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How Much Nigerian Economic Growth ((1990-2018) Had Been Affected by Non-Oil Sector?

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Abstract:

This study aims to find the impression of non-oil sector on Nigerian economy. It also finds other steps those need to be taken to improve and develop the non-oil sector up to its full potentials. The primary objective is to find the connection between the effects of manufacturing sector output on Nigerian economy; determine the relationship between agricultural output on Nigerian Economy and examine the relationship between total deposit money banks credit on Nigerian economy. The study covered a period of twenty-eight (28) years, from 1990-2018. Ex-post facto research design was deemed most suitable for the study. Data for this study were sourced from secondary means especially CBN statistical bulletin. Manufacturing sector output, agricultural sector output, power sector output and total bank credit were used to proxy non-oil sector, while GDP was used to proxy economic growth. Hypotheses were tested using regression analysis (OLS), which was adopted due to its simplicity and unbiasedness. The regression was tested using E-view software version 8.0. The result of the study showed manufacturing sector and agricultural sector have significantly contributed to economic growth in Nigeria, while power sector and bank credit have not contributed significantly to economic growth in the country. The study therefore recommends that budget on power sector should be increased, and its usage properly monitored to avoid embezzlement of the fund, while incentive should be given to the banks as a way of encouraging them to extend more credit to the activity sectors of the economy, as a way to diversify the economy.

Keywords: *Diversification, fluctuations, lending*

1. Introduction

The contribution of export on economy enhancement cannot be exaggerated. As per Abo (2015), export works as accelerator to improve growth and development. It also enhances employment opportunities for citizens through which social cost of unemployment can be reduced up to a great extent. The balance of payment position can be better handled through this. Finally, export can create a multiplier effect on nation and per capita income (Ojo & Adekunle, 2008). Since 1986, when Structural Adjustment Programme was introduced, Nigerian economy has been typified by a realistic degree of transformation; hence its performance can be promoted through the development of the external and internal sectors of the economy. Nigeria is an import-oriented country. The goods we export to other countries are mainly primary in nature thus the revenue cannot be compared to other countries that export finished products like Japan, United States of America etc. (Okonkwo, 2018). From 1970, oil export had made a significant contribution up to ninety percent of the total foreign exchange earnings. Many developmental efforts of the government at different levels had been slowed down with the fluctuation in oil price. Adibua (2017), highlighted that "oil doom" of Nigeria where it had been mentioned that Nigeria should not depend so much on oil alone. It also exposed the necessity of reappraisal of the trust and content of the development policies and its commitments on their accomplishment to boost sustainable growth and external visibility. Nigerian non-oil sector, mainly agriculture had clearly come with many disappointing facts which clearly demand reformation of strategies. Crude and outdated farm implements, lacking access to credit facilities are main problems behind this (Iwu, 2013).

1.1. Statement of the Problem

Many authors have enumerated various factors that led to Nigeria's poor economic performance, but the major problem is the inability of various governments in Nigeria to diversify the economy. Economic politicization is the order of the day in Nigeria where various government have promised Nigerians that they will diversify the economy by empowering farmers, ensuring constant power supply, building quality roads and providing conducive environment for businesses to thrive. All these promises are yet to materialize owing to inconsistent policies of various governments. Government still rely heavily on oil as a major source of revenue because they cannot think out of the box, (Obiozo, 2017).

However, the production of export crops in Nigeria is witnessing a great setback owing to lack of credit extension to farmers by financial institutions, inadequate irrigation, farmers-herders clashes, inadequate storage facilities like silos and poor rural road networks, which hinders evacuation of farm produce. Low yield, unsteady production pattern, incidence of diseases, pest attack and use of rudimentary tools had been mentioned as some of these types of factors by Okonta (2009). It had been observed with many evidences that competitiveness and flexibility of the non-oil sector Nigerian economy has been consistently eroded over the last thirty years.

1.2. Objectives of the Study

The broad objective of this study is to examine the impact of non-oil sector on the Nigerian economic growth. However, the specific objectives include:

- To evaluate the relationship between manufacturing sector output and growth of Nigerian economy.
- To determine the relationship between agricultural output and growth of Nigerian economy.
- To examine the relationship between total deposit money banks credit and growth of Nigerian economy.

