

## **Halal Economic System: An Explorable Window to Niger State Rapid Economic Development**

Musa Salihu Ewugi\*<sup>1</sup> & Musa Abdullahi Sakanko<sup>1</sup>

Department of Economics

IBB University, Lapai

\*Correspondence Email: [msewugi@gmail.com](mailto:msewugi@gmail.com)

### **Abstract**

*Niger state is one of the largest states in terms of land mass in Nigeria. The land mass covers about 86000 km. Out of this land mass, 80 percent is arable but only 32 percent is currently put to cultivation. Over the years, the state has developmental plans which emphasized the road maps to achieving economic development via empowering Nigerlites by providing a conducive environment for living, through wealth and employment creation opportunities in collaboration with development and public private partners among others. It is found that these road maps however, match the provisions and opportunities that are there in the halal economic system. The study therefore, recommends that the state embraces and embark on halal economic system as an easy channel to economic development and conclude that leadership commitment to plan documents is a pointer to achieving economic development.*

**Keywords:** Economic Development, Economic System, Halal

**JEL Classification:** P21, P27, Z12

### **1. Introduction**

Niger state is among the thirty sixth federating units of Nigeria. Geographically, Niger state is located in Latitude of 3.20' East and longitude 8 and 11.3' north. It is one of the largest states in terms of land mass in Nigeria covering about 86000 km<sup>2</sup> which represent 9.3 percent of the total land mass of the country. Out of this land mass, 80 percent is arable but only 32 percent is currently put to use or cultivation. Furthermore, the state's land mass experiences both rainy and dry seasons farming - about 682000 hectares is irrigable out of which only about 26000 hectares is being put to use annually (Ewugi, Abd-Karim, & Abdul-Hakim, 2014).

Just like all other Nigerian federating units, Niger State's major objective as contained in its development plan documents is to achieve economic development for better life for all in the state. This fact is obvious in its recent development plan documents. The two major most recent development plan documents in the state are the Niger State

Vision 3:2020 plan and the Niger state Development Blueprint (2015 – 2019) plan. These documents actually emphasized strategic priority areas of education, agriculture, infrastructural development, health, sustainable environmental management, equity and social inclusiveness, improved quality of life, enhanced information technology etc.

The plans furthermore, emphasized the road maps to achieving economic development via the aforementioned variables as international and national development organizations, private sectors and even individual philanthropists as vital tools. For instance, it is clearly stated in one of the supportive document to one of development plans that:

*Niger State Government aims to be the 3<sup>rd</sup> developed state Economy in Nigeria by the year 2020. To achieve this, much investment and effective use of its human and financial resources is required.....such opportunities are within the corridor of economic cooperation with the existing and potential development partners, private sectors and philanthropists. There are many International governments and non-governmental organizations that have partnership potentials in forms of kind and cash which the State Government could harness and manage properly as part of its resources towards its economic development (NSPC, 2015).*

Motivationally, these plans with their captivating statements like the aforementioned justifies this research work. Local academic researchers in the state are silent over exploring the axis of halal economic system viz a viz Niger State's development plans with a view to achieving economic development goals of the state.

According to Dubai Islamic Economic Centre (DIEDC) (2014), it's very important, for governments to note that opportunities do exist in the halal economic system, only if governments would encourage innovation, switched into ethical values and economic needs to expand into new markets. To be able to embrace and explore halal economic system, governments, businesses and institutions will need to work together. The halal economics includes: Islamic finance, Halal food industry, Halal fashion, Family-friendly travel and recreation, Media, Halal pharmaceuticals and cosmetics, IT services and digital communication. Although, all the areas are important to an integrated vision of the halal economic system, Islamic finance and the halal foods industry, are the biggest sectors. The sectors are worth 1.5 trillion dollar and 700 billion dollar (estimate) respectively.

Many food economists believed that halal food industry is becoming a major force in global market arena for four established trends. Firstly, Islam is the global contemporary fastest growing religion hence, a global demand force of halal products, the increasing demand for halal products has grown beyond religion to ethical and safety reasons by non-Muslim consumers and, the rising Muslim population and disposable income constitute a demand force in the global market. Finally, there had been greater awareness among Muslims globally on the need and necessity to consume only halal food as against previous halal foods mostly found in few Muslim homes (Elasrag, 2016). These trends have drastically changed market outlook. Nowadays, five star hotels, famous eatery stations, fast food chains all now offer halal food, even airplanes now offer halal food for customers aligning with the new trend in global market because it is the people's choice (Mujar & Hassan, 2014).

