An Assessment of GDP Growth Rate in Nigeria Economy from 1970 to 2014

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ABSTRACT
The study looked into assessment of GDP growth rate in Nigeria economy from 1970 to 2014. Three research questions and hypothesis were used in the study. The researcher used the historic research design for the study. Secondary data were obtained from the CBN statistical bulletin of various years. Two experts from CBN validated the source data. Mean and standard deviation were used to analyze the research question and T – test was used to analyze the three hypotheses. Table 1 revealed that mean and standard deviation of the GDP obtained in the last decade of 1970 to 1979 and 1980 to 1989 were 20,389.5; 12980.7 and 88,452.21; 55029.6 respectively. This yielded a mean difference of 68062.71. Table 2 revealed that mean and standard deviation of the GDP obtained in the last decades of 1990 to 1999 and 2000 to 2009 were 406,444.6; 229,360.6 and 448,367;148,199.4 respectively. This yielded a mean difference of 41,923.2. Table 3 revealed that mean and standard deviation of the GDP constant prices obtained in the last years of 2000 to 2009 and 2010 to 2014 were 7.74; 1.66 and 6.17; 2.3 respectively. This yielded a mean difference of 1.5. Table 4 revealed that the y-calculated value of 3.81 was greater than the t-tabulated value of 2.101. Therefore, the null hypothesis was rejected. The null hypothesis 2 was accepted as t-calculated value of 0.49 was less than t-tabulated value of 2.101 at 1.05 level of significance. Null hypotheses 3 was accepted as t-calculated value of 1.25 was less than t-tabulated value 1.771 at 0.05 level of significance. Finally it was recommended that federal government of Nigeria should create policies that will create enabling environment for industrial growth and development. Central Bank of Nigeria should work in partnership with other banks to issue out more loans and grants to business owners.

Keywords: Gross Domestic Product, Economy, Growth Rate.

INTRODUCTION
The oil boom of the 1970’s led Nigeria to the neglect of its strong agricultural and light manufacturing bases in favor of an unhealthy dependence on crude oil. Oil dependency, and the allure it generated of great wealth through government contract, spawned other economic distortions. The country’s high propensity to import means roughly 80% of government expenditure is recycled into foreign exchange. The sharp decline in oil prices, economic mismanagement, and continued military rule characterized Nigeria in 1980’s (Olomola, 2007). This condition did not encourage massive economic growth in Nigeria. Since undergoing severe distress in mid – 19990’s, Nigeria’s banking sector has witnessed significant growth over the last few years as new banks enter the financial market. Harsh monetary policies implemented by Central Bank of Nigeria to absorb excess naira liquidity in the economy has made life more difficult for banks, some of whom engage in currency arbitrage activities that generally fall outside legal banking mechanisms. In the year 2000, the country witnessed increase in economic activities as new industries came into the country.

Growth, interest and exchange rate have great influence on the gross domestic product of a country (GDP). The GDP is one of the primary indicators used to gauge the health of country’s economy. It
represents the total dollar value of all goods and services produced over a specific period. What GDP represents, has a large impact on nearly everyone within that economy. For example, when the economy is healthy, you will typically see wage increase as businesses demand labour to meet growing economy. Investors really worry about negative GDP growth, which is one of the factors economist use to determine whether an economy is in recession (Investopedia, 2016). The Nigeria macro-economy has been experiencing various forms of interest rate that were relatively fixed or deregulated but were adjusted periodically with ‘invisible hands’ to promote increase in the level of investment in the different sectors of the economy (Alao, 2010). Since 1986, Nigeria has been pursuing a market determined interest rate deregulation, which does not permit a direct state intervention. The primary role of interest rate is to help in the mobilization of financial resources and to ensure the efficient utilization of such resources in the promotion of economic growth and development. Interest rate affects the level of consumption on one hand and the level of investment on the other hand, which in turn affect growth in the real world. Investment is not totally exogenous, and not totally independent of income. It determinants could be grouped into two. In one group is interest rates and change bin income and the other group is business determination. Whether an investment is financial by borrowing or retained earnings, interest rate is a vital factor to be considered.

For any rise in GDP of a country, there must be relative growth in different sectors of the economy. Toyan, (2015) define economic growth as an increase in real GDP economic. It is basically influenced by increase in aggregate demand (AD) and increase aggregate supply (AS). Economic growth is the sum of the growth rate of total factor productivity and growth rate of the economy. The growth experienced by an economy springs up economic development.

