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Fiscal Policy Shock and Nigerian economic growth from 1983 to 2021

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Abstract: **The paper analyzed fiscal policy shock and Nigerian economic growth from 1983 to 2021. The investigation was longitudinal. Government expenditure, oil revenue, Government debt, and budget deficit were independent variables, while industrial sector GDP contribution was a proxy for industrial performance. Central Bank of Nigeria Statistical Bulletin, 2019 provided these variables' data. Descriptive statistics, Augmented Dickey Fuller unit root test, Johansen Cointegration test, and Error Correction Model are used to analyze data (ECM). All variables were regularly distributed, according to descriptive statistics. All study variables were stationary at first difference, according to Augmented Dickey-Fuller (ADF) test statistics. Johansen Cointegration test shows long-term link between variables. Estimations show that government spending positively affects industry performance. Oil revenue had a little positive association with Nigeria's industrial performance, whereas government debt and budget deficit had a negative relationship. The study concludes fiscal policy shock affects Nigeria's industrial performance. The research advises that the government diversify the nation's economic base and focus public expenditures on the productive sector to create more jobs for its citizens. Boost domestic income generation and execute fiscal changes to decrease public debt and deficit financing to a sustainable level, while ensuring borrowed funds are allocated to support growth through productive and self-liquidating investments in the main sectors of the economy.**

Keywords: **Fiscal Policy, Economic Growth, Policy Shock, productive sector, RGDP.**

1. INTRODUCTION

Nigeria's economy is made up of five main areas: building, farming, industry, trade, and services (CBN 2018). But the industrial sector is the most important and effective of all the sectors. The industrial sector is made up of three parts: manufacturing, solid minerals, and crude oil and natural gas. Recently, efforts have been focused on reviving the manufacturing subsector to increase productivity, local content, economic sustainability, and development. Nigeria has grown because the industrial sector, especially the oil and gas subsector, has gotten bigger. By taking coordinated steps with the budget, the government could help the manufacturing sector. Fiscal policy is the whole plan and set of methods used to get money, pay bills, and pay back loans while running the economy (Geoff, 2021).Before the Great Depression of the 1930s, people didn't understand how important fiscal policy was to keeping the economy stable (Bhatia, 2002). In the 1950s and late 1960s, the Nigerian economy was pretty stable because it was based on agriculture. But at the beginning of the 1970s, the economy shifted from focusing on agriculture to focusing on oil and gas. This caused changes in Nigeria's investment climate. Since the 1970s, the Nigerian economy has been hit by a variety of shocks and problems. One of these effects is that industries don't invest as much money.

Emerging nations like Nigeria often fail to industrialize even after they have tried a number of industrial strategies and reforms. The fact that policymakers and economists haven't been able to tell the difference between changes in policy variables caused by actual policies and those caused by endogenous responses to economic conditions has been a major source of disagreement about fiscal policy around the world, especially in Nigeria. Another important part of the empirical study of fiscal policy is the length of time it takes to pass laws, put strong measures into place, and reach policy stability. In order to solve this problem, researchers have looked at how different parts of Nigeria respond to changes in government

spending and tax income (Onodje, 2009; Sousa, 2009; Favero, Giavazzi & Francesco, 2007; Orisadare, 2012). In Nigeria, there is no empirical literature that focuses on fiscal policy shocks and the performance of the industrial sector. Also, none of the above studies took into account institutional information about the tax and transfer systems or the timing of tax collection. In a similar way, fiscal policy has been used for a number of goals, such as increasing output, protecting young industries from unhealthy competition, lowering unemployment by making sure resources are shared fairly, lowering the rate of inflation, improving the balance of payments, and encouraging and diversifying foreign earnings through increased export activities, especially in Nigeria's non-oil sector before and after independence. But when the oil boom started in 1972, the economy had to move away from farm income and toward oil income. So, the economy has been hurt a lot by the ongoing oil price crises that the oil industry has had in recent years. This is because the economy relies too much on oil revenue and pays less attention to agricultural goods. Because of this, Nigeria's government income has been going down recently. Also, the level of production keeps going down while the prices of goods and services keep going up. Nigeria's government has changed the way taxes are set up and is now looking at corporation taxes, which could make businesses less responsible for the community.

