



## **An Exploration of the Potentialities of *Bai-Salam* as a Mode to Financing Agricultural Products in Nigeria: A Case Study of Nguru-Bade Farmers**

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### **Abstract**

Lack of funding and difficult in securing loan from the bank due to absence of collateral are the major problems that detrimentally affecting the farmers of Nguru-Bade local government areas. Therefore, the overall objectives of this study are to gauge the level of awareness of the farmers of Nguru-Bade local government areas about Bai-Salam product and services and examine how Bai-Salam product can be used as best alternative in financing farmers in Nguru-Bade local government areas. The study used primary source of data (interview) to gained information for the study in order to answer the research questions and achieve the stated objectives. The study also used thematic analysis techniques to analyze the data collected through interview using focus coding techniques. The result from the study depicts out that there is lack of awareness on the Bai-Salam instrument by majority of the farmers of Nguru-Bade local government areas of Yobe state and Bai-Salam being an instrument of Islamic financial institutions can play a vital role in financing farmers deficit in the areas from planting up to harvesting period.

**Keywords:** *Bai-Salam*; Potential; Financing; Agriculture; Farmers

### **INTRODUCTION**

Productivity in the country's economy goes alongside with financial sector. Agriculture is the measuring index for the establishment of a country's economic buoyancy. The role of agriculture in transforming the socio-economic framework of an economy cannot be overemphasized (Udoka, 2015). Therefore, agriculture can be summed as a yardstick for the development of every nation. It is agreed that agricultural sector provides employment opportunities, food security, alleviate poverty, rural developments and improve Gross Domestic Product (GDP) of a nation. Thus, the growth and development of agricultural activities depends on the funding mechanism and using of modern technologies that will give the farmers ability to improve their production. Since before independence Nigeria solely depends on

agricultural activities as the major source of income, but with the oil boom in 1980's the country shows a kind of neglect to the sector, to the extent that the country could not even produce the required goods for its own use. Therefore, agriculture has played a visible role in shaping the Nigerian economy for a very long time, before the period of oil boom. Today, Nigeria with population of (206.14 million) people in the year 2020 based on figure and projections by World Bank estimate, and remains unable to feed its population. This is in spite of the fact that the country has employed or adopted various programmed targeted at overcoming these challenges. Programs such as National Accelerated Food Production Program (NAFPP), Nigerian Agricultural and Co-Operative Bank (NACB), Operation Feed the Nation (OFN), Green Revolution Program (GRP), Go Back to Land Program (GBLP), Directorate of Food, Road and Rural Infrastructural (DFRRI) and many others.

Therefore, agriculture is a social service that requires huge investment in form of funding. For agricultural sector to contribute its quota in the national development government has to fund agriculture by providing enough budgetary allocation to the sector (Duku, 2018). Funding of agriculture remains a problem not only in Nigeria also in other African countries. However, with the rapid change in the economic growth of the country gave the scene of improving agricultural production in the country. So therefore, it is important to revitalize the agricultural sector by means of increasing the production of agricultural produce at commercial level to enable the farmer's in the country to export their goods to other countries. Nguru-Bade local government areas are situated in the Northern part of Yobe state and they are the major producer of agricultural goods in the state (such as rice, millet, beans, Arabic gum, hide and skin, cotton, groundnut etc). Accordingly, Nguru-Bade local government areas are places covered with much abandons barren land and a network of rivers, canals and wells. The areas are having fertile soil good for the irrigation farming. Still, without an exception the farmers in the study area are facing the same challenges of the lack of funding and difficult in securing loan from the bank due to absence of collateral, these are major problems of the farmers in the area. On the other hand, the interest charges, exploitations, corruption, mismanagement, political instability, insecurity attached to the current conventional credit schemes are the sources of all the problems in the area.