1.3. Research Hypotheses

The following research hypotheses are stated in their alternative form.

- Ha₁: Nigerian economic growth is significantly associated with manufacturing sector output.
- Ha₂: Nigerian economic growth is significantly associated with agricultural output.
- Ha₃: Nigerian economic growth is significantly associated with deposit money bank credit.

1.4. Review of Related Literature

1.4.1. Conceptual Review

More exposure to outer markets, static gains, exploiting economies of scale are some of the benefits export come with. Knowledge and technological benefits also can be noticed through this. Proper allocation of resource and job opportunity generation can be done through this. To keep pace with increasing economic growth courtiers, have to struggle a lot (Ido, 2013). It has also become a source of foreign exchange earnings followed by oil boom period. Finally, it had led to panic measures by successive government from the economic stabilization Act of 1982 (Amogu, 2010). Agriculture being the oldest occupations in Nigeria, is contributing more than 85 percent of the export earnings and 75 percent of the Gross Domestic Product (GDP).

For both domestic and external sectors, Nigerian economy has not recovered from the resultant disequilibria. It created the need for adjustment in Nigeria to diversify and restructure the productive base of the economy (Iwu, 2012). From 1970 to date oil exporting has contributed on the average of 90% of the total foreign exchange earnings (Ayodele, 2015). In the attempt to diversify the productive base of the Nigerian economy, various past administrations have introduced measures and established special institutions such as the Nigerian Export Promotion Council (NEPC). Despite the fact that Nigerians non-oil export produces are now cheaper for foreign buyers and the amount being recorded in this local currency by exporters for unit of export is now higher than before, the problem is that available statistical data shows a mere marginal increase in non-oil sector contribution to the total export between 1987 and 1993. Its percentage contribution increased from 5.8 percent in 1986 to 8.6 percent in 1988 but declined to 1.9 percent in 1992 (CBN, 2014).

Prior to the advent of oil, the Nigeria economic mainstay was Agriculture. It accounts for more than seventy percent of our Gross Domestic Product. There were stiff competitions amongst different regions. There were groundnut pyramids in the North, Cocoa in the West and Palm oil in the East. Employment rate was relatively high due to availability of jobs for framers, fishermen, hunters etc. During that period, Nigeria was at par economically with Brazil, China, South Korea, Singapore etc. (Omoluwa, 2016). Nigeria is the largest nation on the African continent. It has a wide geographical landmass of 923,768 km² with over 180 million populations (NPC, 2011). For Nigeria, services accounts for 31% of the Gross Domestic Product, manufacturing 12% and agriculture 31%. As per Tamil (2018), agricultural sector plays an important role in the Nigerian economic growth and development. Agriculture also comes with its associated sub-sectors like forestry, fishery, processing and marketing of the agricultural products.

Fadare (2014) empirically identifies the effect of banking sector reforms on economic growth in Nigeria by using the data 1999 - 2013. Variables used for the study are interest rate margins, parallel market premiums, total banking sector credit to the private sector, inflation rate, size of banking sector capital and cash reserve ratios. Results indicate that the relationship between economic growth and other exogenous variables of interest rate margins, parallel market premiums, total banking sector credit to the private sector, inflation rate and cash reserve ratio show that they are positive and significant. Hence it is suggested that criteria which encourage banking sectors to lend to both manufacturing sectors and Agricultural sectors at a cheaper rate should be encouraged and inflation should be reduced to its barest minimum. Furthermore, financial policies should consider reform and enforce the lending to infant industries with proper regulatory policies and reduce stringent measures that require excessive collaterals. UJayaraman (2010) investigated service quality delivery and its impact on customer satisfaction in the banking sector in Malaysia. The methodology employed in obtaining information about customer satisfaction in banking was carried out with a survey conducted through sample of the general consumer population. Variables are used according to census data stating whether responsiveness, empathy, reliability, assurance and tangibles act as a subjective rating of appeal in the retail banking sector. The result shows that high lending rate is responsible for poor credit extension to key sectors of the economy.

