

Impact of Foreign Debt on Economic Growth of Nigeria

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Abstract : This paper investigates the effect of foreign debt on economic growth. Example has been chosen from Africa, Nigeria. By conducting cointegration test we have tested for a long-run relationship between. GDP = Real gross domestic product, EXTDEBT = External debt, INT = Interest rate, CAB = Current account balance, and EXCHR = Real exchange rate over the period 1990 to 2012. It was found out by the study that there is a negative but insignificant relationship between external debt and real gross domestic product. While a positive relationship exists between external debt and economic growth. Also, showed a negative and significant relationship between interest rate and real gross domestic product and there was a positive but insignificant relationship between current account balance and real gross domestic product.

Keywords : economic growth, foreign debt, Nigeria, sustainable development, economic stability

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