The demand in the country for the government and financial institutions to intervene in the provision of financing option in the agriculture remains an issue for stakeholders and researchers. Accordingly, there is common interest both from government and private sector in finding appropriate financing options. A number of programs and policies on agricultural financing have been formulated and implemented by government. In addition, several researches have been conducted to bridge the gap and support the agricultural sector. However, they appear to be inadequate. Nevertheless, the need to provide an alternative method of financing agricultural activities in the areas arise as a result of poor funding and support both from government and private investors. The emergence and application of Islamic financing in project funding has emerged as the only alternative to the conventional financing. The main differences between Islamic financing and conventional financing is the way the funds are used in order to finance the project. The sources of funds must comply with the *Shari'ah* guidelines. Thus, establishing a new model and innovation

for sale mechanism as an alternative and modern financing tool targeting to facilitate funds as a loan to farmers all to increases production capacity. This innovation is established new model of practices of *Bai-Salam* sale mechanism and modern commodity future trading contracts internally and externally targeting, and consolidate the transfer of funding by granting cash loans to the delivery collection of goods and services planning to finance only the direct production rather than cash loans experience (Al Siddig, 2020).

Therefore, this study is introducing *Bai-Salam* as a mode of financing to enhance agricultural production (irrigation farming) in Nguru-Bade local government areas by funding farmers. *Bai-Salam* is an interest free financing instrument that is used in financing farmers. In *Bai-Salam* contract the farmer undertakes to supply some specific goods to the financier at a future date in exchange of an advanced price fully paid at spot. The price is cash, but the supply of the purchased goods is deferred. But the price of the goods may be fixed at a lower rate than the price of a goods delivered at a spot. In this way, the difference between the two prices is the valid profit for the financier. *Bai-Salam* financing is considered to be more suitable in funding agricultural sector. *Bai-Salam* has great potential to be one of the most important forms of financing and investment in Islamic banks or even at the state level, especially as it has the ability to apply to various agricultural, service and industrial sectors (Al Siddig, 2020). So, the purpose of *Bai-Salam* financing is to meet up the need of farmers who need the money to grow their crops and to feed their family up to the time of harvest, also to meet the need of working capital and to meet the need of liquidity problems. *Bai Salam* has gained prominence as an Islamic financial instrument for financing the deficit funding units across the Islamic world (Mobeen, Rafay, and Sadiq, 2017). On top of that, *Bai-Salam* contract is one among the *Shari'ah* compliance instrument used to finance agricultural products. The rapid growth and development of Islamic financial institutions relies on the different financial contracts offered. The growth rapid increasing of Islamic banking should also be followed by the development of products and the variation of the contract in accordance with Islamic principles (Wardayati, Rozik & Ningsili, n.d). Consequently, Islam gives emphasis socio-economic mechanisms which help in promoting equitable distributions of wealth, realization and promoting the objectives of *Maqasid Shari'ah*. The Objectives of *Shari'ah* are to promote welfare in the society and motivate individuals to help each other (Ehsan and Asghar, 2015).

Therefore, the overall objectives of this study are to gauge the level of awareness of the farmers of Nguru-Bade local government areas about *Bai-Salam* product and services and to examine how *Bai-Salam* product can be used as best alternative in financing farmers in Nguru-Bade local government areas. According to al-Jaza'iry (2001), defined *Salam* as a sale with advance payment for a specified merchandise that is guaranteed (i.e it will be given later). The term *Bai Salam* is a synonym of *Salaf* which literally means lending. *Bai Salam* is to give or lend something by one party to another. This is so, because the price or principal of *Bai Salam* is to be paid in advance of the delivery of the subject on the spot at the time of conclusion of the contact. *Salaf* is the principal paid in the *Bai Salam* contract. *Bai-Salam* is a form of forward contract when the price of an asset is paid upfront at the time of the contract for an asset or commodity to be delivered later. It can also be defined as a sale where

the asset or commodity is delivered on deferred basis in exchange for the price be paid immediately (<https://islamicbankers.me/islamic-...>). *Salam* means a contract in which advance payment is made for goods to be delivered later on. *Salam* contract can also be defined as a sale contract whereby the purchaser pays the price in advance and the delivery of the subject matter is postponed to a specified time in future (<https://aims.education/study-online...>). *Salam* can also be defined as a sale agreement that involves advance payment for goods that are to be delivered later (<https://islamicmarkets.com>).

