**The Meaning of the Economic Institution**

The economic institution in any culture is often concerned with the arrangement of relationships between people for the sustained production, distribution and consumption of goods and services within that culture or between it and another culture (Mbiti 2003). The family as we have earlier discussed, is the basic economic unit in any society. That is, it acts as the basic unit of production and consumption. As a society advances and becomes more complex, specialisation of functions often sets in to the extent that the function of production and distribution of goods becomes transferred to industrial and commercial firms.

The family however, still plays the important role of providing the labour or manpower for production and distribution within these organisations. The basic factors of production in any economy have been identified as land, labour, capital and entrepreneurship. Karl (1992), however, holds that of all these, labour is the most crucial and that labour produces capital and entrepreneurship. In addition to labour, land is equally very important.

**The Significance of economic Institutions to Rural Farmers**

The economic institution is one of the most significant dimensions of rural life. The institution provides the need of the rural farmers in different ways through provision of credit, provision of land, provision of labour, purchase of equipments and supplies, and marketing of farm produce. These needs are provided in rural communities where family farms predominate. In this situation, the initiatives of individual and family farmers are mobiliaed to look for these services for their farm development. The foregoing economic services are often performed in rural areas through established rural organisations such as:

1. Cooperative societies performed through cooperative efforts of the rural farmers;

2. Government of privately established institutions serving the rural area like rural banks, government parastatal organisations such as agro-service centres where farming inputs such as improved seeds, fertilizers, chemicals, tractor services are made available to farmers at subsidized rates, cooperations which are established by the government to produce and market agricultural products, marketing companies and commodity boards which are to purchase agricultural commodities from producers and other large scale buyers (Akingbade 2003);

3. The efforts of individual farmers who look for these services from other individuals and groups. We are now going to discuss each service in more detail.

a) **Provision of Farm Credit** Farm credit is money provided to farmers to meet the cost of executing various operations on their farm enterprises. The money is often spent on aspects such as project farm planning, acquisition of land where it cannot be obtained, land survey, labour, procurement of farm inputs and marketing. Credit is therefore needed at all stages of agricultural production process. Credit is provided to farmers in two ways. First is cash credit, which is money loaned to farmers. Second is credit in kind, which consists of farm inputs like improved seeds, agro-chemicals, fertilizers and herbicides, which are given to farmers to cover a part of the loan granted to farms. Cash credit is often provided by the Banks. Agricultural Credit Cooperation and Nigeria Agricultural Cooperative and Rural Development Banks (NACRDB) in many States in Nigeria, give credit in both cash and kind to farmers. Collateral security is however required at times.

b) **Acquisition of Land** This is the second manifestation of the significance of the economic institution in the rural area. Acquisition of land for agricultural and other economic purposes is of paramount importance. The system of land tenure in the world falls into two major parts:

i) State ownership and control, and

ii) Individual ownership and control.

The former has developed largely in the communist countries; the latter is predominant in other parts of the world (Njike 2000). Under the state ownership of land, allocation of this resource by groups and for various purposes is usually done by the government. Under individual ownership, land acquisition is frequently through rent, lease, borrowing or outright purchase of land.

c) **The Land Use Degree** The Ogun State of Nigeria Gazette 27 (1978) was one of the instruments which published the decree. It stated that it was in the public interest that the right of all Nigerians to the land of Nigeria be preserved by law. In addition, it was in the interest of the public that the rights of all Nigerians to use and enjoy Nigerian land and its natural fruits in enough quantity to sustain themselves and their families should be preserved. The right to allocate land to applicants and withdraw such land when necessary was vested in the Governor of each state.

A land use and allocation committee was set up in each state to advice the Governor on the implementation of the decree. A land use advisory committee was setup in each Local Government Area to advise on lands in rural areas (Jibowo 1992). The major criticism of the decree is that it allows the rich land developers to acquire large areas of land in various parts of the country without paying much money. The provision of the decree which limits the area of land which could be acquired should be enforced and possibly reviewed to reduce the area further which each person could acquire, so that land could be available for prospective users.

d) **Supply of Labour** Rural labour supply for agricultural development in various parts of the world is through these major sources such as human labour, farm animal sources, and use of modern machines namely ploughs, harrows, harvesters mounted on tractors. The source of labour appears to be indicative of the level of development of each nation. In the underdeveloped and developing parts of the World, which include the major parts of Africa, Asia and Latin America, reliance is placed on human labour to execute many farm operations in the rural areas. Land clearing, cultivation, planting of crops, maintenance operations, harvesting and haulage are carried out manually (Baldwin 1997). The tools used include hoes and cutlasses which demand much human labour. Basket is used for haulage of products from the farm. This involves carrying of products on shoulder or heads. Transportation involves trekking on most occasions.

