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EFFECT OF EXTERNAL AND DOMESTIC DEBT ON ECONOMIC GROWTH IN NIGERIA

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Abstract

This study examined the effect of domestic and external debt on economic growth in Nigeria for period of 1990- 2021 Data for the study were sourced from the Central bank of Nigeria Statistical Bulletin and National Bureau of Statistics and the webpage of World Bank Hypotheses were formulated and tested using ordinary least square regression (OLS) model and linear regression model. The research design is ex-post factor using two models to analyze the effect of external and domestic debt on economic growth in Nigeria. This study used GDP growth rate as a function of public debt while taking domestic debt and investment as dependent variables. The findings from the study showed that though in the short run the impact of borrowed fund on the Nigeria economy was positive, the impact of debt on the long run depressed economic growth as a result of incompetent debt management. There is also no relationship between external debt and economic growth in Nigeria economy. The study recommended that the government should reduce the level of external debt it accumulates overtime, but domestic debt accumulation would contribute significantly to the development of the economy. Government should therefore develop a framework for recording and monitoring all contingent liabilities and also formulate and implement a policy for management of the contingent liabilities.

Keywords: Effect, Domestic Debt, External Debt, Economic Growth, Nigeria.

1.0: Introduction

1.1: Background of the Study

The issue of debt has long been a major concern for policy makers both fiscal and monetary authority in the world. The attainment of sustainable economic growth and development of an economy most especially in Nigeria has been an important objective for economic management. Nigeria has an economy that is dependent upon its oil sector. The oil sector accounts for about 95% of Nigeria's foreign exchange earnings, Nigeria have oil reserve estimated between 24 billion and 31.5 billion and produce 90 million tons per year.

According to duration debt has two types: long term debt and short term debt. Short term debt is generally considered to be for one year or less, long term is for more than ten years, medium term debt falls between these two boundaries. Nigeria has been relying heavily on debt to meet its budget and balance of payment deficit since independence. The debts structure of a country affects individual citizens, institutions of government, privately owned corporate organizations like banks and consequently the economy at large.

The debt structure includes domestic debt and external debt. The macroeconomic policies objectives is the attainment of sustainable economic growth and development of an economy most especially the Less Developed Countries (LDCs) like Nigeria, which are characterized by Low Capital Formation due to low levels of domestic savings and investment. It is expected that these LDC's when facing a scarcity of Capital, would resort to borrowing from either internal or external sources so as to supplement domestic saving (Aluko F. and Arowolo D., (2010) Safdari M. and Mehrizi M.A. (2011, Suleiman, L.A. and Azeez B.A. (2012). Hence borrowing may be considered as a second best alternative to capital formation during periods of depression in an economy. Countries borrow to promote economic growth and development, by creating conducive environment for people to invest in various sectors of their economics (Umaru et al, 2013). Similarly, Obudah and Tombofa (2013) argued that the specific reasons why countries may borrow include: to be able to finance their reoccurring budget deficit, as a means of dipping their narrow revenue sources and low productivity which results in poor economic growth.

1.2 Statement of the Problem

The gross increase in domestic debt stock since Nigeria's exit from Paris Club in 2005 has continued to skyrocket. Studies by (Ekperiwase & Oladeji, 2012; Ezebalisi & Hamilton, 2011 and Suleiman & Azeez, 2012) investigated the effect of debt whether external or domestic on economic growth. The studies were conducted before the global economic meltdown and the subsequent economic recession that the country witnessed in 2016. The result of the OLS techniques indicates that Domestic and external debt has a positive and insignificant impact on the growth of Nigeria economy for the period under study.

The factors affecting economic growth in developing countries have been a topic of continuing debate over the last few decades. The major question is however, if the essence of debt acquisition is to finance development projects, why would external debts cause a reduction on economic growth? Giving the increasing growing concern of the debilitating impact of debt on growth, especially among developing countries, this study will investigate the presence of mixed finding on the debt and growth relationship. In the midst of mixed findings, it may not be totally clear of the impact of debt on economic growth. However, although the relationship between debt and economic growth is a major concern for the policy makers and public opinion in general, the problem of the effect of external burden to gross domestic product in Nigeria economy also creates a worry. Finally, do governments prefer servicing of external debt to domestic debt is another problem under review?