The most recent changes to Nigeria's economy have affected more than just the GDP growth rate. They have also affected how well businesses do. So, the goal of this study was to find out how fiscal policy shock affected the industrial sector in Nigeria. Even though the industrial sector is a key part of growth and development, Nigeria's plans to industrialize have not helped the country's economy grow. Nigeria's industrial production has been steadily going down over time. The Keynesian school says that fiscal measures could lead to a lot of investment in the industrial sector. The body of research shows that, since deficit financing is often left out of studies, spending and revenue are the most commonly studied fiscal policy positions (Imide, 2019; Oseni, 2015). Except for Oseni, most of the studies that were looked at focused on the manufacturing sub-sector (Eze & Ogiji, 2013, Osinowo, 2015, Arikpo, Ogar, and Ojong, 2017, Uffie & Aghanenu, 2019, and Imide, 2019). To figure out what the fiscal policy shock means, it's important to use a full set of industrial sector variables.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Fiscal Policy Shock

Fiscal policy governs how the government spends its funds. According to Peter and Simeon (2011), fiscal policy is the process by which the government manages the economy by adjusting how much money it takes in and how much it spends in order to achieve specified macroeconomic objectives. Furthermore, according to Obioma and Ozughalu (2010), fiscal policy is the coordination of government revenue and spending to support price stability and steady growth in output, income, and employment, as well as to prevent or reduce short-term changes in output, income, and employment, so that an economy can grow to its full potential. These definitions demonstrate how fiscal policy assists the government in planning how much money it will receive and how much it will spend. Budgets serve as the foundation for fiscal policy, which influences how the economy operates. Fiscal policy, according to Geoff(2012), is the use of government spending, taxation, and borrowing to influence the level and growth of aggregate demand, output, and job creation. This word refers to all of the methods through which the government obtains funds, including taxes and borrowing. Fiscal policies are therefore a strategy and program used by the government to collect funds, pay bills, and repay debts in order to keep the economy in balance. Fiscal policy includes taxes, government expenditure, and the amount of money left over in the budget,.

Macroeconomic fiscal policy shocks occur in a two-dimensional space defined by two basic shocks: a shock to government revenue and a shock to government expenditure. As a result, the many ways in which these two basic shocks might be combined in a linear fashion can be seen as alternative financial strategies, such as balanced budget expansions. A shock that differs from both the business cycle and the monetary policy shock is one in which government expenditure increases for a period of time after the shock. To avoid shocks in which government expenditure rises first but then falls after a quarter or two, we decide to restrict responses for a year following the shock. This helps determining who someone is easy.

2.1.2 Government Expenditure

Government expenditure is a significant component of how all economies function. It refers to the funds spent by the government to maintain the government functioning and to provide the public goods, services, and projects required to promote or stimulate economic development and to increase the well-being of society's people (Eze, Nwite, Nwanne, Onwe, Ugwu & Ogiji, 2019). Government (public) spending is sometimes divided into categories such as administration, defense,

internal security, health, education, international affairs, and so on. At the current currency rate, we will utilize the entire amount of capital expenditure by the government. People would benefit from greater social and infrastructure services, therefore an increase in capital investment is likely to promote real sector development. This will benefit the actual economy since it will immediately reduce unemployment.

2.1.3 Taxation

Everyone is responsible for paying taxes in a well-run society with a strong government.According to Edame and Okoi (2014), a tax is a cost that the government imposes on its inhabitants, corporations, and organizations in order to fund social services and security for the benefit of the state. In general, taxes are financial responsibilities that individuals or property owners are required to pay in order to finance the government as required by law.

2.1.4 Budget Balance

The budget is in balance when the government's revenue and expenditure are the same throughout the course of a fiscal year.The difference between what really transpired and what was intended is calculated at the conclusion of the fiscal year. As a result, a good budget must be complete, present the budget balance in a logical manner, and organize expenditure items appropriately (Anyanwu, 1997 cited in Asaju, Adagba & Kajang, 2014). The financial balance is calculated by subtracting the actual amount budgeted from the real amount spent. It is the gap between what the state receives and what it spends in a fiscal year (Tesic, Ilic & Delic, 2014). A budget surplus exists when projected government expenditure is less than expected income. A deficit exists when projected income exceeds expected expenditure (Chimobi & Igwe, 2010).

