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RESEARCH ARTICLE

REVENUE GENERATION AND ECONOMIC GROWTH OF NIGERIA

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INTRODUCTION

The rationale for revenue generation in markets economy such as Nigeria stems from the government responsibilities, which include but are not restricted to stabilization of the economy, redistribution of income and provision of services in the form of public goods. According to Worlu and Emeka (2012) to meet these responsibilities, government needs to harness all sources of revenue available to it nationally and internationally. Revenues generated from these various sources must be utilized efficiently in promoting economic growth through the provision of basic amenities for improved public services. Revenue generation as source for financing developmental activities has been a difficult issue in Nigeria primarily because of various forms of resistance, such as corrupt practices, evasion and avoidance among others attending to it. These activities are considered as sabotaging the economy and are readily presented as reasons for the underdevelopment of the country, (Adegbe and Fakile 2011). The over dependence of federal government on oil sector is having an adverse effect on the economy due to recent global economic challenges resulting from the fall in oil prices and

ABSTRACT

The essence of revenue generation is to advance the welfare of citizens of a country with focus on promoting economic growth and development through the provision of development activities. Despite remarkable growth recorded in revenue generation the physical state of the nation in terms of social amenities and infrastructure remain backward. The aim of this study is to examine the contribution of revenue generated by the federal government on economic growth of Nigeria, while looking at the specific objectives: examine the influence of oil revenue on economic growth of Nigeria; examine the influence of non-oil revenue on economic growth of Nigeria. The study is backed up with theory of economic growth. Ex-post facto research designs was adopted in the work to examine the contribution of revenue generated on economic growth in Nigeria for the period of 30 years. Secondary data were sourced from Central Bank of Nigeria Statistical Bulletin (2017) for the purpose of this study. Econometric tools of co-integration and error correction model was employed to estimate the individual effect of aggregate revenue generated from Oil and Non-oil on Real Gross Domestic Products. Findings revealed that Oil revenue exerts a negative effect but significant on Real Gross Domestic Products and also non-oil revenue has a negative signed and statistically significant on Real Gross Domestic Products. The study concluded that revenue generated during the period of study have a negative but significant on economic growth of Nigeria this was due to neglect of developmental projects that will generate employment opportunities, abandonment of non-oil sector, profligate spending of the government, amongst others. Hence, government needs to invest massively in agriculture, repositions the tourism sector to attract foreign investors and develop the solid mineral sub-sector, among measures aimed at economic diversification.

weak value of the naira in the global economic markets have raised many critical questions, as to how the government in Nigeria would generate revenue that would be sufficient to guarantee economic growth and development. There is need for government to diversify the economy and concentrate on non-oil sector. Government has expressed this disappointment and has accordingly vowed to expand the non-oil revenue, (Festus and Samuel, 2007). In spite of the remarkable achievement recorded in revenue collection, the physical state of the nation in terms of social amenities and infrastructure remain regressive. This manifest in the lack of basic health care, portable drinking water, bad roads, electricity supply e.t. c. Emmanuel and Charles (2015), submitted that the greater number of folks in Nigeria still wallows in abject poverty and majority of the people live below one US dollar for each day. UNDP (2018) Human Development Index for 2017 ranked Nigeria as 157th out of 189 countries with HDI value of 0.532 which put the country in the low human development category, between 2005 and 2017, Nigeria HDI value increased from 0.465 to 0.532 an increase of 14.4 per cent. The figures from National Bureau of Statistics (2018) showed an increment in the number of unemployed Nigerians from 17.6 million in last

quarter of 2017 to 20.9 million in the third quarter (Q3) of 2018. Some researchers including Worlu and Emeka (2012), Okafor (2012), Okwor and Sule (2016), Nnanseh and Akpan (2013), Ude and Agodi (2014) reported that revenue generation had significantly contributed to economic growth in Nigeria, while Eyisi, Oleka and Bassey (2015) and Ojong, Anthony and Aripo (2016) disagreed with the above findings and reported that revenue generation had not significantly contributed to economic growth in Nigeria. Thus, it is against this background that this paper seek to empirically examine the influence of revenue generated on oil and non-oil between 1988 and 2017 on economic growth of Nigeria.

