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The Diminishing Relevance of Oil and the Need for Economic Diversification: The Indian Experience with Neem Tree

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Abstract

Agriculture was Nigeria's economic mainstay from colonial period to the 1970s. Crude oil replaced agriculture because it brought so much money to the economy and many who depended on agriculture abandoned it in pursuance of oil money. Life in the oil boom days was better when compared to agriculture era. Staple crop farming gave way to oil wealth and by extension a far better foreign exchange earner as well as enhanced financial capacity to scale up infrastructure. The side effect was that farmers abandoned their farms and migrated to cities in search of greener pasture. In the 1980s Nigeria entered into economic doldrums thus began to borrow for her development projects and importation of food. Life among the citizens began to be tortuous. The paper uses descriptive and historical analysis as its methodology. The findings are that, over dependence on oil would not allow for positive development because of its dwindling fortunes. The prices of oil in the international market is declining steadily and is affecting Nigeria economy negatively. Government and policy makers are calling for diversification of Nigeria economy. That other mono-culture export countries especially in the developing South are doing so. There are many ways of diversifying in economies. The paper is suggesting or of the opinion that Nigeria can diversify using Neem tree. Neem tree is an agricultural product, that contributes over \$2 billion yearly to Indian economy. And that is a large sum of money in naira value today. It concludes that, diversification of the economy may have many forms, Nigeria can also use Neem tree. According to studies there are more Neem trees in Nigeria than India thus Nigeria should expect much. Just as oil palm trees were taken wild from the bush before researchers made it what it is today. Neem

trees could also be used because Nigeria's may think of it in terms of plantation and otherwise later. Let Nigeria emulate India.

Introduction

One of the vexed economic issues bothering the nation apart from economic corruption is the issue of how to break away from perennial mono-cultural economy in which the nation found itself even before the oil boom of the 1970s to 80s. Of recent, and in almost every economic for production or financial setting, the issue that captures attention most is the diversification of the economy. Economic diversification is gaining currency and is becoming a buzz phrase use by every manner of persons ranging from political office holders, academics etc because of the economic position Nigeria finds itself. Economic diversification has become necessary because for over four decades or so Nigeria was and still depending on oil money for her development. Oil money did not disappoint the nation, it was recking in trillions of dollars that were squandered by the rulers and indeed enemies of this country without consideration that the oil may dry up or that the prices may collapse beyond expectation.

Indeed, two years ago the prices of oil in the international market began to show signs of prostrate, it declined from a whooping \$140 to a mere fluctuation between \$28 and \$30 a barrel, and of mono-culture economy is now dawn on the nation. It is a signal that any weak mono-cultural economy is liable to show signs of regression when the prices of its commodity becomes threatened internally or externally. It is against this background that, the issue of diminishing relevance of oil become imperative. That the use of Neem tree may start just as the production of oil palm trees in the colonial period gained momentum. That the Indian lesson can be a plus to our economy and the environment in this 21st century and beyond.

Concept of Economic Diversification

It appears to be an unfamiliar concept in economic lexicon. That as it may, it is a spread of economic activities or products of a firm or a country between different types of products or different markets, in order to reduce over-dependence (Mayhew, 2009). It is the transition from a single economic commodity or product to dual commodities either for export or internal consumption. This evolutionary stage is characterized by the

production of more commodities either for internal market or export for avoidance of over-dependence and to attract revenue for development.

History of Neem Tree in Nigeria

Neem popularly known in Nigeria as 'Dogonyaro' is a fast-growing tree that does well in all parts of Nigeria, even in poor, stony or sandy soils where some other agricultural crops produce low yields. Neem tree is of Asian origin and probably from the Indian sub-continent. It is believed that in the early 20th century the Indian emigrants took the seeds to the places they were settled. Thus the neem tree was introduced in places such as Australia, South America, East and Sub-Saharan African. Today, the neem is well established in more than 30 countries in Asia, Africa, Australia, Latin America, Europe and the United States of America (Mustafa, 2015).

The neem tree has a conflicting history of its arrival in Nigeria. The conflict is merely on the date or time it was introduced. Some say it was introduced in the late 1920s, while others say early 1940s. But the common point or agreement is that it was introduced by the colonial government. However, one school of thought put that the plant was first introduced to the country in 1928 by the then colonial government who developed plantation of it to check diversification and to provide shades in the hot, arid regions (Abraham, 2013). Another school placed that, neem was introduced into Nigeria by an Indian during the colonial days and was first planted in Maiduguri in the late 1940s. And afterwards, Sir Ahmadu Bello, the then Premier of Northern Nigeria propagated in throughout Northern Nigeria. It was believed that the tree and as they spread would act as shelter belts and in the process check the lost of valuable lands to the desert. Since then it started to spread to other parts of Nigeria (Mustafa, 2015). There are now millions of Neem trees in different parts of the country. Some used it for landscaping and some by the locals for treating common cold and malaria fever.

