# FOREIGN PORTFOLIO INVESTMENT AND NIGERIAN ECONOMIC GROWTH

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## Abstract

*This study investigated Foreign Portfolio Investment (FPI) and Nigerian economic growth from 1988 to 2017. The Ordinary Least Square using the statistical tool of E-view 9 was employed in analyzing the data. The dependent variable is Gross Domestic Product proxied for economic growth while independent variables include Foreign Portfolio Investment, exchange rate and inflation rate. This data was sourced and obtained from CBN statistical bulletin. Findings through the empirical investigation identified that Foreign Portfolio Investment and inflation rate has no significant impact on the growth of Nigerian economy while exchange rate is the only variable which has a positive and significant impact on economic growth in Nigeria. The f-statistic results shows that all the explanatory/independent variables of in the specified model have significant effect on Gross Domestic Product. The study therefore concluded that Foreign Portfolio Investment has a significant effect on growth of economic growth in Nigeria considering the relative importance of portfolio investment to emerging market like Nigeria. Based on the findings, the study recommended that government should make favourable trade policies and investment conditions friendlier in order to boost continuous inflow of foreign portfolio investment in Nigeria.*

**Keywords:** Foreign Portfolio Investment, Growth, Economy, Effect, Gross Domestic Product.

## Introduction

Interdependence between countries of the world is as old as human civilization itself. However, globalization and the factors which accelerated different processes like decolonization, the emergence of new states and their dependence on developed countries, development of international organizations like United Nations Organization, decline of communism, development of information technology etc have revolutionized the quantity and quality of this mutual interdependence. Now in the race for development, all the countries of the world invest as well as receive investments from other countries in an unprecedented nature, while mutually recognizing and respecting their sovereignty. Ekeocha, Ekeocha, Malaolu & Oduh, (2012) noted

that the two major channels of these foreign investments that play crucial roles in the economies of the world are foreign direct investment and foreign portfolio investment.

Foreign Direct Investment (FDI) is relatively an investment by a country or its resident entities in another country enjoying control, management or ownership over their investment. It comprises licensing, franchising, joint venture etc while Foreign Portfolio Investment (FPI) is investment by a resident entity of one country or the country itself in the equity or debt securities of another country aiming immediate capital gains and usually without significant and lasting interest. It consists of Offshore Funds (OFFs), Global Depository Receipts (GDRs) and American Depository Receipts (ADRs) and Foreign Institutional Investors (FIIs). Thus, the main difference between FDI and FPI is that the former is a long lasting investment, while the latter is comparatively a short term investment. However, whether foreign direct investment or foreign portfolio investment is more advantageous to the involved countries is a controversial question as both types of investment have their own merits and demerits. Nevertheless, portfolio investment as a component of foreign investment has been useful in filling the large savings gap prevalent in developing countries (Onuoha, Okoro & Okere, 2018).

Baghebo and Apere (2014) explains the relative importance of portfolio investment to a small emerging economy like Nigeria cannot be overemphasized, the positive attributes of foreign portfolio investment include technological transfer, increase in productivity, high income, increase in government revenue through taxes, enhancement of balance of payment ability, employment generation, diversification of the industrial base and expansion, development of existing industries. Bada, (2017) defined Foreign Portfolio Investment as aspect of foreign capital flows which consist of transfer of financial assets such as cash, stock or bonds across borders with the desire to make profits. This occurs when investors purchase non-controlling interests in foreign companies or buy foreign corporate or government bonds, short-term securities, or notes. Also, as highlighted by Pazarlıoglu and Gulay (2007) foreign portfolio results in; contribution to the host countries‘ capital accumulation and production capacity, new technology and knowledge, contribution to the improvement of the country's balance of payments, new sales and marketing techniques, new business opportunities, and high tax revenue. Foreign capital also has various effects on the host country’s production, employment, income, balance of payments and economic development. Despite these merits of FPI, there exist some demerits.

