



## ABSTRACT

The study focused on economic activities of rural land transaction pattern in yobe state and relevant literature was reviewed, where primary and secondary data were collected. A five point Likert scale was used to weight the respondent's opinions on the research question such as what are the economic activities of rural land transaction pattern in the study area. A total of 395 farmers were sampled, using stratified sampling techniques.

# ECONOMIC ACTIVITIES OF RURAL LAND TRANSACTION PATTERN IN DAMATURU, YOBE STATE

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## Introduction

Land lies at the heart of social, political and economic life of most African countries, it is the factor for economic growth and the foundation for shelter in the urban areas as well as the source of livelihood in the rural areas (Ukaejiofo, 2018). Food and Agriculture Organization (2015) stated that rural land as term of art, means the collection of: arable land: define as land producing crops requiring annual replanting or fallow land or pasture used for such crops within any five-year period. Permanent cropland: land producing crops which do not require annual replanting. Permanent pastures: natural or artificial grasslands and shrub lands able to be used for grazing livestock. According to Hyman (2018) economy is the mechanism that organizes the use of labour, equipment, vehicles and land and other natural resources to satisfy the desire of the people who lives in a society. Economic studies show how societies utilize scarce resources for producing valuable goods, and how they distribute these among various groups of the population. Economic growth is a harmonious process and can expand in any direction (Nugent & Yotopulos, 2019). Good land governance creates conducive environment for land market to flourish by combating corruption, increasing efficiency and transparency, and making access to land market



Though 361 questionnaires were returned for analysis, these were analysed using mean and standard deviation. The result indicated that letting and rent, direct land sale, and pledge are the most highly economic activities of rural land transaction pattern in the study area. This was revealed from mean scores of 3.89, 3.68 and 3.14 respectively. Similarly, with regard to nature of governance on rural land transactions, the study shows that plot allocation to party members, relatives and proxy, respondents incurred cost in accessing information on rural land transaction and impartial court are having the highest mean scores of 3.24, 3.18 and 3.07 respectively. The study recommended that government should strengthen its anticorruption agencies and making regular land supervision and government should ensure effective rural land zoning to regulate the right of farmland ownership so as to increase the profitability of farming and stability farmland prices while local communities is required to organize vibrant cooperative society and ease access of government and non-government rural land transaction policies and programs.

**Keywords:** Economics activities, Land transaction, Pattern, Rural, Plot allocation

information easy. It also removes legal encumbrances and stringent regulations which can severely undermine rural land market. Yobe state has had challenges of poor tenure system because traditional land tenure arrangement is still predominant in the state.

However, in Yobe State land transaction faced many challenges which point at weakness in governance. Access to land is becoming increasingly difficult for the low income earners as the roles of the state and traditional institution in rural development and agriculture have been unclear, resources have been concentrated in the hand of few, international interest in rural issues are less with poor commitment and corruption has eaten the entire system of some civil servant in some ministry and department. Land transaction in many countries is facing governance challenges (Deininger & Zagarra, 2015). Baland and Robinson (2014) in a political value of land in Chile. Participation in rural land rental market in sub-Saharan Africa: who benefit and how much in Malawi and Zambia (Chamberlin & Gilbert, 2016). Nevertheless, there are no researches which have looked at it from the economic activities of rural land transaction pattern in Yobe State. Hence there is a need for studying the economic activities of rural land transactions pattern.

## **Literature**

### **Rural Land Market**

Factors that are paramount to the development of rural land market are land quality which is estimated as cadastral price form from nature of soil fertility, farm expansion



decision, retirement and exit of farmers from farming activities, the general poverty of the rural population, which often drives families to sell their property for cash, the inability of current users to pay competitive rates, which encourage rural landowners to look for new clients for their land; and the emergence of cash – rich non – agricultural companies looking for new investment opportunities in agriculture (Ali et al., 2015; Jan seen, Kim & Bronc, 2014; Lerman & Natalya, 2016). The transition from subsistence to commercial agriculture, the monetization of the economy of rural societies and the increase in monetary needs, population pressure, technical changes, rising land values by urban expansion and demand of rural land by urban actors may simply boost land markets (Colin, 2018). The link between land market and agricultural productivity can eliminate the anxiety and uncertainty of expropriation that encourage the farmers to make long term investment decision on land and to adopt the best cropping system. Secondly the titles of land make it easy for farmers to use the land as collateral for credit (Tenaw, Islam & Parviainen 2015) it is hypothesized that for farmers who have collateral can easily get access to financial market and increase the supply of credit available to them (Feder & Noranha, 2015). Platteau (2017) state that access to credit enables the farmers to make durable investment in one hand and intensify the production system in inputs in other hand and thereby boosting the agricultural productivity. Secured rural land market increases the demand for improvement of land and the supply of credit through the possession of land as collateral (Feder et al., 2018).

Transaction of rural land occur mainly between relatives or friendly neighbors (Siles et al., 2014). Though with respect to rental contract social capital influences the types of the contract, while the rental price is inversely correlated to the duration of the relation between the landlord and tenant (Reiney et al., 2015).