Islamic jurists have also defined *Bai-Salam* contract. According to Shafi'is and Hanbalis defined *Salam* contract as a contract based on a qualified commodity that will be delivered in the future in exchange for its immediate price during the time of the contract (Mohamad, Sifat, Hasmawati & Qatei, 2018). Malikis defined *Salam* contract as a sale where the price of the commodity will be paid in advance, while the commodity is liable to specified terms. Hanafi's defined it as a sale of a deferred object in exchange for its price at the time of the contract (Mohamad, Sifat, Hasmawati & Qatei, 2018). From the various definitions it could be deduced that all the four *Sunni* school of thoughts agree on the permissibility of *Bai Salam* as a contract that entails payment of price for a commodity of which the delivery is deferred in specified time period in the future. Sale with advance payment is allowed due to the statement of the Allah (S.W.T) and the Messenger of Allah (S.A.W).

Allah (S.W.T) says;

*'Oh, you who believed! When you contract a debt for a fixed period, write it down .....'* Q2:282

It is also narrated on the authority of Ibn Abbas who said;

*'When the Prophet (pbuh) came to Madina, they were paying one, two, and three years in advance for fruits. He said to them 'whoever pays in advance the price of something to be delivered later should pay it for a specified measure at specified weight for a specified period.'* Bukhari, Book 35 Hadith 1

On the authority of Ibn Abbas who said; The Prophet (S.A.W) said:

*'Those who pay in advance for anything must do so for a specified measurement, a specified weight and for a specified time.'* Bukhari, Book 35 Hadith 3

The jurists of the first and second generation of the Muslim Ummah and subsequent scholars unanimously uphold that a proof based on Prophetic traditions that the Ummah will never unite upon misguidance. Ibn Al-Mundhir said; all scholars' opinions that we have learnt agreed that *Bai-Salam* contract is permissible, and the people needs this contract (Ibn Qudama, n.d). Putri, Razia & Muneeza (2019), their paper aims to explore the feasibility of *Salam* as an alternative mode of agricultural financing. The paper also describes the modus operandi of the proposed models and identifies potentials risks involved. Ogunbado & Ahmed (2015), their study aims at looking in to this type of financial instrument and see how it can be used to boost agricultural sustainability and explores *Bai-Salam* instrument and its usefulness in enhancing agricultural production. The study depicted that the adoption of *Bai-Salam* will sustain agricultural production in Nigeria, it will improve farmer's

income and standard of living. Muneeza, Yusuf & Hassan (2011), their article aims to explore the theoretical nature of *Salam* contract in depth, the extent of its use in banking arena of Malaysia and to test the theoretical feasibility of its future application by Islamic banks in Malaysia by suggesting an Islamic banking product structure based on *Salam* contract. The study indicates that a feasibility banking product based on *Salam* contract could be formulated to help poor farmers in the country. Wardayati, Rozik & Ningsili (n.d), they analyze how the system of *Salam* financing at Bumi Rinjani Probolinggo SRB, studying the factors of *Salam* financing distributions problems, exploring what innovations are needed to increase the implementation of *Salam* contract and examining the innovation applied on *Salam* accounting. The result shows that Bumi Rinjani SRB are motivated to implement *Salam* financing due to needs of farmers to purchase the production needs and the short financing period, so that *Salam* financing is the correct type of financing. Ibrahim, Omar, Engku, and Adewale (2019), explore the concept of the Bay *Salam* contract and its potential application in financing the agricultural sector in contemporary banking system. Findings show that *Bai-Salam* is largely unpopular in modern days due to high level of risk and management responsibilities required for the financier. The novelty of this paper lies in the proposed model which combines the concept of *Bai-Salam* and *Takaful*.