2.1.5 Industrial Sector Performance

The term "industry" refers to any economic activity that includes working with raw materials and manufacturing items in factories. Industries are corporate organizations that are engaged in industrialisation. Industrialization is the expansion and spread of industries in a certain location, region, or nation (Obioma & Ozughalu, 2010). It is sometimes referred to as an increase in the number of manufacturing jobs among working people and the Gross Domestic Product (GDP) (Iwuagwu, 2009). Manufacturing accounts for a significant portion of the industrial sector in developed nations (Dickson, 2010). This demonstrates the importance of this sector for economic development since it produces employment, which benefits agriculture, diversifies the economy, and brings in more money from overseas commerce (Charles, 2012). The way the government manages money is likely to have an impact on how the industrial sector operates. According to the study's conceptual framework, fiscal policies support and enhance total industrial output.

2.2. Theoretical support

The study is based on Bumole's Managerial Theory of the Firm, which he developed in 1967 and which Eze and Ogiji (2013) discussed in their research article Business Behavior, Value, and Growth. The theory is that if a nation wishes to industrialize fast, it should boost public expenditure since this would accelerate economic development. This concept also explains why businesses choose managers to earn the greatest money, not merely the most money. The present research is based on the premise that industrial sector revenue is linked to output, which drives national output. Fiscal policy, on the other hand, which is related to industrial output in this study, may raise the quantity of money in circulation and make additional investment possibilities accessible. Increasing government expenditure therefore aids the country's growth and industrialization.

2.3 Empirical Review

Osinowo (2015) studied fiscal policy's impact on production growth in Nigeria from 1970 to 2013. Fiscal policy was determined by spending, then modified for population, employment, political stability, and trade openness. Agriculture, mining, construction, manufacturing, wholesale and retail, and services were measured. The researchers used the ADLER model (ECM). Except for agriculture, government spending helped all other industries, the study found.

Uffie and Aghanenu (2019) studied how fiscal factors affected Nigeria's industrial production from 1981 to 2016. Manufacturing sector output is the share of GDP given to manufacturing, and fiscal policies include government spending and corporation tax. ARDL Bounds was used to test for cointegration. Fiscal policy affects Nigerian industrial production both short- and long-term. Government spending boosts industrial production. So many levies on corporations reduce output.

Imide (2019) studied Nigeria's industrial industry from 1980 to 2017. The Manufacturing Sector Index showed how government spending, corporate tax rates, and federal debt affected manufacturing. Ordinary Least Squares (OLS) shows that federal debt has a negative linear relationship with the manufacturing sector index, whereas government spending has a positive one.

Eze, Nwite, Nwanne, Onwe, Ugwu, and Ogiji studied Nigeria's economic policy in 2019. Government spending on wealth is affected by interest rates, inflation, currency rates, and agriculture produce. According to ARDL study, government spending has boosted Nigeria's agriculture industry. Victor and Roman (2017) used the SVAR model to investigate Ukraine's agricultural and industrial sectors from 2001 to 2016. Government spending boosts industrial and agricultural productivity, but a rise in government revenue benefits just agriculture.

3. RESEARCH METHODOLOGY

The study makes use of a longitudinal research approach. Longitudinal research is a sort of correlational study in which variables are examined over a long period of time. This approach was chosen because longitudinal studies, which take place over years (or even decades), may be particularly beneficial in examining changes in development over time.Data from 1982 to 2020, a period of 40 years were sourced from the Central Bank of Nigeria Statistical Bulletin 2021 and the World Bank Development Index. The model assesses the relationship between fiscal policy and industrial performance as measured by real GDP. This model is an alteration of the work of Nwankwo, Kalu, and Chiekezie model (2017). Thus, the following is the functional form of the model that is utilized in this study:

LINP = f (LOR, LGE, LGD, LFD, LBD)

LINP stands for Log of Real Gross Domestic Product.

LOR stands for Log of Oil Revenue.

LGE stands for Log of Government Expenditure.

LGD stands for Log of Government Debt.

LBD stands for Logof Budget Deficit.

4. ANALYSIS AND PRESENTATION OF DATA

4.1 Descriptive Statistics

Table 1 below:

	RGDP	GE	OR	GD	BD
Mean	34692.62	473.9831	2430.350	2874.888	628.2285
Median	23688.28	309.0200	1230.850	898.2500	103.7800
Maximum	71387.83	2289.000	8878.970	14272.64	4813.820
Minimum	13779.26	4.100000	7.250000	11.19000	1.000000
Std. Dev.	20241.02	528.2971	2723.421	4124.112	1148.640
Jarque-Bera	4.986798	19.57516	4.756112	16.88934	68.88354
Probability	0.082629	0.276156	0.092731	0.341215	0.092345
Observations	39	39	39	39	39

Source: Researcher's Computation from E-view 9.0 (2021)