Kenawy (2009) investigated globalization and its effects on the banking system performance in Egypt by using descriptive quantitative analysis method. Variables used in this research are Globalization & Mergers. Results showed that financial growth process aimed at enhancing the efficiency of national economy through management style and approach in the private and government sectors are minimal and inadequate. It recommends that there must synergy among banks in Egypt so as to overcome globalization.

1.4.2. Role of Manufacturing Sector in an Economy

Historically, the growth in manufacturing output has been a key element in the successful transformation of most economies that have seen sustained rises in their per capita income. In most of African countries, performance in this area has been poor over the last decades. Lack of high-quality data constitutes a major impediment for rigorous policy and majority of previous economic research on Africa has therefore been based on aggregate data.

Opaluwa(2010) opined that the manufacturing sector plays catalytic role in a modern economy and has many dynamic benefits that are crucial for economic transformation. They noted that in any advanced country, the manufacturing sector is a leading sector in many respects; it is an avenue for increasing productivity in relation to import substitution and export expansion, creating foreign exchange earning capacity, raising employment, promoting the growth of investment at a faster rate than any other sector of the economy, as well as wider and more efficient linkage among different sectors. Obasan and Adediran (2010) argued that when industrialization is compared to agriculture, the manufacturing sector offered special opportunities for capital accumulation. They explained that capital accumulation can be more easily realised in spatially concentrated manufacturing than in spatially dispersed agriculture. This is one of the reasons why the emergence of manufacturing has been so important in growth and development. Obasan and Adediran (2010) noted that the contribution of the manufacturing industries in the Nigerian economy cannot be over emphasized when considering its employment potentials and financial impacts on the economy. Apart from its role of building grounds for development by laying solid foundation for the economy, they argue that it also serves as import substituting industry and provide ready market for intermediate good Empirical Perspectives.

The domination of by non-oil products such as groundnuts, palm kernel, palm oil, cocoa, rubber, cotton, coffee, coppa, beniseed and others on export trade in Nigeria had been highlighted by Ogunkola (2008). This study also had included tin ore, columbite, hides, skin and cattle. The result revealed that cocoa contributed up to 15% of total exports in 1970. The main finding was that while oil export was growing, non-oil exports were declining making the dominance much speedier and enveloping. The up-down export rate of crops had been analyzed by Teal (2013). Non-oil exports share of Nigeria's total exports had unchanged fewer than 5% for most years since the opening of the structural adjustment programme SAP. Ezirim (2010), observed that the economy, which was largely at a rudimentary stage of development at the first half of the last century, started experiencing some structural transformation immediately after the country's independence in 1960. Throughout the 1950's and 1960's and the early part of 1970's, agriculture was the core of economic activities in Nigeria, followed by manufacturing and mining activities at very low levels of development. Unparalleled, unforeseen, and unintentional wealth for Nigeria had been created by increase in oil revenue in early 1970s. Adedipe (2014), had created a wealth in urban area based socio-economic infrastructure across the country.

1.5. Theoretical Framework

This study is hinged on Endogenous growth theory. The linkage between oil, non-oil export and economic growth has occupied a central position in the development literature. The focus is on how some of the components of non-oil export affect economic growth in Nigeria. The application of the endogenous growth theory has only emerged properly not too long ago from the work of Moosa (2012), Devarajan (2016) even though one of the pioneering authors in its original contribution is the work of Barro (2010). Barro made use of the endogenous growth model to find a linkage between public revenues / spending and economic growth which isto be linked with the relationship that exists between non-oil export and economic growth in Nigeria. Tsoukis and Miller (2009) also built on the work of Barro. All their studies centered on endogenous growth theory. Regarding this aspect neoclassical growth model has a significant impact. An econometric analysis had been performed by Akinlo & Odusola, 2013; Levine & Zervos, 2006; Obstfeld, 2014. This study revealed that rate of growth of gross labour and/or the rate of growth of its quality, multiplied by the labour in come share; the rate of growth of gross capital input and/or the rate of growth of its quality, multiplied by the capital income share; and Change in technology or total factor productivity (TFP) determine growth rate of output (GDP).