The Expected Economic Benefits of Neem to Nigeria

Neem is a valuable natural resource, not only because it is currently readily available, but also because its physiognomy indicates that it will always be available in the future. Neem parts, made up of the leaves, flowers, fruits, seeds, roots, bark or products derived from any or a

combination of them have been shown to find application either as pesticide, antibacterial, antifungal, antiviral, anti-malarial or as dental care and birth control agents. For instance, application of Neem products to soil especially the seed cake, have been shown to increase its fertility through provision of nitrogen, phosphorous, potassium and few micronutrients (Abraham, 2013).

According to Abraham (2013) cited Srinkath Varanassi, and Indian working in Nigeria says:

The percentage of the active ingredient in the Neem in Nigeria is two to three times that of India but Nigerians do not want to take advantage of this natural resource... Millions of dollars are wasted annually on importation of fertilizers and pesticides whereas small scale Neem-based biopesticides plants can be established in the country to reduce cost of fertilizers and pesticides... That some of the imported fertilizers used by local farmers are expired products adding that using an effective, organic, locally produced insecticide is the best alternative.

Moreover, the National Research Institute on Chemical Technology Zaria, placed that Neem oil has the same percentage of oil as in palm kernel oil which is 45 per cent. It therefore provides a good alternative or complement PKO in the production of soap. Again the Federal Institute of Industrial Research, Oshodi, Lagos has developed neem based antiseptic soaps: it is on record that the Institute is willing to transfer the technology to willing investors (Abraham, 2013). In this connection, Small and Medium Scale Industries can take advantage of this as this would be an added value to both employment generation and preservation of foreign exchange in importing what can be produced in Nigeria.

Neem has gain currency that a 1992 report of the Board on Science and Technology for International Development of the United States National Research Council said of: "This plant may usher in a new era in pest control, provide millions with inexpensive medicines, cut down the rate of human population growth and even reduce erosion, deforestation, and excessive temperature of an overheated globe". This is true about Nigeria, it would be discussed later in the paper.

In a research report made by Dr. Danazumi Ibrahim of the National Research Institute, Zaria in 2004, he put that, neem tree has tremendous investment potentials waiting to be tapped; judging from its wide application. He put that,

the private sector has a lot of benefit to derive from Neem based investments, especially the raw materials are readily available and also because the technology for extraction of Neem oil is simple and locally available. The kernel can be supplied to manufacturers of Neem biopesticide; an investor may either export the oil, supply to relevant producing industry, or utilize for the production of cosmetic products while the cake goes to fertilizer blending companies.

General Economic Use of Neem Products

Neem products are tradeable commodities within the local and international markets. Apart from the provision of employment to the locals, there are numerous advantages to individuals, groups and the nation. However, it appears to be a common consensus that Neem is the economic tree of the future not only for its many beneficial applications but because it is environmental friendly an ally of agriculture with health benefits to man. Neem, because of its antibacterial and antifungal properties, Neem is useful in the treatment of scalp diseases, pimples, scabies and other skin challenges. Neem, has an ample evidence or believe that the Neem oil can help check skin depigmentation in persons living with vitiligo (Vitiligo is a skin disorder in which smooth whitish patches appear on the skin) (Abraham, 2013).

In Madagascar Republic, women use the product of neem for skin care. Knowledge of its spermicidal properties is also widespread there as women also use it for birth control.

In Latin American ranches, the farmers there both feed their calves with neem seed extracts to de-worm them; a remedy said to be highly effectively and easily affordable. In Central Sudan, farmers place crushed Neem leaves in their water melon farms to protect the fruits from field rats. While in Europe and America are found neem-based toothpastes and cosmetics products where this plant's survival is uncertain. Neem has become one crop that is highly sought for because of its vibrancy and

articulation of small and medium scale farmers in the sub-continent and have been bringing in huge amount of dollars into Indian economy for years now. For instance in calculated value Neem contributes more than \$2 billion yearly to Indian economy. It is believed it could contribute more than that to Nigeria because the concentration of the active ingredients has been found to be about three times higher than what obtains in India. It is also believed that in West Africa it could be a boom because of the concentration of the neem trees stretching from Nigeria westwards to Senegal (Abraham, 2014). Here in Nigeria, an anti malarial and antiretroviral brand has been developed using Neem extracts. There are positive reports on the efficacy of the drug as a cure for malaria and an immune booster for HIV/AIDS patients (Abraham, 2014).

