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Influence of Selected Macroeconomic Variables on Economic Growth in Nigeria (1999 – 2018)

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ABSTRACT

This study set out to empirically examine the influence of selected microeconomic variables (MEVs) on economic growth in Nigeria between 1999 and 2018. It evaluated gross domestic product (as the measure of economic growth) as a function of four selected variables of MEVs: Interest rate, Exchange rate, Inflation and Broad Money Supply. For effective and efficient analysis of the study variables the multiple regression technique based on the ordinary least square method with the help of several inferential statistical tools were used for data analysis to draw necessary conclusions. The models used analyze the relationship between the selected MEVs. Nigeria's inability to increase her GDP over the years far above her population growth is heavily dependent on the sincerity of our political will to actualize it. The hypotheses formulated were rejected for three variables because the critical P-value 0.05 is < the calculated P-values; except for BMS Broad Money Supply (BMS) which revealed significant positive influence on GDP with P-value of 0.00 < 0.05 level of significance. The study therefore concluded that macroeconomic decision is not enough to bring about economic growth. The interplay of both fiscal and monetary policy backed up with political will to achieve its objectives both in the short and long-run is required. Nigeria still lack good political will for economic growth and poor governance. Still government should improve the regulations and supervisory role in the financial sector for sustainable growth to be achieved in Nigeria.

Keywords: Broad money supply, Economic growth, Inflation, Macroeconomic variables

INTRODUCTION

The effective and efficient coordination of the macroeconomic variables (MEVs) would determine the growth of the economy as it would aid the provision of social amenities. Ude (2015) opined that oil and gas export accounted for more than 98% of export earnings and about 83% of federal revenues in Nigeria. It also generates more than 14% of Nigeria GDP, 95% of foreign exchange

earnings and about 65% of government budgetary revenue. Nigeria's revenue from the oil and gas sector has not been judiciously used to improve the nation's economy. Mismanagement of our recourses have kept us backward as a developing nation, whereas MEVs has been receiving increasing attention in the field of monetary and financial economics in recent years as economist and finance scholars differ on the effectiveness of macroeconomic variables in controlling economic growth (Owolabi and Adegbite 2014). Al-Habees and Rumman (2012) opined that unbiased and effective implementation of economic policies would lead to economic growth; they are of the opinion that power generation will boast the industrial sector of the economy. Economic growth is based on good policies being implemented that will usher in good transformation. But Nigeria is good at enacting laws and legislation which not usually backed strong political will to implement as some citizens are seen to be above the law. Yaqud (2001) asserted that the growth of Nigeria's economy is sluggish compared to some other emerging economics in the world.

However, MEVs are responsible for the expansion and investment accruing to the economy. Research had shown that exchange rate, interest rate, inflation and broad money supply has significant impact in combating unemployment. The Nigerian Government and her law makers have dotted the lines in numerous economic blue-prints. Some of these plans include the National Economic Empowerment and Development Strategy (NEEDS) in 2004 laid the bedrock for the 7-point agenda of Dr. Goodluck Jonathan-led Federal Government's Vision-2020, and the Empowerment Programme of President Muhammadu Buhari, to mention a few. The austerity measures and War against Indiscipline (WAI) was not left out. Though economies differ but Da long and Summers (1992) argued that macroeconomic policies are necessary for long term growth. Uniamikogbo and Enoma (2001) asserted that monetary policy variables are more effective and dependable than fiscal policy measure in affecting changes in economic activities. Other scholars argued that the growth of human capital; that is, investment in education and training contributes significantly to long run growth (Barro, 2013). Ismaila and Imoughele (2015) revealed that inflation rate is negative but insignificant. One percent increase in inflationary rate will lead to 0.0351 percent decrease in the growth of Nigeria's economy. With all these issues raised one finds it necessary to re-appraise the influence of MEVs on the nation's economic growth.

STATEMENT OF THE PROBLEM

The influence of selected MEVs over the years has remained grossly insufficient to meet the expanding social political and public spending required in the fostering of economic growth. Which amongst other factors consider issues like inflation rate, interest rate, exchange rate and broad money supply; the tradition of most citizens in keeping money at home cause leakages in money supply consequently affects the nation's economy negatively. This study intends to evaluate the extent economic growth has been influenced by selected MEVs. In any nations, economic growth is the continuous responsibility of government on her economy. The need to carry out this study is anchored in the fact that MEVs like money supply, interest rate inflation rate and exchange rate are considered the major drivers of economic growth in Nigeria. One of the most important problems which confronts accounting information is the impact of inflation. As the purchasing power changes, the information revealed ends to be affected adversely (Kenneth, Denis & Okezie, 2016).