The objective of this work therefore, is to amplify stakeholders understanding the benefits of halal economic system with a view to making it a convincing prone utilizable window to Niger state economic development goal. This study is divided in five parts after the introduction: the first part defines halal concept and followed it with a discussion on whether halal economic system could be an economic window for exploration? The third aspect discloses a brief method of the work and the fourth pin points how Niger State could key into the halal paradigm. The fifth aspect dwelled on Niger State's halal economics potential resources which, is followed with a discussions on Niger State's prone accessible root to halal industry. The study's last aspect is conclusion and recommendation.

## **2. What is Halal Economic System?**

The term "halal" refers to Islamic ethics guided by 'halalan tayyib', namely purity, hygiene and healthy living (Soraji, Awang, & Yusoff, 2017). Halal as a Quranic or Arabic word means lawful, allowed, permitted or legal (Elasrag, 2016; Miskam et al., 2017). The name "Halal" has grown beyond the boundaries of permissible products for muslims only, rather it has become a global symbol for quality assurance and lifestyle choices in the world (Elasrag, 2016; Miskam et al., 2017). At the global echelon, Food and Agriculture Organisation (FAO) of the United Nations (UN) has prepared general guidelines for use of the term "Halal" to be adopted by member countries. The term 'halal food' for instance, is defined as legal food under Islamic ethics and should fulfil the criteria of lawfulness by production, origin or nature, processes of production and distribution and not have connection to any ethical illegality.

Halal economic system therefore, is a system based on human cooperation and brotherhood on the framework of consultation and nutritional laws for all humanity (Elasrag, 2016). It can also be defined as "the knowledge and application of injunctions and rules of the Shari'ah that prevent injustice in the acquisition and disposal of material resources in order to provide satisfaction to human beings and enable them perform their obligations to Allah and the society" (Zaman, 1984).

Although, halal economic ethics has been in existence for more than 1400 years, it is interesting to note that recent decades witnessed its global upsurge, championed not only by mainstream Muslim-majority countries, but by the multicultural populations of Southeast Asia and the Muslim diasporas of Europe and North America. The halal market opportunities are so wide across subsectors of the economy. Market opportunities are prevalent in Islamic banking and finance system, cosmetics and personal care, pharmaceuticals, travel and hospitality, lifestyle and fashion, media and recreation and above all the food industry (Elasrag, 2016; Reuters & Standard, 2014)

### *2.1 Could Halal Economic System be an Economic Window for Exploration?*

This knowledge and application of the said system supposed to cover a circumference called a nation. However, halal economic system could safely be in operation without adapting it as national economic system. In other words, halal economics could be embraced by any nation or state or segment of a nation as sector of the economy that operates under an institution.

The following cases are authentic global instances of nations that employ halal system within institutional frame works for globalisation advantage without necessarily modifying their system of government. The biggest Halal food manufacturers and exporters are located in non-Muslims countries like the US, Brazil, Argentina, Australia, India and China. The multinationals from these countries simply grasped the prone advantages and became the Halal export giants. They are estimated to be in control of 90% of the global Halal market. Countries like Brazil, Argentina and New Zealand lead in the export of Halal meat and poultry globally (Elasrag, 2016). Brazil and New Zealand have mixed economies which operate on free market principles while Argentina practices mixed economic system with private freedom, combined with centralized economic planning and government regulation. Yet, these nations lead in Halal meat export.

China practices mixed economy that features both communistic and capitalistic components. Yet, Brunei and China set up three industrial parks in the Southern Guangxi province, one of which is for halal food production (Reuters & Standard, 2014). When Chinese government realised about 200,000 Arabs visits coastal city of Yiwu which is central Zhejiang province (state) every year, it simply made market environment more halal compliant. The government built a 10000 capacity mosque and made halal food available to control and maintain that market segment for economic reasons (Simpfendorfer, 2011).

In other words, these nations simply explored the international market lacuna to generate foreign exchange. They needed not to necessarily change their known economic system. In other words, any country or section of a country or state like Niger state with an ambitious development goal only simply needs to create a window of halal economic system as cheap safe heaven not only to meet up her plans but to achieve economic growth and development.

### **3. Methodology**

The method employed in this study is collecting literature that relate to subject matter of discussion – halal economic system. The criteria purely relied on accessibility to literature that relates to the subject matter (Polonsky, Jones, & Kearsley, 1999). In other words, the study tried to identify scholarly quotes, government documents, literate proves in journals, text books and relevant materials on halal economic system to achieve the objective of the study.