1.3: Objectives of the Study

The main objective of the study is to examine the cumulative effect of the domestic and external debt on the Nigerian economy. The specific objectives are:

1. To identify the effect of external debt burden on gross domestic product
2. To assess the effect of domestic borrowing on the economic development of Nigeria.
3. To evaluate the importance of external debt servicing to domestic debt servicing
4. To identify policy measures to develop in other to minimize public debt

1.4 Research Questions

The general research question of this study is, do domestic and external debts have any significant effect on economic growth? In view of the general research question, this paper attempts to ask the following specific questions:

1. Does external debt burden affect gross domestic production? 2. Is there any effect of borrowing on economic development in Nigeria? 3. Does external debt servicing have any importance to domestic debt servicing? 4. Does government provide policy measures to minimize public debt in Nigeria?

1.5 Research Hypothesis

This study is guided by the following null hypothesis:
Ho 1: External debt burden has no significant effect on gross domestic products.
Ho 2: External debt has no significant effect on economic development and growth in Nigeria.
Ho 3: External debt servicing has no significant effect on domestic debt servicing
Ho 4: Government does not provide policy measures to minimize public debt in Nigeria

1.6 **Significance of the Study**

The information on this research will be of paramount importance to the following categories of users:
1. Government and Policy Makers: The findings of this study could serve as an important reference for designing economic policies that could engender efficient debt management in both the public and private sectors in Nigeria

2. Academician and Researchers: for people that may like to further investigate on this area, the information on this study can be used in developing background of a new model. It will serve for future research study.

3. Management: it will serve a reference document for management to use as a guide for managing the affairs of government.

1.7 Scope of the Study: The study Longitudinal Scope is 1990-2021

1.8 Limitation of the Study:

1. The study is limited by generalizability. This is because geographically the findings are derived from data of central bank of Nigeria statistical bulletin. The findings may not be completely the same if the study as conducted in another country.

2. The data are derived from financial statements historical accounting information do not exactly predict the future.

2.0 Review of Related Literature

2.1. Public Debt

Public debt is the amount of money owed by the government to institutions, government agencies and other bodies either resident in or outside a country (Hassan & Akhter, 2012). It can be classified in two ways: domestic public debt and external debt.

2.1.1. Debt
Debt according to Oyejide, Soyede and Kayode (2004) is the resource or money used in an organization that is not contributed by its owner and does not in any other way belong to them. It is a liability represented by a financial instrument or other formal equivalent.

2.1.2. External debt
Arnone, Bandiera and Presbiterion (2005) defined external debt as that portion of a country's debt that is acquired from foreign sources such as foreign corporations, government or financial institutions. External debt is that part of the total debt of a country that is owed to creditors outside the country. The debtors can be the government, corporations or private households (Abula etal 2016).

2.1.3. Domestic debt
According to Ozurumba and Kanu (2014), domestic debts refer to the portion of a country's debt borrowed from within the confines of the country. These loans are usually obtained from the central bank of Nigeria, deposit money banks, discount houses and other non bank financial houses. Domestic Debts are debts that originate from within the geographical region of a country, which are contracted through debt instruments such as treasury bills, treasury certificates and treasury bonds. Others are development stocks, FGN bonds and Promissory notes (Matthew & Mordecai, 2016).

2.1.4. Economic development
This is refers to as increase in the standard of living in a nation's population with sustained growth form a simple, low-income economy to a modern high-income economy (Jhingan, 2010). It also involves achieving a balance in all sectors of the Economy in the process of production of goods and services be it agriculture, finance, manufacturing, health, education, etc. The Economic challenge inherent in the Nigeria Economy include issues social such as poverty, low per capital income, inequitable distribution of home, low capital formation, inefficiency in the mobilization of resource, over- dependence on a singular commodity oil-as a major source of income, Unemployment, inflation to mention a few (Adejumo & Adejumo, 2014).

