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Foreign Private Investment and Agricultural Production in Nigeria (1986-2006)

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ABSTRACT This study seeks to establish the relationship between Foreign Private Investment (FPI) and agricultural production in Nigeria. Secondary data were collected for this purpose from the Central Bank of Nigeria. Data collected were analyzed using both descriptive statistics and regression analysis. The results of the study show a strong positive relationship between FPI and agricultural production. This implies that increase in the inflow of FPI to the agricultural sector will cause 86% change in total agricultural output. The research also revealed that exports of agricultural products will exhibit a positive effect on the level of agricultural productivity. Meaning that commodity prices will rise and agriculture will be made attractive to many farmers to invest into it for enhance large-scale production. Domestic investment has been found from findings to exalt positive effects on agriculture production. The coefficient of government expenditure was found to be negative. By implication, increased government expenditure like subsidies and other unnecessary spending constitute leakages from the agriculture sector and will lead to a decline in agriculture output. The study recommends that the government should create a stable macroeconomic environment for investors in the agricultural sector.