

ECONOMICS ANALYSIS OF PALM OIL MARKETING IN OHAOZARA LOCAL GOVERNMENT AREA OF EBONYI STATE, NIGERIA.

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ABSTRACT

The study evaluated the economics analysis of palm oil marketing in Ohaozara Local Government Area of Ebonyi State Nigeria. The specific objectives were to describe the socio-economic characteristics of palm oil marketers in the study area and identify the constraints of palm oil marketing in the area. Data were collected with the aid of a structured questionnaire that was administered to the respondents. A multi-stage sampling method was adopted. In the first stage, two (2) markets were randomly selected from each of 3 communities. In the second stage, out of the six (6) markets, five (5) markets were randomly selected. In third stage, twenty-four (24) palm oil marketers comprising sixteen (16) retailers and eight (8) wholesalers for the study giving a total sample population of one hundred and twenty (120) respondents. Descriptive statistics such as percentages, frequency distribution were used to achieve the objectives. Palm oil marketing is capital intensive, lucrative and a very profitable enterprise which must be encouraged and should not be allowed to go into moribund.

INTRODUCTION

The oil palm (*Elaeis spp*) comprises of two species of the family *Arecaceae*. They are used in commercial agriculture in the production of palm oil. The oil palm (*Elaeis guineensis*) is a native of West Africa; the palm grows naturally throughout the rain forest belt, where the mean annual rainfall is over 1500-2000mm. Palm oil that is produced goes into food application; hence its nutritional properties have been extensively studied into same level. Palm oil is currently the second largest traded edible oil and accounts for about one quarter of the world fats and oil supply (Ali and Jampade, 2008).

Red palm oil can be extracted from mesocarp of fruit bunch (David, 2009). Palm oil is locally used in cooking and in the manufacture of candles, margarine and soap.

The world production of palm oil has increased tremendously during the last 30 years as a result of rapid expansion of oil palm planting in South Eastern Asian countries spearheaded by Malaysia and Indonesia (Ali and Jampade, 2008). By far, the largest producing and exporting country of palm oil is Indonesia (49%) followed by Malaysia (33%) in 2016 (OECD 2019). According to (Chatham House 2019) Indonesia alone, was exporting 5.4 million tonnes of crude palm oil (CPO) to other countries worldwide in 2016. Between 1995-2015, the average annual oil palm plantation expansion in Indonesia occurred at a rate of 450,000 ha/a resulting in an average of 117,000 ha/a of deforestation (Austin *et al.* 2017). Significant amounts of palm oil continue to be produced by traditional producer countries in West African, but the growth is much slower. Over

the past two decades palm oil has become the world's leading produced and consumed vegetable oil (FAO 2017). Its wide-ranging use in food, cosmetics, detergents, and biofuel, combined with a competitive market price, made palm oil and its co-product palm kernel oil attractive commodities. It is thus by far, the most widely produced tropical oil and constitutes thirty percent (30%) of total edible production worldwide (Anuebunwa, 2006). Because of the increased demand for palm oil resulting from an increase in population and income growth, relative to the low productivity of the oil palm sector, Nigeria has become a net importer of palm oil. Thus Nigeria's first goal is to meet the domestic demand and if possible seeks to become competitive in export markets. Nigerian palm oil production is potentially competitive in the domestic market if oil palm industry would enhance the overall economic development through the income and employment effects in the rural and urban economies.

The general objective of the study is to analyze the economics of palm oil marketing in Ohaozara local government Area in Ebonyi State. Specific objectives are to:

- i) describe the socio economic characteristics of palm oil marketers in the study area.
- ii) identify the constraints of palm oil marketing in the area.

METHODOLOGY

The study was conducted in Ohaozara Local Government Area of Ebonyi State. Towns that make

up Ohaozara Local Government Area include: Ugwulangwu, Uburu and Okposi. The population for the study was palm oil marketers in Ohaozara Local Government Area. Data were collected with the aid of a structured questionnaire that was administered to the respondents. A multi-stage sampling method was adopted. In the first stage, two(2) markets were randomly selected from each of 3 communities. In

the second stage, out of the six(6) markets, five(5) markets were randomly selected. In the third stage, twenty-four(24) palm oil marketers comprising 16 retailers and 8 wholesalers for the study giving a total sample population of one hundred and twenty(120) respondents

Descriptive statistics of tables, frequencies, percentages were used to analyze all the objectives.

RESULT AND DISCUSSION

Table 1: Distribution of respondents according to age

Wholesalers			Retailers	
Age	Frequency	Percentage(%)	Frequency	Percentage(%)
20-25	1	0.8	8	6.7
26-30	2	1.7	9	7.5
31-35	3	2.5	4	3.4
36-40	2	1.7	13	10.8
41-45	20	16.6	28	23.3
46-50	12	10	18	15
Total	40	33.3	80	66.7(100.0)

Source: Field Survey, 2019

The socio-economic characteristics of respondents are shown in table 1. It shows the distribution of the palm oil marketers according to age. It indicates that wholesalers were between the ages of 41-45 representing 16.6% of the sample population and 23.3% were retailers; while the least age range for wholesalers were between 20-25 representing 0.8%

and retailers were between the ages of 31-35 years representing 3.4%. This implies that respondents involved in the marketing of palm oil were still in their youthful and productive ages. Young marketers are more involved in the marketing of palm oil. This agrees with Iwuji, (2010) that age greatly determines the extent of participation in any form of business.

