

Public Debt Management and Sustainable Growth in Nigeria

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ABSTRACT

Nigeria economy have been handicapped by unavailable fund. Through Covid-19 epidemic, the current growing of banditry and terrorism, coupled with the secessionist, have made the economy revenue continue to decline at large. While the continuity declining of revenue have surge the modest of the government to seek funds from both internal and external bodies for loan. Their inability to finance the debt stock servicing are putting pressure on Nigeria economy already and pilling up the total debts for other generation. As it stand, Nigeria remains the defiant figure among the most indebted countries in the Sub-Saharan African. Therefore, this study examined the effect of public debt management on sustainable economic growth in Nigeria between the period of 1981 to 2022. The study make use of *ex-post facto* research design while autoregressive distributed lag modelling was the estimated techniques. The empirical finding showed that Total debt stock and ratio of debt servicing to gross national product (RDBFG) were positive but not statistically significant to per capita income at 5% significant level. However, both Customer price index and Total government revenue were positive and statistically significant at 5% significant inference. The study recommended that government should reduce its public debt stock level by channeling their effort towards rigorous internally revenue generation.

Keywords: Public Debt, Sustainable Growth, Public Debt Servicing Total Revenue

INTRODUCTION

For both individual and national lives, the assertion that “Human wants are insatiable and the means or resources available for the satisfaction of wants are limited in their supply” as no doubt. An economy might resort to borrowing as it equipped to meet national wants amidst limited resources. Economic theory suggests that reasonable levels of borrowing by a developing country are likely to enhance its economic growth. Countries in their early stages of development have small stock of capital and are likely to have investment opportunities with rates of return higher than those in advanced economies (Yusuf & Mohd, 2021).

Debt is created by the act of borrowing, Public debts are government’s borrowings. Differently stated, it is an amount of money owed by the government to institutions, government agencies and other bodies’ resident in or outside the country (Udoka & Ogege, 2012). Debt management on the other hand is the extent of institutional and technical arrangements in organising the liabilities of a country so that the debt service burden is kept within sustainable level (Omoniyi, Alao, & Oluwakemi 2015). The technical aspect is concerned with the determination of the amount (level) of debt the economy can sustain and that the conditions of borrowing are on favourable terms and are consistent with the future debt servicing capacity. While, the institutional aspect include the administrative, organisational, legislative, accounting and monitoring aspect of managing both the new borrowings and old stock of debt (Omoniyi, et al 2015).

Sulaiman and Azeez (2012) asserted that borrowing creates debt, while no economy is an island on its own; it would require aid so as to perform efficiently and effectively. The motive behind borrowing is due to the

fact that countries especially the developing ones lack sufficient financial sources and this calls for the need for foreign aid. It is also expected that developing countries, facing a scarcity of capital, will seek borrowings to supplement its saving (Safdari and Mehrizi, 2011). Debt could be from within a nation's boarder (Internal) or from outside (External). External debt may be defined as debt owed to non-residents repayable in terms of foreign currency, food or service (World Bank, 2016).

The justification for government borrowing has its foundation in the neoclassical growth models, which prescribes the need for capital scarce countries to borrow to increase their capital accumulation and steady-state level of output per capita (Madow, Nimonka, Brigitte, & Camarero, 2021). The occurrence of global economic crises has provided further impetus for countries (especially the developing ones) to borrow as they are often confronted with the need for increased expenditure levels and declining capital inflows (Ogbonna, Ibenta, Chris-Ejiogu, & Atsanan, 2019). However, it is widely acclaimed by international community that disproportionate foreign indebtedness in most developing countries serves as an obstruction to growth and stability to the economy (Sasmal & Sasmal, 2018). The excessive public debt Public impaired the economy through debts servicing which moves from financing government project to repayments of debts (Rahman, Ismail,, & Ridzuan, 2019).