2.2. Theoretical Framework
2.2.1 Dual Gap Theory
Dual Gap Analysis Theory developed by Chenery and Strout (1966) holds that for undeveloped economy, to attain some particular growth rate, there are two separate and independent types of obstacles, which he calls saving gap and foreign exchange gap. According to him, such gaps will be filled up through the flow of foreign resources and a desirable targeted rate of economic growth will be attained. According to this economist, in the light of national income accounting, these gaps remain equal in the export sense, but they are not equal in the ex-ante sense.

In summary, the theory explained that development is a function of investment and that such investment which requires domestic savings, if savings is not sufficient to ensure that development/economic growth takes place then there must be the possibility of obtaining from abroad the amount that can be invested in any country which is identical with the amount that is, saved and obtaining this amount from abroad forms debt.

2.4 Empirical Review

The researcher empirically studied some of the researches on domestic and external debts on their variables, methodologies, findings and conclusions which are considered in concluding this study.

Atique and Malik (2012) examined the impact of domestic debt and external debt on the economic growth In Pakistan during the period (1980 2010) using a least square approach based on co - integration , unit root and serial correlation testing . The results showed a negative impact of public debt on the economic growth.

Boboye and Ojo (2012) studied the effect of external debt on economic growth in Nigeria, ordinary least square multiple regression technique was used. The findings indicated a negative effect of external debt on the nation's income and per capita income.

Choong , Lau , Liew , and Puah (2010) investigated the effect of different types of debts on the economic growth in Malaysia during the period 1970 -2006. Using Co - integration test, the findings suggest that all components of debts have a negative effect on long run economic growth.

Barik (2012) studied the direct and indirect effect of public debt on economic growth of India between 1981 and 2011. His econometric Investigation revealed that there is an indirect connection between public debt and economic growths of India within the period. He discovered that both investment and output growth had an indirect positive effect on economic growth through its influence on investment. He recommended that it is not enough to just raise public debt but to put measure in place to stabilize them both in the medium and long - term.

In Nigeria, Arninu et al (2013) investigated the impact of external debt and domestic debt on economic growth in Nigeria between 1970 and 1980 through the application of Ordinary least square method, Augmented Dickey-Fuller technique and Granger causality test. The results of the Causality test suggest that there is a bi directional causation between external debt and GDP while no causation existed between domestic debt and GDP, no causation existed between external debt and domestic debt well. The results of OLS also revealed that external debt possessed a negative impact on economic growth while domestic debt has impacted positively on economic growth (GDP). They assert that good performance of an economy in terms of per capital growth therefore be attributed to the level of domestic debt and not on the level of external debt in the country; therefore external debt is seen as inimical to the economic progress of a country.

Muhdi and Sasaki (2009) examined the macroeconomic effects of external and domestic debt in Indonesia by applying Ordinary Least Square (OLS) estimation for the period 1991 to 2006. The study found positive effects of the rising trend of external debt on both investment and economic growth.

Ogunmuyiwa (2011) investigated the relationship between external debt and economic growth in developing countries using Nigeria as a case study. Time series data from 1970-2007 were fitted into the regression equation employing various econometric techniques such as Augmented Dickey Fuller (ADF) test, Granger causality test, Johansen co-integration test and Vector Error Correction Method (VECM). His study reveals that causality does not exist between external debt and economic growth as causation between debt and growth was also found to be weak and insignificant in Nigeria.

Qureshi and Ali (2010) empirically explored the impact of high public debt burden on the economy of Pakistan. The sample of the study was 1981 to 2008. The studies showed a mixed impact of public debt on economic growth. Some studies are of the view that public debt impedes the economic growth but some are of the opinion that public debt positively affects the economic growth.

ThankGod (2014) examined the impact of public debt on private investment in Nigeria over the period 1981-2012 using the instrumental variable technique of estimation and bootstrapping technique for the computation of normal based standard errors for the turning points. The results show that domestic debt has a linear and positive impact on private Investment; external debt has a U-shaped Impact on private investment; and private consumption expenditure has a negative impact on private investment. The external debt turning point was estimated to be 124.69) percent and was statistically significant at the 1% level. The study therefore recommended that for Nigeria to benefit from government external borrowings such funds should be large enough compare to her GDP and should be invested in productive ventures.