Table 2: Distribution of Respondents according to Gender

Wholesalers			Retailers	
Gender	Frequency	Percentage(%)	Frequency	Percentage(%)
Male	22	18.3	7	5.8
Female	18	15	73	60.9
Total	40	33.3	80	66.7(100.0)

Source: Field Survey, 2019.

The distribution of respondents according to gender shows that 18.3% of the wholesalers are male, while 15% are female. Also, 60.9% of the retailers are female while 5.8% are male. The implication is that majority of the wholesalers are male; while majority of the retailers are female. This implies that men are more than women in wholesale palm oil marketing and women in the retail trade. This is in line with Nwauwa (2011) who opines that women feature prominently in marketing especially in rural markets

where men constitutes less than 5 percent of the traders. Gender differentiation comes as a result of the specific experiences, knowledge and skills which women and men develop as they carry out their productive and reproductive responsibilities assigned to them (Idu *et al.*, 2005). It can be seen from the table above that palm oil trade, especially the wholesale trade is dominated by male mainly because of the stress attached to wholesale activities, which the female gender cannot bear.

Table 3: Distribution of Respondents according to Marital Status

Wholesalers			Retailers	
Marital Status	Frequency	Percentage(%)	Frequency	Percentage(%)
Single	9	7.5	20	16.7
Married	21	17.5	40	34.3
Divorced	0	0.0	0.0	0.0
Widow	10	8.3	20	16.7
Widower	0	0.0	0.0	0.0
Total	40	33.3	80	66.7(100.0)

Source: Field Survey, 2019.

From Table 3 above, it was discovered that majority of wholesale palm oil marketers are married (17.5%), while single marketers constitute only 7.5%. Also from Table 3, (34.3%) of the retailers are married while 16.7% are single and widowed, respectively. The implication of this is that, majority of the respondents in the palm oil marketing/trade are

married. This finding coincides with a study by Ibitoye, (2014). This is an indication of support from their spouse and children in carrying out palm oil business activities and this may also imply sufficient influence of the family unit in the marketing of palm oil. Thus marriage limits migration and enhances labour.

Table 4: Distribution of Respondents according to Educational Level

Wholesalers			Retailers	
Educational level	Frequency	Percentage(%)	Frequency	Percentage(%)
No formal	0	0	3	2.5
Primary	4	3.3	31	25.8
Secondary	36	30	46	38.4
Total	40	33.3	80	66.7(100)

Source: Field Survey, 2019

Table 4 shows distribution of educational qualifications of palm oil marketers. 30% of the wholesalers had secondary education, while 3.3% of them had no formal education. 38.4% of the retailers had secondary education while 2.5% of them had no formal education. The implication is that majority of

the palm oil marketers in the study area had secondary education. These findings are in agreement with Okorie (2007) that trading in most fields are being carried out by FLSC and SSCE holders showing fairly literate people.

Table 5: Constraints to marketing of palm oil by wholesalers and retailers in the Study Area.

Wholesaler			Retailer	
Constraint	Frequency	Percentage(%)	Frequency	Percentage(%)
Poor Supporting Infrastructure	50	20.41	60	26.66
High Cost of labour	45	18.36	50	22.22
Bulky nature of palm oil	40	16.32	40	17.77
High cost of palm oil	35	14.28	30	13.33
Adulteration	30	12.24	20	8.88
Lack of market information	25	10.20	15	6.66
Commission Agent	20	8.16	10	4.44

Field Survey, 2019

Multiple responses

Table 5 shows the most prominent constraints confronting the palm oil marketers in the study area. About 20.41% of wholesalers and 26.66% of the retailers believe that poor supporting infrastructure (poor road network, capital, cost of transportation and storage facilities) were their major constraint in the palm oil marketing. These facilities were almost non-existent in the study area. This contributed to short fall in market sales experienced by wholesalers and retailers (Akinola and Adeyemo 2010). The other constraints in palm oil marketing can be broadly classified as the problem of production and marketing. This is characteristics of small scale holding and consistent with the findings of Aduku and Dafwang (2002)

CONCLUSION

Palm oil marketing has been widely accepted as one of the effective and tangible ventures of improving

and enhancing the agricultural industry in Nigeria. The study revealed unprecedented monumental success in generating revenue for Nigeria in her glorious years in agriculture. The body of knowledge required for sound and efficient marketing of palm oil in the study area posited that palm oil marketing in the study area was a sustainable occupation that employed people in their economic age groups. The neglect of palm oil marketing by Nigeria Government must be seen to be actively involved in the procurement and distribution of essential resources such as seedlings, fertilizer and also assist the farmers financially. The private sector, Non-Governmental organizations (NGOs) and private individual that depends on food provided from agricultural production and marketing must be equally be involved if the anticipated agricultural revolution is to be achieved in the industry. Palm oil marketing is capital intensive, lucrative and a very

profitable enterprise which must be encouraged and should not be allowed to go into moribund.

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