**DOMESTIC DEBT AND ECONOMIC GROWTH OF NIGERIA**

 **(1980 – 2014)**

**BY**

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**U13/MSS/ECO/019**

**DEPARTMENT OF ECONOMICS**

**FACULTY OF MANAGEMENT AND SOCIAL SCIENCES**

**GODFREY OKOYE UNIVERSITY**

**UGWUOMU – NIKE, ENUGU.**

**JULY, 2017**

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**A RESEARCH PROJECT**

**PRESENTED TO THE DEPARTMENT OF ECONOMICS,**

**FACULTY OF MANAGEMENT AND SOCIAL SCIENCES,**

**GODFREY OKOYE UNIVERSITY, UGWUOMU NIKE, ENUGU**

**IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE [B.SC.] DEGREE IN ECONOMICS**

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**DECLARATION**

Nnebedum Ebuka .F. With Registration Number U13/MSS/ECO/019 is a bonafide student in the Department of Economics under the Faculty of Management and Social Sciences in Godfrey Okoye University. I would like to declare that the research work entitled “ Domestic Debt And Economic Growth was submitted by me in partial fulfilment of the requirements for the award of Bachelor of Science (B.sc.) in Economics and it is my original work and has not been submitted either in part or full for any other degree or diploma either in this or any other institution.

**CERTIFICATION**

This is to certify that this research work entitled “Domestic Debt and Economic Growth in Nigeria” written by Nnebedum Ebuka F. with Registration Number U13/MSS/ECO/019 presented to the Department of Economics, Godfrey Okoye University Enugu, has been assessed and approved for oral examination/defence by the Department of Economics of Godfrey Okoye University, Enugu.

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**DEDICATION**

To God, to whom I give all the Glory, Praise and Honour for the wondrous work he has done in my life and for seeing me through all these hurdles, and also to my wonderful parents, Chief and Barr. Mrs. Kelvin Nnebedum for their parental care and support. Finally, to my beloved siblings.

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**Abstract**

The impact of different types of domestic debt on economic growth of Nigeria was studied using multiple regression technique. Outcome of the study indicates that in the short run, FGN Bond proved to have a positive significant relationship with economic growth, while Development stock maintained a significant negative relationship. In the long run; Treasury Bills and the lagged value of GDP (in the second year), taken as independent variables were found to be positively significant. Result of the Granger causality test revealed that, while there is a unidirectional relationship between economic growth and FGN Bonds on one hand, there exists unidirectional relationship between Treasury bills and economic growth on the other hand. The study, therefore recommends that, it is not a bad idea after all borrowing from within, since debt could be deployed to good purposes. However, the rule of thumb is that the returns (for a business) and societal welfare (in the case of a government) derivable from deploying the funds generated from the loans mustsurpass the interest being paid on such loan. As a way out of the woods, government must undertake an aggressive cut-down of her bogus burgeoning recurrent expenditure which is over 70% of the total expenditure profile. This will help free up the much-needed savings for infrastructural development. The study further recommends that the Nigerian government should stop accumulating unproductive debts that have no positive multiplier effect. If at all she must borrow from within, then such loans must be tied to some specific, viable and growth enhancing projects that could pay its way through.

**CHAPTER ONE**

1. **INTRODUCTION**

**1.1 Background of the Study**

Debt is an outstanding credit obligation. It refers to payment which must be, but has not yet been paid to somebody. Legally, debt is a choice in action transferable by the creditor to some other person provided that the transfer is in writing and that whole and not merely a part of the debt is so assigned ( Anyafo, 1995).

Public debt is an amount of money owed by the government to institutions, government agencies and other bodies either resident in or outside a country. When debts are owed to residents within a country, it is known as domestic public debt. Specifically in Nigeria, the sources of domestic public debt are the central bank of Nigeria, commercial banks, merchant banks and the non bank public (Nzotta,2004).

It is the objective of every sovereign nation to improve the standard of living of its citizenry and to promote her economic well being. Due to the scarcity of resources, nations borrow from within and externally to foster economic growth and to achieve sustainable economic development (Adepoju, Salau & Obayelu, 2007). The necessity for governments to borrow in order to finance a deficit budget has led to the development of both internal and external debts (Osinubi & Olaleru, 2006, Obadan, 2004).

By way of definition, domestic debts refer to the portion of a country's debt that was borrowed from within the confines of a country. These loans are usually obtained from the central bank of Nigeria, deposit money banks, discount houses and other non bank financial houses. This study therefore is set to assess the degree to which the different components of domestic debts have impacted on the economic growth of Nigeria over the period 1980-2014.

**1.2 Statement of Research Problem**

The reliance by the federal government in borrowing from the banking system, particularly the CBN, to finance its large and unsustainable fiscal deficits has hindered the attainment of macroeconomic stability and sustainable economic growth in Nigeria. In addition, this has crowded out the private sector from the credit market, thereby stalling investment and output growth. A review of Nigeria’s domestic debt profile indicates that, it has been on the increase in recent times. Various factors account for the phenomenal rise. This includes the increased financing needs of government for developmental purposes and other socio –economic needs before the advent of the oil boom. There was also the need to finance the large fiscal deficits of the government after the oil boom period. Other factors include the financing gaps in the government revenue-expenditure profile and other financing needs of the government. All these had led to the enhanced domestic debt stock of Nigeria In spite of her continued penchant for domestic loans, Nigerian economy is still characterized by low per capita income, high unemployment rates, dwindling economies, inadequate basic amenities and poor infrastructural developments and falling growth rates of GDP; problems that publicly procured funds are supposed to take care of. Paradoxically; it does not appear as if our craving for domestic loans is in any way commensurate to our low level of economic growth and development.

The natural question that readily comes to mind is: What has our leaders and the political class been doing with the huge sums of money procured on our behalf as domestic debts and how beneficial has these sources of loans been to the economic growth of Nigeria? It is against this background that this study will seek to investigate the various components of our domestic debt profile. This is with a view to ascertaining the usage, to which the proceeds were put, and the direction / significance of the effects of such funds. - That is the crux of the matter!

**1.3 Research Questions**

This study will be addressing these research questions

1. what is the nature of the relationship between domestic debt and economic growth in Nigeria with the period under review?
2. What is the impact of domestic debt on economic growth of Nigeria?

**1.4 Research Objective**

The broad objective of this study is to ascertain the impact of domestic debt on economic growth of Nigeria.

