MARKETING IMPORTANCE

As an economy becomes increasingly commercialized, leading to the growth of urban areas and consequently urban wage earners, marketing assumes greater importance. This is because the excess production from the farm must be disposed of in order to earn some income with which the framers can purchase other goods and services not produced by them.

An efficient marketing system will locate where there are surpluses of produce and bring them to where there are shortages. Marketing becomes even more important for countries whose products are export-oriented since earnings from such exports are used to finance development programmes.

Another importance of marketing arrangement is an indicator of consumer preferences through the prices they are prepared to pay. This phenomenon of farmers reacting to the preference of consumers is called “supply response” and is of great importance not only to farmers and markets but also to policy makers who plan for the peasant farmers.

The more the goods available for marketing, the more the people employed in their marketing and hence the higher the increase in employment. This will invariably lead to a rise in the standard of living which will consequently add to the wealth of the community.

Marketing stimulates research into the techniques of food and meat preservation and the preparation of various food items to meet the different tastes of the population.

Marketing has multiplier effect in the economy. For instance, crating, packaging etc means that industries must develop to produce these packaging materials and of course these industries would employ labour to be able to meet the orders. If most of the materials used for making the packs are of local origin, their production will be stimulated while the government also gains from exercise duties paid by these companies.

Efficient marketing ensures that supplies of goods that are seasonal become available thru out the year with little variation in prices that can be attributed to the cost of storage. In this situation, both producer and consumers will be beneficial. The producers will be sure of selling all they can produce while the consumer is sure to get what he wants throughout the year.

CREDIT SOURCES

Sources of credit in Nigeria are few and far between. Nonetheless credit for financing investment in agriculture has been available in one form or another for many decades particularly from local lenders, friends and families who are the chief sources of credit for the small farmers.

The sources of credit for agricultural development can be grouped under two categories viz. institutional and non-institutional sources of credit, on other words formal and informal lending agencies

Non-institutional Sources

A brief investigation will reveal that many farmers in Nigeria are being provides with loans informally by friends or relatives at little or no interest charges. In addition, informal loans are also obtained by rural farmers from money-lenders, many of whom operate in the rural areas, charging interest rates that may be as high as one hundred per cent or more. Such loans are usually made without any complicated procedures or delays. Farmers get the needed amount at the right time with ease.

Institutional Sources

Institutional sources of credit to agricultural development include government owned credit institutions, cooperatives societies and commercial banks. What is common to them is that they usually operate under certain acknowledge business rules stipulated by government.

CLASSIFICATION OF LOANS

Agricultural credits are classified into production and consumption credit. Consumption credit involved borrowing for the purchase of consumption goods and services required by the farm family. Here the loan does not increase future production.

Production credit, on the other hand, is a loan obtained by the farmers for the purpose for carrying of carrying out agricultural production and marketing activities, which provide income out of which to repay the loan. Production loan may be further classified according to the length of time the loan takes to mature, the purpose of the loan and the types of security required.

Loans classified according to length of time the loan takes to mature can be further divided into three:

(a) Short Term Loans: These include loans for the cultivation of annual crops such as yams, maize, millet, rice and for hiring labourers as well as those for the purchase of commercial fertilizers, seeds, etc. this type of loan is used for the purchase of materials which are used up in one season, hence they are otherwise referred to as seasonal production loans. They are expected to be repaid after the production season which is usually one year.

(b) Intermediate or Medium Term Loans: These are granted for a period between three to five years. These include loans for farm machines, livestock production such as poultry and piggery, crops like cocoyam, sugarcane and pineapple cultivation.

(c) Long-Term Loans: these are usually granted for a period of over five years. Such loans are used for the purchase of land, heavy equipment such as tractors, construction of permanent buildings, loans for tree-crops cultivation, fish ponds construction, soil conservation loans and loans for financing other permanent improvements on the land.

Furthermore, agricultural credit may be in form of pledging the borrower's property in which case if he fails to repay the loan when due, this would be sold to repay the loan. In another case, the lender may grant the borrower a loan on the basis of mutual trust and understanding with the creditor's confidence in the debtor's honesty, willingness and ability to repay the principal and interest. Here the loan is unsecured.

Nevertheless, it should be noted that most of these classifications do overlap. For instance, a consumption loan could sometimes be regarded as production loan if it helps the farm family to be more productive on the farm e.g. bicycle which could be used to transport products from the farm to the market.

As mentioned earlier loan can be either consumption production loan irrespective of the duration of use.

(a) Consumption loans: This forms part of credit which the farmer uses to purchase for himself and his family shelter, clothing and food which he cannot provide from his current subsistence activity. This also includes the money spent on family health, children education and fulfillment of social obligations like burial ceremonies, naming ceremonies, coronation etc.

(b) Cultivation Loans: This forms part of the loans the farmer uses towards the purchase of fertilizers, insecticides and other recurrent inputs during the planting and growing seasons.