MACRO-ECONOMETRIC MODELLING OF THE NIGERIAN ECONOMY WITH ESTIMATIONS FOR POLICY ANALYSIS AND ECONOMIC GROWTH: ECONOMETRIC EVIDENCE BASED ON CURRENT TRENDS

SYLVESTER OHIOMU[1]
Edo University, Nigeria
MILTON A. IYOHA[2]
University of Benin, Benin City, Nigeria
DAVID UMORU[3]
Edo University, Nigeria
david.umoru@edouniversity.edu.ng

Abstract

This study estimated a macro econometric model for the Nigerian economy for growth and economic policy analysis based on recent data from 2000 to 2016 by examining alternative policy scenarios. The study estimated fifteen structural equations with interesting results coupled with implications of findings and stated eighteen identities. The study found amongst others that nominal GDP has a strong positive influence on agricultural output; economic activity is a strong factor that explains investment behaviour in Nigeria, tax revenues are strong factors influencing government spending patterns in Nigeria. The tax system's link with Nigeria's economy is robust on the long-run and growth in nominal income significantly increases the tax income derivable in the system. This implies buoyancy of the tax system at steady state in Nigeria. From the analysis and results, the machinery for tax generation should be improved upon for effectiveness to boost internal revenue for government. Attention should be attached to agricultural reformation, industrial policy drives, mines and mineral development to diversify Nigeria's economy following the downward slide in the oscillations in 'oil prices' and unprecedented shock to the Nigerian economy.

---

[1] Lecturer, Department of Economics, Edo University, Iyamho, Edo State, Nigeria
[2] Professor of Economics, University of Benin, Benin City, Nigeria
[3] Associate Professor of Economics & Ag. Dean, Faculty of Arts, Mgt. & Social Sciences Edo University, Iyamho, Nigeria

Keywords: Macro econometric modelling, Nigerian economy, structural equations, economic activity

JEL Classification: J20, M76, E48