Specifically, the objectives of this study include:

1. To ascertain the relationship between domestic debt and economic growth of Nigeria.
2. To find out the impact of domestic debt on economic growth of Nigeria.

Centrally, the study is intended to ascertain the impact of domestic debt on the economic growth of Nigeria. It will investigate the mismatch between the huge domestic debts incurred by Nigeria, within the period (1980-2014) and the stunted level of economic growth in Nigeria. The study will seek to determine the impact of domestic debts procured through Treasury bills, Treasury certificates and Treasury Bonds on the economic growth of Nigeria. It will also seek to determine the impact of Development stock, FGN Bonds and Promissory notes on the economic growth of Nigeria, herein, represented by Gross Domestic Product (GDP).

**1.5 Hypothesis of the study:**

The following hypotheses shall be tested in this study:

**Ho1**: There is no significant relationship between the Domestic debt and economic growth in Nigeria.

**Ho2**: Domestic debts has no significant impact on economic growth in Nigeria

**1.6 Scope of the Study**

Domestic debt and economic growth is a very broad area. This study as a matter of fact is limited only to the Nigerian economy. The scope of investigation is delineated from 1980-2014, a period of 35 (thirty five years).

**CHAPTER TWO**

**LITERATURE REVIEW**

**2.1 Conceptual Review**

**2.1.1 Economic Growth**

Economic growth can be defined as the process whereby the per capital income of a country increases over a long period of time. It is measured by the amount of goods and services produced in a country usually within a period of one year.

(Ajayi ,1996) perceived economic growth as the increase overtime in a country’s real output of goods and services. It can equally be said to be an increase in the country’s Gross domestic Product (GDP) over a period of time.

**2.1.2 Domestic Debt**

(Odozi, 1996) defined domestic debt as the gross liability of Government and properly considered should include federal, state and local governments transfer obligations to the citizens and corporate forms within the country. Consequently, the Central Bank of Nigeria (CBN) as financial adviser to the Federal Government is occupied with the responsibility purpose to manage the domestic public debt. Domestic debts are instruments of debt issued by the federal government and denominated in local currency. Debt instruments in issue consists of federal treasury bills, federal government development stocks, treasury bonds and federal government bonds. (Asogwa, 2006).

These debts (Domestic debts) are originally generated within the geo-graphical region of the country, which are contracted through debt instruments like treasury bonds, treasury bills, and treasury certificates. Others included are development stocks, GFN bonds are promissory notes.

In Nigeria, few factors have been developed to explain the charging domestic debt profile between the 1960’s and now. These factors include, high budget deficits, large expenditure growth, high inflation rate, narrow revenue base, and low output growth experienced since the 1980’s (Odozi, 1996 and RAPU, 2003).

(Ola and Adeyemo, 1998), while explaining the reasons for increasing public debt on the part of government came up with the following reasons:

1) Government borrows to finance important capital project such as water dams, agricultural developments projects and river basin development project.

2) Government borrows to finance emergencies like natural disaster and economic depressions and

3) Government borrows to finance current expenditure in anticipation of reasonable revenue collection.

Declines in government revenue were met by borrowing from the central bank through the instrument of ways and mean advances. These advances were never defrayed by the government but refinanced by the floatation of new treasury bills and treasury bonds to pay holders of maturing debt instruments thereby contributing to the continued growth of debt stock. (Adofu, Abula, 2010).

Currently the continuous security challenges in the North (Boko Haram) and defiant corruption of our political leaders have massively contributed to the increased accumulation of domestic debt of the Federal Government.

**Treasury Bills**

These are debt instruments used by the federal governments to borrow funds for short periods of about 3 months pending the collection of it’s revenues. Treasury bills were first introduced in UK in the days of (Walter Bagchot, 1877) and at that time were modeled as commercial bills. In Nigeria, the TB’s first public issue was made on 7th April 1960. This success achieved encouraged further issues of monetary instruments (Anyanfo, 1993). Currently, the allotment of TB (Treasury Bills) are issued by an auction based system and in multiples of N1000.00 per tender subscriptions are usually sold through an authorized dealer.

**Bonds**

These emerged towards the end of 1989 when the monetary authorities of Nigeria made a decision to convict N11.35 billion of maturing treasury bill into 6% denominated treasury bonds with maturity profile. The import of this concept is that the instruments are not eligible to the traded at the money market and cannot serve as an instrument for open market operations. The major objective of treasury bonds is to provide a cost effective source of deficit financing for the government and to seek to minimize debt service obligations in government debts occasioned by the high level of deficit financing by the government (Nzotta, 2004).

**FGN Bonds**

FGN bonds are liabilities or debt securities of the federal government of Nigeria issued under the authority of the DMO (debt management Office) and listed on the Nigerian stock exchange. The FGN has a duty to pay the bond holder the principal and a greed interest as they fall due. A bond holder has simply lent to the federal government for a specified period of time. The FGN bond is considered as the safest of all investments in domestic currency securities market because it is backed by the full faith and credit of the federal government. There is no default risk, meaning that is virtually certain you will be paid as in accordance with the terms and conditions made. Most FGN bonds have fixed interest rates which are paid semi-annually. It last for a tenor of two years.

**Promissory Notes**

These are documents stating that a person promises to pay another specified sum at a certain date. Since it is a negotiable instrument. It is very similar to a bill of exchange. By virtue of the government Promissory Notes Act 1960 No6, the federal government of Nigeria can raise domestic public loans via this source.

**Development Stock**

These are fairly long term debt instruments issued by the CBN on behalf of the federal government. They have fixed rates and definite maturity. In an attempt to improve the liquidity and profitability of banks, the central bank classified government development stocks of less than 3 years to maturity as eligible liquid assets for the purpose of computing the liquidity of banks. Thus move further broadened the scope of activities in the money market (Nzotta, 2004).

**Treasury Certificates**

These are medium term government securities which have a maturity of between one to two years. It serves as bridge between treasury bills (short-term instruments) and long term government stocks. Treasury certificates were introduced in Nigeria in 1968 and are similar to treasury bills in all respects except that the tenure is different. Both instruments are eligible for rediscount at the secondary market.

Treasury certificates have played a major role in the development of the money in Nigeria. The instrument has also assisted government in meeting it’s financial needs, especially during the civil war years and the reconstruction period of the 1970’s. Further issues were suspended in 1975 due to excess liquidity in the system occasioned by the oil boom. The TC’s were again introduced in 1976 as a result of pressure on government finances.