1.6. Empirical Review

Ogbonna and Ebimobwei (2012) examined the impact of non-oil revenue and the Nigerian economy during the period of 1970-2009. They had used Pearson correlation to analyze primary and secondary data and descriptive statistics to explain evidence and events. The results of the analysis show that non-oil revenue positively affected the gross domestic product and per capita income of Nigeria. However, the relationship between petroleum revenue and inflation rate was negative. They suggested proper utilization and management of non-oil revenue to achieve long-run growth and development of the country. Torben and Mideksa (2012) investigated the economic impact of non-oil resource endowment using quantitative method and focusing on the Turkish economy. The study results indicated that on average, about 20% of the growth in GDP per capita since 1974 has been due to the petroleum endowment. From an economic point of view, Baumeister and Peerman (2009) explained that oil price shocks results from low price elasticity of demand and supply. The result of this is that large price variation is required to clear the market, that is, to restore the market to equilibrium. Hamilton (2008) agreed that crude oil price elasticity is very low especially in the short run. This is due to

technology lock -up; that is, it takes some time before energy-consuming appliances/capital stocks are replaced with more energy efficient substitutes. However, substitution takes place in the long run and price elasticity is thus much larger.

Corrado and Mattay (2007) researched on how manufacturing capacity utilization impacts on real growth, inflation, and short run costs. In their report on the United States Industrial Sector, they showed how capacity utilization can impact on economic growth using the non- parametric tool of correlation analysis. Their empirical findings were that a correlation of 0.9 existed between annual changes in the real output of goods and the index of capacity utilization for manufacturing. More importantly, they posited that movements in capacity utilization can be taken as stemming primarily from shocks to aggregate demand, which pushes the economy along an upward-sloping aggregate supply curve. They found that capacity utilization in the manufacturing sector was indicative of the cyclical state of overall aggregate demand and for this reason the predictive power factory operating rates for inflation had long endured. Most fluctuations in aggregate output came from changes in the demand for goods and new structures. In short, capacity utilization in manufacturing was found to be indicative of the fact that the final demand for services contributed little to overall business fluctuations. James and Ragan (2009), investigated short term projections of manufacturing capacity utilization and used an equation linking growth in manufacturing output to growth in GNP and estimated additions to manufacturing capacity based on projections of investment. The model was then used to project capacity utilization from third -quarter of 1977 to fourth -quarter of 1978. Their results were that changes in capacity utilization from one period to the next depended positively on the volume of investment and negatively on the extent of depreciation which in turn depended on the level of capacity in the last period. As many economists have observed, investment accelerates as the volume of unused capital shrinks, that is, as the capacity utilization rises. Changes in investment were therefore specified to be a function of past changes in capacity utilization. The result showed estimates over the period 1954 to 1976. From the first equation, it was apparent that manufacturing output was more volatile than GNP, the large coefficient for GNP indicated that rapid GNP growth is on average accompanied by even GNP growth in manufacturing output. The coefficient of the second equation indicated that, in the absence of investment, capacity declines 3.35 percent, which was seen as the result of depreciation and obsolescence. Finally, equation three indicated how investment accelerates as capacity utilization rises. The goodness of fit of all three equations was good and all coefficients were statistically significant from zero.

Inakwu (2010) carried a study on "an assessment of the impact of manufacturing sector on economic growth in Nigeria (1981 – 2010). It assesses the effect of manufacturing output (mangdp), investment (inv), government expenditure (govexp) and money supply (m2) on log of real gross domestic product (lrgdp). Appropriate multiple regression model is specified with parameters, which are estimated using the ordinary least square (OLS) technique. Positive and significant association has been found between manufacturing output and economic growth in Nigeria. Kamil (2013), conducted a study to find impression of Agricultural Sector on Nigerian economic growth for a time period from 1981 to 2013. A long-term equilibrium positive significant relationship had been found between gross domestic product, agricultural output and oil rents.

