

Risk and Risk Management Strategies in Onion Production in Kebbi State of Nigeria

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ABSTRACT In a study conducted in the onion producing area of Kebbi State of Nigeria in determining the risk and risk management strategies in onion farming, analyses (using frequency distribution, importance indices and portfolio model) of primary data collected from onion farmers revealed that output price followed by input price were ranked highest among the various risk sources. Onion farmers were poor in the use of risk reducing strategies to the extent that no risk reducing strategy exists for market risk. Reason for non-use of some risk reducing strategies is either that they are not available or difficult to implement. The most popular risk reducing strategy used was crop enterprise diversification. A risk-loving farmer should engage in onion enterprise only, and a risk averse farmer in non-onion crops enterprise if crop enterprise specialization is compulsory. In enterprise diversification, a low risk averse farmer should put high proportion of farm to onion, which reduces as risk aversion increases until onion farm is 20% of total farm size for high risk averse farmer. It is suggested that agricultural policy makers should encourage among onion farmers the use of formal insurance and cooperative marketing. Research effort should be directed at obtaining improved seed/seedling and efficient and effective storage and processing technologies that will elongate the shelf life of onion.