**2.2 Theoretical literature**

According to (Babu, 2016), a tax cut financed by government borrowing would have many effects on the economy. This is in the view of the positive and negative impact of domestic debt on economic growth traditionally. Babu said that “the immediate impact of the tax cut would be the motivate consumer spending. As we all know higher consumer spending both in the short and long-run affects the economy. In the short run, higher consumer spending would give a rise to the demand for goods and services and therefore raise output and employment while in the long run, the higher interest rate would discourage investment and thus crowd out private investment. This is because in the short-run since there is a rise in the demand for goods and services thus leading to a rise in output and employment, it increases the real interest rate in the economy hence encouraging capital inflow from abroad. Since marginal propensity to consumer is higher than marginal propensity to save, the increase in private savings falls short of government dis-savings.

In addition to the long-run process whereby a higher interest rate would discourage investment, the lower domestic savings mean a smaller capital stock. The inflow from abroad would result in greater foreign debt. (Babu, 2015).

(Sheikh, 2010) said that the overall impact when considering the long-run period would be smaller total output and eventually lower consumption and reduced economic welfare. He referred this event as the burden of public debt, as each generation burdens the next, by leaving behind a smaller aggregate stock of capital.

Domestic debt servicing can consume a significant part of government revenues; especially given that domestic interest rates are higher than foreign ones. According to (WB and IMF, 2001), extensive use of domestic borrowing can have severe repercussions on the economy. A frequent occurrence to Shallow financial markets is that the interest cost of domestic borrowing rises quickly along with increase in the outstanding stock of debt.

Still on (Babu , 2015) he said that domestic debt financing leads to crowding out of private investment. Governments tap domestic private savings that would have been available to the private sector when issuing domestic debts. This is normally followed by an increase in domestic interest rates therefore adversely affecting private investment.

(Iyiola and Iyare, 1999) examined the causes of Debt problems in Nigeria and grouped them into four categories as:

1. those arising from fundamental and structural causes
2. those due to cyclical causes
3. those due to inappropriate domestic policy
4. those arising from two (2) hostile economic and political environment.

They confirmed that structural weakness in the typical Nigerian economy assume a commanding position in causing the debt problem because it made the economy extremely vulnerable to cyclical shocks such as oil price shocks, instability of primary commodity prices and declining terms of trade. They took a good look of Nigeria’s debt problem in the years considered in this study relation to the existing theories of growth in literature like the BIG PUSH THEORY.

The doctrine of balanced growth Solow’s growth model. Rostow’s stages of economic growth. The new endogenous growth theory – Saying that insight’s gotten from the theories stated above can be gotten into Nigeria’s predicament.

The big push theory hinges on the fact that a large comprehensive programme is needed in form of high minimum amount of investment to overcome the obstacles to development in an under developed economy and to launch it on the path of steady progress, but due to the debt overhaul over the years, it did create a limit to the amount of resources needed to achieve stable growth thus affecting the foreign exchange rates of the Nigerian economy.

In Nigeria, budget deficit and financial gaps have existed between savings and investments. It becomes a necessity to contract debt either from domestic or external sources, when there is a consideration of ROSENSTEIN – RODAN, who postulated the Big push theory of growth and development. The main advantage of the theory is that there is a minimum level of resources that must be devoted to a government development programme if it is to have any chance of success:

This theory is very relevant when there is a consideration of the indivisibilities and external economies articulated by ROSENTEIN – RODAN as necessary for Kiac starting and sustaining economic growth and development which is the indivisibility of the supply of social overhead capital.

An increasing population growth and the creation of states have necessitated the provision of services of social overhead capital comprising of good transportation facilities, communications, power generation e.t.c. to drive the economy. For this to be achieved there is always the need for sizeable initial lump-sum of investment that leads to government borrowing money from many sources.

From the perspective of the balanced growth theory in designing an economic agenda for the desired growth of the Nigerian economy, government ahs on different occasions employed the theory of balanced growth popularized by Ragnar Nurske as a possible theory from the viewpoint that all sectors of the economy i.e. education, agriculture, health, housing, power generation e.t.c. has to grow in their productive capacity simultaneously.

As expected, this theory approach has it’s cost implications that have often resulted in government borrowing and thereby getting more debts. Although the theory approach the economic growth is commendable in Nigeria problems arising from balancing with the both the demand and the supply side so as to make balanced growth benefit the economy on a sustainable basis still remains an issue to be solved.

The theory of balanced growth states that there should be a simultaneous and harmonious development of different sectors of the economy so that all sectors grow together. For this to be achieved a balance is required between the demand and supply sides.

The supply side has to do with simultaneous development of all interrelated sectors which help in increasing supply of good which comprises of issues such as investment in power, agriculture, irrigation, transport e.t.c. while demand side concerns the provisions of employment opportunities and increasing incomes so that the demand for goods and services may rise on the part of the consumers.

Proponents of domestic debt view as having a positive impact on growth, inflation and savings from the perspective of deeper and sophicated markets, which enhance volume and efficiency of private investment.

The complication of not developing the domestic debt markets is that foreign aid, which most less developed countries still do, will find it difficult to exit from donor dependency despite most donor countries likely to reduce financial support in the wake of the global financial crisis. (Bakare, Oguolana & Adeleye 2016).

Domestic debt markets can also strengthen the money and financial markets, boost private savings and stimulate investment. Still on the two, Government securities are an important instrument for the conduct of indirect open market operations and also for use as collateral in the Inter-bank market which helps bank manage their liquidity effectively thereby reducing the central banks need for frequent interventions. Equally Central Banks operating in well developed markets do not have to rely on direct controls which distort financial sector decision (Gulde *et al,* 2006). Yeilds or government securities can be used as a benchmark for the pricing of private sector debts thereby promoting the development of a corporate bond market (Fabella & Mathur 2003).

According to (IMF, 2001), Domestic debt instruments also provide savers with an alternative attractive avenue of investment and can therefore help in bringing in money from the non-monetary sector to the formal financial system. The benefits or advantages go beyond savings mobilization and extend to the deepening of the financial market, widening of the tax base and improved perceptions of currency and country risk (Abbas & Christensten, 2007).

