

The Impact of Non-Oil Revenue on Nigeria's Economic Growth and Development

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Abstract : Agriculture was the main stay of Nigeria's economy before the oil boom of the 1970s caused a gradual but steady shift from agriculture to crude oil as the major source of revenue and foreign exchange. The economy later experienced many symptoms of the 'Dutch disease', with exchange rate appreciation and erosion of competitiveness of the non-oil tradable goods. In order to reverse the worsening economic situations -high unemployment, galloping inflation, deteriorating balance of payment, declining economic growth, and fiscal deficits among others- the government, embarked on austerity measures in 1982 and Structure Adjustment Programme (SAP) in 1986. One of the cornerstones of SAP is the diversification of the economy from oil to non-oil. In the form of stocktaking, this paper investigates the impact of non-oil revenue on economic growth in Nigeria using quarterly time-series data from 1980 to 2019. The findings revealed that a long-run relationship exists between the variables (non-oil variables) and economic growth in Nigeria. Among the variables, (agriculture revenue, manufacturing revenue, revenue from services, and company income tax) contributed substantially to economic growth. The paper recommends that the government should continue to intensify efforts and policies in the diversification of the economy as it will bring about sustainable non-oil revenue and economic growth.

Keywords : non-oil revenue, economic growth, export, long run relationship

Conference Title : ICSPET 2020 : International Conference on Social, Political and Economic Trends

Conference Location : Montreal, Canada

Conference Dates : May 18-19, 2020