bank of Nigeria: (i) Annual Report & Statement of Accounts (Various Issues) (ii) Economic & Financial Review (Various Issues)

Table 6: The Contribution of Agriculture and Solid Mineral to Exports and Gross Domestic Product

	(1)	(2)	(3)	(5)	(6)	(7)
Year	Value of total export (N Million)	Value of Agric. Exports (N Million)	Value of Solid Mineral Exports (N Million)	2/1	4/3	Agric GDP as a % of total GDP
1990	330.0	282.5	-	85.6	-	64.0
1991	346.0	283.0	-	81.8	-	61.9
1992	334.2	260.0	-	77.8	-	61.2
1993	378.0	285.9	-	69.6	-	61.5
1994	429.4	339.0	-	69.6	-	58.7
1995	536.8	322.4	-	60.1	-	55.4
1996	566.2	285.8	212.7	50.5	10.1	51.7

1997	483.6	257.2	247.1	55.1	9.5	52.7
1998	422.2	274.4	365.2	65.0	7.8	52.7
1999	636.4	288.2	297.4	45.3	8.4	47.5
2000	885.4	265.2	356.4	30.0	7.6	44.6
2001	1293.4	242.8	179.0	18.8	8.2	42.0
2002	1433.2	172.8	190.1	12.0	9.6	37.0
2003	2278.4	250.1	224.8	10.9	10.3	34.1
2004	5794.8	276.0	236.5	4.7	8.9	30.5
2005	4925.5	230.6	721.5	4.7	8.0	26.7
2006	6751.1	274.1	148.5	4.1	8.6	24.1
2007	7630.7	375.7	116.6	4.9	10.3	28.5
2008	6064.4	412.8	211.7	6.8	12.5	23.1
2009	10836.8	468.0	169.2	4.3	12.4	21.4
2010	14186.7	340.4	217.1	2.4	17.5	20.6
2011	10876.3	180.8	118.4	1.1	16.7	20.1
2012	8182.1	178.9	100.0	2.2	17.4	23.0
2013	7494.5	277.8	587.5	3.7	20.9	23.2
2014	8717.1	254.8	484.5	2.9	18.8	23.8
2015	11717.9	244.2	536.9	2.1	17.0	26.2

Source: *Economic and Financial (Various Issues); Federal Office Statistics (FOS).*

Table 7: Commodities (2010=100)(Naira Based).

Commodity	2010	2012	2013	2014	2015
Cocoa	5,354.3	9,558.8	10,030.2	7,456.6	7,070.3
Coffee	4,751.3	5,290.8	5,445.6	4,116.1	5,677.6
Copra	6,650.2	8,903.5	8,924.6	13,856.6	12,950.1
Cotton	10,067.2	10,496.2	10,842.3	15,713.4	13,656.8
Palm oil	7,064.3	10,405.8	10,766.8	14,361.3	12,454.9
Soya Bean	11,734.6	14,493.6	14,863.0	22,732.8	19,780.3
All Commodities	5,640.8	9,684.6	10,138.2	8,486.6	7,881.9

Source: *CBN Annual Report & Statement of Account for the Year*

5.0 Conclusions

In recent times, there has been increasing pressure to increase investment in agriculture due to the need to attain the MGDs among other things. The importance of agriculture development in ensuring poverty reduction and the economic growth hinges on the fact that 70% of the population is employed in the agriculture sector. The sector's role of food

production, provision of resources for other sectors, creation of viable market and domestic savings gives credence to its importance in economic growth. Also, Nigeria's natural endowments in agricultural production factors – extensive arable land, water, human resources, and capital highlight the potential of agriculture in economic transformation.

Increasing emphasis has come to be placed on the potential importance of the solid minerals sub-sector of the Nigerian economy. The quest for diversification of the national economy and in particular, the importance attached to breaking the dominance of crude oil in the export structure of the economy, has led to a focus on the sub-sector. Yet, it must also be recognised from the outset that solid mineral extraction has historically been an important contributor to the national economy in the past. Empirical evidence shows there is a feedback relationship between solid minerals production and RGDP performance in the Nigerian economy such that a percentage increase in the solid mineral production strengthens the real gdp by 24.7% which is statistically significant at conventional level of significance and as such, production activity in this sector should be highly encouraged and supported. The real sector aspect of the economy is a very vital sector and for an economy to experience real growth and development proper policy recommendation should be adopted in all federal ministries and parastatal in charge of monitoring solid mineral production activities.

The result obtained in the study suggests that agricultural commodity export prices have positive impact on economic growth of Nigeria.

This suggests that Nigeria has to encourage increase in agricultural products through developing the sector. To develop this sector, which contributed over 90% of Nigeria's economic growth before the discovery of oil, entails government making agricultural sector an interesting sector i.e. providing the capital required, both human and non-human, developing markets for agricultural output internationally.

If this sector is developed, it could support a vibrant agricultural sector capable of ensuring the supply of raw materials for the industrial sector as well as providing gainful employment for the teeming population.

It will also address the economic problems of rural poverty which is rampant and reduce

dependence on oil and food importation.

Since it is obvious that the production of our minerals will buttress our efforts at revamping our economy, it is recommended that the best policy objective of the government should carry out a comprehensive inventory of the country's mineral resource potentials and actively promote the development of these resources for both local and foreign consumptions and hope that this will encourage the development of local sources of raw materials for the nations industries.

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