Since most banks in many developing countries face an inherent risk and sometimes unpredictable business environment, they may be reluctant to engage with the private sector. However, holdings of government securities provide banks with steady and safer home and may therefore compensate for the poor environment, and encourage lending to risk sectors (Kumhof & Tanner, 2006); According to (Akahn, 2005) he said that in the long-term, increasing domestic financing will help governments build a track record to access international markets as research has shown that countries that have successfully issued sovereign bonds on international markets have typically had a long prior experience with issuing domestic government bonds in their domestic markets.

(Oshadami, 2006) sees domestic debt as debt instruments issued by federal government and denominated in local currency. In principles, state and local government can also issue debt instruments, but limited in their ability to issue such. Debt instruments consist of Nigerian treasury certificates, federal government development stocks and treasury bonds. Out of these, treasury bills, treasury certificates and development stocks are marketable and negotiable while treasury bonds; ways and means advances are not marketable but held solely by the CBN.

(Oyedeji , 1985) considers debt as the resource of money in use in an organization which is not contributed by its owner or does not in any way belong to them. It is a liability represented by a financial instrument or other formal equivalent. In modern law debt has no precise meaning and may be regarded as essentially as one which one person legally owes to another or an obligation that is enforceable by legal action to make payment of money. When a government borrows, the debt is a public debt. Public debts either internal or external are debts incurred by the government through borrowing domestic investments.

(Odozi , 1996), conceives domestic debt as the gross liability of government and properly considered should include federal, state and local governments transfer obligations to it’s citizens and corporate firms within the country. Consequently, the Central Bank of Nigeria as banker and financial adviser to the federal government is charged with the responsibility for managing the domestic public debt.

**2.3 Empirical Review**

More recently, (Maara, Owino and Mutai, 2008) conducted a study on the Impact of domestic debt in the Kenyan economy using the Barron growth regression model. The results indicate that although the composition of Kenya’s public debt has shifted in favor of domestic debt expansion had a positive but not significant effect on economic growth during the period.

In a study conducted by (James, 2006), the author discovers that public debt has no significant effect on the growth of the Nigerian economy because the fund borrowed were not channeled into productive ventures, but diverted into private purse. The scholar suggests further, that corruption must be tackled to the latter if the gains for debt forgiveness granted to Nigeria were to be realized.

(Abbas and Christensen, 2007) analysed optimal domestic debt levels in low-income countries and emerging markets between the period 1975 – 2004 using curanger causality Regression model and found that moderate levels of marketabledomestic debt as a percentage of GDP have significant positive effects on economic growth. The study also provided evidence that debt levels exceeding 35 percent of total bank deposits have negative impact on economic growth.

(Adofu and Abula, 2010) examine the effect of domestic debt on the Nigerian economy during the period of 1986 – 2005 using OLS technique. The findings reveal that domestic debt has negatively affected the growth of the Nigerian economy and recommends that governments should introduce efforts to resolve the outstanding domestic debt.

(Aminu Umaru *et al,* 2013), asserted that domestic debts if properly managed can lead to high growth level. A major policy implication of this result is that concerted efforts be made by policy makers to manage debts effectively by channeling them to productive activities, so as to increase the level of output in Nigeria. Other implication of the study is that most developing countries contract debt for selfish reason rather than the main aim which is promoting the economic growth through investment to capital formation and other social overhead capital. The study also recommends that government should rely more on domestic debt in stimulating economic growth rather than external debt.

(Onyeiwu , 2012) examined the relationship between domestic debt and economic growth in Nigeria. The results of the study should that domestic debt holding of government is far above the healthy threshold of 35 percent of bank deposit. This portends crowding out effect on private investments. It also confirmed that the level of debt has negative effect on economic growth in Nigeria. It recommended that government should maintain a debt bank deposit ratio below 35 percent, increase in its usage of tax revenue to finance developmental projects and to divest itself of all projects the private sector can handle while providing enabling environment for private sector investors and improved infrastructural facilities.

(Oshadami , 2006) concluded that growth of domestic debt has affected negatively the growth of the economy. This situation is premised on the fact that majority of the market participant are unwilling to hold longer maturity and as a result the government has been able to issue more of short term debt instruments. This has affected the proper conduct of monetary policy and affected other macroeconomic variables like inflation which makes proper prediction in the economy difficult.

(Were, 2001) in her study of sub-sharah Africa (SSA) stated that SSA is still plagued by its heavy external debt burden compounded by massive poverty and structural weaknesses of most of the economics, which has made attainment of rapid and sustainable growth and development difficult.

(Damian, Chukwunonso, 2014) investigated the empirical issues pertaining the structure and composition of domestic debt and its impact on private investment in Nigeria.

The study employed multiple regression models using secondary data from 1980 to 2014. The study found out that domestic debt has a significant negative impact on domestic private investment in Nigeria. Results also showed that domestic debt has a significant negative impact on foreign private investment in Nigeria with exchange rate and debt servicing having positive effect on foreign private investment in Nigeria. It finally concluded that if domestic debt is unchecked in the country crowds out private investment in Nigeria.

(Ozurumba, Kanu, 2014), analyzed the impact of the different components of domestic debt economic growth of Nigeria using multiple regression technique and discovered that in the short-run FGN bond proved to have a positive significant relationship with economic growth, while development stock maintained a significant negative relationship. In the long-run, Treasury Bills and the lagged value of GDP variables have positively significant.

(Aminu, Ahmadu, Salihu, 2013) confirmed that domestic debts if properly managed can lead to a high growth levels. A major policy implication of the result is that concerted effort made by policy makers to manage debts effectively by channeling them to productive activities (real sector), so as to increase the level of output in Nigeria. Another policy implication of the study was that most developing countries contract debt for selfish reasons rather than for the promotion of economic growth through investment in capital formation and other social overhead capital. The paper also recommended that government should rely more on domestic debt in stimulating growth rather than external debt.

(Tamunonimim , 2013) investigated the relationship between domestic debt and the rate of poverty in Nigeria (1986 – 2012), using Johansen co-integration technique; estimated results revealed that a long-run relationship exist between poverty measured by (per capita gross domestic product, basic secondary school enrollment and Gross Domestic Product) and domestic debt in Nigeria. The research equally showcased that domestic debt has a positive impact on bank credit and the impact is highly significant. Hence, the study recommended that government should make efforts to settle the outstanding domestic debt as it will give room for proper conduct of monetary policy in the economy. This is necessary because excessive domestic debt sometimes have negative impact on growth, if it persists.