Nigeria economy have been handicapped by unavailable fund. Through Covid-19 epidemic, the current growing of banditry and terrorism, coupled with the secessionist, have made the economy revenue continue to decline at large. While the continuity declining of revenue have surge the modest of the government to seek funds from both internal and external bodies for loan. Their inability to finance the debt stock are putting pressure on Nigeria economy already and pilling up the total debts for other generation. Worse still, they need to borrow more because of the deteriorating world prices of their primary exports (Ogunjimi, 2019). As it stand, Nigeria remains the defiant figure among the most indebted countries in the Sub-Saharan African with total external debt of 9,022.42 billion and domestic debt of 14,272.64 (See table 1). This problem have been helped by it stunted GDP, retarded export growth rate, a fast dwindling income per capita and an increasing poverty level (Yusuf & Mohd, 2021). The provision of debt relief of 2005 of US\$18 billion received from the Paris Club motivated largely by the need to free-up resources for investment and faster economic growth led to a significant decline in the country's debt burden in 2006. Unfortunately, 16 years after, the country is back in bigger debt crisis as well as seeking for more loan (Eke and Akujuobi, 2021).

While Federal government debt management organization has implemented multiple debt management strategies embedded in its National Debt Management Frameworks (NDMFs) for the 2007-2012 and 2013-2017 periods, which have generated considerable advances in selected subnational debt management practices. Despite some progress, Nigeria debt management capacity is generally not sufficient to fulfill all their government responsibilities. The increasing size and risk exposure of the economy debt portfolio underscores the urgent need to embark on efforts to encourage prudent debt-management practices. However the Nigeria debt financing have been insufficient lately. While it remains relatively low by international standards, Nigeria's public-debt-to-GDP ratio has increased significantly in recent years. Driven by rising external debt, the debt-to-GDP ratio grew from 12.7 percent in 2013 to 19.2 percent in 2018. According to IMF (2018), the debt ratio is expected to rise giving the federal government practice of fiscal deficit

Table 1: Summary of Federal Government Debt and Finances (₦' Billion)

	1999(₦' Billion)	2010(₦' Billion)	2016(₦' Billion)	2019(₦' Billion)
Total Public Debt				
Federal External Debt	794.81	4,551.82	11,058.20	14,272.64
Federal Domestic Debt	2,577.37	689.84	3,478.91	9,022.42

Debt Financing				
Domestic Debt Financing	264.07	1,110.50	2,673.84	4,913.82
External Debt Financing	21.04	75.03	0.00	0.00
Total debt service (% of GNI)	2.930166377	0.367465264	0.629288049	1.18357587

Sources: Federal Ministry of Finance, Office of the Accountant General of the Federation & Central Bank of Nigeria, 2020

LITERATURE REVIEW

Public Debt Management

Public debt has been described as one of the major indicators of the macroeconomic variables which forms the image of countries in the international markets. Generally, it is one of the determinants of foreign direct investment flows. Public debt constitutes a medium used by countries to bridge their deficits and carry out economic projects that are able to increase the standard of living of the citizenry and promote sustainable growth and development. According to ADB, Furceri, and IMF (2015), Public debt management is the process of establishing and executing a strategy for managing the government’s debt in order to raise the required amount of funding at the lowest possible cost over the medium to long term, consistent with a prudent degree of risk. Prudent management of public debt increases economic growth and stability via resources mobilization with low borrowing cost and limited financial risk exposure (Christabell, 2013). Omoniyi et al. (2019) explained that debt management is only the first step to debt sustainability and a starting point for the development of a robust debt management strategy to support future growth and development.

Sustainable Growth

Though sustainable is embedded in the concept of sustainable development, to properly conceptualize the former therefore, the latter has to be accorded adequate attention. Economic growth is the increase in the inflation-adjusted market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP (Güven, 2012). On the other hand, one may interpret sustainable development as a process of social, economic, and ecological change that does not compromise the opportunities of future generations to gain at least as good a quality of life as at present, after explicitly recognizing the dependence of quality of life on the state of the natural environment, and the dependence of material production possibilities on environmental resources (Roy, 1999). Therefore, Sustainable growth is a process of economic growth (that is, expansion of per capita material output) where the welfare of human society does not exhibit a tendency to decline over time.

Theoretical Review

The Solow model was developed by Robert Solow and Trevor Swan in 1956 and is considered to be one of the most important contributions to the theory of economic growth. This model presents a simplified picture of the economy as a whole and helps to get an insight into the causes of the economic growth and the reasons for the income differences between countries (Acemoglu & Guerrieri, 2008). Solow and Swan assumed the saving rate, the population growth rate and the rate of the technological progress to be the main determinants of the economic growth.