### **4. Findings**

#### *4.1 How Would Niger State Key into the Halal Paradigm?*

It is an open fact that all federating units of Nigeria can source for independent internal generated revenue to boost their monthly allocation from the central government. This therefore, as a matter of policy liberates all states of federation including Niger State to swing round clock for revenue generation to augment and complement their monthly allocations. That is most reason why states make their respective development plans apart from the central government development plans. In other words, Niger State can favourably go into halal economic system by creating ministry of halal economics. The reason is not farfetched, apart from the fact that halal economic system is not of any policy threat to the state, halal opportunities coincide with the key missions of Niger state's recent most development plans. For instance, the mission statements of vision 3:2020 and 2015 – 2019 development plans are as thus respectively:

*To empower Nigerlites by providing a conducive environment for living, through wealth and employment creation opportunities in collaboration with development and public private partners (NSG, 2011).*

*To provide leadership that promotes a democratic and economically promising State.... In doing this, the State Administration shall irrevocably strive to restore the strong societal values and robust institutions that utilizes the talents of Nigerlites using innovative processes and technologies (NSG, 2015).*

In the words of Arancha González in ITC (2015), halal has not only evolved as a new pattern of production and trade, but effectively a new commercial paradigm.

*A global market based on the needs and preferences ...creates opportunities for enterprises, especially in developing markets to take advantage of this estimated US\$ 1 trillion market of (say) the halal food sector. This sector is increasingly attracting the attention of*

*policymakers and the private sector as a sector with increasing growth potential..... a new horizon of opportunity to build the capacity of small and medium-sized enterprises (SMEs) .... While many market sectors are increasingly saturated and highly competitive, the evolving halal market offers a new range of opportunities, giving agile and enterprising SMEs the chance to connect with this new marketplace (ITC, 2015).*

The above statement is a global opportunity expression that is attractive enough to move business minded individuals, institutions and governments into action. In the same manner, Elasrag (2016) described the global status of halal economics to:

*...worth around USD2.3 trillion (excluding Islamic finance). Growing at an estimated annual rate of 20%, the industry is valued at about USD560 billion a year. Thus, making it one of the fastest growing consumer segments in the world.... The halal market is non-exclusive to Muslims, and has gained increasing acceptance among non-Muslim consumers who associate halal with ethical consumerism....it has also become a global symbol for quality assurance and lifestyle choice.*

These descriptions or characteristics of halal economic system in the global arena fit the aforementioned Niger State's development plan missions. To create wealth, generate employment, and collaborates with development partners which are the main characteristics of the missions of Niger state development plans coincides with the prone opportunities in the global halal arena. There is no doubt that a global market with less competition and currently houses demand deficit of about 63 percent which is estimated at USD 63 billion<sup>1</sup> will cheaply absorb a new comer which by its plans is desperate to achieve, wealth creation, employment generation and economically promising state.

#### *4.2 Niger State's Halal Economics Potential Resources*

Niger state is potentially rich in both human and natural resources. Agriculture is the major sector of the economy; its potentials are viable enough to facilitate halal economic system in the state. Its potential includes fisheries, livestock, fruits crops like shea-butter nut and grains. The following therefore, are the major halal economic system potentials:

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<sup>1</sup> Halal Economy: Opportunity and challenges. A Bio-Malaysia and Asian Bio-Economy conference, 2015. Access online at [http://www.biomalaysia.com.my/speakerssliders/day1/session2perlis/BioMalaysia%202015-v4\(17.08.2015\).pdf](http://www.biomalaysia.com.my/speakerssliders/day1/session2perlis/BioMalaysia%202015-v4(17.08.2015).pdf)

- i. Niger state is one of the biggest states in terms of land mass in Nigeria. Its land mass is the second largest after Borno state which covers 6,892,500 hectares, that is, 9.3 percent of the total land area of the country (NBS, 2010). This goes to mean that the state has what it takes to be in modern agriculture.
- ii. Niger State already has established halal formations on the ground. The state joined eleven other northern states in 'sharia implementation' program in 2000. This facilitated formation of specifically Islamic state agencies for the better enforcement of Islamic standards and values (Ndagi, 2012) which are resourceful for the formation of halal economic system. These agencies include Advisory Council of Ulama, a Sharia Commission, Zakat and Endowment Board and even Niger State supply Company is a valuable institution for the state.
- iii. In the 1990s, cattle population in Niger State is put at 1.5million and about 1.7 million poultry i.e. chicken, turkey, etc. These are mainly output of small scale producers with traditional techniques of production. The state however, has the capacity to absorb large scale production for availability of expanse grass land for year-round grazing, favourable weather and abundant water (NSG, 2011). There are over two hundred natural ox-bow lakes and fish ponds, and twenty-three designated Grazing Reserves in the state but currently only two in Babi and Iri are gazetted (Folunsho, 2018).
- iv. The state houses three hydro electricity dams. This apart from serving as national sources of energy, they are potential sources of irrigation for all year round farming.