(Sheikh Fande & Tariq, 2010) investigated the impact of domestic debt on economic growth in Pakistan applying the OLS techniques for the period of 1972 to 2009. The study showcased that the stock of domestic debt effects economic growth positively to Pakistan. The study also observed that there is an inverse relationship between domestic debt servicing and economic growth. The findings of the study revealed that the negative impact of domestic debt servicing on economic growth is stronger than positive impact of domestic debt on economic growth. It therefore suggested economic policies to settle outstanding domestic debt.

(Peter, Denis, Chukwuedo , 2013) examined the relationship between government domestic debt and economic growth of Nigeria using Unit root and co-integration test findings of the study showed that domestic debt and credit have significant and direct relationships with GDP, while debt servicing has an inverse relationship with GDP. The research based on it’s findings, concluded that domestic debt should be invested in productive sector of the economy and more especially in the real sector, and further productivity gain will be achieved in the improvement on capital project expenditure.

(Annyanwu, Ehijakpor , 2004) analyzed the growth effects of the current domestic debt outstanding as a ratio of GDP and the growth effects of the past domestic debt accumulation, using Nigerian time series data for the period 1970 – 2003. The results showed that current domestic debt outstanding as a ratio of GDP has a significant negative effect on economic growth, due largely – to high implicit domestic interest rates. On the other hand, past domestic debt accumulated positively and significantly affects economic growth, thus rejecting the domestic debt overhang hypothesis. The study recommended the need for Nigeria to open and improve foreign access to holdings of domestic debts so as to strengthen competition and hence reduce financial costs with the accompanying introduction of financial technology and innovation that will in turn result in a higher marker efficiency.

The reviewed empirical studies above shows a mixed impact of domestic debt on economic growth. A number of studies are of the view that domestic debt have negative impacts while other studies prove otherwise. But the fact remains that different economic environments determine the positive or negative performance of domestic debt on economic growth.

**2.4 Structure Of Nigeria’s Domestic Debt And Economic Performance During Pre-Sap, Sap And Post Sap Era**

This section captures the structure of domestic debt and economic performance during the pre-SAP3, SAP and post-SAP era on various economic indicators in Nigeria. Since the early 1960s, the ratio of domestic government debt to Gross Domestic Product (GDP) has increased. A decade later by 1974 this ratio went up slightly to 6.9% of GDP. But by 1984, the domestic debt to GDP ratio was over 40%. Although it declined slightly in the 1990s, it has since 2000 moved upward, (Asogwa , 2005). Nigeria has not been alone in experiencing escalating levels of government domestic indebtedness, but in comparison to other countries in sub-Saharan Africa, Nigeria’s domestic debt to GDP ratio is clearly on the high side. For the non-HIPC4 in sub-Saharan Africa, the domestic debt/GDP ratio averaged 23 percent between 1995- 2000, and if we exclude Nigeria, it drops to 18 percent (ibid, Christenesen, 2004).

One can analyze the evolution of the domestic debt from its size or by considering its different components. The stock of government debt is measured relative to national output. This is shown by the size of the domestic debt structure both in nominal terms as a percentage of total debt has grown tremendously from N0.23 billion at inception and it stood at N1.86 billion as at 1980. At the inception of the Structural Adjustment Programme (SAP) in 1986, the level of external debt for the first time becomes larger than the level of domestic debt. Since the SAP era, the stock of external debt has been consistently larger than domestic debt.

Output growth declined as it recorded annual average values of 5.9% in 1980-1984, 4% in 1990–1994 and 2.8% in 1998–1999 respectively. However, growth was recorded in 2003. It is usually expected that as countries expand their output, they also tends to rely more heavily on domestic public debt issuance to finance growth. There is thus a strong cross-country relationship between economic growth and the total size of the debt market.

Public expenditure as a percentage of GDP increased from 13% in the 1980 – 1989 periods to 29.7% in the 1990–1994 periods .This increased public expenditures to GDP ratio resulted from fiscal policy expansion embarked upon during the oil boom era of the 1970s. However, as the oil boom declined in the 1980s, priorities of government expenditure did not change. In addition, the revenue base of the federal government in relation to the GDP declined continuously during the review period (Rapu, 2003:49). From 19.5 percent of GDP in the 1970s, this declined to 11 percent of GDP in 2002 and further to 9 percent in 2003. Consequently, the fiscal operations of the federal government resulted in large deficits from the average of 0.8% of GDP in the 1970 – 1979 period, the level of deficit increased persistently averaging 5.1% in 1980 –1989 and 10.0 in 1990 – 1994. A very remarkable feature of the government fiscal expansion was the financing of the excess expenditures from domestic sources averaging 79.2% between 1980 and 2002 since foreign loan was difficult to obtain.

Cross – country relationship between fiscal deficits (as percentage of GDP) and the size of government debt markets confirms that countries with larger fiscal deficits (as a percentage of GDP) and the size of government debt markets confirms that countries with larger fiscal deficits have issued more government securities in domestic markets (Mihalijek *et. al*, 2002). Generally declines in government revenue were met by borrowing from the Central Bank through the instrument of Ways and Means Advances. These advances were never defrayed by the federal government but refinanced by the floatation of treasury bills and treasury certificates. In addition, the practice whereby matured treasury bills and treasury certificates are rolled-over by issuing new ones to pay holders of maturing debt instruments contributed to the continued growth of the debt stock.

The dramatic growth in the domestic debt /GDP ratio has raised many doubts about fiscal sustainability of the current economic policy. The concerns about sustainability have also been compounded by those related to the very short maturity of most of the government domestic debt, and also the fact that the Central Bank of Nigeria (CBN), still remains the dominant holder of federal government debt instruments. These concerns are further fuelled by the fact that government domestic debt is the major interest bearing financial instrument in circulation and therefore plays a major role in monetary policy implementation.

The rising domestic debt profile, its excessive short-term nature and the narrow investor base therefore raises a number of important questions. First, given that the CBN has relied mainly on Open Market Operations (OMO) in government debt securities as a transmission channel of monetary policy since 1993, how will the narrow investor demand affect the conduct of the needed transactions. This is even more worrisome, given the fact that government securities market still constitutes the predominant portion of the domestic debt market in Nigeria.