Economic development has direct relationship with the environment. Michael, (2015) stated that economic development is a policy intervention endeavor with aims of economic and social well-being of people. He further said that economic development is a phenomenon of market productivity and rise in GDP. However, there are some factors affecting economic development and growth in a country. Angie, (2016) listed interest rate, currency strength, government intervention, environmental impact and overall economic health as part of the factors affecting economic development. Some positive factors affecting economic development as capital formation, natural resources, marketable surplus of agricultural products, conditions in foreign trade, economic system and so on. If all these factors are properly utilized in a nation, there will be rise in GDP of the country.

Nigeria as a country has experienced a lot of negative setback in economic development. Michael, (2015) stated that Nigeria economy has grossly underperformed relative to her enormous resources endowment and her peer nation. This is caused by mismanagement by our leaders. Lawrence, (2016) stated that some challenges facing Nigeria economy are developmental challenges, corruption challenges, infrastructure, institutional challenges and market challenges. All these factors over the years have retarded the growth of Nigeria economy and GDP. Thus, there is there the need for an assessment of GDP growth rate in Nigeria economy from 1970 to 2014.

**Purpose of the Study**

The aim of the study is to:

2. Ascertain the difference in mean GDP gain in the last decades of 1990 to 1999 and 2000 to 2009 in Nigeria economy
3. Find out the difference in mean GDP gain from 2000 to 2009 and 2010 to 2014.

**Research Questions**

1. What is the difference in mean GDP gain in the last decades of 1970 – 1979 and 1980 – 1989 in Nigeria economy?
2. What is the difference in mean GDP gain in the last decades of 1990 to 1999 and 2000 to 2009 in Nigeria economy?
3. What is the difference in mean GDP constant prices gain from 2000 to 2009 and 2010 to 2014?
Hypotheses
The following null hypotheses were tested at 0.05 level of significance:
H_0_1: There is no significant difference in the mean GDP gain in the last decades of 1970 to 1979 and 1980 to 1989 in Nigeria economy.
H_0_2: There is no significant difference in the mean GDP gain in the last decades of 1990 to 1999 and 2000 to 2009 in Nigeria economy.
H_0_3: There is no significant difference in mean GDP in constant prices gain from 2000 to 2009 and 2010 to 2014 in Nigeria economy

Scope of the Study
The Nigeria economy is large and as an emerging market/economy and one of the current largest economy in Africa based on the recently value of GDP that has her financial and other sectors expanding in activities

METHODOLOGY
The researcher used the historic research design for the study. The entire population consist of Nigeria annual GDP report values obtained from 1970 to 2009. The study was conducted in Nigeria. Secondary data were obtained from the CBN statistical bulletin of various years. Two experts from CBN validated the source data. They checked if the data were in line with the current CBN report. Mean and standard deviation were used to analyze the research question and T-test was used to analyze the two hypotheses at 0.05 level of significance.

RESULTS
Data Analysis
Research Question 1
What is the difference in mean GDP gain in the last decades of 1970 to 1979 and 1980 to 1989 in Nigeria economy?
Table 1: Difference in mean GDP gain in the last decades of 1970 to 1979 and 1980 to 1989 in Nigeria economy

<table>
<thead>
<tr>
<th>INTERVAL</th>
<th>MEAN</th>
<th>STANDARD DEVIATION</th>
<th>MEAN DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970 to 1979</td>
<td>20,389.5</td>
<td>12980.7</td>
<td>68062.71</td>
</tr>
<tr>
<td>1980 to 1989</td>
<td>88,452.21</td>
<td>55029.6</td>
<td></td>
</tr>
</tbody>
</table>

The data presented in table 1 revealed that mean and standard deviation of the GDP obtained in the last decades of 1970 to 1979 and 1980 to 1989 were 20,389.5; 12980.7 and 88,452.21; 55029.6 respectively. This yielded a mean difference 68062.71. this implies that there was reasonable improvement in the economy within the last decades of 1980 to 1989.