2. Research Methodology

An ex-post facto research design has been adopted to check the impression of non-oil sector on Nigerian economic enhancement for a time period of 1981 to 2018. This is to ensure enough data points for the econometric analysis in order to cater for the loss of degree of freedom. Secondary data were collected for the period of 1981 to 2018 from official reports. All the data were on an annual basis as provided in the various official reports and publications of the Central bank of Nigeria (CBN) and National Bureau of statistics. The data for the study include; manufacturing sector output, agricultural sector output, return on equity (which serve as proxy for bank profitability) and gross domestic product was used to proxy economic growth.

2.1. Model Specification and Validity

This research work adapted the model of Abogan, Akinola and Baruwa (2016). The adapted model is expressed as below:

$$RGDP=f(OILR, NONX, EXCR, INF) \dots \dots \dots (1)$$

However, given that this research has four different objectives, the researcher therefore slightly modified the model by breaking down the variables to show three different relationships which exist between the dependent and independent variables. The new modified model is shown as below:

$$GDP = f(AGRS, MANQ, DMBC, PSQ) \dots \dots \dots 3.2$$

These functional relationships were further transformed into econometric models as follows:

$$LogGDP = a_0 + a_1 LogAGRS + a_2 LogMANQ + a_3 LogDMBC + a_3 LogPSQ + \varepsilon_t \dots \dots 3.4$$

Where:

DMBC = Deposit money credit

AGRS = Agricultural sector output

MANQ = Manufacturing sector output

PSQ = Power sector output

ε_t = Error Term

a_0 = Slope of the regression line

2.2. Method of Data Presentation and Analysis

The data for this research were presented and analysed based on the research questions and hypotheses earlier established for the study. The method of analysis used in this study was the Ordinary Least Square (OLS) method. It was

chosen because the alternative econometric techniques such as Two Stage Least Squares (2SLS) give limited information. The computer software application E-Views 8.0 was used for the analysis.

2.3. Criteria for Interpretation

The criteria for judging interpretation of result and discussion of findings for this research were all based on three global statistics criteria namely, Adjusted R-Squared, F-Statistic and Durbin Watson test of autocorrelation. According to Ezirim (2016), a model should satisfy these three global statistics as well as relative use of model without which the model is baseless and cannot be relied upon in econometric assumptions.

2.3.1. Coefficient of Determination (R^2)

It measures the proportion of the total variation in the dependent variable that is jointly explained by the linear influence of the explanatory variable. The value of R^2 lies between zero and one, i.e., $0 < R^2 < 1$ with values close to 1 indicating a good degree of fit.

2.3.2. F* Statistics

The overall goodness of fit for the model can be judged through this statistic. The alternative hypothesis states that at least one of the independent variables is able to cause significant changes in dependent variable.

2.3.3. Durbin Watson Statistics

The Durbin-Watson test for autocorrelation compare the calculated d^* value from the regression residuals with the d_L and d_U in the Durbin Watson tables and with their transforms $(4-d_L)$ and $(4-d_U)$. The result of the serial correlation LM test overrides the Durbin Watson test of autocorrelation. The serial correlation LM test is superior and preferred to Durbin Watson in testing autocorrelation in any stated model.

2.4. Data Presentation

In this section, the data used in estimating the models as in chapter three are presented. The data source is from the annual reports of the Central bank of Nigeria for various years.

