

AN APPRAISAL OF PUBLIC DEBT ON ECONOMIC GROWTH OF NIGERIA

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ABSTRACT

This study investigated an appraisal of public debt on economic growth in Nigeria following the continued borrowings of federal government of Nigeria. Three objectives namely; domestic debt, foreign debt and debt service cost effect on Nigeria economic growth were formulated. Secondary data of the study were collected from CBN statistical bulletin from 1981 to 2020, which warranted the use of ex-post facto research design. Descriptive statistics, correlation analysis, Augmented Dickey Fuller (ADF) unit root test, Johansen cointegration test and Vector Error Correction Model (VECM) were deployed in analysing the time series data of the study wherefrom the results indicate that domestic debt and external debt has short run and long run positive statistical significant effect on Nigerian economic growth at 5% and 1% levels respectively. Whereas debt service cost has negative statistical significant effect on Nigerian economic growth at 5% level. The study recommends among other things that government should have a viable economic plan on ground before it could proceed to borrowing and never to engage the borrowed fund on any recurrent expenditure.

KEYWORDS: Domestic Debt, Foreign Debt, Debt Service Costs, Debt Overhang.

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