Research Question 2
What is the difference in mean GDP gain in the last decades of 1990 to 1999 and 2000 to 2009 in Nigeria economy?
Table 2: difference in mean GDP gain in the last decades of 1990 to 1999 and 2000 to 2009 in Nigeria economy

<table>
<thead>
<tr>
<th>INTERVAL</th>
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<th>MEAN DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990 to 1999</td>
<td>406,444.6</td>
<td>229,360.6</td>
<td>41,923.2</td>
</tr>
<tr>
<td>2000 to 2009</td>
<td>448,367.8</td>
<td>148,199.4</td>
<td></td>
</tr>
</tbody>
</table>

The data presented in table 2 revealed that mean and standard deviation of the GDP obtained in the last decades of 1990 to 1999 and 2000 to 2009 were 406,444.6; 229,360.6 and 448,367; 148,199.4
respectively. This yielded a mean difference of 41,923.2. This implies that there was reasonable improvement in the economy within the last decades of 2000 to 2009.

**Research Question 3**

What is the difference in mean GDP constant prices gain from 2000 to 2009 and 2010 to 2014 in Nigeria economy?

Table 3: Difference in mean GDP constant prices gain from 2000 to 2009 and 2010 to 2014 in Nigeria economy

<table>
<thead>
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<th>MEAN DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 to 2009</td>
<td>7.74</td>
<td>1.66</td>
<td>1.5</td>
</tr>
<tr>
<td>2010 to 2014</td>
<td>6.17</td>
<td>2.3</td>
<td></td>
</tr>
</tbody>
</table>

The data presented is table 3 revealed that mean and standard deviation of the GDP constant prices obtained in the last year of 2000 to 2009 and 2010 to 2014 were 7.74; 1.66 and 6.17; 2.3 respectively. This yielded a mean difference of 1.5. This implies that there was reduction in GDP constant prices within the current years of 2010 to 2014.

**Hypothesis 1**

There is no significant difference in the mean GDP gain in the last decades of 1970 to 1979 and 1980 to 1989 in Nigeria economy.

Table 4: T – test analysis of mean GDP gain in the last decades of 1970 to 1979 and 1980 to 1989 in Nigeria economy

<table>
<thead>
<tr>
<th>INTERVALS</th>
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<th>STANDARD DEVIATION</th>
<th>N</th>
<th>DEGREE OF FREEDOM</th>
<th>T-CAL</th>
<th>T-TAB</th>
<th>DECISION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970 to 1979</td>
<td>20,389.5</td>
<td>12980.7</td>
<td>1</td>
<td></td>
<td>3.81</td>
<td>2.10</td>
<td>Reject</td>
</tr>
<tr>
<td>1980 to 1989</td>
<td>88,452.21</td>
<td>55029.6</td>
<td>1</td>
<td></td>
<td>0.49</td>
<td>2.10</td>
<td>Accept</td>
</tr>
</tbody>
</table>

The null hypothesis in table 4 revealed that the t-calculated value of 3.81 was greater than the t-calculated value of 2.101. Therefore, the null hypothesis was rejected. This indicates that there is significant difference in the mean GDP rate at the last decades of 1970 to 1979 and 1980 to 1989 in Nigeria economy.

**Hypothesis 2**

There is no significant difference in the mean GDP gain in the last decades of 1990 to 1999 and 2000 to 2009 in Nigeria economy.

Table 5: T – test analysis of mean GDP gain in the last decades of 1990 to 1999 and 2000 to 2009 in Nigeria economy

<table>
<thead>
<tr>
<th>INTERVALS</th>
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<tbody>
<tr>
<td>1990 to 1999</td>
<td>406,444.6</td>
<td>229,360.6</td>
<td>1</td>
<td></td>
<td>0.49</td>
<td>2.10</td>
<td>Accept</td>
</tr>
<tr>
<td>2000 to 2009</td>
<td>448,367.8</td>
<td>148,194.4</td>
<td>1</td>
<td></td>
<td>0</td>
<td>2.10</td>
<td>Accept</td>
</tr>
</tbody>
</table>

The null hypothesis 2 was accepted as t-calculated value of 0.49 was less than t-tabulated value of 2.101 at 0.5 level of significance. This shows that there is no significant difference in the mean GDP gain in the last decades of 1990 to 1999 and 2000 to 2009 in Nigeria economy.
Hypothesis 3
There is no significant difference in mean GDP in constant prices gain from 2000 to 2009 and 2010 to 2014 in Nigeria economy.