In a bid to regulate foreign investment in Nigeria, the Nigeria Enterprise Promotion Decree (NEPD) was promulgated with a maximum of 40 percent foreign participation. This has impeded growth in both foreign direct investment and foreign portfolio investment and therefore, slowed down growth in all sectors of the economy including the capital market and money market of the economy. The inflow of portfolio investment into Nigeria may also have been limited by the infancy of Nigerian capital and money market, although the markets have undergone some reforms and innovations which have yielded considerable growth and development in recent years, there is still much to be done to make the markets as robust, vibrant and sophisticated as their counterpart in the industrialized economies (Okonkwo, 2016). Nigeria's Net Portfolio Investment in 1986 was N151.6 million which roses up to N51, 079.13 million in 2000. By 2005, there was a tremendous increase in the NPI figure in Nigeria, it increased from N51, 079.13 million to N116, 035.00 million from 2000 to 2005 which make up a growth rate of 127.17 percent (CBN, 2010). It marked the period when the banks were statutorily mandated to share up their capital base from mere N2.0 billion to N 25.0 billion. It rose to a record level of N703, 677.60 million in 2007 before declining to N350, 919.40 million in 2008.Similarly, the NDI (net direct investment) was N735.8 million in 1986 and rose to N115, 952.16 million in 2000 which further increased from N654, 193.10 million in 2005 to N1, 779,594.80 million in 2006, indicating a growth rate of 172.02 percent. It, however, dropped to N759, 350.40 million in 2007 before rising to N802, 615.70 million in 2008 (Baghebo and Apere, 2014). The CBN Bulletin records the figure of Nigeria's Net Portfolio Investment as at 2010 to be N556.6 billion. In 2014 the figure increased up to N832.4 billion. Despite the economic recession in 2015, the country's portfolio investment position was N498.1 billion and in 2016 it dropped to N477 billion. As at December 2017, the CBN reports that portfolio investment in reporting economy (Nigeria) was N2,604.3 billion (CBN Statistical Bulletin, 2017). Taking into consideration the reports from the CBN and in view of the much needed attention to facilitate the growth of the Nigerian economy at all fronts, there is still need for substantial inflow of capital to add to savings and foreign exchange gaps, increases capital accumulation and enhances the economic growth (Bada, 2016).

The problem of this research work stems out of the fact that the Nigerian business environment is highly uncertain with inconsistencies in government policies and non-transparency of government operations which has led to the discouragement of foreign investors from investing in the Nigerian

stock market. Adding to this problem, inflows of portfolio investment into Nigeria may have been limited by the infancy of Nigerian capital and money market, although the markets have witness growth and development in recent years but are still not yet as huge, vibrant and sophisticated as their counterpart in the industrialized nations and as such, cannot compete favorably with them for investment funds. Also, low interest rates in developed countries is push factor and financial liberalization programs in developing countries is pull factor for increasing international portfolio investments. Regrettably, Nigeria is still battling with unstable economic condition coupled with several challenges such as high level of poverty rate, low capacity utilization, declining output level, increasing unemployment rates, unstable power supply and decay in infrastructure among others, (Edu, Inaya & Bassey, 2015). The cogent factors attributed to these challenges are unconducive business environment and unfavourable policies formulated that hinder the flows of foreign investment capitals. Irrespective of the effectiveness of capital market, weak legal system coupled with poor business environment may hinder foreign investment inflows. Nigeria's business environment is also characterized by poor power supply, insecurity, poor infrastructure as well as weak and slow judicial process coupled with non-transparency of government operations. Consequent upon these highlighted problems, this study investigates the relationship between foreign portfolio investment and the growth of Nigerian economy.

## Literature Review

### Foreign Portfolio Investment

Foreign portfolio investment is a cross-border investment in securities with the intention of profit-making rather than management or legal control (Okonkwo, 2016). It involves equity and debt issuances including country funds, depository receipts and direct purchases by foreign investors of less than 10% control. Baghebo and Apere (2014) explain that foreign portfolio investment is an aspect of international capital flows comprising of transfer of financial assets: such as cash, stock or bonds across international borders in want of profit. It occurs when investors purchase controlling interest in foreign companies or buy securities or notes. Just as trade flows result from individuals and countries by exploiting their own comparative advantage, so too, are capital flows the result of individuals and countries seeking to make themselves better off, moving accumulated assets to wherever they are likely to be most productive (ERP, 2006). This type of investment has

become an increasing significant part of the world economy over the past three decades and an important source of fund to support investment not only in\ developed but also developing countries.

**Factors that Affect Foreign Portfolio Investment in Nigeria**

Gumus, Duru and Gungor, (2013) revealed that the following are some of the macroeconomic factors that affect foreign portfolio investment:

**Market Size:** Market size variables are expected to affect capital flows in a positive way, since larger countries should receive more flows than smaller countries (Amaya & Rowland, 2004). It is in broad terms, the value or volume of market.