YEAR	GDP	MANQ	AGRQ	DMBC
1990	26,755.0	35,020.55	8360.1	205,971.4
1991	26,537.91	37,474.95	10580.7	204,806.5
1992	27,136.5	39,995.50	4612.2	219,875.6
1993	27,483.3	42,922.41	19542.3	236,729.6
1994	27,545.6	46,012.52	8807.1	267,550
1995	20,353.20	49,856.10	12442.0	265,379.1
1996	21,177.92	54,612.26	19047.6	271,365.5
1997	21,789.10	57,511.04	18513.8	274,833.3
1998	22,332.87	35,020.55	15860.5	275,450.6
1999	22,449.41	37,474.95	20640.9	281,407.4
2000	23,688.28	46,824.00	16857.9	293,745.4
2001	25,267.54	44,542.30	14861.6	302,022.5
2002	28,957.71	52,428.40	20551.8	310,890.1
2003	31,709.45	82,368.80	64490.0	312,183.5
2004	35,020.55	90,176.50	18461.9	329,178.7
2005	37,474.95	54,981.20	3118.5	356,994.3
2006	39,995.50	50,672.60	3082.3	433,203.5
2007	42,922.41	21,201.70	13411.8	477,533
2008	46,012.52	40,243.50	3296.2	527,576
2009	49,856.10	77,567.05	2230.7	561,931.4
2010	54,612.26	56,899.00	9456.7	595,821.6
2011	57,511.04	62,657.40	8037.5	634,251.1
2012	59,929.89	71,211.30	9676.2	205,971.4
2013	63,218.72	72,345.80	8782.4	204,806.5
2014	67,152.79	77,432.60	1022.3	219,875.6
2015	69,023.93	90,268.80	1168.7	236,729.6
2016	67,984.20	98,276.45	8360.1	267,550.7
2017	72,347.30	100,567.32	3296.2	271,678.2
2018	85,567.20	102,346.18	2230.7	276,344.8

Table 1: Data for Determining the Impact of Currency Non-Oil Revenue on Nigerian Economy (1990-2018)

Source: Central Bank of Nigerian Annual Reports and Central Bank Bullion for Various Years
Key: Deposit Money Bank Credit (DMBC), Gross Domestic Product (GDP),
Agricultural Sector Output (AGRQ) and Manufacturing Sector Output (MANQ)

2.5. Test of Hypotheses

2.5.1. Hypothesis I

- H_{01} : There is no significant relationship between manufacturing sector output and Nigerian economic growth.
- H_{11} : There is a significant relationship between manufacturing sector output and Nigerian economic growth.

Dependent Variable: GDP Method: Least Squares Date: 08/15/19Time: 11:48 Sample: 1990 2018 Included observations: 29				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8476.093	0.738328	1.095339	0.2838
MANQ	0.534106	0.129516	4.123857	0.0004
R-squared	0.404850	Mean dependent var		38662.91
Adjusted R-squared	0.381044	S.D. dependent var		16575.84
S.E. of regression	13040.84	Akaike info criterion		21.86075
Sum squared resid	4.25E+09	Schwarz criterion		21.95673
Log likelihood	-293.1201	Hannan-Quinn criter.		21.88929
F-statistic	17.00619	Durbin-Watson stat		2.447332
Prob(F-statistic)	0.000360			

Table 2

Source: E-View Result

The result showed a standard error co-efficient which is within acceptable limit. The R-squared showed that the regression line is not well fitted. The Adjusted R-squared showed that only 38% variation in the dependent variable is caused by the independent variable. the Durbin-Watson coefficient is above the stipulated benchmark, which therefore depict no autocorrelation problem.

- Decision

The F-statistics value of 0.000360 is less than the significance value of 0.05, hence we reject the null hypothesis and conclude that there is a significant relationship between manufacturing sector output and Nigerian economic growth

Hypothesis II

- H_{02} : There is no significant relationship between agricultural output and Nigerian economic growth.
- H_{12} : There is a significant relationship between agricultural output and Nigerian economic growth.

Dependent Variable: GDP Method: Least Squares Date: 08/15/19Time: 11:49 Sample: 1990 2018 Included observations: 29				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	45653.68	0.376470	10.43162	0.0000
AGSQ	-0.546670	0.250523	-2.182119	0.0387
R-squared	0.159993	Mean dependent var		38662.91
Adjusted R-squared	0.126392	S.D. dependent var		16575.84
S.E. of regression	15492.94	Akaike info criterion		22.20534
Sum squared resid	6.00E+09	Schwarz criterion		22.30133
Log likelihood	-297.7721	Hannan-Quinn criter.		22.23389
F-statistic	4.761644	Durbin-Watson stat		2.275574
Prob(F-statistic)	0.038709			

Table 3

Source: E-View Result

The result showed a standard error co-efficient which is within acceptable limit. The R-squared showed that the regression line is not well fitted. The Adjusted R-squared showed that only 12% variation in the dependent variable is caused by the independent variable. The Durbin-Watson coefficient is above the stipulated benchmark, which therefore depict no autocorrelation problem.