Putunol and Mutuku (2013) studies the impact of domestic debt on economic growth of Kenya over the period 2000-2010 using the Engle- Granger residual based and Johansen VAR based co-integration tests and revealed that domestic debt markets play an increasingly important role in supporting economic growth. They find that domestic debt expansion has a positive long-run and significant effect on economic growth.

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

Kumar and Woo (2010) examined a panel of advanced and developing economies for the period 1970-2007 by regressing per capita GDP growth against lagged values of the debt -GDP ratio to address the issue. Their result showed that there is an inverse relationship between initial debt and the subsequent growth. They argued that an increase in 10% in the initial debt GDP ratio leads to a decrease in annual real per capita GDP growth of 0.2% points per year.
Cechetti, Mohanty and Zampilli (2011) threshold estimation model for non- dynamic panel data of 18 OECD member states over the 1980-2010 period. They estimated for government, non-financial corporate and household debt above which debt has an adverse effect on growth.

Sulaiman and Azeez (2012) investigated the Impact of external debt on economic growth in Nigeria using GDP as the dependent variable while ratio of external debt to export, inflation and exchange rate were used as the independent variables. Annual time series data covering the period of 1970 to 2010 were used, which were analyzed using ordinary least square technique, ADF, unit root test, Johansen co- integration test and error correction model (ECM). Results from the study showed that external debt has a positive impact on the Nigerian economy in the long run. They therefore recommended that external borrowing should be obtained for economic growth reasons rather than social and political motives.

Rabia and Kamran (2012) examined the impact of external debt on the economic growth of Pakistan. They examined the determinants of economic growth for Pakistan, the impact of domestic debt and external debt on the economic growth of Pakistan separately over period of 1980 to 2010, using Ordinary Least Square (OLS) approach to Co- integration, Unit Root Testing, Serial Correlation Testing, test for checking Hetero skedasticity and CUSUM test of stability. The findings suggested an inverse relationship between domestic debt and economic growth and also the relationship between external debt and economic growth was found to be in verse. These relationships were found to be significant as well. The results also concluded that external debt amount slows down economic growth more as compared to domestic debt amount. The negative effect of external debt is stronger on the economic growth in comparison to domestic debt.

Abula and Mordecal (2016) studied the impact of public debt on economic development of Nigeria, Archival time series data spanning 1986-2014 were used. Augmented Dickey-Fuller test, Johasen co-integration test, error correction method (ECM) and the granger causality test. The ECM results indicate that external debt stock and external debt servicing has insignificant negative relationship with economic growth while domestic debt stock has direct and significant relationship with economic development. Regressively more variables like debt servicing with debt to empirically examine their effect on economic growth may cloud out the effect of the real debt economic growth. The use of different statistical analysis tools make conclusions difficult to draw as different instruments give different results.

In a related research to the recent studies by Uwalel Ubaka (2018) and Abula and Mordecai (2017 Okon, Maji and Denies (2013) examined the impact of external and domestic debts on the performance of the Nigeria economy. The study focused on which the debt types exert a more significant on selected macroeconomic variables (per capita GDP and gross domestic investment). Time series data, from 1970-2011 were subjected to econometric analysis and findings indicate that external debt is superior to domestic debt in terms of economic growth. The effusion of time between when Okon et al conducted the study 1970- 2011 created a gap that would allow an update of previous research to the effect of debt types on economic growth of Nigeria.

In estimating the variability of debt with GDP, Kehinde (2012) examined the effect and volatility of debt on the GDP of Nigeria. Archival data were used and econometric analysis conducted. The study indicated that only lag in GDP affect the GDP volume, while debt and volatility in debt does not affect the GDP. The variability of debt in relation to GDP can change the narrative of the effect of Debts effects. This might be the reason that debt showed no effect on GDP.