In support of the Solow growth model, Mankiw and Reis (2002) argued that a higher rate of savings causes higher stock of capital and thus larger number of output. Furthermore, the Solow growth model shows that an increase in the rate of labor force will lower the level of output. The model also suggests that

technological progress can affect the level of output as it increases the efficiency of labor. In contrast, critiques of the Solow Growth Model argued that the production function exhibits constant-returns-to-scale (CRS). Thus, under such an assumption, if the level of capital stock and the level of labour is doubled, then the level of output will also be doubled. As a result, much of the analysis of the Solow model focuses on output per worker and capital per worker instead of aggregate output and aggregate capital stock. The Solow Growth Model is relevant to this study as it focuses on supply side of economy and explains long-run economic growth by looking at productivity, capital accumulation, population growth and technological progress

Empirical Review

Though study on public debt management on sustainable economic growth is not new, however, the empirical knowledge is limited, close related study of Thao (2018) using six ASEAN economy to examined the relationship between government debt and economic growth. using General Method of Moments, the study revealed that a significant positive effect runs from public debt, Foreign Direct Investment, Gross Fixed Capital Formation and real effective exchange rate on economic growth while population growth had a significant negative effect. In South Africa, Mhlaba and Phiri (2019) used ARDL analysis to examined the effects of public debt on economic growth. the study revealed that there was a significant negative impact of public debt on economic growth. Another study in Zambia by Saungweme and Odhiambho (2019) employed ARDL to investigated the causal relationship between government debt, debt servicing and economic growth for the period 1979 to 2017. The study confirmed that a unidirectional causal relationship from economic growth to public debt exist.

In Nigeria A study using OLS reported that debts servicing had positive effect on RGDP especially debt servicing from during the multilateral financial creditors, Paris club creditors, London club creditors, Promissory Notes holders (Adesola, 2009). Ogunmuyiwa (2011) in his study on external debts and economic growth also reported that causality does not exist between external debt and economic growth in Nigeria. Udeh, Ugwu and Onwuka, (2016) investigated if external debt affect economic growth in Nigeria. With the use of OLS, the study confirmed that external Debt Service Payment had negative relationship with Gross Domestic Product. Study Abula and Ben (2016) on public debt and economic development used both error correction method and the Granger Causality test to show that both external debt servicing and external debt stock posit a negative and insignificant impact on economic development, however, domestic debt stock has a significant influence on economic development. Similarly, another study on public debt structure and growth performance of Nigeria by Lucky and Godday (2017) stated in accordance with the multiple regression analysis that external debt has a negative and significant to economic growth in Nigeria. More so, another study by Elom-Obed, Odo, Elom and Anoke (2017) on the nexus between public debt and economic growth in Nigeria affirmed using both VECM and Granger causality test that external debt and domestic debt have negative and significant effects on economic growth in Nigeria. More so, the results showed that domestic debt and external debt granger caused real gross domestic product. Eke and Akujuobi (2021) also investigated if public debt enhances economic growth in Nigeria. The study employed cointegration approach while the study revealed that both the domestic debt and the external debt variables were statistically significant, however, the latter failed was negative. Study by Yusuf and Yusuf and Mohd (2021) investigated the effect of government debt on Nigeria's economic growth and reveals with the use of ARDL that external debt constituted an impediment to long-term growth while its short-term effect was growth-enhancing. However, domestic debt had a significant positive impact on economic growth.

From the empirical review, it was cleared that there are inconclusive result on the relationship between public debt management and sustainable economic growth in Nigeria. For clarification, Abula and Ben (2016) reported that external debt servicing and external debt stock posit a negative and insignificant impact on economic development, while domestic debt stock has a significant influence on economic development.

Lucky and Godday (2017) reveals that external debt has a negative and significant to economic growth in Nigeria, Elom-Obed, Odo, Elom and Anoke (2017) affirmed that external debt and domestic debt have negative and significant effects on economic growth in Nigeria. Eke and Akujuobi (2021) also revealed that both the domestic debt and the external debt variables were statistically significant, however, the latter failed was negative. Study by Yusuf and Saidatulakmal Mohd (2021) revealed that external debt constituted a negative effect However, domestic debt had a significant positive impact on economic growth. Therefore, it is necessary for the study to further investigate the effect of public debt management on sustainable growth in Nigeria.