The ever fluctuating rate of exchange against major international trading currencies has caused inflation to gallop in Nigeria. On the order hand, exchange rate, interest rate and broad money supply are worth an empirical investigation. It is in the light of the above that the following

questions are raised: (a) Does government policies that affect MEVs hinder economic growth in Nigeria? (b) Are the invisible hands in the trade market being controlled by demand and supply forces or by other econometric variables? If participants in the global market experience some levels of macroeconomic stability, then it is true that other nations or nationals face similar conditions but at various levels. Since oil and gas dominate the country's economy as it accounts for over 83% of the country's revenue base thereby making government to lose its sense of reasoning in exploring other revenue sources, this present government have come up with diversification which is still only a plan on papers.

In addition, the Structural Adjustment Programme (SAP) implemented by former military leader Gen. Ibrahim Babangida, with the broad intent of diversifying the economy, did not achieve its objective. The over dependent on oil and gas has led to low GDP and economic retardation which has affected the MEVs under consideration in this study. Then the influence of selected MEVs need special understanding for economic growth by forces concerned with both the private and public sectors. The implication of export and import on Nigerian economy its felt as a continuous depreciation of the naira exchange rate for other hard currencies like the European Euro or US Dollar and weakening CBN's relentless effort at attaining and sustaining a single digit headline rate of inflation to double digit through her monetary policy rate.

OBJECTIVES AND SIGNIFICANCE OF THE STUDY

This study focused on the following specific objectives: to evaluate the effects of inflation on economic growth; to determine the influence of exchange rate on economic growth; to examine the influence of interest rates on economic growth; and to ascertain the influence of broad money supply on economic growth in Nigeria. These objectives formed the basis of the researched addressed and the hypotheses tested. This study is important by providing basic analysis thereby preparing both investors, the academic and government for better positions where economic growth decisions are to be taken. It is significant in the sense that the recommendations if implemented would go a long way to improve the Nigerian economy through good governance and proper implementation of government policies. The study has also contributed to the existing body of literature, and it shall be a source of reference for future researchers, the academia and the general public.

The reminder of this paper in different parts were devoted to the review of related literature, the methods used, results of data analysis and discussions, and finally the summary, conclusion and recommendations.

REVIEW OF RELATED LITERATURE

Theoretical Framework

The Cambridge cash balance demand theory, the Keynesian reasons for holding money and the dependency theory provides the theoretical foundation for this study.

Cambridge Cash Balance Demand Theory

Cambridge cash balance demand theory as pioneered by Pigou (1917). He emphasized the role of money as a store of wealth and why people hold money.

Keynesian Motives For Holding Money

Keynes talked about three motives people have for holding money. Transactions, demand for money just for transaction purposes. Precautionary demand for money is a function of the level of income and institutional factors as one take adequate steps to avoid waste all the time. Speculative demand occurs when something is at stake within the economy. Keynes assume that individuals could hold their wealth in excess of their transaction and precautionary requirements in speculative balances or in bonds. These three theories talked about broad money supply in a nation either positive or negative.

Dependency Theory

Dependency theory is the rising incidence of unemployment in developing countries as a result of their total dependence on foreign technology introduced by multinational corporations. The foreign direct investment in developing countries to a large extent distorts the local production technology and as such indigenous firms are muzzled out because of the capital intensive technology thereby causing unemployment. The multinationals even hoard some sensitive positions to their nationals as they go around their branches as supervisors.

Empirical Review

Keswani and Wadhwa (2019) evaluated the impact of macroeconomic variables on Indian Stock Market. Macroeconomic factors showed that the prosperity of any economic system depend on investments in the future. The study examined the impact of certain macroeconomic factors such disposable revenue, interest rate, government policies, inflation and exchange rate on economic growth. The examination utilized the ADF, correlation, multiple regression and granger causality test for analyzing the association between the adopted variables and economic growth. The findings showed that in the first difference the variables were stationary. There was a strong relationship existing between disposable income, government policies, exchange rate and share price. Changes in these variables affected stock prices in the BSE. In addition, the multiple regression results showed that these variables were used to check the effect of selected macroeconomic factors in Indian stock market.