In the preceding table, which can be found above, the precise characteristics of the variables that were used in the research are displayed, with the median, mean, maximum and lowest values, standard deviation, and Jarque-Bera statistics underlined (normality Test). The median value of real gross domestic product (RGDP) is 34692.62, with a high value of 71387.83 and a low value of 13779.26. This number was determined through selective data collection. The mean was higher than the standard deviation for the Industrial Sector, which came in at 20241.02, but the mean was lower. This indicates that real GDP expanded at a modest rate over the period of time that is being considered. The real GDP also has a Jarque-Bera value of 4.986798, and its probability value is 0.082629; both of these values are inside the allowed threshold, which demonstrates that the real GDP follows a normal distribution. The maximum value of government expenditure (GE) was 2289, and the

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lowest value was 4.10. The mean value of government expenditure (GE) was 473.9831. It had a standard deviation that was more than its means, which was 528.2971, and this was more than its means. This indicates that government spending had a significant growth over the period of time that is being considered. The highest value of oil revenue (OR) was 8878.970, and the lowest value was 7.25. The mean value of oil revenue (OR) was 2430.350. Its averages were higher than its standard deviation of 2723.421, which was a measure of dispersion. This demonstrates that it expanded at a quick rate all throughout the time period that is being considered. In addition, it has a Jarque-Bera value of 4.756112 and a probability value of 0.092731, both of which demonstrate that it follows a normal distribution. The maximum value of the government debt (GD) was 14272.64, and the lowest value was 11.19. The mean value of the government debt was 2874.888. It recorded data with a standard deviation that were greater than 4124.112, which is larger than its means. This demonstrates that it expanded at a quick rate all throughout the time period that is being considered. The budget deficit (BD) had a mean value of 628.2285, with the highest value being 4813.820 and the lowest value being 1.0. Additionally, it has a Jarque-Bera value of 68.88354 and probability values of 0.092345, all of which point to it having a regularly distributed distribution. Examination of the Correlation

4.2 Correlation Matrix

In order to assess whether or not the independent variables are connected with one another, a study was conducted, and the findings are presented in the form of a matrix. The assumption that the independent variables are not connected to one another is at the core of the Classical Linear Regression Model (CLRM). When this criterion is breached, there is an issue with multi co-linearity. A matrix coefficient that is more than 0.8 indicates that the model has a high degree of multi co-linearity. This is due to the fact that the presence of multi co-linearity is less important than the degree to which it exists.

Table 2

	RGDP	GE	GD	BD	OR
INP	1.000000	0.785567	0.724732	0.792950	0.759215
CE	0.785567	1.000000	0.772157	0.749251	0.778540
DD	0.724732	0.772157	1.000000	0.750447	0.672348
ED	0.566716	0.680543	0.701234	0.784584	0.353204
FD	0.792950	0.749251	0.750447	1.000000	0.502915
NOR	0.664517	0.718284	0.773424	0.686285	0.784678
OR	0.759215	0.778540	0.672348	0.502915	1.000000

Sources: Computation from the E-view 9.0

Because there is no matrix value greater than 0.8 in the correlation matrix table above, there is no multi co-linearity in the model. This suggests that the model meets the preceding premise.

4.3 Unit Root Test

Table 3: Unit Root Test Results

Variables	At Level 1(0)	At First Difference 1(1)	At Second Difference 1(2)	Order of Integration	Alpha Value
Real Gross Domestic product (LRGDP)		-7.808418		1(1)	0.0000
Government Expenditure (LCE)		-6.323821		1(I)	0.0000
Oil Revenue (LOR)		-6.171975		1(I)	0.0000
Government Debt (LGD)		-4.566296		1(I)	0.0008
Budget Deficit (LBD)		-10.26688		1(I)	0.0000

Source: Researcher's Compilation E-views 9.0 (2022)

Table 3 presents the unit root test results, which show that real GDP, government expenditure, oil revenue, government debt, and the budget deficit are stable at first glance. Because the decision criteria is to discard stationarity if the ADF statistic is less than 5% critical and accept it if it's bigger, the ADF absolute value of each of these variables is greater than 5% critical at their first difference but less than 5% critical in their level form. Stationarity is denied if the ADF statistic is less than 5% crucial, under the decision criterion. Each variable is hence stationary of order I. (1). All of the variables in the model were stationary at initial difference, so they were utilized to explore error correction. Co-integration test

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Table 4: Johansen Multivariate Co-integration Test