**Interest Rates:** Jhingan (2001) defines interest as a payment made by borrower to the lender for the use of money and is expressed as a rate percent per year. Interest is also the income which goes to the owner of capital. Portfolio flows to developing countries are extremely sensitive to interest differentials.

**Exchange Rates:** Exchange rate plays a crucial role in the aspect of achieving macroeconomic goals. It direct influences on macroeconomic variables such as: domestic price indicator, employment opportunities, economic growth, allocation of resources and investment decisions, is the reason the monetary authorities and private sectors seek stability in these variables (Ajakaiye, 2001).

**Inflatıon Rates:** Hamilton (2001) describes inflation as an economic situation when the increase in money supply is faster than the new production of goods and services in the same economy. In Foreign portfolio investment, inflation represents one of the major threats to investors. When the inflation rates start to rise, investors get really nervous in expectation of the potentially negative consequences.

**Economic Growth:** Economic growth causes changes in the foreign portfolio investment. Economic performance is the major pull factor in attracting FPI into the country (Duasa & Kassim, 2009). High growth rates, especially in developing countries are another factor to head the foreign capital flows to these countries. Foreign investors make portfolio investments where the country's economies show an economic improvement.

**Balance of Payments:** According to Otaki (2005), balance of payments is a systematic record of all economic transactions, visible as well as invisible in a period between one country and the rest of the world. Thus, it is a statement of payments and receipts and international transactions.

**Openness:** Openness of the economy to foreign trade (X/M) is computed by the ratio of exports to imports (Erdal and Tataloglu, 2002). Additionally, the ease with which investors can move capital in and out of a country (the openness of the economy) is also an important determinant of FPI flows (Chakrabarti, 2001). That is, countries with capital controls and restrictive trade policies discourage inflows of FPI, compared to countries with liberal policies.

**Benefits of Foreign Portfolio Investment**

In the words of Feldstein (2000), international flows of capital reduce the risk faced by the owners of capital by allowing them to diversify their lending and investment. Also, the positive essential quality of foreign portfolio investment include the following:

**Technological transfer:** Technology transfer often occurs by mutually agreed effort to share skills, knowledge, technologies, methods of manufacturing, samples of manufacturing, and facilities among governments or universities and other institutions to ensure that scientific and technological developments are easy to be reached to a wider range of users who can then further develop and exploit the technology into new products, processes, applications, materials, or services. It is closely related to (and may arguably be considered a subset of) knowledge transfer.

**Increase in productivity:** Foreign portfolio investment will assist countries to produce products more quickly at a more rapid rate than before. In most businesses, the more products that workers produce or services they render and complete, the more money comes in to the business, making increased productivity a high priority for many business owners.

**Increase in government revenue through taxes:** Foreign portfolio investment will assist in increasing the revenues earned by the government which are received from sources of revenue which taxes levied on the incomes and wealth accumulation of individuals and corporations and on the goods and services produced cannot be overemphasized.

**Enhancement of balance of payment capability:** The balance of payments is a statement of all transactions made between entities in one country and the rest of the world over a defined period of time, such as a quarter or a year.

**Employment generation:** Influx of capital flows into a country can assist in employment generation in the country which is a keystone of any economic recovery program. Many activities can fall under the rubric of job creation, including immediate short-term opportunities that yield quick impact, or the development of more enduring livelihoods in the civil service or private sector.
**Development of existing industries:** Foreign portfolio investment is a necessary tool in developing the existing industries in a country. Diversification of the industrial base and expansion is also important.

**Concept of Economic Growth**

The concept of economic growth is associated with the growth in population, resources development, technological advancement and increasing capital formation. Economic growth can be defined as the increase in GDP and per capita income of the country (Investopedia, 2018).
Economic growth of a particular country can be measured in terms of varied objects. Economic growth could be said to combine three progresses: Capital accumulation, population growth and labor force.

i. Capital accumulation involves a trade-off between present and future consumption, giving up a little now so that more can be had later.
ii. Population growth and the associate increase in labor force have been considered a positive factor in stimulating economic growth.
iii. A larger labor force means more productive workers, and a large population increases the potential size of domestic markets.