Chowdhury, Hamid and Akhi (2019) investigated the relationship between macroeconomic variables (such as inflation, real interest rate, exchange rate and household consumption expenditure) and economic growth represented by GDP in Bangladesh. Secondary data for the study was collected from World Bank database for the period 1987 to 2015. The study employed correlation and multiple regression techniques for data analysis. The results revealed that the selected macroeconomic variables had significant effect on economic growth in Bangladesh. Adejumo and Ogunbunmi (2018) examined the effect of macroeconomic indicators on economic performance of selected Sub-Sahara African countries between 1990 and 2017. They considered four variables: GDP growth rate, inflation rate, monetary policy rate and exchange rate. A panel unit root test using two criteria to test for stationary, panel co-integration test was also conducted to test for long run relationship between the variables employed. They recommended that a more balance but flexible approach toward the MPR should be embraced to allow more room for impressive economic growth in these counties.

Macroeconomic policy decision is not enough to stimulate growth in the economy of any nation, but the interplay of fiscal and monetary policy instruments backed up with political will of the

government on genuine implementation of well-thought out programmes can be employed as an antidote to achieve macroeconomic objectives both in the short and long run.

Egbunike and Okerekeoti (2018) conducted an exploration of the relationship between macroeconomic variables, firm characteristics and financial performance of selected quoted consumer goods sector manufacturing firms in Nigeria from 2011 to 2017. The study used ROA representing financial performance as the dependent variable, while the independent variables include macroeconomic factors (such as interest rate, inflation rate, exchange rate, and GDP), and firm characteristics (firm size, leverage and liquidity). Secondary data for the study was collected from CBN Statistical Bulletins. They employed multiple linear regression technique as the method of data analysis. The findings among others were that interest rate and exchange rate had no significant effect on ROA, but inflation rate and GDP were significantly related to ROA.

Oshodi (2018) focus on empirical analysis of macroeconomic indicators on economic growth in Nigeria and China. Both countries rediscovered themselves in the late 70s and put in place sustainable economic trajectory to take a leadership position but still Nigeria revolves around same position after 50 years of independence. This analysis examined the major development indicators and compares the two countries to appreciate empirical trends and put in place strategic efforts where necessary with 22 year time series data from 1994 to 2015 was considered. The Augmented Dickey Fuller (ADF) test to determine the mean and variance of the data are consistence over time. While the ordinary least square was used to ascertain the extent of relationship existing between the macroeconomic indicators. The study concluded with empirical evidences that trends in macroeconomic variables can be used to predict the economic growth of these countries.

Ismaila and Imoughele (2015) examined macroeconomic determinants of economic growth in Nigeria measured by real gross domestic product (RGDP). They used secondary data obtained from CBN for 26 years from 1986 to 2012. The ADF unit root test and Johansen's co-integration were used to test for both short and long run relationship between economic growth and macroeconomic determinants. The study recommended that there is need for government to consciously develop the business environment by provision of the necessary business infrastructure which will lower the cost of doing business in Nigeria. There is also the need for government to retain tight broad money supply and fiscal policies in order to fight inflation.

Ifionu and Akinpelumi (2015) investigated macroeconomic variable and money supply: evidence from Nigeria using derived secondary data gotten from the CBN statistical bulletin 2013. The econometric techniques used were OLS, causality test and co-integration test using time series data. The results revealed that all variables were stationary at various levels and there exists a long run relationship; it was also discovered that apart from inflation having an inverse significance with money supply and exchange rate, all other variables were found to have positive impact on GDP. It was recommend that Nigerian banks must ensure price stability as well as improve the regulatory and supervisory framework to secure a stronger financial sector that will eliminate inflation and check excessive money supply in Nigeria.

Nwoye, Obiorah and Ekesiobi (2015) examined effect of Nigeria macroeconomic environment on the performance of the nation's economy. The rebirth of democratic dispensation in Nigeria was threatened with multi facet challenges of high external indebtedness, rising rate of inflation from

single to double digit. Adopting secondary data from the CBN annual reports, SEC statistical bulletin and the NBS, the relevant macroeconomic variables selected for this study were subjected to the OLS regression analysis towards ascertaining the extent of relationship existing between the macroeconomic indicators selected and the nation's growth level. Result obtained in this study showed that although a unique relationship existed between the country's currency exchange rate to a US dollar, inflation rate, monetary policies and the extent or level of GDP growth of the country; noting that the country's unsolved problem of energy generation and distribution in turn had undermined the performance of the industrial sector development and employment.