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.994519	656.0563	239.2354	0.0000
At most 1 *	0.977175	463.4204	197.3709	0.0001
At most 2 *	0.936353	323.5640	159.5297	0.0000
At most 3 *	0.843435	221.6508	125.6154	0.0000
At most 4 *	0.807684	153.0422	95.75366	0.0000
At most 5 *	0.638704	92.04341	69.81889	0.0003
At most 6 *	0.423797	54.37526	47.85613	0.0108
At most 7 *	0.358516	33.97735	29.79707	0.0156
At most 8 *	0.272692	17.55043	15.49471	0.0242
At most 9 *	0.144382	5.769458	3.841466	0.0163

Trace test indicates 10 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None *	0.994519	192.6359	64.50472	0.0001
At most 1 *	0.977175	139.8564	58.43354	0.0000
At most 2 *	0.936353	101.9131	52.36261	0.0000
At most 3 *	0.843435	68.60856	46.23142	0.0001
At most 4 *	0.807684	60.99883	40.07757	0.0001
At most 5 *	0.638704	37.66815	33.87687	0.0168
At most 6	0.423797	20.39791	27.58434	0.3143
At most 7	0.358516	16.42692	21.13162	0.2009
At most 8	0.272692	11.78097	14.26460	0.1191
At most 9 *	0.144382	5.769458	3.841466	0.0163

Max-eigenvalue test indicates 6 cointegrating eqn(s) at the 0.05 level

* denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

A co-integration test is used to determine whether or not there is a correlation between two or more time series. Because the unit root test results demonstrate that all variables are stationary at first difference, we performed the co-integration test. The goal is to determine if the variables have a long-term connection or are in equilibrium with one another.The findings in Table 4 above show that the highest Eigenvalue has six co-integrating equations whereas the trace tests have ten co-integrating variables in the model. As a result, both the trace statistics and the Eigenvalue statistics show that the model's variables have a long-term link. This finding implies a long-term association between the dependent variable and the model's explanatory factors.

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4.5 Error Correction Mechanism (ECM)

Table 5: Error Correction Model (ECM) Results

Dependent Variable: LRGDP				
Method: Least Squares				
Date: 06/19/21 Time: 13:08				
Sample (adjusted): 1982 2019				
Included observations: 38 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.987024	0.362051	13.77436	0.0000
LBD	-0.069576	0.018845	-3.691940	0.0010
LGD	-0.320955	0.067817	-4.732687	0.0001
LGE	0.176643	0.044869	3.936898	0.0005
LOR	0.033653	0.055403	0.607414	0.5487
ECM(-1)	-0.469432	0.121871	-2.321238	0.0271
R-squared	0.772110	Mean dependent var		3.824044
Adjusted R-squared	0.724743	S.D. dependent var		0.224308
S.E. of regression	0.093904	Akaike info criterion		-1.655894
Sum squared resid	0.238084	Schwarz criterion		-1.181856
Log likelihood	42.46198	Hannan-Quinn criter.		-1.487235
F-statistic	18.41185	Durbin-Watson stat		2.062011
Prob(F-statistic)	0.000000			

Source: Researcher's computations using E-view 9.0 (2022):

According to the findings in Table 5 above, the coefficient of government spending is equal to 0.176643, with a t-statistics value of -3.936898 and a probability value of 0.0000. This empirical evidence suggests that throughout the research period, Nigerian industrial performance and government spending were positively and significantly correlated at the customary 1% level.The oil revenue coefficient's value is 0.033653, and its t-statistic and probability values are 0.607414 and 0.5487, respectively. These empirical results demonstrate a weak positive association between oil income and industrial performance in Nigeria during the research period.Government debt has a coefficient of -320955, a t-statistic of -4.732687, and a probability of 0.0001. The consequences of these empirical results are that domestic debt, at the customary 1% level throughout the research period, has a negative but substantial association with industrial performance in Nigeria.The t-statistics value for the budget deficit is -3.691940, the probability value is 0.0010, and the budget deficit coefficient is -0.069576. These empirical results also suggest that throughout the research period, Nigeria's industrial performance at the 1% traditional level has a negative, negligible association with the budget deficit.

4.5.1 Mechanism for Error Correction

The error correction mechanism's (ECM-1) coefficient has a value of -0.469432. The econometric theory is in agreement with this negative sign. This empirical finding demonstrates the impressively rapid adjustment to equilibrium of the disequilibrium caused by the co-integration process, which is around 47%.

