EFFECTS OF FUEL SUBSIDY REMOVAL ON THE POULTRY ENTERPRISES IN KOGI STATE, NIGERIA

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ABSTRACT

The aftermath of fuel subsidy removal has resulted in closing a large number of poultry enterprises in Nigeria. This study assessed the effect of fuel subsidy removal on poultry farmers (layers and broilers) in Kogi State, Nigeria. Three-stages sampling procedure was used to select one hundred and sixty-two poultry farmers in the study area. Structured questionnaire complimented with interviews scheduled were used for data collection. Data collected were analysed through frequency, percentages, and mean and Ordinary Least Square. Findings showed that 79.0% of the respondents were male, with a mean age of 45.8 years. Also, 92.6% of poultry farmers had formal education with a mean annual income of ₦175,780.00. The coefficient of cost of veterinary (-0.1313772), cost of water (-0.5497904), and cost of feeds ((-0.0231436) had effect on the income of poultry farmers. The most constraints faced by farmers in post-subsidy removal were increase in cost of production (X =2.93), inflation (X =2.67) and the high cost of transportation (X =2.57). It is recommended that palliatives inform of feed, medication, and free advisory services should be provided for poultry farmers in order to reduce the negative effect of subsidy removal.

Keywords: Fuel Subsidy, Removal, Poultry Enterprises

INTRODUCTION

Animal protein is crucial for human growth and development. Poultry is major source of animal protein in Nigeria. Nigeria hosts close to 50% of the poultry Sub-Sahara Africa (Adefehinti and Adebo, 2021). Poultry serves source of food and income to farmers and the entire populace at large. They play a crucial role in improving food security by providing affordable and accessible sources of animal protein and vital nutrients (Adeyonu et al., 2021). Poultry have contributed amazingly to GDP. According to Statista (2023), reported that the livestock sector (poultry inclusive) contributed 30.57% to the GDP in the first quarter of 2023. The governor of the Central Bank of Nigeria revealed that the poultry sector is Nigeria's most commercialized agriculture sector, with a net worth of N1.6 trillion in 2019 (Awojulugbe, 2019). The opportunities embedded in poultry have been shattered due to declaration made about the removal of fuel subsidy. The poultry enterprises in Nigeria have suffered unprecedented because of fuel subsidy removal. More than 50% of poultry farm in Nigeria have folded up because of fuel subsidy removal. The exorbitant increases in the prices of feeds and drugs have resulted to decline in the stocking capacity of the farmers. It is on this basis that this study tends to determine the effect of fuel subsidy on the income of poultry farmers. The main objective of the study is to determine the effect of fuel subsidy removal on the poultry enterprises (layers and broilers) in Kogi State, Nigeria. The objectives of this study were to: describe the socioeconomic characteristics of the respondents; determine the effect of fuel subsidy removal on the income of poultry farmers; and identify the challenges faced by farmers in post-subsidy removal.

METHODOLOGY

The study was done in Kogi State Nigeria. The State lies between latitude 6^0 33^1 and 8^0 44^1 N and longitude 5^0 22^1 and 7^0 49^1E. Three-stages sampling procedure was employed for this study. The first (1) stage involved random selection of one (1) from the four (4) agricultural zones in the State. The second (2) stage involved the used of snowball sampling techniques to identify poultry farmers in the study area. The third (3) stage involved the use of proportional sampling to select 10% of poultry farmers from the sampling frame which now gave a total of 162 poultry farmers selected for this study. Primary was used for this study. Objectives one and three were achieved using descriptive statistics (frequency, percentages and mean). Ordinary Least Square was used to achieve objective two that is the effect of fuel subsidy removal on the income of poultry farmers The model is expressed in implicit form as shown in equation (1):

$Y = f(X_1, X_2, X_3, X_4, X_4, X_5, X_6, X_7U)$ (1) The functional form is expressed in the implicit forms as:

$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 b_6X_6 b_7X_7 + U$

Where:

Y = Annual income from poultry enterprises (Naira)

X_1 = Cost of transportation (Naira), X_2 = Cost of drugs (Naira), X_3 = Cost of veterinary (Naira) X_4 = Cost of equipment (Naira), X_5 = Water (Naira), X_6 = Labour cost (Naira), X_7 = Cost of feed (Naira), $b_1 - b_7$= Regression coefficient, a = constant term, $X_1 - X_{17}$= Independent variables, U= error term

RESULTS AND DISCUSSION Socioeconomic characteristics

Table 1 showed that 79.0% of the respondents were males while 21.0% were females. This implies that larger proportion of poultry farmers were males. Table 1 revealed that the mean age 45.8 years, implying the farmers are in their active and productive age. Table 1 showed that the mean household size was 7.0 person, indicating large household size. The mean farming experience of farmers in the stud area was 11.6 years.

