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### Evaluating the economic benefits from beef-cattle trade in Adawawa state, Nigeria: The case of Jada local government area

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#### Abstract

Jada local government Area (LGA) holds the potential to reap substantial benefits in the path of socio-economic development, both in increasing the income level of households engaged in the cattle business and by improving the internally generated revenue of the government. This study evaluates the economic benefits of cattle trade in the LGA. Using descriptive statistics to analyze the data obtained via questionnaires and face-to-face interviews, results from the study indicate that cattle trade increases the income level of households engaged in the business and the internally generated revenue of the government improved through cattle transaction levies. The results also revealed, however, that some of the cattle traders tend to evade tax. Meanwhile, the results also show that participants in the cattle market face stern challenges, which raise some important policy issues.

**Keywords:** Evaluating economic benefits, local government area

#### 1. Introduction

Beef-cattle trade supports Jobs in Nigeria, encourages investment, and promotes socio-economic development. According to Tibi and Aphunu (2010), in 2008, Nigeria had over 14.73 million cattle consisting of 1.47 million milking cows and 13.26 million beef cattle. The economic significance of cattle production and particularly market in the country has long been recognized since the colonial era. Cattle marketing encompasses all activities associated with the transfer of livestock from the pastoralists in the production points to the final consumers most of whom reside in southern Nigeria (Omoruyi *et al.* 2000) <sup>[13]</sup>. In addition, a report by the Central Bank of Nigeria (CBN, 1999) <sup>[3]</sup>. Demonstrates that cattle trade contributed about 12.7% of the agricultural Gross Domestic Product (GDP) in Nigeria. The cattle industry provides a means of livelihood for a significant proportion of the livestock rearing (pastoral) households and participants in the cattle value chain in the sub-humid and semi-arid ecological zones of Nigeria (Okunmadewa, 1999; FAO, 2006) <sup>[12]</sup>. Although there are many sources of animal protein in Nigeria, it is evident that cattle and cattle products are the predominant and the most commonly consumed (Ikpi, 1990; Tewe, 1997; Tibi & Aphunu, 2010) <sup>[15]</sup>.

In Adamawa State as in Nigeria, a high proportion of the population earns their living from agriculture-oriented activities and therefore contributes to community development. Adamawa is one of the leading states in cattle production in Nigeria (Mohammed, 2009) <sup>[10]</sup>. And has been making a significant contribution to the socio-economic development of the country (Ikpi, 1990) <sup>[6]</sup>. Cattle production and trade play significant roles in the social and economic wellbeing of communities in the state in various ways. Economically the cattle trade serves as a source of income earning to major cattle dealers- sellers and butchers/meat sellers, create employment and markets for a larger number of people who explore the cattle product and by-products for economic gains. Cattle beef constitutes the leading animal product that is vastly explored by the households in Adamawa State as is the case in most communities in Nigeria, particularly for direct consumption and as such, cattle, constitute the major and cheapest source of meat consumption for most households in the state.

Jada local government area (LGA) is among the emerging cattle exporters in Adamawa State, although the cattle marketing in the state is dominated by Mubi International cattle market, followed by Song, Ngurore and, Ganye cattle markets, respectively. Although there.

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Are days designated for cattle marketing, cattle trading has almost become a daily business and is common to all the districts within the Local Government Area? The economy of the L.G.A. has been dominated by indigenous cattle farmers and cattle dealers. Cattle market in Jada, and possibly by extension in the whole Adamawa state and Nigeria in general, is no longer a subject for discussion under the category of profitable farming business but has become a field of inquiry in community development. The common cattle breeds in the local government area are Adamawa Gudali, White Fulani (popularly called Bunaji), Sokoto Gudali (popularly known as Bokoloji) and Red Mbororo also known as Rahaji. But the cattle farming in the area is pre-dominated by Red Mbororo breed.

It is a common knowledge that cattle business does not only provide socio-economic benefits to the community where such activity is being carried out, it can also generate revenue to the Government which can be used to further improve the community's standard of living. Cattle trade has the potential to increase government revenues from levies and taxes (African Union, 2015) [2]. It is a common knowledge that cattle traders are subject to taxes and fees, including local taxes imposed by local authorities along the various livestock paths, cattle movement permits, veterinary and health inspection levies, and other marketing charges (see, for, example, Deloitte, 2006; Makokha, Witwer & Monroy, 2013) [9]. As cattle business is subject to taxation cattle in Jada LGA that is sold or transferred between production and processing phases, or that are delivered for export by a trader, will attract the cattle transaction levy.