Literature Review

Conceptual Framework

Concept of revenue: Revenue according to Ahmed (2010) is defined as all amounts of money received by a government from external sources, for example those originating from 'outside the government' net of refunds, sale of investment, proceeds from issuance of debt, agency or private trust transaction and intra-governmental transfers. Obiechina (2010) posited that financial earnings of government, include bulk of its revenue and this is related to monies mobilized or generated in the economy. Ilyas and Siddiqi (2010) stated that public revenue consists of taxes and revenue from administrative activities which include fines, fees, gifts and grants. These can be classified into two, namely; tax and non-tax. Ihendinihu, Ebierian and Ibanichuka (2014) submitted that government revenue are of two types; oil and non-oil. Oil is the main source of revenue accrued to the federation account, this include revenue from crude oil and gas exports, receipt from petroleum profit tax and royalties, and revenue from domestic crude oil sales. Non-oil revenue are revenue which are not associated with oil. According to Chaudhry and Munir, (2010) these include custom and excise duties, company tax, capital gain tax, value added tax., fines and penalties, surplus from public enterprises, levy, grants, gifts and deficit financing.

Oil Revenue: Oil and gas have been most important non-renewable energy source in Nigeria; the sector is presently contributing about 90 per cent of the country's foreign exchange earnings and nearly 80 per cent of recurrent and capital expenditure. Hence, revenue from this sector is extremely important to the economic growth of the country. Presently, the country is having a condensate reserve of about 37 billion barrels and produces about 2 million barrels of light, sweet quality crude oil per day. The oil reserves and production are too short of growth levels envisaged in the Vision 20:2020. Although, the government's vision and aspiration continue to target diversification of the economy, the oil sector remains the primary source of revenues to make that happen as well as sustain the country for the foreseeable future.

Non-oil Revenue: Non-oil revenue is the income or proceeds generated from the commodities that are sold in the international markets excluding crude oil. Kromtit and Gukat (2016) stated that the non-oil sector comprises of those group of activities which are outside the petroleum and gas industry or those not directly linked to them. It consists of sectors such as manufacturing, telecommunication services, tourism, real estate, finance, construction and health sector. Elechi, Kasie and Chijindu (2016), cited in Likita, Idisi and Mavenke (2018), were of the opinion that non-oil exports are products which are

produced within the country in the agricultural, mining, quarrying and industrial sector that are sent outside the country to generate revenue for the growth of the economy.

Economic growth: This is the increase in the inflation-adjusted market value of goods and services produced by an economy over time. Ochejele (2007) simply defines economic growth as the quantitative and sustained increase in the countries per capital output or income accompanied by expansion in labour force, consumption, capital and volume of trade. It is usually measured as the percentage rate of increase in real gross domestic products (RGDP). It is also refers to as inflation adjusted real gross domestic products, measuring the value of finished goods and services at constant base year prices.

Exchange Rate: Exchange rate is the price for which the currency of a country can be exchanged for another country's currency. Valentine (2001) posited that exchange rate expresses the national currency's quotation in respect to foreign ones. Exchange rate is determined independently to the economic growth rate. Tejvan (2017) stated that exchange rate can have influence on economic growth with other variables at work. A strong exchange rate is often considered to be a sign of economic strength, in the long run a strong exchange rate tends to occur in countries with low inflation. A lower exchange rate makes export cheaper and increases demand for goods. Mishkin (2007) defines exchange rate as the price of one currency in terms of another. It affects an economy and its standard of living. For instance if a country's currency becomes valuable relative to foreign currencies, foreign goods become cheaper and domestic goods becomes expensive to foreigners. Mishkin (2007) posited that exchange rate is important because it affects the relative price of domestic and foreign goods. It can be determined by the interaction between supply and demand in the foreign exchange market. Such supply and demand conditions are determined by whether the country's basic balance of payment is in surplus or deficit.