Udu (2015) investigated the influence of environmental factors on business operations in Nigeria using secondary data from 1981 to 2013. The study adopted real GDP representing business operations as the dependent variable, while environmental factor components such as inflation rate, interest rate, unemployment rate and exchange rate were used as the independent variables. The study employed OLS multiple regression technique for data analysis. It was found that interest rate and unemployment rate were positive and significantly related to RGDP. Antwi, Mills, and Zhao (2013) investigated the effect of macroeconomic factors such as physical capital, labour force, foreign direct investment, foreign aid, inflation and government expenditure on economic growth represented by real per capita GDP in Ghana. Time series secondary data for the study were obtained from 2011 World development indicators for the period 1980 to 2010. They employed Johansen co-integration test, Augmented Dickey Fuller (ADF) unit root test and multiple regression technique for the analysis of data. Their findings provided evidence of the existence of significant co-integration relationship between macroeconomic factors and economic growth.

METHODOLOGY

Research design

The research methodology of this study is the ex-post facto which is a quasi-experimental design as a pre-existing group is compared on a dependent variable and data on the variables data are events that occurred in the past.

Variable of the study

The independent variables of this study are the selected MEVs of interest rate, exchange rate, inflation and broad money supply while GDP representing economic growth was used as the dependent variable.

Source of data

Secondary data was used, that was collected from the CBN statistical Bulletin. The gross domestic product was modeled as a function of the selected MEVs of interest rate, Exchange rate, inflation and Broad money supply that determine economic growth in Nigeria.

Model Specification

For easy execution of this study, both the independent and dependable variables were identified, influenced of selected MEVs on Economic growth. For effective analysis for this study a multiple regression model to be used to evaluate the link between the selected MVEs and economic growth (in the following order) was adopted (Antwi, Mills & Zhao, 2013; and Egbunike & Okerekeoti, 2018):

$$GDP = f\ (INT, EXC, INF, BMS)$$

$$GDP = \beta_0 + \beta_1 INT + \beta_2 EXC + \beta_3 INF + \beta_4 BMS + e \qquad \text{Eq1}$$

Where,
GDP = Gross Domestic Product
INT = Interest rate
EXC =Exchange rate
INF = Inflation
BMS= Broad money supply
e = Regression error term
β_0 = Intercept or constant

Methods Of Data Analysis

This study employed the descriptive statistics and the multiple regression analysis based on the ordinary least square technique. These were computed and presented in this form: mean, maximum, minimum, and standard deviation, with several inferential statistics used to draw conclusions. The used models analyzed the relationship between the study variables.

RESULTS OF DATA ANALYSIS AND DISCUSSION

Data Presentation

Data gathered on the study variables from CBN Statistical Bulletin for the period 1999 to 2018 is presented in Table 1.

Results of Data Analysis

This section presents the results of data analysis. First, it considered some descriptive statistics of the selected MEVs, followed by the regression results and discussion of the findings based on 20 observations from 1999 to 2018.

Table 1: Annual Values and Rates of the Study Variables

	Dependent Variable	Independent Variables			
Year	GDP (Nb)	INT	EXC	INF	BMS(Nb)
1999	4,679.21	20.29	92.34	6.60	7,138.20
2000	6,713.57	21.30	101.70	6.50	8,260.30
2001	6,895.20	23.44	111.23	18.90	9,891.10
2002	7,795.76	24.77	120.58	12.90	11,272.30
2003	9,913.52	20.17	129.20	14.00	13,040.70
2004	11,411.07	19.18	132.90	15.00	15,160.50
2005	14,610.88	17.95	131.30	17.90	17,787.30
2006	18,564.59	16.89	128.65	8.20	20,824.90
2007	20,657.32	16.94	125.81	5.40	24,001.90
2008	24,296.33	15.14	118.55	11.60	27,615.50
2009	24,794.24	18.99	148.90	16.20	31,708.20
2010	54,612.26	17.59	150.30	13.70	35,786.40
2011	62,980.40	16.02	153.86	10.30	45,274.50
2012	71,713.94	16.79	157.50	12.00	55,888.20
2013	80,092.56	16.72	157.31	8.00	72,333.20
2014	89,043.62	16.55	158.55	8.00	86,854.30
2015	94,144.96	16.85	192.44	9.00	89,737.70
2016	101,489.49	16.87	253.49	15.70	89,032.40
2017	113,711.63	17.55	305.49	16.50	100,444.80
2018	130,811.38	16.90	306.08	12.10	104,445.20