Amassoma (2011) investigated the causal nexus between external debt, domestic debt and economic growth in Nigeria. Archival time series data for the period of 1970-2009 were used. The ex-post facto research design was adopted and Vector Correction (VEC) model were used for statistical analysis. The study found that there was no long-run relationship between domestic debt and economic growth but external debt and economic growth indicated a long-run relationship. The time period of this previous research, 1970-2009 makes a current study on the pertinent issue of debt and debt overhang relevant to establish whether or not findings from previous Studies are potent for policy implications after 2009.

3.1 Research Design

The study adopted the ex-post fact research design in examining the relationship between external debt and domestic debt stock on economic growth.

3.2 Nature and Sources of Date: The research work involved the use of secondary data. The secondary data will be secured from research journals, periodicals, textbooks internet and other publications relevant to the study and these form the bulk of literature review.

3.3 Population of the study: The study longitudinal scope is 1990-2021 secured from national bureau of statistics database.

3.4 Reliability of study: The content validity was carried out by experts in the field to ensure reliability of the study.

3.5 Method of data collection: Secondary data were sourced from the central bank of Nigeria statistical bulletin and Annual reports, and debt management office.

3.6 Method of data Analysis

The study used the unit root test for stationary variables. The test was used to check if long-run relationship exists among the variables in the model using the Johansen technique. Results of the regression analysis help to determine the significance level of the study variables in the prediction of the dependent variable. The coefficients were used to show that the Independent variables positively or negatively influence the dependent variable or if there is no relation at all. Furthermore one Indicator (R- Square) was used to show to what extent the model explains the variation in the dependent variable. The analysis was conducted at 0.05 level of significance.

3.7 Model Specification

Okon et al (2013) specified a two models of the relative potency of external and domestic debts on economic growth of the firm

PCGDP = f(EXD, DD, GDI, DSP, INFLA) (3.1)

And the relative potency of external and domestic debts on gross domestic investment as;

GDI = f(EXD, DD, INTR) (3.2)

Where; PCGDP = Per capita GDP, EXD =

External debt, DD = Domestic debt, GDI = Gross domestic investment,
INFLA= Inflation and INTR = Interest rate.
A multiple regression model was used with economic development proxied with Gross Domestic Product Per Capita (GDPpc) as the dependent variable, while external debt stock, domestic debt stock, external debt service payment and domestic debt service payment during the period of study are treated as Independent variables. The structural form of the model is:
GDPpcf(EDS, DDS, ESP, DSP) (3.3)
The stochastic form of the model is:
GDPpc + BIEDS+ B2DDS+ B3ESP +
94DSP+ (3.4)
Where;
GDP Gross domestic product per capital
EDS External debt stock
DDS = Domestic debt stock ESP = External debt service payment
DSP Domestic debt service payment
u = Error term
B0 = intercept
Bi, B2, B3, B4, slope of the regression equation
Our Apriori Expectations are**:** Bi and B2>0,& B.

3.8 Test of Significance
The study conducted an Analysis of Variance (ANOVA) to test the significance of the model in establishing the relationship between public debt and economic performance. The researcher sought to look at the significance value by extracting the ANOVA statistics. The study was conducted at a confidence level of 95% and significance level of 5%. This model is significant in explaining a relationship when the significance is less.

4.0 Presentation and Analysis of Data

4.1 Data Presentation of Key Variables: This section presents Statistical data on the Economic Growth rate in Nigeria, Public Debt, Domestic Investment, Inflation rate and Interest Rate as they are variables to the economic growth model.

4.2 Test of Hypotheses

4.2.1 The unit root test results: The result of the ADF test statistics showed that the five variables viz; GDPPC, EDS, DOS, ESP and DSP were not stationary in their level form but were stationary after the first difference. The null hypothesis of the presence of unit root in the series was rejected as indicated by their probability values which were less than 0.05 and the values of their calculated ADF (in absolute terms) statistics which were higher than their critical values. In this direction, we say that their series are integrated of the order one that is 1(1).