Total debt was N28,438.7 million in 1986 and rose to N36,789.1 million in 1987 showing an increase of N8,350 million. In 1990, domestic debt was N84,093.1 million from N47,029.6 million in 1988. And in 1996, it grew to N419975.6 million. By 2000,it was N898253.9 million. It continued to grow to N1016974.0 million, N1166000.7 million, N1329680.0 million and N1370325.2 million in 2001, 2002, 2003 and 2004 respectively. In absolute terms, Nigeria’s domestic debt had grown sky-rocketedly over the decades with the effect that her domestic debt consumes a larger chunk of her Gross Domestic Product (GDP) thereby tending to decline in total output of goods and services.(Source: Central Bank of Nigeria Bulletin; year 2004).

The 2012 National budget presented to the National Assembly contains a deficit of N1.1 trillion which has to be financed majorly through domestic debt. As at September 2011, Nigerian domestic debt stood at N5622843.71. Statistics obtained from the Debt Management office indicates that the domestic debts had increased from N5.966 trillion ($37.71 billion) at the end of the first quarter ended, march 31st,2012 to N6.153 trillion ($38.89 billion) at the end of the second quarter ended June 30,2012.

**CHAPTER THREE**

**METHEDOLOGY**

**3.1 Data Collection**

The Data gathered for the study was gotten the central Bank of Nigeria (CBN).Statistical Bulletin, and the Debt management office, for the period of 1980-2011.Various sources of domestic debt were regressed on Gross. Domestic product (GDP) figures for the corresponding period. The T-Test was used to test the overall importance or significance of the explanatory variable taken together, while the student t-test was used to test for the significance of each explanatory. Variable or components of domestic debt contribution to the level of economic growth in Nigeria.

The coefficient of multiple determinations (R2) was used to test for goodness of the study.

**3.2 Model Specification**

In this study, a multiple regression analysis is used with GDP as a dependent variable, while the components of domestic debt are treated as independent variables. The model presented as thus:

Y1 = f(X1, X2, X3, X4, X4, X5, X6,)

Explicitly, the model could be stated as:

Y1  = βo  + β1 Trbt + β2 Trct + β3 Trbdt + β4 DvPtst + β5 FGN bd + β6 Prmnt + e ----------------------. Eqn 3.2

**Model Formulation in the Long Run**

Since GDP is not usually stagnant at “level”, we need to apply the lag effect of GDP at the point it becomes stagnant. This is usually at “second difference”, thus, we will apply the second differenced value of GDP at the point VAR model demands for stationary data. Therefore, in the long-run, our impact assessment model will read thus:

GDPt = βo  + β1 Trbt + β2 Trct + β3 Trbdt + β4 DvPtst + β5 FGN bd + β6 Prmnt + β7 GDPct-l) + β6 GDP + ε \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 3.3

Where by:

GDP = Gross Domestic Product, standing in for economic growth.

X1 = Trbt = Domestic Debts via Treasury bills in year, t.

X2 = Trbt = Domestic Debts via Treasury Certificate in Y.t

X3 = Trbdt = Domestic Debts via Treasury bonds in year, t.

 X4 = Dvptst = Domestic Debts via Treasury Development stocks in year, t.

X5 = FGNbd = Domestic Debts via FGN Bonds in year, t.

X6 = Prmn = Domestic Debts incurred via Promissory notes in year.

And β1,β2, β3 , β4 , β5,β6 = Coefficient of X1, X2, X3, X4, X4, X5, X6.

**3.3 Justification of the chosen variables (Economic GRT)**

There are many factors that are used in measuring economic development in a given country. The conclusion is to adopt the concept of Gross domestic Product, since it is the standard measure of a country’s production and income, as it captures the silent aspect of economic growth as well as economic development (ENU: 2009).

Treasury Bonds (Trbt), Treasury Certificate (Trct),

Treasury Bonds (Trbdt), Development Stock (Dvptst),

FGN Bonds (fgnbt) and Promissory Notes (Prmnt):

All these written above are judged to be the major sources of internal or domestic loans in Nigeria. Their inputs are expected to impact positively on the economic growth and development(t-2) of the nation. Therefore, their respective coefficients β1,β2, β3 , β4  and β5 are expected to be positive re β1,β2, β3 , β4 , β5,and β6 > 0.

**CHAPTER FOUR**

**DATA PRESENTATION AND ANALYSIS**

As a Prime objective, this section focuses only on analysis of data for the study. Also, it aims to interpret the results obtained herein, so that policy implications can be drawn. Two (2) hypotheses of this study were individually tested using a multiple regression model to ascertain the relationship between components of domestic debt and economic growth in Nigeria, while the third will be subjected to granger causality test.

**4.1 Data Presentation**

Data for our estimation was generated from various publications of the central bank of Nigeria (CBN) and the Debt Management Office.

**4.2 Data Estimation**

**4.2.1 Unit Roots Test:**

The Unit root test is carried out using Elliot – Rothenberg Stock Optimal test and the Phillips – Perron test to determine whether the data set is stationary or not and the other of integration. From the output table below, we observed a mixed bag scenario while some variables turned stationary at “level” others were at “first difference” and yet a third group at “second difference”.

**Table 4.1 Unit Root Test**

**Optimal Unit Root Test**

**PHILLIPS – PERRON ROOT TEST**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Variables**  | **T-stat** | **Critical value** | **Order of integration** | **Siq.** |
| TRB | -5.78 | -2.97 | 2nd Diff | Xx |
| TRC | -4.26 | -2.97 | 1st Diff | Xx |
| TRBD | 5.20 | -2.97 | 1st Diff | Xx |
| DVPTS | -11.36 | -2.97 | 2nd Diff | Xx |
| FGNBD | -5.90 | -2.97 | 2ND Diff  | Xx |
| PRMN | -19.27 | -2.97 | 2nd Diff | Xx |
| GDP | -13.79 | 2.97 | 2nd Diff | Xx |

From the table above, one of the sources of domestic debt in Nigeria – Promissory note (PRMN) was observed to be non-stationary, even at second difference. The data set was consequently thrown out. Thus situation is justified by the fact that, the variable only featured once in a 35 year time series data. Its value and content was hitherto subsumed in other variables.