Table 6: T-test analysis of mean GDP in constant prices gain from 2000 to 2009 and 2010 to 2014 in Nigeria economy

<table>
<thead>
<tr>
<th>INTERVALS</th>
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<th>T-CAL</th>
<th>T-TAB</th>
<th>DECISION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 to 2009</td>
<td>7.74</td>
<td>1.7</td>
<td>1</td>
<td>0</td>
<td>1.25</td>
<td>1.77</td>
<td>Accept.</td>
</tr>
<tr>
<td>2010 to 2014</td>
<td>6.17</td>
<td>2.3</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The null hypothesis 3 was accepted as t-calculated value of 1.25 was less than t-calculated value of 1.771 at 0.05 level of significance. This shows that there is no significant difference in mean GDP in constant prices gain from 2000 to 2009 and 2010 to 2014 in Nigeria economy.

Summary of the Findings
The following are the summary of the findings:
1. Research question 1 revealed that mean and standard deviation of the GDP obtained in the last decades of 1970 to 1979 and 1980 to 1989 were 20,389.5; 12980.7 and 88,452.21; 55029.6 respectively. This yielded a mean difference of 68062.71. This implies that there was reasonable improvement in the economy within the last decades of 1980 to 1989. This may be as a result of the introduction of new industries and the sales of crude oil in the international market.
2. Research question 2 revealed that mean and standard deviation of the GDP obtained in the last decades of 1990 to 1999 and 2000 to 2009 were 406,444.6; 229,360.6 and 448,367; 148,199.4 respectively. This yielded a mean difference of 41,923.2. This implies that there was reasonable improvement in the economy within the last decades of 2000 to 2009. This may be attributed to the influence of ICT and the diversification of the economy. It may also be as a result of the reform introduced in the banking sectors through which long and short term loans are awarded to individuals for the establishment of industries.
3. Research question revealed that mean and standard deviation of the GDP constant prices obtained in last years of 2000 to 2009 and 2010 to 2014 were 7.74; 1.66 and 6.17; 2.3 respectively. This yielded a mean difference of 1.5. This implies that there was reduction in GDP constant prices within the current years of 2010 to 2014. This may be as a result of taxation and economic recession faced by the country.
4. Table 4 revealed that the t-calculated value 3.81 was greater than the t-tabulated value 2.101 at 0.05 level of significance. There, the null hypothesis 1 was rejected. This indicates that there is significant difference in the mean GDP rate at the last decades of 1970 to 1979 and 1980 to 1989 in Nigeria economy.
5. The null hypothesis 2 accepted as t-calculated value of 0.49 was less than t-tabulated value 2.101 at 0.05 level of significance. This shows that there is significant difference in mean GDP rate at the last decades of 1970 to 1979 and 1980 to 1989 in Nigeria economy.
6. The null hypothesis 3 accepted as t-calculated value of 1.25 was less than t-tabulated value 1.771 at 0.05 level of significance. This shows that there is no significant difference in mean GDP in constant prices gain from 2000 to 2009 and 2010 to 2014 in Nigeria economy.
CONCLUSION
From the findings in research question 1, it shows that there was reasonable improvement in GDP of the economy within the last decades of 1980 to 1989. Also findings from research question 2 revealed that there was reasonable improvement in GDP of the economy within the last decades of 2000 to 2009. Research question 3 revealed that the mean and standard deviation of the GDP constant prices obtained in the last years of 2000 to 2009 and 2010 to 2014 were 7.74; 1.66 and 6.17; 203 respectively. This yielded a mean difference of 1.5. Null hypothesis 1 revealed that there is significant difference in the mean GDP rate at the last decades of 1970 to 1979 and 1980 to 1989 in Nigeria economy. Null hypothesis 2 showed that there is significant difference in the mean GDP rate at the last decades of 1970 to 1979 and 1980 to 1989 in Nigeria economy. The null hypothesis 3 accepted as t-calculated value of 1.25 was less than t-tabulated value of 1.771 at 0.05 level of significance.

RECOMMENDATIONS
The following recommendations were made from the study:
1. The federal government of Nigeria should create policies that will create enabling environment for industrial growth and development
2. Central Bank of Nigeria should work in partnership with other Banks to issue out more loans and grants to business owners to boast economic activities in the country.

REFERENCES