- Decision

The F-statistics value of 0.038709 is less than the significance value of 0.05, hence we reject the null hypothesis and conclude that there is a significant relationship between agricultural output and Nigerian economic growth.

Hypothesis III

- H₀₃: There is no significant relationship between deposit money bank credit and Nigerian economic growth.
- H₁₃: There is a significant relationship between deposit money bank credit and Nigerian economic growth.

Dependent Variable: GDP Method: Least Squares Date: 08/15/19 Time: 11:52 Sample: 1990 2018 Included observations: 29				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	28350.01	0.817045	3.215365	0.0036
DMBC	0.031737	0.025336	1.252632	0.2219
R-squared	0.059057	Mean dependent var		38662.91
Adjusted R-squared	0.021419	S.D. dependent var		16575.84
S.E. of regression	16397.36	Akaike info criterion		22.31882
Sum squared residual	6.72E+09	Schwarz criterion		22.41480
Log likelihood	-299.3040	Hannan-Quinn criter.		22.34736
F-statistic	1.569087	Durbin-Watson stat		2.059197
Prob(F-statistic)	0.221931			

Table 4

Source: E-View Result

The result showed a standard error co-efficient which is within acceptable limit. The R-squared showed that the regression line is not well fitted. The Adjusted R-squared showed that only 2% variation in the dependent variable is caused by the independent variable. The Durbin-Watson coefficient is above the stipulated benchmark, which therefore depict no autocorrelation problem.

- Decision

The F-statistics value of 0.221931 is greater than the significance value of 0.05, hence we accept the null hypothesis and conclude that there is no significant relationship between deposit money bank credit and Nigerian economic growth

3. Discussion of Findings

The result showed that manufacturing sector has been contributing significantly to increase in GDP which was used to proxy economic growth although the magnitude of contribution to general economic growth is still very minimal considering the potentials of the sector in the Nigerian economy. This result conforms with the pre expectation of this study, which stipulated a positive significant relationship between the variables.

The result showed that banking sector which is being targeted by the policy makers as a means of ensuring economic growth in the country have not actually served its purpose, as it has not significantly contributed to the growth of the economy. This is because the banks prefer giving credits to the oil sector, rather than other activity sectors. This finding conforms to the findings of Aragu (2012) and Iwu (2009).

4. Conclusion

The Nigerian economy is one of the least competitive globally and even in Africa because of inappropriate policies and an unfavorable business environment. On ease of doing business indicators, Nigeria performs poorly when compared with most other economies including low-income economies in Africa. Only a small proportion of producers have been able to develop in to size able businesses are able to compete inter nationally, as shown by the long-term decline in non-oil exports. In agriculture, yields have been falling and, in manufacturing, there is considerable unused capacity. It is instructive that, over the decades, countries such as Indonesia had both increases in capital per worker as well as increases in total factor productivity (TFP), while Nigeria had declines in TFP and negligible increases in capital per worker. This study thereby conclude that non-oil sector of the Nigerian economy has great potential of making the country one of the strongest economies in the world, due to her abundance of Natural resources, but due to over-dependency in the oil sector as the major source of revenue, the no-oil sector have not significantly been contributing to the growth of the economy.

5. Recommendations

Based on the various findings of this study, the researchers came up with the following recommendations;

- Basic infrastructures such as good road, power and water should be provided for manufacturing firms, as this will help to lower their cost of production and make them stronger to be able to expand and utilize their capacity.
- More mechanized farming equipment should be provided and effectively supervised to ensure that they get to the commercial farmers, to ensure that this equipment is not high jacked or given to the wrong people. This will help place Nigeria as one of the most exporting countries in the world, given the abundance of natural resources at her disposal.

- Incentives should be given banks that extend huge amount of credits to the activity sectors of the economy, as a way of encouraging increase in bank credit to the vital sectors of the economy and breaking the chain of monopoly of the oil sector as the most attractive sector for investment in Nigeria.

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