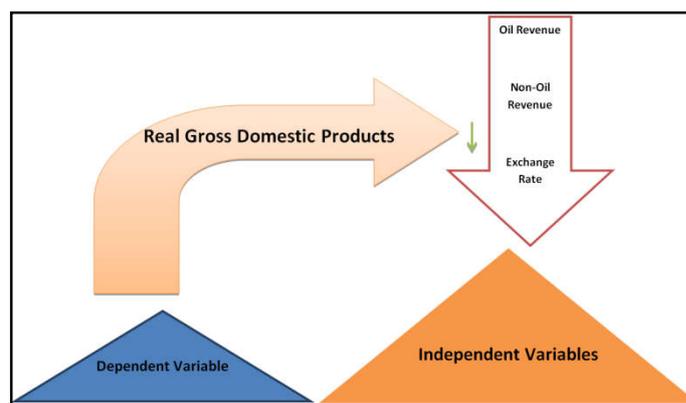


Fig. 1. Researchers' Revenue generation and economic growth in Nigeria model

Theoretical Review

Theory of economic growth: The evolution of economic growth theories can be drawn back from Adam Smith's book, Wealth of Nation. In his book he emphasized a view that the growth of an economy depends on division of labour. The view presented by Smith was further succeeded by classical economists, such as Ricardo, Malthus, and Mill. In the late 1930s Harold and Dormar presented more relevant theory on economic growth. The model provides long term theory of output, focuses on the requirement necessary for steady

economic growth. According to them, capital accumulation constitutes a major factor for the growth of an economy, that capital accumulation not only generates income but also increases the production capacity of the economy. The newly generated income from capital accumulation produces demand for goods and services. According to the theory the most necessary condition for the growth of an economy is that the demand created due to newly generated income should be sufficient enough, so that output produced by the new investment (increase in capital) should be fully absorbed. If the output is not fully absorbed, there would be excess or idle production capacity. They noted that the condition should be fully satisfied consecutively to maintain full employment level and achieve steady economic growth in the long run.

Empirical Review: Several empirical studies have been conducted on revenue generation on economic growth in Nigeria. These include:

Okwara and Amori (2017), examined the effect of tax revenue on the economic growth in Nigeria. Statistical tool of OLS was employed to analyze the impact of non-oil revenue and value added tax on real gross domestic products. Findings showed that non-oil revenue impacted significantly while value added tax has negative and insignificantly related with economic growth.

Okwori and Sule (2016), The paper appraises revenue sources in Nigeria. Econometric tools of Co-integration and granger causality were employed to analyze the relationship between revenue sources and economic growth. Findings revealed that non-oil, oil revenues and external debts impact positively while domestic debts negatively affect economic growth.

Ojong, Anthony and Arikpo (2016), The paper examined the effect of tax revenue on economic growth: Evidence from Nigeria. Data sourced from CBN statistical bulletin were analyzed using ordinary least square of multiple regression; Results show that company income tax and economic growth have no significant relationship.

Eyisi, Oleka and Bassey (2015) investigated the effect of taxation on macroeconomic performance in Nigeria for the period 2012 to 2011 using OLS method. The outcome showed that tax revenue significantly impacted on economic growth. Also tax revenue has a negative and significant influence on unemployment rate.

Udeand Agodi (2014) examine the non-oil revenue (agriculture and manufacturing) on economic growth of Nigeria. Co-integration and error correction mechanism were employed to analyze the data observed between 1980 and 2013. Findings revealed that non-oil income significantly impacted on economic growth.

Nnansah and Akpan (2013) examined the effects of internally generated revenue on infrastructural development in Akwalbom State in Nigeria. Data spanning from year 2000 to 2012 were sourced from Akwalbom State Government Annual Budget and the State Board of Inland Revenue (SBIR) Annual Report and Statement of Accounts. The study made use of ex-post facto research design. Findings showed that IGR impacted positively and statistically significant to the infrastructural development.

Ogbonna and Appah (2012) studied the effect of petroleum profit tax on economic growth in Nigeria between 1970 and 2010. Co-integration and granger causal tests were employed to analyze data sourced from secondary data. The findings revealed existence of long run relationship between economic growth and petroleum profit tax and petroleum profit tax does not granger cause on economic growth.