### **Land Transaction**

It is assumed that land market is created when the ownership of the region is accepted in general terms, regardless of the way it is maintained or the guaranties of its maintenance (Binswanger, 2018) therefore, with any change in legislation or in the guaranties that a property may have, it conditions as an asset become more uncertain, increasing the risk associated with acquisition and decreasing the liquidity, yield and its price (Deininger & Fedder, 2016). Binswanger (2018) state that in any community where the property is not formally established but socially accepted and land is traded, there is a land market. Land prices are the result of a trade between purchaser and sellers in the rural land markets, but this trade only occur when a purchaser has higher expectation than the seller about the future gains from that land. On the same vain these changing expectation of the future gains from the land and therefore it prices are the most important variable in understanding the dynamics of the land market. Zevenbergen (2015) state that, land market to exist, certain circumstances have to be meet and institutional arrangement



should be in place. Land market perform the following basic function: bring buyers and sellers together; set prices for land; allocate land; and play an important role in ensuring that land is efficiently used (Lall *et al.*, 2019). Wallace *et al.* (2016) for the land market to function well three basic ingredients have to be fulfilled: land itself, land rights and complex commodities. On the same vain Wallace *et al.* (2016) has also identified five evolutionary stages in the process of land market development. These stages are land, land rights, land trading, land market and complex property markets. Land markets are one of the ways through which many people gain access to land (Palmer *et al.* 2014) land market exist in the form of land sale and lease where people can transfer ownership/use rights in land or housing.

### **Land Sale and Land Rental/Lease**

Land sale and land rental allows title holders to transfer the rights to buyers on voluntary basis (Koroso, 2011). Lack of credit for land, shortage of land supply that drives the price high and transaction cost is high and unbearable to many leads to land sales market function imperfectly (Swinnen, *et al.* 2016). Land rental/lease is a contract agreement that grants exclusive right of land possession for a fixed period of time (Farracque-vitkovi *et al.* 2015) lease contract is subjected to annual rent payment and observance of covenant included in the contract (Koroso, 2011). In China rental was not needed because of frequent land reallocations, the share of households participating in land rental arrangement increased significantly from 2.3% in 1995 to 9.4% in 2000. Moreover, 22.4% of households indicate that at the current market rate they would be willing to rent (Deininger & Jin, 2015), suggesting that with economic development and greater emergence of off-farm opportunities, the potential for further increases in rental market activity is considerable. A similar increase in the incidence of land rentals over time is apparent in Vietnam in an environment that started from a highly egalitarian allocation of land. Only 3.8% of rural households participated in land rental, compared with 15.8%, with more productive households being, significantly more likely to rent (Deininger & Jin, 2015). In an environment of rapid economic change, allowing market to reallocate land across households with differential endowments or abilities can help attain significant gains in efficiency and equity (Benjamin, Brandt & Rozelle, 2016). Administrative allocation by villages cadres who have only limited opportunities to observe ability, land rental markets allow more productive households to gain access to land and thereby increases output by about 12%, holding other things constant (Dininger & Jin, 2015).

### **Methodology**

Quantitative approach is employed using questionnaire survey. Since the quantitative research approach is the best research approach when the problem is deterministic in nature. The research strategy adopted for this study was descriptive survey method and the famers in each senatorial zone of Yobe state constitute the target population and sample frame of 4911 was used (Ministry of Agriculture and Natural resource, 2020). The study used the table of sample size determination to arrive at a sample size of 361. The



study adopts stratified random sampling method to obtain representative samples of farmers input across each senatorial zone and also Statistical Package for Social Science (SPSS, Version 22) was used for statistical analysis of the data that was generated from the questionnaire survey.

### Results and Discussions

A descriptive statistics based on mean ranking was carried out to explore the level of economic activities of rural land transaction pattern in Yobe State, Nigeria. The results in the Table 1 and showed the ranking, mean and standard deviation.

**Table 1: Level of economic activities of rural land transaction pattern**

SN	Economics Activities	Mean	Std. Deviation	Ranking
1	Letting and Rent transaction	3.87	.978	1
2	The level of direct rural land sale transaction	3.68	.870	2
3	Pledge transaction	3.14	1.118	3
4	Availability of physical supply of land	2.93	1.170	4
5	The level of loans provisions by mortgage lenders	2.87	1.132	5

Table 1 shows the various economic activities of rural land transaction pattern in the study area. The results indicated that letting and rent, direct land sale, pledge, mortgage and physical land and they were found to be high in the study area. The letting and rent was the most prevalent with mean scores of 3.87, ranked 1<sup>st</sup> while direct land sale ranked 2<sup>nd</sup> with mean score of 3.68, pledge transaction was another economic activities of rural land transaction pattern having 3.14 means scores and standard deviation of 1.118 ranked third while physical supply of land and mortgage appear to be ranked fourth and fifth with a mean score of 2.93 and 2.87 respectively. Therefore, it was discovered that majority of the local communities were engage in letting and rent transaction having a mean score of 3.87 ranked first, direct land sale ranked second with 3.68. This indicates that rural land transaction seems to transfer land from resource poor and slightly older local communities to wealthier ones with better access to family labour; a finding that further confirmed the study by Wallace *et al.* (2016) that the likelihood of renting in land and sale is higher for farmers with inadequate owned cultivated land. The implication is that those who are rich in non-land factors rent land to optimize their farm size, in order to utilize their surplus resources (Chen & Restuccia, 2017). Letting and rent and land sale appear to be the most dominant economic activities of rural land transaction pattern in the study area. Similarly, it was also reported that pledge, physical supply of land and mortgage transaction accorded least in the study area.

### Conclusion

Examination has been developed by taking the economic activities of rural land transaction pattern in to account. Those economic activities of rural land transaction pattern are the one which have appeared in the study area, such as letting and rent, direct



land sale, pledge, mortgage and physical supply of land. Government should protect the right of small scale farmers by providing better information about transaction to enhance their bargaining power, government should strengthen its anti-corruption agencies and making regular land supervisions, those who misused their power to transfer land illegally should be brought to book and be prosecuted.

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