Source: CBN Statistical Bulletins

Descriptive Statistics

Table: 2 Descriptive Statistics

Date: 04/18/2020 Time: 00:07 Sample: 1999 2018					
	GDP	**INT**	**EXC**	**INF**	**BMS**
Mean	47446.59	18.34350	158.8080	11.92500	43324.88
Median	24545.29	17.24500	140.8950	12.05000	29661.85
Maximum	130811.4	24.77000	306.0800	18.9000	104445.2
Minimum	4679.210	15.14000	92.34000	5.400000	7138.200
Std. Dev.	41808.43	2.512372	61.05583	4.052663	34415.83
Skewness	0.574827	1.231295	1.518150	0.027935	0.618615
Kurtosis	1.872614	3.699622	4.221297	1.841373	1.809997
Jargue-Bera	2.160584	5.461513	8.925564	1.121281	2.455704
Probability	0.339496	0.065170	0.011530	0.570843	0.292921
Sum	948931.9	366.8700	3176.160	238.5000	866497.6
Sum Sq. Dev.	3.32E+10	119.9283	70828.48	312.0575	2.25E+10
Observations	20	20	20	20	20

Source: E-views 10 output

Regression Results

Table: 3 Regression Results

Dependent Variable: GDP Method: Least Squares Date: 04/18/20 Time: 00.09 Sample: 1999 2018 Included observations: 20				
Variation	Coefficient	Std. Error	t-Statistic	Prob.
C	732.3201	168.32.61	0.043506	0.9659
INT	-573.5303	870.1680	-0.659103	0.5198
EXC	96.00463	69.15687	1.388215	0.1853
INF	-201.9385	513.7142	-0.393095	0.6998
BMS	1.024738	0.127212	8.055371	0.0000
R-squared	0.975030	Prob. (F-statistics)	0.000000	
Adjusted R-squared	0.968371	Durbin-Watson stat	1.111822	
S.E of regression	7435.353			

Source: E-views 10 output

Table 2 shows that GDP, INT, EXC, INF and BMS have mean values of 47,446.59, 18.34, 158.81, 11.93 and 43,324.88 respectively, while the respective maximum values are 130,811.40, 24.77, 308.08, 18.90 and 104,445.20. Table 2 also shows that the minimum values of the variables are 4,679.21, 15.14, 92.34, 5.40 and 7,138.20 respectively, with respective values of standard deviation as 41,808.43, 2.51, 61.06, 4.05 and 34,415.83; indicating that GDP is the most widely disperse variable, while INT is the least dispersed among the variables. The probability values of the variables 0.34, 0.07, 0.01, 0.57 and 0.29 for GDP, INT, EXC, INF and BMS respectively indicates that these variables (except EXC) are normally distributed as the P-values are each greater than 0.05.

From the regression results in Table 3, the regression Equation 1 can be translated into Equation 2 as follows:

$$GDP = 732.32 - 573.53INT + 96.00EXC - 201.94INF + 1.02BMS + 7435.35 \quad \text{Eq 2}$$

Test Of Hypotheses

The regression results shown in Table 3 were used to test the study hypotheses.

1. There is no significant relationship between interest rate (INT) and economic growth (GDP). The calculated P-value of INT from Table 3 is 0.52 and this is greater than the 0.05 (at 5% significant level), it was concluded that INT has no significant effect on GDP. Thus the null hypothesis 1 was rejected.
2. There is no significant relationship between exchange rate (EXC) and economic growth (GDP). Here again, the null hypothesis 2 was rejected as the P-value of EXC (0.19) is greater than the 0.05 significant level. The finding is that EXC is not significantly related GDP.
3. There is no significant relationship between inflation rate (INF) and economic growth (GDP). From Table 3 the calculated P-value of INF is 0.69 which is also greater than the 0.05 (at 5% significant level). The conclusion is that INF has no significant effect on GDP. Thus the null hypothesis 3 was also rejected.
4. There is no significant relationship between broad money supply (BMS) and economic growth (GDP). From Table 3 the calculated P-value of BMS is 0.00 and it is less than the 0.05 (at 5% significant level) acceptance. The conclusion therefore is that BMS has statistically significant effect on GDP. Therefore the null hypothesis 4 was also accepted.

