

Economic Analysis of Kola-nut Production in Nigeria

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ABSTRACT This study employs a stochastic frontier production function analysis to; examine the productivity, predict the technical efficiency of Kola-nut production in Ondo State, Nigeria, and to identify the factors affecting production, profitability, productivity and technical efficiency (TE) using farm – level survey data collected from 150 Kola-nut farmers selected using multistage sampling technique assisted with interview schedule. Findings from the study show that Kola-nut farmers operated on a very small-scale level and the kola trees are quite old but the enterprise is still very profitable. The productivity analysis shows that while number of kola trees, cost of chemical and labour were efficiently utilized it was not the case with farm distance and age of kola trees whose utilization was already in the stage three of the production region. The return to scale (RTS) of 1.155 shows that Kola-nut production was in the irrational stage of the production surface. The TE varied substantially between 0.496 and 0.986 with mean TE of 0.913. The farmers' socio – economic variables represented by primary occupation and storage facilities contributed positively to technical efficiency of the farmers. The level of education however reduces technical efficiency of the farmers. Kola-nut production could therefore be increased by massive replacement of the old kola trees with new ones as well as putting more hectares to kola-nut production.