**Relationship between Economic Growth and Foreign Portfolio Investments in Nigeria**

The consensus in the literature seems to support that foreign investment increases growth through productivity and efficiency gains. The empirical evidence is not unanimous. However, available evidence for developed countries meet the idea that the productivity of domestic firms is positively related to the presence of foreign firms (Imbriani and Reganeti, 1997). The results of developing countries are, not so clear, with some finding disclosed positive spillovers, (Blomstrom, 1986) and others reporting limited evidence. Also, others find out that there is no evidence of positive short run spillover from foreign firms. Some of the reasons adduced for these mixed results are the envisaged forward and backward linkages may not really necessary and the arguments that

transnational companies encourage increased productivity due to competition may not be true in practice. Other reasons include the fact that transnational companies tend to locate in high productivity industries and, therefore, could force less productive firms to exit (Smarzynska, 2002). Cobham (2001) also assumed that their is crowding out of domestic firms and possible contraction in the total industry and or employment. However, crowding out is a more rare event and the benefit of foreign direct investment in export promotion remains controversial and depends crucially on the motive for such investment (World Bank, 1998). The previous literatures appear to be that direct and indirect investment spillovers depend on the host country's capacity to absorb the foreign technology and the type of investment climate. The review shows that the debate on the impact of foreign direct investment on economic growth is far from being conclusive. The role of foreign portfolio investment may be either be positive or negative or insignificant, depending on the economic, institutional and technological conditions in the recipient countries.

## Theories Applicable to the Study

### Portfolio Theory of International Capital Flows

This theory was postulated by Michael B. Devereux and Makoto Saito in the year 2006, presented a tractable model of international capital flows in which the existence of nominal bonds and the portfolio composition of net foreign assets is an essential element in facilitating capital inflows between countries. National monetary policies make domestic and foreign currency denominated bonds differ in the degree to which they can hedge country specific consumption risk which leads countries to have distinct composition of currency- denominated bonds in their national portfolios. By adjusting their gross positions in each currency's bonds, countries can achieve an optimally hedged change in their net foreign assets (or their current account), thus facilitating international capital flows. Moreover, the risk characteristics of optimal portfolios ensures that current account movements are sustainable - net debtor countries pay lower rates of return on their gross liabilities than they receive on their gross assets. This ensures that the distribution of wealth across countries is stationary.

### The Endogenous Growth Theory

This theory is pioneered by Romer in 1986. The theory postulated that investment in human capital, perception and novelty are the key to accelerate economic growth. It is the improvements

in productivity will increase the pace of innovation and extra investment in human capital. It was also said that the need for government and private sector institutions to encourage innovation and provide incentives for individual and business to be inventive. It is the central role of the assembling knowledge work as a determinant of growth i.e knowledge industries such as telecommunication, electronics, software or biotechnology are becoming increasingly important in developing countries. Blomstron and Sjoholm, (1999) agreed with this theory that foreign investment contributes to economic growth via novelty and technological transfer. Multinational companies can transfer technology either directly to their Foreign Owned Enterprises (FOE) or indirectly to Domestic Owned Enterprises (DOE) in the host country. This study also supported this view due to its emphasis on innovations, knowledge and human capital development. This will assist in facilitating economic growth of the country because of the new innovations and knowledge brought by the foreign investors.

**Brief Empirical Review**

Several studies have been carried out on foreign portfolio investment. This include the study of Ibrahim and Akinbobola (2017) examined the relationship between foreign portfolio investment, democracy and economic growth in Nigeria. Time-series data for the period 1986 to 2013 on foreign portfolio investment and maximum lending rate were obtained from Central Bank of Nigeria (CBN) Statistical Bulletin, while data on variables such as GDP growth rate and gross domestic savings were obtained from World Development Indicators (WDI) database, published by the World Bank. Using E view, the results showed that foreign portfolio investment inflow was more stable in democratic periods between 1999 and 2013 than the military periods between 1986 and 1998 and that the correlation between economic growth and foreign portfolio investment is positive and very significant. The result showed that in the longrun foreign portfolio investment had positive and significant effect on the economic growth in Nigeria. It also showed that democracy had a positive and significant effect on economic growth, while it has positive but not significant effect on the relationship between foreign portfolio investment and economic growth. It was concluded foreign portfolio investment has impact on economic growth was very large and significant in the longrun. The study recommended that for to sustainable rapid economic growth objective, policies should also be directed to the effective use of resources in the economy.