Given the potentials of the cattle business to the general economic improvement of Jada local government, need therefore arise to better understand how cattle marketing affects the economic life of Jada People. More specifically, the following research questions need to be addressed. How cattle business affects the socioeconomic life of Jada residence? What is the contribution of cattle marketing to internally generated revenue to the government in the Jada Local Government area?

**2. Research Method**

**2.1 Study design**

This research was a study on beef cattle in Jada local government Area of Adamawa State. The purpose of the study was to describe and analyze the contribution of the beef cattle income and revenue therefrom to Jada community.

**2.2 Study site**

Jada local government area, which was excavated from Ganye local government Area of Adamawa state, Nigeria is one of the local government Areas in the Southern Senatorial Zone of the State. It is bordered in the North - East by Yola South Local Government Area, South-East by Ganye Local Government Area, and South by Zing Local Government Area in Taraba State West by Mayo Belwa Local Government Area of Adamawa State (Adebayo and Tukur, 1991) [1]. The area is found at an average altitude of about 360 meters above sea level and its geographical coordinates are 8°46' N latitude and 12°9' E longitude (<https://www.latlong.net/place/jada-nigeria-5255.html>). It lies in the tropical south-humid climatic zone with

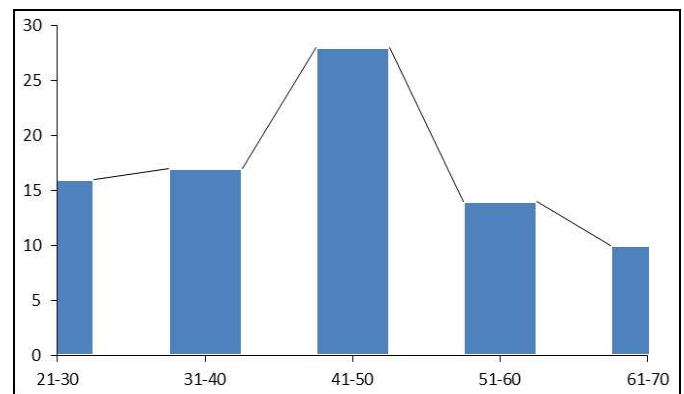
noticeable dry and rainy seasons, which is considered ideal for agriculture as well as human settlement (Joel, Girei, Jongur & Umaru, 2016). The total population of Jada local government stood at 225,100 (Federal Government of Nigeria, 2016) [7-11].

**2.3 Population, sampling and, data analysis**

For the purpose of this study, the population comprises of all the cattle marketers in the Jada cattle market. Since the market is a large crowd that cannot be easily assessed, the researcher will prune the figure by attempting to reach some business individuals in Jada market. Those who can read and write were considered to fill questionnaires on the Contribution of Jada cattle market in employment and tax revenue generation, 100 of those were selected as respondents taken by random sampling method. Those who can neither read nor write were also randomly interviewed on the same topic. Data were analyzed descriptively.

**2.4 Results and Discussion**

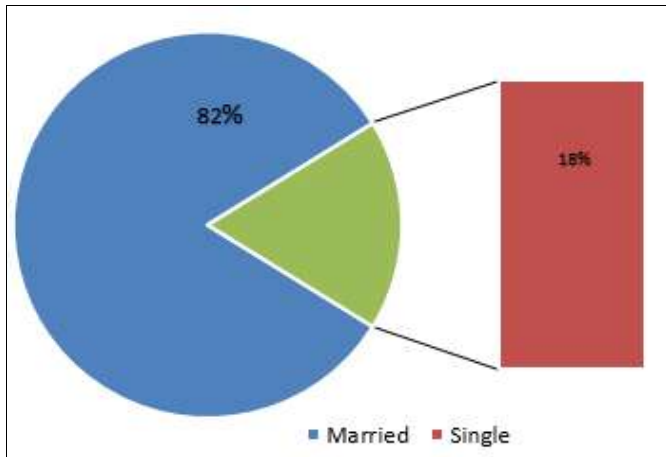
**2.4.1 Age of the Respondents:** In marketing studies, the age of the respondents is an important factor as it may encroach on the level of productivity of every market participant. It is reasonable for one to think that an individual's productivity declines with age. Results shown in Figure 1 revealed that the percentage of respondents whose ages were more than 50 years was only 28. 240%. This means that majority of the respondents are still young and are within the active working age group. This is expected to impact their productivity in the business. The age distribution of the respondents is presented in figure 1 below.