Okafor (2012) examined the relationship between tax revenue and economic development in Nigeria between 1981 and 2007, using multiple correlation and regression techniques to evaluate the independent and dependent variables. Results show a strong significant relationship between revenue generated from tax and real gross domestic products (RGDP).

Worlu and Emeka (2012), employed the three stage of least square estimation technique to examine the impact of tax revenue on the economic growth of Nigeria, from 1980 to 2007 using secondary data sourced from Central Bank of Nigeria. The results revealed that tax revenue stimulates economic growth through infrastructural development.

Illyas and Siddiqi (2010) examined the relationship between revenue gap and economic growth using Pakistan as a case study for the period 1980-2008. Data were collected; the examining variables had mix order of integration. The findings revealed revenue gap is statistically significant but negatively related with economic growth.

MATERIALS AND METHODS

This study used ex-post facto research design, because the events had taken place and the data are already in existence. The population and sample size of the study are Nigerian economy measured by the Real Gross Domestic Products and Revenue Generated for a period of thirty years (1988 – 2017). Judgmental sampling technique was adopted for obvious reason that revenue collection is a government business; the information is classified and not easy to come by them. It is for this reason that the report from Central Bank of Nigeria validated by FIRS was selected to provide the data to be studied. The data were made up of real gross domestic products (RGDP) of Nigeria, oil, non-oil and debt from 1988 to 2017, sourced from Central Bank of Nigeria statistical bulletin, (2017). The study used the co-integration and error correction model. The Augmented Dickey Fuller (ADF) test was employed to test for the stationarity of the time series. Also, the Co-integration was used to test for the long run relationship among the variables in the model and the ECM to correct the pitfall of the short run model. That is, the ECM approaches the abnormalities that may affect the regression model.

Model Specification: The study used co-integration and Error correction model methods to analyze the secondary data sourced for the study from Central Bank of Nigeria (CBN) statistical bulletin, between 1988 and 2017 (30 years). In an attempt to achieve the objectives of this study an econometric model aimed at capturing the relationship between economic growth (RGDP) and revenue variables in Nigeria, in line with the conceptual, theoretical and empirical literature reviewed was developed. Specifically, this work adapted the empirical model of Okwori and Sule (2016) but with slight modification. The model for this study states that economic growth (RGDP) depends on oil, non-oil, and exchange rate. The exchange rate

was used as a control variable. The functional relationship and the resultant model for this study is as specified below.

$$RGDP_t = \alpha_1 + \beta_1 LOIL_t + \beta_2 LEXC_t + \mu_t \dots\dots\dots (1)$$

$$RGDP_t = \alpha_2 + \beta_2 LNOIL_t + \beta_2 LEXC_t + \mu_t \dots\dots\dots (2)$$

Where;
 LRGDP is the natural logarithm of Real Gross Domestic Products
 LOIL is the natural logarithm of Oil Revenue
 LNOIL is the natural logarithm of Non-oil Revenue
 LEXC is natural logarithm of Exchange Rate
 t is time script
 μ_t is error term

The linear econometric time series model is specified in co integration and error correction model and this assumed that all the variables are well-behaved.

$$\Delta RGDP_t = \beta_0 + \beta_1 (\Delta LOIL_{t-1}) + \beta_2 (\Delta EXC_{t-1}) + \beta_3 (ECM_{t-1}) + \mu_t \dots\dots\dots (4)$$

$$\Delta RGDP_t = \beta_0 + \beta_1 (\Delta LNOIL_{t-1}) + \beta_2 (\Delta EXC_{t-1}) + \beta_3 (ECM_{t-1}) + \mu_t \dots\dots\dots (5)$$

Where: Δ represents difference operator, β_i represents Parameters to be estimated, t-i represents unknown lags to be estimated, μ_t represents error term