4.2.2 Johansen Co-Integration Test. The co-integration test was carried out using the Johansen technique and it produced the following results: The Trace statistic (Tables 2) indicated three co integrating equations at the 0.05 level. The results of the Johansen Co-integration tests above strongly rejected the null hypothesis no co-integration. This implies that there is long-run relationship between the dependent variable and the explanatory

Table 1. Test For Stationarity Using Root Unit Test.

variable	Augmented Dickey Fuller Statistics	Critical Value	Probability Level	Significance%	Order of integration
GDPPC	-4.257845	-2.976263	0.0026	5	1(1)
EDS	-3.279825	-2.976263	0.0026	5	1(1)
DOS	-3.921428	-2.976263	0.0059	5	1(1)
ESP	-4.603289	-3.012363	0.0017	5	1(1)
D	-4.579357	-2.976263	0.0012	5	1(1)

Table 2. Test for Johansen co-integration using trace statistics

Hypothesized Critical value	Eigen value	Trace statistics	5 Per cent Critical value
None	0.882813	126.4789	69.81889
At most 1	0.725331	68.59132	47.85613
At most 2	0.594813	33.70226	29.79707
At most 3	0.258894	9.310292	15.49471
At most 4	0.044208	1.220794	3.841466

Denotes rejection of the hypothesis at 5% level

Trace test indicates 3 co-integrating equation(s) at the 5% level

Source: S computation from E- views 4.1

Table 3.The result of Regression Analysis

Dependent

Variable	Coefficient	Standard error	T- statistics	Prob.
C	0.003991	0.002748	1.452257	0.1619
D(GDPPC(-I))	-1.043054	0.252601	-4.129256	0.0005
D(EDS((-1))	-0.000004	0.000004	-1.186486	0.2493
D(DDS(-1))	0.000150	0.000002	8.569639	0.0000
D(EDP(-1))	-0.000013	0.000008	-1.516067	0.1451
D(DSP(-1))	-0.000222	0.000043	-5.140327	0.0000
ECM(-1)	-0.893909	0.414923	-2.154398	0.0436
R-squared	0.923031	Adjusted R-squared	0.899940	
F-statistic	39.97409	Prob(F-statistics)	0.000000	
Durbin-Wastson stat	1.460562			

Source: Authors' computation from E- views 4.1

Analysis of the Regression Results

4.3 Interpretation and Discussion of Study Findings: The result of Table 1 using the unit root test shows that all the variables are non- stationary. The result of the Johansen co-integration test above revealed that there exists a long run relationship between external debt stock, external debt servicing, domestic debt stock, domestic debt servicing and gross domestic product per capita in Nigeria.

The regression model indicates that Public Debt has a negative effect on Economic Growth as indicated by the negative value of its coefficient in table 3. Therefore increasing Public Debt leads to a decrease of Economic Growth. Similarly the coefficients in table 3, showed that the Inflation rate are inversely related to Economic Growth. The result of the regression shows that the value of the coefficient of determination(R) of 0.923031 showed that that the exogenous variables in the ECM equation, EDS, DOS, ESP and DSP, explains about 99% (ECM 1) and over 92% (ECM 2) of the systematic variations in GDPPC. The f-statistical values, 71.77267 and 39.97409 for ECM 1 and ECM 2, were statistically significant at the 5% level going by their probability values of 0.000000 and 0.0000090 respectively, implying that KDS, DDS, ESP and DSP taken together, have significant linear relationship "with the dependent variable, GDPPC.

5.0 Summary of findings, conclusion and recommendations

We shall provide below the summary, conclusion and recommendations arrived at from the findings of the study.