Source: field survey 2019

Fig 1: Age distribution of the respondents'

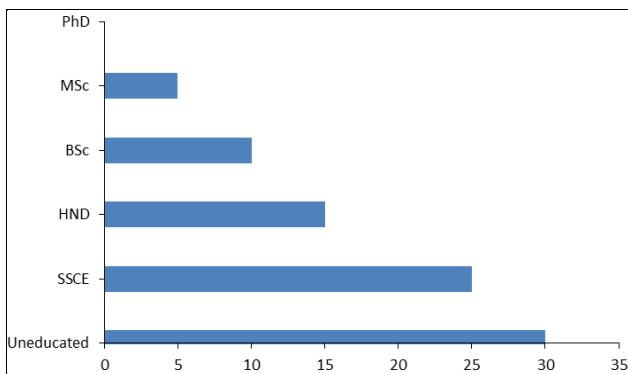
**2.4.2 Marital Status of the Respondents:** The marital status of an individual is expected to have an influence on how responsible s/he is in society and the way s/he will allocate economic resources. In the present study, the distribution of respondents by marital status will give an idea of the extent participants devote to the marketing process. Figure 2 revealed that most of the market participants (82%) were married while 18% were either single or divorced. As most of the respondents were married and are regarded to be relatively responsible, they are expected to take cattle marketing activities very seriously to enable them to raise the income required to cater for their financial responsibilities.



Source: Field Survey 2019

Fig 2: Marital status of the respondents

**2.4.3 Educational attainment of respondents:** It is widely held that formal education converses a varied variety of prospects and advantages on people which can augment success in life. This is because formal education is seen as capable to release anyone from illiteracy, hurtful practices, and poverty (Mafimisebi *et al.*, 2013) [8]. It is expected that higher levels of educational attainment by a market participant may bring about a better understanding of the market dynamics, sound business practice and smart business decisions which may lead to better profit (Mafimisebi *et al.*, 2013) [8]. Figure 3, which depicts the educational qualification of respondents revealed that about 65.0% of the respondents had formal education. This is a required development as the marketers can read and write which, in turn, can facilitate awareness of new business strategies, necessary to enhance market performance.

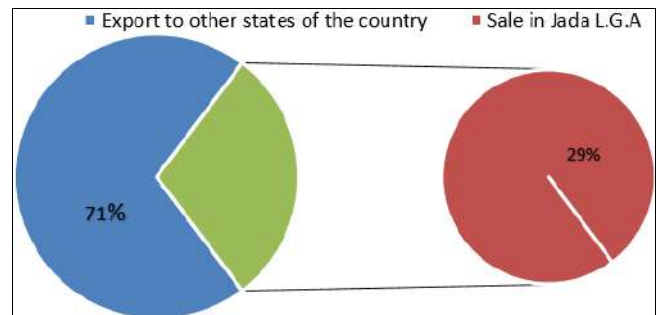


Source: Field Survey 2019

Fig 3: Educational qualification of respondents

**2.4.4 Exports and local consumption:** According to the respondents’ Southern states of Nigeria such as Anambra, Lagos, Imo, among others are the greatest importers of Jada beef. Exports of cattle to these states is becoming more important. Although, consumers in the local communities also add value to the livestock by further processing and packaging (using traditional method) cattle beef for resale within the communities in the LGA. Figure 4 indicates that Jada exports about 71% of the produced/supplied to the area’s cattle market (to other states) while the remaining 29% are often consumed locally (within the local

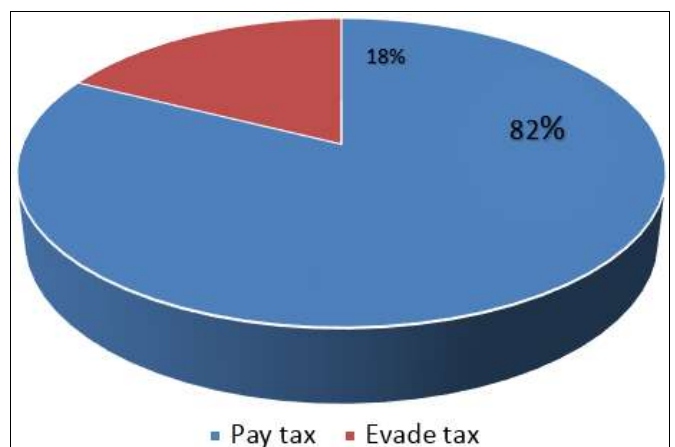
government area). Respondent attributed the larger proposition of exports to differential pricing (indicating prices are higher in the southern states relative to the local market(s)). A higher price typically means greater revenue and profits. Some responded added that prices in the local market(s) are somewhat rigid as local consumers are often sensitive and resistive to price increase relative to their counterparts in the southern states. This rapidly growing demand for meat cattle in the Southern state markets makes it likely to explain the growing importance of cattle trade to the socio-economic development of residence in the area (according to some respondents interviewed). Some respondents interviewed have also indicated that this growth in demand has also stimulated a sustained growth in government’s internally generated revenue.