RESULT AND DISCUSSION

The total observation for each variable is 30; ranging from 1988 to 2017. The mean value of exchange rate, non-oil revenue, oil revenue and real gross domestic products are 2.023000, 2.548667, 3.033333, and 4.514667 respectively. This implies that all the variable have an increasing tendency during the sampling period. Within this sampling range, the maximum value of exchange rate is 2.490000 which realized in 2017, non-oil revenue has a maximum value of 3.520000 and it was realized in 2014, The maximum value of oil revenue is 3.950000 and it was realized in 2011, and the maximum value of real gross domestic products is 4.840000 and it was realized 2015 and 2017. The non-oil revenue has the largest range value from 0.890000 to 3.520000 with an associated standard value of 0.820133. This implies that non-oil revenue is the most volatile among the variables. Also, it can be observed that real gross domestic products has the lowest range value from 4.210000 to 4.840000 with an associated value of 0.217156. The implication of this is real gross domestic products is the least volatile among the variable. Other important descriptions of these variables are the skewness and kurtosis scores. The scores for skewness are positive for exchange rate and real gross domestic products since their scores are greater than zero while the scores of skewness for oil revenue and non-oil revenue are negatively skewed because their scores are lesser than zero. The kurtosis scores reveal the distribution pattern of all the variables do not exhibit excess kurtosis. This implies that there is no evidence of outlier in all the variables. The probability of Jarque Bera statistics are in all aspect greater than 5 per cent, thereby the null hypothesis of normality would not be rejected. Thus, this confirms that all the variables are normally distributed. Having confirmed the normality, the next step is to conduct the unit root test on all the variables. The result of the unit root test is reported in Table 2.

Empirical Analysis: This subjected each of the variables to unit root test using Augmented Dickey Fuller (ADF) test to check for stationarity. Table 2 shows that in all cases the absolute values of ADF statistics are greater than the absolute

critical value at 5 per cent. This is supported by the values of probability as they are all less than 5 per cent. All the variables were not stationary at level form but at their first differences, indicating here that they are all integrated of order 1 i.e. I(1). Thus, there is no case of mixed integrations; hence cointegration by Engle and Granger and/or Johansen is applicable. The result of cointegration test is reported in Table 3. It is explicit evidence in the Table 3 that all the variables were all stationary at first difference and this a prerequisite for conducting the Johansen multivariate co-integration test to examine the existence of co-integrating relationship. Thus, the result of the cointegration test reveals that the p-value (0.0000) of the trace statistics for the null hypothesis of no co-integrating relationship in Table 3, is less than 0.05, meaning that the null hypothesis can be rejected. In addition, the value of trace statistic (148.8922) is greater than the 0.05 critical values of 88.80380, affirming the null hypothesis that there is no co-integrating relationship among the variables cannot be accepted. Also, the result shows that the p-value of the trace statistic corresponding to ‘At most 1’ is 0.0044, which is less than 0.05, meaning that the null hypothesis that there is at most one co-integrated equation or co-integrating relationship between the variables can also be rejected. Furthermore, the value of the trace statistic corresponding to ‘At most 1’, is 74.96374 which is greater than the 0.05 critical value at that point (63.87610), are indicating that the null hypothesis that “At most 1” co-integrating relationship exists among the variables could be rejected. However, from the result it is observed that the value of trace statistics At most 2, At most 3 and At most 4 are 40.13453, 20.45663 and 7.588648 respectively are lesser than their corresponding critical value at 42.91525, 25.87211 and 12.51798. This implies that there is only two cointegrating relationship among the variables. This is also confirmed by their associated probability values that are larger than 5 per cent. More so, the result of the trace statistics also conforms to the Max-Eigen statistic. In effect, there exists at most 2 co-integrating relationship among the variables exchange rate, oil revenue, non-oil revenue and real gross domestic products as confirmed by both co-integrating test. Therefore there is evidence of long run relationship among the variables.

Test of Hypothesis 1

Long Run Multiplier Effects: Evidences based on Tables 3 indicate that long run relationship exists among the variables of interest in the base line models. This serves as a background to test the hypotheses whether there is a positive or negative multiplier effect from the set of the covariates to the explained variable in each model. The test results are reported in tables 4.4 and 4.5 respectively. Table 4 shows that coefficients of oil revenue and exchange rate are -0.401852 and 0.442668 respectively; with corresponding t-statistics of -12.5517, and 3.43233 respectively. This implies that negative multiplier effects run from oil revenue to real gross domestic products in the long-run while positive multiplier effects run from exchange rate to real gross domestic products in the long-run. Specifically, a 1 per cent change in oil leads to decrease in real gross domestic products 40.18 per cent. While a 1 per cent increase in exchange rate induce 44.26 per cent increase in real gross domestic products.