Discussion of Findings

The regression results in Table 3, showed that the coefficient of determination (R-squared) of the overall model is approximately 0.98. This means that the combined effect of changes in the independent variables explained about 98% of variations in the dependent variable (GDP) with probability of F-statistic value of 0.00. At 5% or 0.05 acceptance rule, this is not statistically significant. Again, the adjusted R- squared value of approximately 0.97 indicates that the model used is a proper and good fit for testing the study hypotheses. This gives 97% confidence level of the goodness of the model. Besides, the Durbin- Watson statistics value of 1.11 which is less than the 2.0 benchmark indicates that the independent variables lack serial auto correlation. Therefore, parameter estimates from the model are stable, efficient and suitable for policy implementation base on GDP (proxy for economic growth) as a function of macroeconomic variables.

In addition, interest rate with beta value of -573.53 and P-value of 0.52 means that has a negative insignificant link with gross domestic product. A unit increase in INT will result to 573.53 units decrease in GDP. Similarly, inflation rate with beta value of -201.94 and P-value of 0.69 means that inflation rate is insignificant and negatively related to gross domestic product. Also, a unit increase in INF will lead to 201.94 units decrease in GDP.

On the other, exchange rate with beta value of 96.00 and P-value of 0.19 was interpreted to have an insignificant positive association with economic growth. A unit increase in this case of EXC will bring about 96 units increase in GDP. But in all, broad money supply with beta value of 1.02 and P-value of 0.00 means that BMS has statistically significant positive effect on GDP. This can be interpreted economically to mean that a Naira increase in BMS will result in an equivalent amount of increase in GDP.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

This study investigated the influence of selected macroeconomic variables (interest rate, exchange rate, inflation rate and broad money supply) on economic growth (measured by gross domestic

product) in Nigeria for the period ranging from 1999 and 2018. The findings of the study are summarized as follows:

1. Interest rate (INT) had an insignificant negative link with gross domestic product (GDP) with beta value of -573.53 and P-value of 0.51 > 0.05 (level of significance).
2. Exchange rate (EXC) was positively related with to gross domestic product (GDP), but the relationship is not statistically significant with beta value of 96.00 and P-value 0.19 > 0.05 (level of significance).
3. Inflation rate (INF) had a negative insignificant link with gross domestic product (GDP) with beta value of -201.94 and P-value of 0.69 > 0.05 (level of significance).
4. Broad money supply (BMS) with had a significant positive link with gross domestic product (GDP) having a beta value of 1.02 and P-value of 0.00 < 0.05 (level of significance).

CONCLUSION

This study empirically examined the influence of selected microeconomic variables (MEVs) on economic growth in Nigeria between 1999 and 2018. It evaluated gross domestic product (as the measure of economic growth) as a function of four selected variables of MEVs: Interest rate, Exchange rate, Inflation and Broad Money Supply. For effective and efficient analysis of the study variables the multiple regression technique based on the ordinary least square method with the help of several inferential statistical tools were used for data analysis to draw necessary conclusions. The models used analyze the relationship between the selected MEVs. Nigeria's inability to increase her GDP over the years far above her population growth is heavily dependent on the sincerity of our political will to actualize it.

The hypotheses formulated were rejected for three variables because the critical P-value 0.05 is < the calculated P-values; except for BMS Broad Money Supply (BMS) which revealed significant positive influence on GDP with P-value of 0.00 < 0.05 level of significance. The study therefore concluded that macroeconomic decision is not enough to bring about economic growth. The interplay of both fiscal and monetary policy backed up with political will to achieve its objectives both in the short and long-run is required. Nigeria still lack good political will for economic growth and poor governance. Still government should improve the regulations and supervisory role in the financial sector for sustainable growth to be achieved in Nigeria.

Recommendations

1. Monetary authorities should put in place effective measures to control broad money supply since money supply as shown by this study can be used to achieve desired economic growth. Also, steps should be taken to reduce monetary leakages; in this regard, the present cashless policy of the Federal Government is a welcomed positive development; and Government should improve the regulations and supervisory role of the regulatory authority in the financial sector for sustainable growth to be achieved in Nigeria.
2. Government should muzzle enough political will and good governance to back the interplay of both fiscal and monetary policies to achieve growth in the economy as macroeconomic decisions alone would not bring about economic growth.
3. Government should diversify the economic and move away from the over dependence of oil revenue to provide a broad income base for sustained growth. The nation's long abandoned agricultural sector should be revamped and the tourism sector developed to broaden the country's income base and create employment for teeming graduates.

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