Table 1: Socio-economic characteristics of poultry farmers (n=162)

Variables		Frequency	Percentage	Mean
Sex	Male	128	79.0	
	Female	34	21.0	
Age	<20	5	3.1	45.8
	21-30	16	9.9	
	31-40	86	53.1	
	>40	55	33.9	
Household size	<5	37	22.8	7.0
	6-10	120	74.1	
	>10	5	3.1	
Experience in poultry enterprise	<5	4	2.5	
	6-10	56	34.6	11.6
	>10	102	63.0	
Annual income	<500000	7	4.3	175,780.00
	501000-1000000	18	11.1	
	>10000000	147	90.7	

Sources: Field survey, 2024

Effect of fuel subsidy removal on the income of poultry farming enterprises

The result of the Ordinary Least Square in Table 2 showed R^2 value of 0.35.6 which implies that 36% variation in the income of poultry farmers was explained by the independent variables included in the model. The cost of veterinary (0.1313772) was negatively significant at 10% level of probability. This implies that as the cost of veterinary increases, the income of poultry farmers reduces. Cost of water 5% level of probability. This implies that an increase in cost of feed will reduce the income of poultry farmers. This finding agrees with Kolawole et al. (2023) who reported that removal of fuel subsidy has resulted to increase in the cost of vaccines and production among poultry farmers in South-western Nigeria. =2.55), and reduction in number of birds (X =2.44) were the most severe challenges faced by poultry farmers in post-fuel subsidy removal. This finding aligns with that of Adefehinti and Adebo

Table 2: Effect of fuel subsidy removal on the income of poultry farming enterprises (n=162)

Variables	Coefficient	t-value
Cost of transportation	-0.118323	-0.16
Cost medication	0.1204001	0.32
Cost of veterinary	-0.1313772	-1.82*
Cost of equipment	-0.029822	-0.01
Water	-0.5497904	-7.47*
Labour	0.0142138	0.21
Cost of feeds	-0.0231436	-2.11**
Constant	63492.07	8.42 ***
F-value	12.16***	
R-squared	0.3560	
Adj R-squared	0.3267	

Sources: Field survey, 2024

**=Significant at 5% level of probability, *=Significant at 10% level of probability

Challenges faced by poultry farmers in post-fuel Table 3 indicated that increase in cost of subsidy removal production (X =2.93), inflation (X =2.67), increase in transportation cost (X =2.57), low patronage (X

Table 3: Challenges faced by poultry farmers in post-fuel subsidy removal (n=162)

Variables	Very severe	Severe	Not severe	Sum	Mean	Decision
Increase in transportation cost	102 (62.9)	50 (30.9)	10 (6.1)	416	2.57	Severe
Inflation	117 (72.2)	37 (22.8)	8 (4.9)	433	2.67	Severe
Low patronage	99 (6.1)	53 (32.7)	10 (6.1)	413	2.55	Severe
Reduction in numbers of bird	85 (52.5)	67 (41.4)	7 (4.3)	396	2.44	Severe
Loss of market	34 (20.9)	88 (54.3)	40 (24.7)	318	1.96	Not severe
Increase in production cost	152 (93.8)	8 (4.9)	2 (1.2)	474	2.93	Severe
Decreased profitability	56 (34.5)	81 (50.0)	25 (15.4)	355	2.19	Severe

(-0.5497904) was positive significant at 10% level of probability. This indicates that as cost of water increases income of poultry farmers reduces. Cost of feeds (-0.0231436) was negatively significant at Sources: Field survey, 2024

CONCLUSION AND RECOMMENDATIONS

It can be concluded that majority of the respondents are males. The cost of veterinary, cost of water, and cost of feed had an effect on the income of poultry farmers. Also, cost of production is the most (2023) who reported that increase in production is a major constraint farmer in Oyo State, Nigeria. However, loss of market (X =1.96) was not a severe challenge faced by poultry farmers in the study area. constraint facing poultry farmers. It is recommended that the government should reverse fuel subsidy back in order to reduce the cost of production. Also, palliatives inform of feed, medication, and free advisory services should be provided for poultry farmers in order to reduce the negative effect of subsidy removal.

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