Test of Hypothesis 2: Table 5 shows that coefficients of non-oil revenue and exchange rate are -0.367381 and 0.544590 respectively; with corresponding t-statistics of -22.7088, and 7.52656 respectively.

Table 1. Descriptive Statistic Results

	LEXC	LNOIL	LOIL	LRGDP
Mean	2.023000	2.548667	3.033333	4.514667
Median	1.960000	2.725000	3.275000	4.480000
Maximum	2.490000	3.520000	3.950000	4.840000
Minimum	1.700000	0.890000	1.300000	4.210000
Std. Dev.	0.219422	0.820133	0.772141	0.217156
Skewness	0.855400	-0.502579	-0.653486	0.250885
Kurtosis	2.708576	1.972770	2.202669	1.515124
Jarque-Bera	3.764702	2.581928	2.929890	3.070788
Probability	0.152232	0.275006	0.231091	0.215371

Source: Author's Computation, (2019)

Table 2. Unit Root Tests

Variables	Prob.	ADF – Stat.	5% CV
D(LEXC)	0.0022	-4.316583	-2.971853
D(LNOIL)	0.0000	-6.968966	-2.971853
D(LOIL)	0.0004	-4.963282	-2.971853
D(LRGDP)	0.0392	-3.086627	-2.971853

Source: Author's Computation, (2019)

Table 3. Cointegration Test

Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.935306	148.8922	88.80380	0.0000
At most 1 *	0.724721	74.96374	63.87610	0.0044
At most 2	0.517518	40.13453	42.91525	0.0924
At most 3	0.379104	20.45663	25.87211	0.2037
At most 4	0.245018	7.588648	12.51798	0.2871
None *	0.935306	73.92843	38.33101	0.0000
At most 1 *	0.724721	34.82921	32.11832	0.0227
At most 2	0.517518	19.67790	25.82321	0.2621
At most 3	0.379104	12.86799	19.38704	0.3388
At most 4	0.245018	7.588648	12.51798	0.2871

Source: Author's Computation, (2019)

Table 4. RGDP-Oil Revenue Treated for Long run Multiplier Effect

Variables	Coefficients	Standard Error	T-Statistics	Prob.
LOIL(-1)	-0.401852	(0.03202)	[-12.5517]	0.0000
LEXC(-1)	0.442668	(0.12897)	[3.43233]	0.9990

Source: Author's Computation, (2019)

Table 5. RGDP-Non-oil Revenue Treated for Long run Multiplier Effect

Variables	Coefficients	Standard Error	T-Statistics	Prob.
LNOIL(-1)	-0.367381	(0.01618)	[-22.7088]	0.0000
LEXC(-1)	0.544590	(0.07236)	[7.52656]	1.0000

Source: Author's Computation, (2019)

Table 6. RGDP-Oil Revenue Treated for Short Run Dynamic Relationship and Adjustment Parameter

Variables	Coefficients	Standard Error	T-statistic	Probability
D(LOIL(-1))	-0.022892	(0.01261)	[-1.81539]	0.0407
D(LOIL(-2))	-0.011893	(0.01174)	[-1.01321]	0.1603
D(LEXC(-1))	0.014599	(0.01528)	[0.95544]	0.8257
D(LEXC(-2))	0.025962	(0.01624)	[1.59885]	0.9388
ECM	-0.100198	(0.01674)	[-5.98666]	0.0000

Source: Author's Computation, (2019)

Table 7. RGDP-Non-oil Revenue Treated for Short Run Dynamic Relationship and Adjustment Parameter

Variables	Coefficients	Standard Error	T-statistic	probability
D(LNOIL(-1))	-0.018053	(0.01255)	[-1.43813]	0.0814
D(LNOIL(-2))	-0.000440	(0.01112)	[-0.03954]	0.4844
D(LEXC(-1))	0.034658	(0.01288)	[2.69019]	0.9937
D(LEXC(-2))	0.038316	(0.01286)	[2.98052]	0.9968
ECM	-0.144083	(0.01898)	[-7.59163]	0.0000

Source: Author's Computation, (2019)

This implies that negative multiplier effects run from non-oil revenue to real gross domestic products in the long-run while positive multiplier effects run from exchange rate to real gross domestic products in the long-run. Thus, a 1 per cent change in non-oil revenue leads to decrease in real gross domestic products 36.73 per cent. While a 1 per cent rise in exchange rate induce 54.45 per cent increase in real gross domestic products.