Okafor, Ugwuegbe and Chijindu (2016) investigated the relationship between foreign capital inflows and economic growth in Nigeria. Tada Yamamoto test of causality was adopted to analyze the relationship between foreign capital inflows and Nigeria economic growth. It was discovered that there is bi-directional causality running from GDP to FDI and FDI to GDP. Also, there is unidirectional causality between FPI and GDP with causation running from FPI to GDP. In addition, the result revealed a unidirectional causality between GDP and FA with causation testing from FA to GDP. The joint causation between all the components of foreign capital inflow show that the increase on foreign capital inflow will also leads to increase in GDP.

Okpoto (2015) researched on impact of Foreign Private Investment on the Nigeria's economic growth from 1980 to 2013. The relationship between real GDP and foreign private investment and other selected macro economic variables such as inflation, exchange rate and interest rate were considered. From the tests conducted, there was presence of unit roots at their first difference which conformed with the Augmented Dickey Fuller (ADF) result as well. The terrace test and maximum Eigen value test on the variables identified one co integrating vector at 5% and 1% critical levels. Also, the ECM showed a long run relationship between real GDP and other variables in the model. All these suggest the activities of FPI have impacted favourably in boosting economic activities in Nigeria within the period of study.

**Research Methods**

The research work which tends to examine the impact of foreign portfolio investment on foreign portfolio investment and its effect on economic growth in Nigeria. The dependent variable employed to proxy economic growth is gross domestic product, while the independent are: foreign portfolio investment, exchange rate and inflation rate. Data on the specified dependent and independent variables was gathered from CBN Statistical Bulletin of 2017. The collected secondary data was analyzed using E-view version 9. A regression analysis was conducted on the data set. An Ordinary Least Square method of estimation was used to analyse the data. To test the hypotheses, the variables is built into a functional relationship. The model is specified as follows:
GDP = *f* (FPI, EXC, INF)

In econometric term

$GDP = \beta_0 + \beta_1 FPI_1 + \beta_2 EXC_2 + \beta_3 INF_3 + \mu$

GDP = Gross Domestic Product

FPI = Foreign Portfolio Investment

EXC = Exchange Rate

INF = Inflation Rate

$\beta_0$ = Constant term

$\beta_1 - \beta_3$ = Coefficient of independent variables

$\mu$ = Error term

## Results and Interpretation

### Table I: Unit Root Test

Group unit root test: Summary
Series: GDP, FPI, EXC, INF
Date: 02/21/19 Time: 15:29
Sample: 1988 2017
Exogenous variables: Individual effects
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 4
Newey-West automatic bandwidth selection and Bartlett kernel

| Method | Statistic | Prob.** | Cross-sections | Obs |
|---|---|---|---|---|
| Null: Unit root (assumes common unit root process) | | | | |
| Levin, Lin & Chu t* | -4.47568 | 0.0000 | 4 | 108 |
| Null: Unit root (assumes individual unit root process) | | | | |
| Im, Pesaran and Shin W-stat | -7.10995 | 0.0000 | 4 | 108 |
| ADF - Fisher Chi-square | 61.5493 | 0.0000 | 4 | 108 |
| PP - Fisher Chi-square | 43.2519 | 0.0000 | 4 | 112 |

**Source: E view 9**

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

The table above shows the summary of unit root test results. The results of ADF - Fisher Chi-square and PP - Fisher Chi-square revealed that variables in the model were stationary at 5 percent as indicated by their probability values. This implies that their values were less than absolute value of 5 percent level of significance. Therefore, the variables; Gross Domestic Product, Foreign Direct Investment, Exchange Rate and Inflation rate were **stationary** at first difference I (1) since

their ADF and PP statistics are less than the critical value. As a result, the variables are fit to be used for the analytical purpose for which they were gathered.