4.6 Discussion of Findings

4.6.1 Oil Revenue and Industrial Performance in Nigeria

The study found that oil revenue had insignificant positive relationship with industrial performance in Nigeria. This implies that oil revenue made insignificant contribution to industrial performance in Nigeria. Hence, the phenomenal increase in oil revenue has not translated into meaningful development of the real sector of the economy thereby affecting industrial performance negatively. On the one hand, this empirical finding agrees with that of Sotubo (2013) that Nigeria's over-dependence on crude oil is dangerous for two reasons: first, crude oil is a wasting asset with a proven reserve which would eventually become depleted; and second, the vagaries of the oil market has resulted in a significant decline in the earnings because of the exogenously determined price of crude oil with a t-statistic value of 0.607414.

On the other hand, the finding disagrees with the findings of Efanga, Ugwuanyi and Ogochukwu (2020) that oil revenue impacted positively and significantly on industrial performance in Nigeria. Similarly, it disagrees with the findings of Nweze and Greg(2016) that oil revenue exerted significant impact on industrial performance in Nigeria.

4.6.2 Government Expenditure and Industrial Performance in Nigeria

The study found that government expenditure had significant positive relationship with industrial performance in Nigeria. This implies that government government expenditure contributed significantly to industrial performance all things being equal. Government expenditure enables government to invest in schemes that involve huge government outlay such as construction of railways, roadways and communication systems, irrigation and power projects which can raise industrial performance both directly and indirectly through encouragement of further private investment. This finding agrees with the findings of Benimana (2020) that government expenditure has a positive and significant impact on the GDP growth.

However, the finding disagrees with the findings of Tasnia (2018) that government expenditure has no significant impact on real GDP growth. It also conflicts with the conclusions of Munongo (2012) that government spending by government has a detrimental influence on industry performance. Similarly, Ghazi and Martha (2010) found that Saudi Arabia's government spending on infrastructure and productive capacity hasn't had as much of an impact on the country's economic development. Furthermore, a t-statistics value of -3.936898 revealed that government spending had a considerable negative influence on industry performance.

4.6.3 Nigeria's industrial performance and Government Debt

The research also discovered a strong negative association between domestic debt and Nigerian industry performance. This suggests that domestic debt did not improve Nigeria's industrial performance throughout the assessment period. Through the development of connected projects, the proper and effective use of domestic debt may improve industrial performance and productive capacity. In Nigeria, however, the situation is the opposite since it has not improved industrial performance over the studied period. This conclusion is consistent with those of Osuala & Ebieri (2014) and Agbarakwe (2018), who found a long-term, substantial negative association between total debt stock and industrial performance.

However, the results do not support the hypothesis that an increase in household debt had a favorable and substantial impact on industrial performance. This also contradicts the results indicating, with a t-statistic value of -4.732687, there is no discernible relationship between total public debt and real GDP.

4.6.4 Nigeria's Industrial Performance and Budget Deficit

According to the empirical findings on the budget deficit, the variable had a negative but substantial influence on Nigeria's industrial performance. This suggests a negative correlation between Nigeria's industrial performance throughout the study period and the budget deficit. This result supports the conclusions of Mohanty (2012), Navaratnam & Mayandy (2016), Tung (2018), and Gyasi (2020) that budget deficit has a negative and damaging impact on industrial performance. The results, however, contradict those of Shahid and Naved (2010) who found a long-term correlation between industrial success and the total budget deficit. With a t-statistics value of -3.691940, the result also contradicts Boldeanu and Ion's (2015) claim that the budget deficit has no appreciable impact on industrial performance among the founding nations of the European Union.

5. CONCLUSION AND RECOMMENDATION

Using time series data from 1981 to 2019, the research examined the link between budget policy and industrial performance in Nigeria. The research came to the conclusion that budget policy in Nigeria has a substantial association with industrial performance based on the aforementioned data. The research also came to the conclusion that in order for Nigeria to become a prominent participant in the global market, the Federal Government of Nigeria needs tweak its budget policy measures to guarantee that the nation enjoys a speedy and sustained industrial performance. Thus, the study suggests that the federal government should step up efforts to ensure that the country's economy is diversified away from the oil industry and toward other productive industries. The government must be dedicated to putting machinery in place to drive its policies and strategies aimed at opening up the non-oil productive sector and setting it on track for revenue generation in light of the non-oil sector's enormous capacity to improve revenue generation and the industrial performance of Nigeria.

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