5.1 Summary of findings

1. The findings showed that in the short run the impact of borrowed found on the Nigerian economy was positive. The present study that borrowed fund has a significant positive relationship with economic growth aligns with the work of Abula and Mordecai , 2016 , Uwaleke and Ubaka , 2018 but disagrees with the studies of Amassoma 2016 whose findings that borrowed fund has insignificant impact on economic growth in Nigeria .
2. The impact of debt on the long run depressed economic growth as a result of incompetent debt management.
3. In a bid to establish the relationship between public debt and economic growth, external debt stock (DDS), external debt service payment (ESP) and domestic debt service payment (DSP) were employed in a multi linear regression analysis whose results depict that these variables are very significantly related to the GDP growth rate .
4. The coefficients generated by the regression model indicate a negative value for all independent variables. This means that Public Debt has an impact which is in verse on Economic Growth. This implies that by increasing Public Debt will lead to a decrease of Economic Growth in Nigeria. These results confirm that domestic debt stock (DDS) has positive and highly significant relationship with gross domestic product per capital (GDPPC) while domestic debt service payment (DSP) was statistically significant and negatively related to (GDPPC) in Nigeria.

The present study supports the neoclassical theory which State that debt in the short run has a positive effect on economic growth in Nigeria, domestic debt showed positive significant impact on economic growth and can granger cause about 10% growth in GDP.

The results from empirical investigation showed that the effect of debt on economic growth in Nigeria is mixed.

5.2 Conclusion

The empirical results revealed that Public Debt exerts an inverse growth impact on Economic Growth; clearly indicating that higher Public Debt discourages Economic Growth, and an increase in the level of debt servicing to the various creditors to the economy would reduce the level of economic growth and development in Nigeria. However, it will increase government expenditure results in rise in employment The findings will provide some basis for Nigerian policy makers on the value of maintaining low inflation, in order to facilitate higher Economic Growth.

5.3 Recommendations

1. The Government should devise strategies to see that in the long run borrowed fund will have impact on Nigeria economy.
2. Government should provide enough measures to deal with incompetent debt management, and provide enough disciplinary action to Government officers that defaults.
3. Nigeria should reduce public debt by providing policies that will help them in other to increase economic growth. Despite this, the government needs to pursue policies that are geared towards reducing the debt stock in order to reduce this effect on economic growth. There is need for improvement of policies on public debt so as to have a reversal of the negative effect of debt on growth.

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APPENDIX

Data for Regression

Year (N′ Billion)	GDP_pC (N′ Billion)	EDS (N′ Billion)	DOS (N′ Billion)	ESP (N′ Billion)	DSP
1990	0.001563	41.4524	28.4387	4.24	0
1991	0.002184	100.7891	36.7891	3.1	0
1992	0.0029	133.9563	47.0296	8.47	0
1992	0.004102	240.3937	47.0496	16.59	0
1993	0.004943	298.6144	84.0931	32.15	0
1994	0.005563	328.4538	116.1987	33.51	0
1995	0.008701	544.2641	177.9617	47.04	0
1996	0.010564	633.1444	273.8364	40.11	0
1997	0.013235	648.813	407.5827	40.34	0
1998	0.026814	716.8656	477.73389	35.47	0
1999	6.036272	617.32	419.9756	41.89	23.15
2000	0.036754	595.9319	501.7511	32.76	32
2001	0.034136	633.017	560.8302	27.85	41.89
2002	0.039048	2577.3744	794.8066	159.89	79.57
2003	0.054636	3097.3839	898.2539	175.21	108.49
2004	0.054721	3176.291	1016.974	238.23	155.4
2005	0.060327	3932.8848	1166.0007	141.34	170.64
2006	0.07473	4478.3293	1329.6845	234.04	200
2007	0.083905	4890.2696	1370.3252	234.26	203.64
2008	0.104673	2695.0722	1525.9066	1181.52	150.45
2009	0.129537	451.4617	1753.2591	865.55	135.1467
2010	0.140347	438.8909	2169.6376	1271.54	252.63
2011	0.160681	523.2541	2320.3072	54.27	471.28
2012	0.15957	590.4371	3228.0290	63.73	281.54
2013	0.341951	689.8375	4551.8219	53.27	354.126
2014	0.383575	896.8496	5622.8432	54.1	537.39
2015	0.42476	1026.9039	6537.5363	46.15	720.55
2016	0.461321	1373.58	7118.9789	46.77	794.1
2017	0.498796	1631.52	7904.02	54.974	865.81

Source: CBN Statistical Bulletin, 2017 And Dmo, 2017.