**4.2.2 Johnnsen Co-integration Test**

Results of Johansen Co-Integration test below strongly rejected the null hypothesis of no co-integration i.e. no long run relationship between the dependent and the independent variables in far or of at least 3 co-integrating vectors.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Hypothesized No of .C.ε** | **Eigen** **Value**  | **Trace stats** | **0.06 critical value** | **Prob** | **Trace test indicates 4 co-integrating equations at the 0.05** |
| Novex | 0.967031 | 241.5245 | 95.75366 | 0.0000 | Level |
| At most 1\* | 0.886139 | 139.1585 | 69.81889 | 0.0000 | Denotes rejection of the  |
| At most 2 \* | 0.758450 | 73.97524 | 47.85613 | 0.0000 | Hypothesis at the 0.05 level |
| At most 3 \* | 0.452153 | 31.35492 | 29.79767 | 0.0328 |  |
| At most 4 \* | 0.284670 | 13.30215 | 15.49471 | 0.1042 |  |
| At most 5 \* | 0.102726 | 3.251821 | 3.841466 | 0.0713 |  |

**Max Eigen Value Test**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hypothesized****No of CES**  | **Eigen****Value** | **Max-Eigen****Stats** | **0.05 Critical Value** | **Prob xx** |
| None \* | 0.967031 | 102.3660 | 40.07757 | 0.0000 |
| At most 1\* | 0.886139 | 65.18328 | 33.87687 | 0.0000 |
| At most 2 \* | 0.758450 | 42.62033 | 27.58434 | 0.0003 |
| At most 3 \* | 0.452153 | 18.05276 | 21.13162 | 0.1279 |
| At most 4 \* | 0.284670 | 10.05033 | 14.26460 | 0.2086 |
| At most 5  | 0.102726 | 3.251821 | 3.841466 | 0.0713 |

(Max – Eigen value test indicates – 3 co-integrating equations at the 0.05 level denotes rejection of the hypothesis at the 0.05 level.

**4.3 Test of Hypothesis**

**Ho 1:** There is no significant long run relationship between segregated components of domestic debt and the level of Economic growth in Nigeria.

Summary of Global Statistics: OLS (Ordinary least squares & Vector Auto regressive (VAR) models.

|  |  |  |
| --- | --- | --- |
| **T Stat** | **Model 1 (OLS)** | **Model 2 (VAR)** |
| R – Square  | 0.973596 | 0.993027 |
| Adjusted R-Square | 0.968518 | 0.990808 |
| S.E of Regression  | 1870442 | 1028820 |
| Sum of squared resided | 9.10ε+13 | 2.33ε+13 |
| Log likelihood | -504.2177 | -453.2335 |
| Durbin Watson Stat | 0.477149 | 1.987108 |
| Mean dependence var | 7088640 | 7557974 |
| SD dependence variance  | 1054181 | 10730710 |
| Akaike Infor. Criterion  | 31.88861 | 30.74890 |
| Schwarz Criterion | 32.16343 | 31.12255 |
| F – Stat | 191.7402 | 447.5470 |
| Prob – F(STATISTICS | 0.000000 | 0.000000 |

In the short run, OLS model posted an R-square of 97.35%, Adjusted R- square 96.785%, standard error 1870442, log likelihood – 504.21, Akaike information criterion 31.88 and Schwarz Criterion of 32.16 in order to confirm the specification status of our model, we employ the analysis of variance or ANOVA for short.

Since F- ratio calculated (191.7) is greater than F – ratio critical (3.59, 2.47), at both 1% and 5% alpha levels. We conclude thus; that domestic debts have a significant relationship with the level of economic growth in Nigeria in the short run.

In the long-run, the VAR model posted an R – square of 99.3%, Adjusted R – Square 99-08%, standard error 1028820, log likelihood – 453.2, Akaike Information Criterion 30.74 and Schwarz Criterion of 31.12. 1% and 5% Alpha levels. Thus we reject Ho and conclude that domestic debts have a significant long run relationship with the level of economic growth in Nigeria.

**Test of Hypothesis 2: Domestic Debts Indicators individually do not have any significant impact on the level of Economic Growth in Nigeria:**

Having tested the significance of the model, we go a step further to test the significance of components of domestic debts in contributing to the total variation in the level of Economic growth in Nigeria. This is achieved through the student t- test.

**T Stat Table in the Long Run**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **TEST STATISTICS** | **TRB** | **TRC** | **TRBD** | **DVPTS** | **FGNBD** |
| Coefficient of the variable | 0.44 | -2.34 | 4.07 | -2311.86 | 7.86 |
| Standard error  | 2.10 | 30.49 | 5.13 | 746.32 | 0.79 |
| T-Statistics Calculated | 0.21 | -0.08 | 0.79 | -3.09 | 9.89 |
| T statistics tabulated @1% | 2.78 | 2.78 | 2.78 | 2.78 | 2.78 |
| T – Statistics tabulated @ 5% | 2.06 | 2.06 | 2.06 | 2.06 | 2.06 |
| Significance | 0.83 | 0.94 | 0.43 | 0.004 | 0.000 |

From the table above, FGN bond proved to have a positive significant relationship with economic growth in Nigeria at both 1% and 5% Alpha levels in the short run, while Development stock maintained a significant negative relationship with economic growth. Other components of domestic debt had no significant impact on economic growth in Nigeria.

NOTE: F – ratio tabulated DF @ short run = (6,26); 1% = 3r5a, 5% = 2.47, T – ratio DF (26); 1% = 2.78, 5% = 2.06.

F – ratio tabulated DF @ long run = (8, 24); 1% = 3.36, 5% = 2.36, T – ratio @ DF (24), 1% = 2.8, 5% = 2.06.

The resulting estimated model for Nigeria in the short-run is given as: GDP = 9405436 + 0.449542 TRBt – 2.35 TRCt + 4.07 TRBD – 2311.8bDVPTSt + 7.86 FGNBD ---------------------Eqn 4.1

The Next is to ascertain the impact of domestic debts on the economic growth of Nigeria in the long-run.