Bambang, and Sylvia, (2020), explore the problems faced by Islamic banks in Indonesia in the development of *Salam-Based* financing products and efforts to minimize it. The paper outlines the following examples as the problems faced in the operation of *Salam* based financing in Islamic banks: (1) No capital, (2) lack of knowledge, (3) profit oriented, (4) risk of loss of capital, (5) unkind characters. The study concludes that to minimize the problems, Islamic banks in Indonesia can: (1) Cooperate with agricultural insurance, (2) establish a symbiotic relationship, (3) have a marketing network, (4) innovate *Salam* products with a hybrid contract, (5) Islamic banks make *Parallel-Salam*, (6) Islamic banks can expand the object of *Salam* financing, (7) provide *Salam* financing in groups, (8) establish an agricultural bank, (9) screen the farmers who should receive the *Salam* financing, (10) continuous education. It is hoped that Islamic banks can innovate *Salam* products to help improve the welfare of farmers and the community.

Ahmad, Bambang, and Tjiptohadi (2019), discovered a stable financial scheming formula or model that would be compatible with the natural characteristics of a paddy farming cycle in Tuban. The study asserted that *Salam* contract, which is highly beneficial is a prospective financial scheme that terminates the long business chain found in most businesses in Indonesia. The Corporate Social Responsibility which is managed through the *Shari'ah* approach (I-CSR) from a company, can become the solution to bridge the gap found in the implementation of funds for a *Salam* contract. The *Salam* contract applicability is dependent on the Islamic farmer

cooperatives (BMT), a unit of joint venture organization serving as the key players in the execution of the function of a paddy warehouse-trading agent and direct financing to farmers. Strong support also comes from the *Zakat, Infāq, and Shodaqoh* institution (LAZ) whose role is educating and encouraging the paddy farmers' skills and competency, especially to enable them access end-user markets using the aid of information technology.

Al Siddig, (2020), attempts to solve this problem by providing inputs directly by updating production through regular and timely operation of modern scientific inputs. The study identified the structural equation model to analyze the results of the analysis of descriptive statistical data, which resulted in the preferred cash financing for farmers as a desirable situation. However, farmers carry unpaid loans, achieve multiple losses faced by the bank, and make it give up its leading role in agricultural financing, and rely on other formulas with purely commercial outcomes. The new innovative financial model is suitable for developing agricultural finance in all countries of the world and making it more appropriate with the requirements of agricultural financing strategies put forward by countries and international institutions. Alagabi, et al (2014), the study looks at the application of *Bai-Salam* as a product in contemporary Islamic finance, issues, challenges, and recommendation. The study concludes that *Bai-Salam* as an exception is evidently allowed to fulfill the needs of farmers and small and medium scale producers as a special facility to cater for their needs. This mode of financing can be used by modern banks and financial institution, especially to finance the agricultural sector and small and medium scale producers. As pointed out earlier, the price in *Bai-Salam* may be fixed at a lower rate than the price of those commodities delivered at the spot, however, this must not be fixed without the active participation of the seller. In this way, the difference between the two prices may be a valid profit for the banks or financial institutions. In order to ensure that the seller deliver the commodity on the agreed date, they also can ask him to furnish a security, which may be in the form of a guarantee or in the form of mortgage or collateral. In case of default in delivery, the guarantor may be asked to deliver the same commodity by purchasing it from the market, or to recover the price advanced by him. However, this facility is prone to misuse if it is not properly regulated and tailored, the purpose of this special facility could be defeated. Albeit, this article may not shed light on the subject extensively, it has modestly made a salient contribution in the body of literature.

Muhammad, Atiq-ur-Rehman, Muhammad, and Muhammad (2018), the study aims to explore the potential application of *Bai-Salam* (forward sale agreement) as substitute financial instrument in the agriculture sector of Pakistan. The study overall concludes that the banker's and farmer's awareness, willingness, risks, hurdles and the role of institutions in the *Salam* promotion. The majority of the farmers are not aware of the *Salam* contract because the Islamic bank's branch network is limited to

urban areas and there is no proper promotion campaign launched by the Islamic banks for awareness about *Salam* among the farmers. Bankers are reluctant to finance the tenants, orchards due to more operational risk for the bank. Bankers opinion that small farmers do not have personal securities which is not a solid reason because half of the sampled farmers take a loan from the formal system if they can provide securities to conventional interest-based institution why they can't provide securities to Islamic financial institutions? There is a vast market for the Islamic Banks if they sincerely pay their attention towards forward sale contracts. The concept applies to all areas of agriculture and livestock farming to overcome financing problems and boost production.