Source: Field Survey 2019

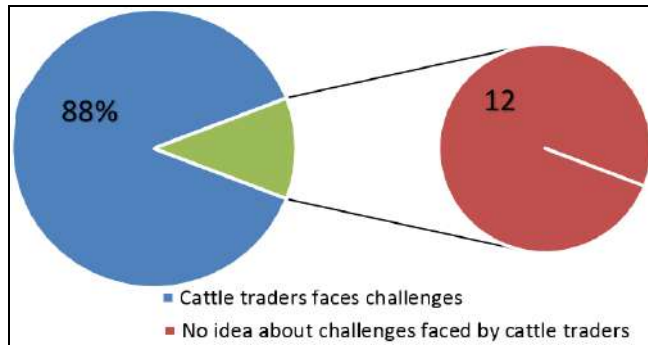
Fig 4: Consumption of cattle traded in Jada by location

**2.4.5 Tax revenue:** Many people made their living from the beef business as producers, dealers, and transporters. Other benefits as processors of beef products, feed millers, and veterinary services, among others. According to the respondents in the area, Beef cattle trade does not only provide sources of food in the destination markets in the country, but it also generates a lot of revenue to the government through various forms of taxes such as ‘Jangali’ cattle tax receipts, taxes on cattle slaughter, trade movements, and exports. Figure 5 reveals that 82% of the respondents indicate that those in the cattle business comply with tax law and pay their taxes while some few representing 18% display some behaviour of not complying with the tax law.



Source: Field Survey 2019

Fig 5: Tax payments by traded in Jada cattle market.



Source: Field Survey 2019

Fig 6: Perception about challenges faced by cattle traders in Jada LGA

However, an observed view from cattle traders suggests that the business faces a few challenges such as poor transport infrastructure, inadequate capital to expand their businesses and unfavourable pricing in many cases as well as risk bearing especially keeping the leftovers for a future market. As indicated in figure 6, 88% of the respondents, largely residence of Jada LGA has acknowledged the presence of these challenges, while 12% of the respondents, most of whom are exporters (buyers from other states or communities) indicate a lack of knowledge about the problems.

### 3. Conclusion and policy implications

Jada local government Area holds the potential to participate more fully in the Nigerian cattle marketplace. The cattle market in Jada plays a significant role in influencing the path of socio-economic development in the area. In considering the socio-economic influence of the cattle business in the study area, there are two observations. First, there is rapid growth in demand for beef cattle from Jada market, which also means an increase in the income level of households engaged in the cattle business and the community at large.

Second, it serves as an additional source of revenue to the government through various forms of taxes such as 'Jangali' cattle tax receipts, taxes on cattle slaughter, trade movements and transaction levy on cattle exports to other communities, thus, improving the internally generated revenue of the government. The findings indicate, however, that although most taxable cattle market participants pay their taxes and/or levies to the constituted tax administrators, some fraction of participants (albeit) seems to evade tax which, implies violation of the principle of tax equity.

Findings from this study revealed that the cattle business in the area is not without challenges. Some notable ones include transportation, financing, and pricing as well as risk bearing.

Finally, only a small fraction of the actors in the cattle business seems to escape tax collection net, concern authorities should ensure that all taxable participants should be taxed. Moreover, recognizing the revenue-raising potentials from cattle business and challenges faced by cattle traders in Jada Local Government, top authorities need to provide the right kind of leadership and supports needed. As improved transportation system has the potential to improve the transportation of livestock and increase in the scope of cattle marketing (selling) operation, governments need to establish a legal framework that will facilitate construction/rehabilitation of several roads that affect cattle

trade in the Local Government.

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