**Table 2: Regression Analysis**

| Variable | Coefficient | T-Statistics | Probability | A priori Expectation |
|---|---|---|---|---|
| C | -15653.55 | -1.769662 | 0.0885 | Does not conform |
| FPI | 0.192409 | 0.384421 | 0.7038 | Does not conform |
| EXC | 424.3699 | 8.488810 | 0.0000 | Conform |
| INF | 131.0948 | 0.634500 | 0.5313 | Does not conform |

**Source: Computed Result (E view 9)**

$R^2$ = 0.780855, Adjusted R Square = 0.755569,

F Statistic = 30.88097, Durbin Watson = 0.285438

**Coefficient of Variables**

From the table above, the model can be recalled and rewritten as follows:

$$\mathbf{GDP = \beta_0 + \beta_1 FPI_1 + \beta_2 EXC_2 + \beta_3 INF_3 + \mu}$$

$$\mathbf{GDP = -15653.55 + 0.192409FPI + 424.3699EXC + 131.0948INF}$$

The value of the constant term of -15653.55 indicates that while other variables remain the same, gross domestic product will experience the same unit decrease of -15653.55. The coefficient of foreign portfolio investment, exchange rate and inflation rate indicate positive relationship at 0.192409, 424.3699, and 131.0948 respectively. This implies that every unit increase in each of the variables results to a reduction in the value of gross domestic product in Nigeria for the period under review.

**T-Statistics and Probability Values**

Using t statistics, the decision rule is that if the p-value of t statistics is less than 5 percent (0.05) we can reject the null and accept alternative hypothesis. If otherwise, we do the inverse.

From the t statistics result, foreign portfolio investment and inflation rate both had a positive relationship but did not have a significant impact on gross domestic product because their p values of 0.7038 and 0.5313 respectively were greater than 0.05 level of significance. However, exchange

rate both had a positive and significant impact on gross domestic product because its p value of 0.0000 is lesser than 0.05 level of significance. This result shows that despite the fact that all independent variables had a positive relationship with gross domestic product, only exchange rate has been able to contribute significantly to the growth of Nigerian economy during the period under review.

**Goodness of Data Fit**

The table above also revealed the result of the multiple correlation coefficient between the dependent variable (GDP) and the independent variables (FPI, EXC and INF).

From the table it is observed that there exists a positive correlation at R = 0.780 with a coefficient of multiple determination $R^2$ = 0.755 which indicates that exactly 75.5% of the variations in GDP is influenced by the combined effects of independent variables while the remaining 24.5% is due to other factors equally responsible for determining gross domestic product, but captured by error term.

**F-statistics**

Independent variables should be jointly significant to explain dependent variable. This can be checked using F-test. The decision rule is that if the p-value of F statistic is less than 5 percent (0.05) we can reject the null and accept alternative hypothesis. If otherwise, we can do the inverse.

From the result, f statistics has a probability value of 0.000000 which is less than 5% significance level. Hence we reject the null hypothesis (Ho) that the overall estimate has a good fit which implies that our independent variables are simultaneously significant. Therefore, it can be concluded that foreign portfolio investment have a significant effect on economic growth in Nigeria.

**Findings and Conclusion**

This study has been able to establish the fact that Nigerian economy growth is endogenous. The findings through the empirical investigation identified that foreign portfolio investment and inflation rate does not have significant effect on the growth of the Nigerian economy, whereas exchange rate is the only variable which has a positive and significant effect on economic growth

in Nigeria. The f-statistic results show that all the explanatory/independent variables in the specified model have significant effect on Gross Domestic Product (proxy for economic growth). The study therefore concluded that foreign portfolio investment has a significant effect on growth of economic growth in Nigeria considering the relative importance of portfolio investment to an emerging market like Nigeria. Thus, this study has been able to establish that domestic resources are fundamental to the growth of the economy while taking into strong cognizance, the supplementary role of foreign resources.

**Recommendations**

Based on the findings, the following recommendations includes:

i. Government should make favourable trade policies and investment conditions friendlier in order to boost inflow of foreign portfolio investment in Nigeria.
ii. Consumer price index or inflation rate as the case may be should not increase but must be kept at a single digit in order to encourage foreign investors.
iii. The Nigerian capital market is to engage in reforms especially in the area of investors' protection, infrastructural development, and accounting disclosure requirements. In addition, the current stride in liberalization should be sustained.
iv. The monetary authority should formulate and implement favorable exchange rate policies in order to facilitate export growth in the economy.
v. Government and monetary authorities should develop economic and financial policies that will stimulate other sectors of the Nigerian economy like agriculture by increasing budgetary allocation to these potential growth sectors as well as sectorial allocation of bank credit to growth potential sectors of the Nigerian economy.

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