Umar and Bashir (2020), investigate the determinants of *Bai-Salam* financing product for the agricultural sector in Oman. The results demonstrate that operational costs, profitability and risk mitigation strategies are the most important factors that banks need to take into consideration when financing the agricultural sector using *Bai-Salam*. Therefore, the study suggests that Islamic banks in Oman should adopt *Bai-Salam* as an alternative Islamic product to finance the agricultural sector. Moreover, the Central Bank is encouraged to allow Islamic banks to adopt this product given that it will assist the government in achieving its 2040 vision. Ahmed (2013), the paper looks at the possibility to offer *Salam-Based* financing targeting paddy field farmers of Eastern province. And also, aims to examine the reasons of less usage of *Salam* in Sri Lankan Islamic financial Industry with some solutions which can be used to overcome those reasons. The study concludes that farmers hardly afford to purchase the inputs on cash. Even it's tough enough for them to meet personal consumption expenses from farm income. Thus, banks should take care before proceeding *Salam* instrument to reduce risks large-scale willful defaults. Lastly, two innovative models are proposed in this paper for the feasible application of *Salam*. Banks can offer this instrument either with the help of middlemen who have insightful knowledge about the local area or they can take up the process as a new subsidiary. The ultimate objective of the proposed models is to develop such a system that can result in a win-win situation for both banks and farmers.

Mohammed (2016), the paper explores the extent to which modern applications of *Salam* and *Istisna'* support the *Maqasid al-Shari'ah*. The study suggests new terms and conditions to minimize the risks if not eliminate them. It advises IFIs to become *Istisna'* contractors in the real economy rather than on paper only. *Salam* should not be a near replica of speculative and risky future contracts. If adjustments are not made in modern application of both contracts, the contracts risk jeopardizing the very purpose of the *Shari'ah*. To link it together, all the previous research is mostly assessing the application of *Bai-Salam* in banking sector as new model to be used to finance farming and other products in other place outside the country. But, the present study focuses on the application and exploration of *Bai-Salam* in the study area.

## METHODOLOGY

The study to used primary source of data (interview) to gained information for the study in order to answer the research questions and achieve the stated objectives. An interview is a qualitative research technique that allows face-to-face interaction. It involves asking questions and receiving answers from respondents in an identified research area. The study also used thematic analysis techniques to analyze the data collected through interview using focus coding techniques.

## RESULT AND DISCUSSION

### What is the level of awareness of the people of Nguru-Bade local government farmers on *Bai-Salam* instrument?

The themes that emerged related to this question are (1) Good beginning and personating, investible instrument and new innovation (2) Limited knowledge and interesting. **Theme 1: Good beginning and personating, investible instrument and new innovation** To examine the level of experience of the people of Nguru-Bade local government areas on *Bai-Salam*, the interview respondents have been asked to answer the question regarding their experience with *Bai-Salam* instrument. Ten (10) interviewees agreed that they are having their first experience with *Bai-Salam* instrument, only three among the interviewees has a prior experience or knowledge about the product as they stated;

*"Bai-Salam was an interesting instrument, before I have an experience of Bai-Salam as an instrument used by Jaiz bank for financing farmers." Interviewee 7*

*"I have experience similar to Bai-Salam, which was done locally between the farmer and the business men more especially those who are selling foodstuff in the market, they use to give farmers money after harvest they give them the goods in subsidize price." Interviewee 12*