Short run Dynamic Relationship: It has long been discovered that within the purview of the short run situation, variables are not static rather dynamic because their present values depend on the previous values. Based on this stylized fact, the researcher attempts to investigate the short run dynamic relationship between the covariates and explained variables of the models specified for this study. Therefore, Tables 6 and 7 report the results of the short run dynamics and the adjustment parameter. Table 6 reveals the adjustment parameter of -0.100198 with the probability value of 0 per cent. This implies two basic relationships which are firstly, long run causality or influence runs from oil revenue and exchange rate to real gross domestic products, and secondly, 10 per cent disequilibrium is being corrected within a year. This suggests that 10 per cent disequilibrium in economic growth is corrected/adjusted when oil revenue and exchange rate jointly changes by 1 per cent.

The coefficient of oil revenue at present value is negative and at lag 1. This affirms that both current and previous values of oil have negative short run dynamic influence on real gross domestic products. This is arguably in conformity with the proposition that economic growth does not improve as a result of abundant resources in the economy as specified by theory of resource curse. Also, the result shows that the coefficients of exchange rate at current value and at lag 1 are positive. This confirms that the exchange rate at current value and previous value have positive but insignificantly effect on real gross domestic products positively. Table 4.9 reveals the adjustment parameter of -0.144083 with the probability value of 0 per cent. This implies two basic relationships which are firstly, long run causality or influence runs from non-oil and exchange rate to real gross domestic products, and secondly, 14 per cent disequilibrium is being corrected within a year. This suggests that 14 per cent disequilibrium in economic growth is corrected/adjusted when non-oil and exchange rate jointly changes by 1 per cent. The coefficients of non-oil at present value and previous values are negative. This affirms that both current and previous values of non-oil have negative short run dynamic influence on real gross domestic products. This is arguably in conformity with the proposition that economic growth does not improve as a result of abundant resources in the economy as specified by theory of resource curse. Also, the result shows that the coefficients of exchange rate at current value and at lag 1 are positive. This confirms that the exchange rate at current value and previous value have positive but insignificantly effect on real gross domestic products positively.

DISCUSSION

From the result, it was found that Oil revenue shows a negative but significant on real gross domestic products. This is not in line with findings of Okwori and Sule (2016) who affirm that oil revenue has a positive effect on economic growth in Nigeria. The explanation for this could be as a result of poor

management of fund and high level of deception in the country in which revenue realized from oil is not properly accounted for. Government should also see to the cases of bunkering, insecurity and oil theft among others in the oil producing areas, these are adversely affecting revenue, foreign exchange and external reserves. Also, it was revealed from the result of the analysis that non-oil revenue has negative but significant effect on economic growth. The result does not corroborate to the findings of Okwara and Amori (2017), Ude and Agodi (2014) and Okwori and Sule (2016) who found that non-oil revenue has positive effect on economic growth of Nigeria.

Conclusion

The study concludes that, the neglect of developmental projects that will create employment opportunities, advance the welfare of the citizenry; profligate spending of the government amongst others have a negative effect on the economic growth of Nigeria. Based on the above findings, it is recommended that:

- i. Deliberate actions have to be taken to enhance the revenue collection mechanism for effective utilization of government resources.
- ii. Government should invest massively in agriculture, repositions the tourism sector to attract foreign investors and develop the solid mineral sub-sector, among measures aimed at economic diversification. The industrial and manufacturing sectors should be enhanced by revamping the power sub-sector, because power is, indeed, critical to economic diversification and growth, better revenue and higher living standards.

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