**T – Stat Table and the Long – Run**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Independent variable** | **TRB** | **TRC** | **TRBD** | **DVPTS** | **FGNBD** | **GDP (t-1)** |
| Co-efficient of the variable  | 3.664268 | 5.978621 | -2.790438 | -283.8561 | -0.232056 | 0.3117216 |
| Standard Error  | 1.378516 | 17.10656 | 3.341.309 | 627.3357 | 1.160963 | 0.181056 |
| T-statistics calculated | 2.658126 | 0.349493 | -0.835133 | -0.452479 | -0.199882 | 1.752037 |
| T–statistics tabulated @ 1% | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 | 2.80 |
| T-statistics Tabulated@ 5% | 2.06 | 2.06 | 2.06 | 2.06 | 2.06 | 2.06 |
| Significance | 0.0144 | 0.7300 | 0.4126 | 0.6554 | 0.8434 | 0.0937 |

GDP (t-2)

0.866208

0.232765

3.721378

2.80

0.0012

From the table above, only treasury bills and the lagged values of GDP (in the second year) taken as independent variable were found to be positively significant in the long – term. Other sources of domestic debt like Treasury Bond, FGN Bond, and development stock maintained a relationship with economic growth, though not statistically significant. The resulting estimated model for Nigeria in the long-run is as follows:

GDP = 993784.1 + 3.66 TRBt + 5.98 TRCt – 2.79TRBD – 283.86 DVPTS – 0.23FGNBDt + 0.32GDP(t-1) + 0.87GDP(t-2)…………eqn 4.2.

|  |  |  |  |
| --- | --- | --- | --- |
| **Null hypothesis** | **Observations** | **F- statistic**  | **Prob** |
| GDP does not Granger cause FGNBD | 30 | 11.1391 | 0.0003 |
| FGNBD does not granger cause GDP |  | 0.53163 | 0.5941 |
| TRB does not granger cause GDP | 30 | 12.7170 | 00002 |
| GDP does not granger cause TRB |  | 0.92651 | 0.0040 |

For the period under review (1980 – 2011), result of granger causality test indicates that, there exists a unidirectional relationship between economic growth and FGN bonds on one hand and a bidirectional relationship between treasury bills and economic growth on the other hand. Other sources of domestic debt did not have any significant relationship with economic growth in Nigeria.

**4.4 Application of Research findings and Contribution to knowledge**

One of the major contributions of present study therefore is that it is possible from the model of equations 4.1 and 4.2 respectively, to predict the result or level of economic growth in Nigeria (At both the short and long runs), given that the levels of disaggregated components of domestic debts are known.

GDPt = 9405436 + 0.449542TRBDt – 2.35TRCt + 4.07TRBDt – 2311.86 DVPTSt + 7.86FGNBD …………………………….Eqn 4.1

GDPt = 993784.1 + 3.66TRBt + 5.98TRCt – 2.79TRBDt – 283.86DVPTs – 0.23FGNBDt + 0.32GDP(t-1) + 0.87 GDP(t-2) \_\_\_\_\_\_\_\_\_\_\_ Eqn 4.2

**CHAPTER FIVE**

**5.0. FINDINGS, CONCLUSION AND RECOMMENDATIONS**

It is pertinent at this juncture to briefly summarize the outcome of our research efforts, thereafter we make some policy recommendations based on the findings.

**5.1 Summary of findings**

• In the short run, FGN Bond proved to have a positive significant relationship with economic growth in Nigeria, at both 1% and 5% Alpha levels. While Development stock maintained a significant negative relationship, the other variables had no significant impact on the economic growth of Nigeria.

• In the long run, Treasury Bills and the lagged value of GDP (in the second year), taken as independent variable were found to be positively significant.

• Results of the Granger causality test indicate that, there exist a unidirectional relationship between economic growth and FGN Bonds on one hand and a bidirectional relationship between Treasury bills and economic growth on the other hand. Other sources of domestic debt did not have any significant relationship with economic growth in Nigeria.

**5.2 Conclusions:**

This research has made us to understand that not all components of our domestic debt profile are contributing positively to the economic growth of Nigeria, both in the short and long runs. This calls for caution and a rethink on the burgeoning level of our domestic debt profile. Government should not be seen as borrowing money for the sake of it. Domestic loans should only be called for, when it is absolutely necessary.

**5.3 Recommendation**

It is not a bad idea after all borrowing from within, since debt could be deployed to good purposes.

However, the rule of thumb is that the returns (for a business) and societal welfare (in the case of a government) derivable from deploying the funds generated from the loans MUST surpass the interest being paid on such loans. Seen in this light, the question is whether our current debt profile is sustainable given the high interest being paid on these loans. As a way out of the woods, the government must undertake an aggressive cut-down of the bogus recurrent expenditure which is over

70% of her total expenditure profile. This will help free up the much-needed funds for infrastructural development.

If Government must take loans then, such loans must be tied specifically to some viable and growth enhancing projects that could pay its way through. Nigerian government should stop accumulating unproductive debts, which has no positive multiplier effect. In recent times, much of our budgetary expenditure went to security, which is totally unproductive, to the detriment of budgetary capital

expenditure, which is a catalyst for economic growth .

The Economic and Financial crime commission should beam their search light on the various state governors on how they are spending the inflows from domestic loans. Again, they should go after the corrupt politicians to wherever they are and recover at least part of the stolen loot. After all, the ex-governors, ministers, LG chairmen are not covered by the’’ immunity clause’’.

* Nigerian citizens demands for more accountability and transparency from governments - be it at the federal, state or local government levels.
* Going by the high interest rates on treasury bills,\_
* Going forward, the government should resort to acquiring funds through bonds. The government should desist from borrowing short to finance long term projects
* Now is the time for the CBN to pursue a pro-growth strategy by reducing prime rate (MPR).If MPR is reduced, it will have a knock-on effect on interest rate on treasury bills and government bonds, since all interest rates are tied to the MPR. This will reduce the government's cost of borrowing and free up more funds for capital expenditure. For banks and other lending institutions, lending rates are also tied to the MPR. Reducing MPR will therefore induce a reduction in lending rates, meaning that more serious entrepreneurs will have an opportunity to access loans at more reasonable rates rational investors are more at home investing on a risk free asset such as the Treasury bill rather than taking a risk by buying into a company’s stock, with all the attendant hazards. There is need to reduce the high interest rates payable on treasury bills. Our regulatory authorities should have a rethink on this. There is also need to tackle head long the issue of inflation. It has a contributory effect on the burgeoning level of domestic debts in the country.
* Lastly, the bitter truth must be said - the revenue from oil is not forever. The future generations will blame us for putting them into debts without so much to show for it and with a reduced capacity (in the absence of the oil revenue) to repay. This is what every patriotic Nigerian, regardless of party affiliation or tribe/religion, should be addressing.

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