*"I have once benefitted from Bai-Salam products through Jaiz bank....."*

**Interviewee 3 Theme 2: Limited knowledge and interesting** For every new innovation or development there must be lack of knowledge on it. Farmers were asked regarding their knowledge of the *Bai-Salam* contract and the general public. All the interviewees agreed that their lack of knowledge from general public on *Bai-Salam* instrument for financing farmers as they opined;

*".....So you see was the first time for me to hear about Bai-Salam and I don't think our farmers and entire public are aware or having the knowledge....."*

**interviewee 1** *".....was the first time to hear about the instrument and from our farmers nobody who hears about Bai-Salam....."*

**interviewee 2** *".....In terms of real understanding of the concept discovered that there is limited knowledge in that area from the general public....."*

**interviewee 3** *".....So it was first time to hear about Bai-Salam, even the professionals, the regulators all have little knowledge talk less of general public."*

**Interviewee 4** *".....When we look at knowledge gap or whatever we call it I think it should be expected....."*

**Interviewee 5** *"lack of knowledge and experience about Bai-Salam has to be expected been a new and modern way of financing ....."*

**interviewee 6** *".....As far as professionals are concern they know about the Bai-Salam, they know it, they know it has been used in Islamic banks and other Islamic*



investment institutions, but because of the lack of interest and knowledge on the instrument....." **interviewee 7**"I do not know anything about this product till today ....." **interviewee 8**"seriously there is limited knowledge about the product both from the farmers and general public ....." **Interviewee 9**"there is lack of awareness from the Islamic financial institutions that is why people in our area are not aware of the product Bai-Salam." **Interviewee 10**"this is a new experience to all farmers in this our locality ....." **Interviewee 11** "from the prior experience I have about this product it is believed that the general public are not aware about the Bai-Salam instrument ....." **Interviewee 12**

### **What is the potential of Bai-Salam in financing agricultural product in Nguru-Bade local government area of Yobe State?**

The themes that emerged related to this question are (1) Provision of capital to farmers and promotion and development of market capacity (2) Poverty alleviation, increase high production of agricultural produce.

#### **Theme 3: Provision of Capital to Farmers and Promotion and Development of Market Capacity**

The consensus among the interviewees was that a *Bai-Salam* in Nigeria can be used as an important and vital tool in the provision of capital to farmers and promotion and development of market capacity as some of the interviewees assert;

"..... In term of the potentialities of the Bai-Salam I think it serve as an avenue for financing farmers deficit before the period of harvest and the fact that they are promoting Islamic finance in the country....." **Interviewee 12**" ..... Bai-Salam you know have so many function that to give financing opportunities to farmers in advance before the time of harvesting their produce ....." **Interviewee 6**" ..... So when you are talking of the potential of Bai-Salam it help the farmers to produce agricultural commodity in a commercial quantity to the market i.e boosting the market capacity for stable economy." **Interviewee 7** " .....Well actually the role played by Bai-Salam in boosting market with regard to capital issuance to the farmers is quite sure very interesting and a broad development and welcome idea to our locality." **Interviewee 3**

**Theme 4: Poverty alleviation and increase high production of agricultural produce** Of course, poverty alleviation is a priority in human development and means to increases country economic growth, because *Bai-Salam* provides soft and easier financing strategy free from interest (*Riba*). Therefore, having *Bai-Salam* financing in Nguru-Bade local government areas of Yobe state is a key to uplift the living standard of farmers in the areas and promoting the quality and quantity of agricultural production in the state and the country at large. The interviewees asserted that;

"Of course, you know by the nature of Bai-Salam product is always tie ting to a financing farmer who do not have capital to undertake farming activities, ..... and in terms of poverty alleviation there is no poverty alleviation that you can give greater than giving the capital to a farmer, Bai-Salam financing is one of the simple most important ladders of lifting people out of poverty." **Interviewee 2** "In terms of the role that Bai-Salam can played in assisting farmers of Nguru-Bade local government area

of Yobe state, of course I will tell you that Bai-Salam will actually play a vital role in terms of timely the kind of support to farmers .....” **Interviewee 5** “As you know the Bai-Salam was mainly to finance agricultural activities, by producing goods in large quantity, therefore, poverty can be reduced .....” **interviewee 8** “..... So it is obvious the fact that it will contribute to the development of farmers, this is obvious because the main factor that contribute towards farmers development is providing timely soft financing that will help them to effectively undertake farming with all necessary materials and tools required .....” **interviewee 9**