#### *4.3 Niger State's Prone Accessible Route to Halal Industry*

Halal standard organisations of course still confront problems of unity in front. Traditionally, the Quran and the Sunna (the prophets' words and practices), as well as from Ijma ('a consensus of legal opinion'), and Qiyas ('reasoning by analogy') defines halal (permitted) and haram (prohibited). Yet, there is that lack of one central authority in Islam, the diversity in ethnical back-ground and degree of religiosity and secularity opinions create diverse views on halal worthiness, especially in halal food sector (Kurth & Glasbergen, 2017). However, for Niger state to start or join halal world, it will require to consult with some of the following:

- i. Will first of all, require a policy frame work of operation. This means that the state will require a legal background of operation.
- ii. Consulting Jaiz foundation will be a good start, for AlHuda Centre of Islamic Banking and Economics (CIBE), began an attempt at partnering with Jaiz Foundation on how to establish the first Halal certification agency in Nigeria (Muhammad, 2017).
- iii. Dubai in 2013 broadened up its horizon by establishing the Dubai Islamic Economics (DIEDC), broadened the halal scope beyond the food and beverage. It has extended its scope to cosmetics, pharmaceutical sectors to include art and culture, modest fashion, the digital economy and family-

friendly travel. This also demonstrates the opportunities to engage in the halal-related markets without being a primarily food-producing nation (ITC, 2015).

- iv. Malaysia's Halal industry Development Corporation (HDC), in conjunction with Department of Islamic Development Malaysia (JAKIM) and other relevant agencies, has designed and conducted both national and international training programmes for SMEs in the halal sector. This services include online programmes targeted at increasing awareness and opportunities of halal industry (ITC, 2015).
- v. Consultations with international halal institutions such as Standards and Metrology Institute for Islamic Countries (SMIIC), World Halal Council (WHC), World Halal Food Council (WHFC), etc for linkage and standardization.

In other words, Niger State could consult these aforementioned institutions for link with halal world.

### **5. Recommendation and Conclusion**

This study recommends that Niger state should embrace halal industry as that coincides with her developmental goal and *must start* from halal food industry for both internal economy and international potential advantages. Internally, Niger State is one of the largest in land mass in Nigeria – potent for farming as cheap source of employment for the teeming youth population that currently wallows in poverty. Internationally, halal food has prone advantages such as increased global Muslims disposable income (Muslims alone in 2013 spent \$2 trillion on food and lifestyle products<sup>2</sup>) and it's no longer religious consumer food but secular consumption trend across religious bands (Elasrag, 2016). That's to say, market or demand is certain.

Halal food is not any extra ordinary product; rather ethically endorsed food in line with the teachings of Islam. It becomes very attractive when it *wears halal* nomenclature or logo especially in the global market. That is, when consumables are certified by popularly accepted halal institution, they becomes halal product and exportable. Certification confirms and builds people's confidence about degree of ethicality of the content of a consumable. In halal ethics, unacceptable content of a consumable includes alcohol, any substance of pig, blood and the like.

Developmental plans are mere document of descriptions of intentions to better off societal standard of living. These intentions can only be translated to action when it has committed leadership that truly *mean* to act in line with the document of intentions. It is truly not the number of times plans are revised that matter, but commitment to implementing for achieving plan goals is the first pointer to

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<sup>2</sup> Dubai: The capital of the Islamic economy

[http://www.iedcdubai.ae/assets/uploads/files/DIEDC%20powerpoint\\_1464192004.pdf](http://www.iedcdubai.ae/assets/uploads/files/DIEDC%20powerpoint_1464192004.pdf)



development. It is a common fact that what citizens need more is favourable environment to operate. To our mind Niger state has what it takes to achieve great height from her natural prone advantages in the halal industry. All it requires is a little commitment to creating an environment for halal economics.

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