e) **Acquisition of Technological Equipment and Supplies** The major essence of agricultural technology is the acquisition of equipment and supplies for the improvement of agricultural enterprises. Technology is appropriately described as the study, mastery, ultilisation and systematic application to industrial arts of the knowledge of manufacturing methods (Makanjuola,1998). Agricultural technology may then be defined as the systematic study and application of the knowledge of manufacturing methods to the development of agriculture. Agricultural technology exists in many forms. According to Olayide (1990), agricultural technology falls into one or a combination of many forms.

First is tool-embodied technology, which is symbolised by many tools and machine such as hammers, weeders, planters, stumping machines and sprayer.

Second is process-embodied technology which is found as plans, formulae, blue-prints and procedures embodied in the production and processing of farm goods and services into final products.

Third is process – oriented technology which assumes detailed knowledge of properties of chemicals or physical elements and accumulated experience of sequence to follow in production.

Fourth is decision – oriented technology which encompassed practical knowledge used by planners, technicians, engineers and producers in analysing bodies of information to determine the practical sequence which might be meaningfully arrived at from such information. Many of the tools and equipment used by the small and large scale farmers belong to the first form of technology as classified above. The technology chosen by the small farmers has to meet some basic requirements if it is to be effective.

a) Technically Feasibility It should be able to increase productivity by employing its technical elements;

b) Social Acceptability It should be compatible with community structures norms, values and beliefs;

c) Economic Feasibility It should be characterised by profitability, compatibility with the existing farming practices and systems, dependability and potential for risk minimisation;

d) Infrastructural Compatibility It should be capable of accommodation by the existing level of the infrastructure;

e) Other Requirements It should have employment enhancing and generating potential. It should make optimum use of basic production resources such as land, labour, water, capital and entrepreneurship so as to maximise output. The farm inputs or supplies are land, labour and traditional capital investment including off-farm purchased inputs like fertilizers, pesticides, herbicides, improved seeds and seedlings. Land is the most important of these inputs. Much of the arable land in Nigeria (70%) has not yet been put into cultivation. However, increased population pressure particularly in the cocoa growing area of the southern states and the groundnut growing areas of the northern states, has led to shortening of the fallow period and consequently lowers soil fertility.

f) **Marketing of Farm Produce** In more developed nations, marketing of agricultural commodities is carried out largely by specialised marketing agencies. Examples are food crops, livestock and dairy. Some individual farmers or groups of farmers engage in the production and marketing aspects of agriculture. In many less developed countries, however, many farmers operate on a small scale. They frequently combine both production and marketing of their farm enterprises. Storage and transportation of agricultural enterprises are carried out on the farm. Marketing is carried out at the wholesale and retail levels. In Nigeria storage is only for some months or short period. Some farmers use their crops as collaterals for obtaining loans from traders. Food crops are stored in pots, soil, jute bags, and rafters, hung above the fire place. Only a few farmers use the steel or concrete silos provided by the government.

Transportation of food crops in Nigeria is done mainly by head and lorries. Rail and water transportation are minimal. Water transportation is common in riverine areas of the country. Transportation costs vary according to the means used. Transportation problems such as bad roads, irregularity and excessively high charge of lorries and other transport facilities prevent smooth transportation of agricultural commodities from the farm or village to the markets. Like in many other less developed countries, marketing efficiency is low in Nigeria. This is because of many problems such as:

1. Low level of technical efficiency in processing;
2. Constant price fluctuations;
3. Inadequate transportation and storage,
4. iv) Poor market knowledge and information, and
5. Lack of standardised quality and quantity measures which prevents responsiveness of marketing system to consumer direction and lower efficiency of commodity pricing (Adeyokunnu 1990).

**To improve marketing of agricultural commodities:**

1. The government should establish storage, transportation and processing facilities at low rate for farmers or by individuals or groups of farmers themselves;
2. (ii) Cooperative marketing by producers, traders and consumers should allow greater systematisation and standardisation of marketing;
3. (iii) Marketing education and information should be made available to all people concerned with marketing so as to arrive at judicious marketing decisions.