## **Discussion**

Based on the analysis from the interview conducted, it depicts out that there is lack of awareness on the *Bai-Salam* instrument by majority of the farmers of Nguru-Bade local government areas of Yobe state. The respondents commonly held the view that there is lack of experience and knowledge on the product being a new innovation and development, therefore, there must be some challenges of experience and knowledge gap by farmers. From the result highlighted inadequate knowledge and experience has to be expected, Nguru-Bade farmers being their first time to know about *Bai-Salam* instrument quite sure there must be lack of experience and knowledge and *Bai-Salam* emerged as a new innovation and development that gives farmers an opportunity to get capital to finance their farm and gives the farmers easy access to funding and for every new innovation there must be lack of awareness. Moreover, it is uniquely advantaged to create innovative *Shari'ah*-compliant debt and equity instruments that will attend to the demand for funding of farmers. In relation to the potentialities of *Bai-Salam* instrument. The need for farmers to have cash during the planting up to harvesting period becomes increasingly compulsory to all farmers. This is due to the fact that farmers are always in need of funds to take care of their farms and family during the planting up to the harvesting period and also look over their family. *Bai-Salam* can play a vital and important role in provision of capital to farmers. The respondents uniquely agreed that *Bai-Salam* will bring about rapid development and enhancing the conditions of farmers of Nguru-Bade local government areas of Yobe state. Therefore, it is known that *Bai-Salam* product is responsible in providing financial support to farmers. This shows that *Bai-Salam* can be used to support and encourages farmers of Nguru-Bade local government areas and *Bai-Salam* instrument has significant priority in terms of poverty alleviation and increasing the level of production in the area if adequately applied. However, *Bai-Salam* being an instrument of Islamic financial institutions can play a vital role in financing farmers deficit in the area. Government, Islamic financial institutions, investors, and incorporated bodies should use *Bai-Salam* instrument to finance farmers demand.

To link it up, by adopting and application of *Bai-Salam* by Nguru-Bade farmers and Nigeria at large, a lot of benefit can be deduced. The following benefit of *Bai-Salam* is of paramount importance to Nguru-Bade farmers and Nigeria at large: Serve as an easy way for farmers to get capital to undertake farming activities. *Bai-Salam* encourages uncultivated land to be cultivated *Bai-Salam* create job opportunities and reduced unemployment rate. *Bai-Salam* increases and enhances food production. *Bai-Salam* serve as a means of provide food security to the poor and alleviate poverty. *Bai-*

*Salam* help to promote country's economic growth and help to achieve the objectives of macroeconomic growth and development. *Bai-Salam* serves as an alternative to interest bank loans and agro-financing. It dishes up or encourages mutual cooperation between the financier and the farmer. *Bai-Salam* provides farmer the benefit of having funds to take care of their family before the time of harvesting

## CONCLUSION

For decades, farmers are allied with the cultivation of crucial food crops for sustenance. Therefore, *Bai-Salam* has the potential to support farmers, empower them financially, enhance production, poverty alleviation, and create job opportunities and career development. Thus, the study concludes that there is limited knowledge about the potentialities of the *Bai-Salam* product both from the farmers and general public and it has the potential of alleviating poverty and creating job opportunities. The practice of *Bai-Salm* in some Islamic banking institutions in Nigeria failed to attract a vast majority of Muslim farmers looking for *Shari'ah* compliant financing products. To link it up, the study recommends that there is great need for awareness to the farmers and the entire citizen in the country by arranging a kind of seminars, workshop and conferences to enlighten farmers and general public about the *Bai-Salam* instrument. Government at all level, financial institutions, agro-business men should give impetus to agricultural prosperity by adopting, providing and improving the status of the farmers through *Bai-Salam* financing.

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