To illustrate the wasteful of the plant in West African for instance, Dr. D. D. Faye, a Senegalese entomologist at the 2002 World Neem Conference in Mumbai, India cited Abraham, 2014:

I keep telling my people that they are sitting on a goldmine. There are over 10 million Neem trees in Senegal, just standing there, being wasted away... propagation of Neem is a high part of our malaria control project. Simple usage of Neem oil or even using Neem products on mosquito nets, instead of harmful chemicals, is not only safer but so much cheaper p. 11

Here in Nigeria

NARICT Zaria and the Forestry Research Institute, Ibadan were at the forefront of the efforts to popularize the utilization of the nation's Neem resources before it got the presidential attention in 2004. Like other political issues – provisions or “no action that follows pronouncements” since then nothing is heard about the way forward for Neem utilization (Abraham, 2014).

In Ghana, neem has become the leading producer of firewood for the densely populated Accra plains. From Somalia to Mauritania, it is the leading plants used as shelter belts for checking or halting the southward spread of the Sahara Desert. From Nigeria to Senegal the shelter belt currently join between the African Union and Sahelian States use neem as the major plant to check desertification (<https://en.wikipedia.org/wiki/Azadirachta indica:Adejamilua,2007>).

Neem tree is of much value to the environment. The first conception of it was to be used for checking desert encroachment in the North. Today

the shelter belt of the north has been aesthetically adorned in addition to its initial function. It has checked erosion in areas where they are cultivated especially in the Sudanic vegetation of Nigeria – Niger, Plateau, Adamawa, Taraba and Nasarawa States. It has been able to provide shade and reduce the burden of radiation from the sun, thus assist to moderate the temperature of the area.

What May Appear Contentious about Neem Production for Revenue

In the early 19th and early 20th centuries, oil palm trees were grown wild in the bushes in Southern Nigeria, but because it was a crop of value, and highly sort for in Europe – for soap manufacture and lubricant for machines: Nigerians were employed through European exchanges to fetch these crops for their used. The control of it caused conflict and disaffection between indigenous people and the European traders (Helleiner, 1960; Orughani, Anene, J. C. & Brown, G. 1977; Stride and Ifeka, 1973).

Besides, the question may arise as to the population of these plants in certain geographical zones of Nigeria. It is agreed that Neem population is found largely in States of the North especially in the Sahelian strands of Bornu, Zamfara, Yobe, Jigawa, Kano, Sokoto, and the Sudanic vegetative zones of Plateau, Nasarawa, Niger, Kwara, Adamawa, Bauchi, Gombe and Taraba. There are some scattered Neem trees found in the Southern parts of Nigeria. Again that would not pose any challenge to its production and use. In the peak days of commodity or staple (cash crop) economy in Nigeria, different crops had their zone of production based on climatic factors. For instance cocoa assigned itself or does well mainly in the South-West zone with some clusters in the South-East and South-South; Cotton was found in North-West, North-Central and North-East Nigeria with cluster in South-West; groundnut like cotton in the same region; oil palm was found in the South-South, South-East, cluster in the South-West; Rubber in the South-South and South-East with cluster in the South-West (Iloje, 1972; Iloje, 1975; Oboli, 1976). Hence it would not really matter, where it is found in large quantity. What is important is the diversification and for Nigeria to key in, in the global neem business for revenue. Outside revenue, it will bring about investment, thus reducing the unemployment, create a better living standards for some persons mainly youths and perhaps reduce poverty and by extension social problems such as abductions/kidnapping, armed robbery and other violent means in the country.

Summary and Conclusion

The paper has attempted to draw the attention of Nigerians to embrace the cultivation, production of Neem tree as an economic tree of the future. This is a result of dwindling economic fortunes of Nigeria that depended on oil for over four decades. With the dwindling nature of the oil, Nigeria is glamouring for survival through the 'chaned tunes' of diversification of the economy. The paper tries to conceptualize diversification, as a process or transition from a sniggle economic commodity or product to dual or more commodities either for export or internal consumption. That the expected benefits to Nigerians are high and valuable. In comparison, Neem oil has the same percentage as palm kernel for the manufacturer of soap. Other products of Neem are for fertilizers, insecticides, pesticides.

Trees can be used for afforestation, erosion, and reduction of excessive temperature. In some climes, it is use for the treatment of animals; used for locals as a medicine in various forms to heal sickness or even birth control. It is also used by orthodox medicine in the preparation of cream for human use. It is a revenue yielding tree, drawing example from India, which in 2013 brought a revenue of about \$2 million in hard currency. It is believed Nigeria has better quality or an advantage in terms of type of Neem here compared to India. Nigerians like in the commodity or staple economy, can diversify as it may likely reap in future in improving the welfare of Nigerians, reduction in unemployment and curbing incessant violence in the state.

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