Ikechukwu, Nwawuru and Onyinye (2023) investigate the relationship between public debt management and economic growth in Nigeria. Utilizing an ex-post facto research design, they gather data spanning 41 years from 1981 to 2021 and employ the Auto Regressive Distributed Lagged (ARDL) model for analysis. Their findings reveal that increasing public debt has a negative and insignificant impact on GDP. Debt servicing shows a positive but insignificant effect, while debt restructuring has a negative and insignificant effect on GDP. They recommend that the Nigerian government prioritize debt sustainability. Adegbe, Otolaiye, and Ajayi (2022) explored the impact of public debt management on Nigeria's economic growth. They used an ex-post facto research design and time-series data from the Central Bank of Nigeria's 2020 Statistical Bulletin, covering 40 years (1981-2020). Their results indicate that effective public debt management positively and significantly affects economic growth in Nigeria. Yusuf and Mohd (2023) analyze the asymmetric impact of public debt on Nigeria's economic growth from 1980 to 2020 using the Nonlinear Autoregressive Distributed Lag method. They find that external debt has a significant positive impact on economic growth both in the long and short run, while debt servicing, supporting the debt overhang hypothesis, hinders growth symmetrically. Domestic debt negatively affects growth asymmetrically in the short term and linearly in the long term, whereas foreign reserve holdings have an asymmetric long-run and a symmetric short-run impact on growth.

While the study of public debt management and sustainable economic growth is well-grounded, empirical findings remain inconclusive, particularly in Nigeria. For instance, Thao (2018) identified positive effects of public debt on economic growth in ASEAN economies, whereas Mhlaba and Phiri (2019) found negative impacts in South Africa. In Zambia, Saungweme and Odhiambo (2019) noted a causal relationship from economic growth to public debt. Nigerian studies show mixed results: Adesola (2009) reported positive effects of debt servicing on RGDP, Ogunmuyiwa (2011) found no causality between external debt and growth, while Udeh, Ugwu, and Onwuka (2016) highlighted a negative relationship between external debt service and GDP. Studies by Abula and Ben (2016), Lucky and Godday (2017), and Elom-Obed et al. (2017) consistently show negative impacts of external debt on growth, whereas Eke and Akujuobi (2021) and Yusuf and Mohd (2021) present nuanced findings with both negative and positive effects depending on the debt type. Therefore, further investigation is necessary to resolve these discrepancies and provide clearer insights into the impact of public debt management on sustainable growth in Nigeria.

METHODOLOGY

In other to examine the effect of public debt management on sustainable growth in Nigeria, the study adopted an ex-post facto research design. The scope of the study span between the periods of forty two years (1981-2022). This study employs the framework of Solow (1956) and Swan (1956) growth model in a Cobb Douglas which explains how factors of production drive growth and specified as:

$$Y_t = K_t^\alpha (A_t L_t)^{1-\alpha} \dots\dots\dots (1)$$

Where Y is output, K is capital, L is labour and A is efficiency. The level of efficiency A is explained by the

equation;

$$A = A_0 e^{gt + \rho t^\theta} \dots\dots\dots (2)$$

Where g is the rate of technological progress assumed to be constant; ρ is the vector representing all the other factors such as funding that may possibly influence the level of technology and productivity in the economy; θ is the vector of coefficients associated with these variables; A_0 is a constant; and the subscript t denotes time. Using Solow (1956) output model, the efficiency level and capital investments, it can be established that

$$\ln(y_{i,t})^* = \ln(A_{0,t}) + \theta_i PUD_{i,t} + \frac{a}{1-a} \ln(S_{k_{i,t}}) - \frac{a}{1-a} \ln(n_{i,t} + g + \delta) \dots\dots\dots (3)$$

In line with the theoretical framework and the study conducted by Abula and Ben (2016). The model was modified to suit the scope of public debt management and sustainable growth in Nigeria. Thus the model used in this study is given as:

$$PCI_t = f(TDS_t, DBF_t, CPI_t, TORE_t)$$

Where: PCI = Per Capita Income, TDS = Total Debt Stock, DBF = Debt Stock Financing, CPI = Consumer Price Index, $TORE$ = Total Revenue

$$PCI_t = \beta_0 + \beta_1 TDS_t + \beta_2 DBF_t + \beta_3 CPI_t + \beta_3 TORE_t + \mu_t$$

Where; $\beta_{0,1,2,3}$ = coefficient, μ_t = error term

If the log of both sides of equation (1) is taken, in order to represent the function in elasticity form and scale down the size of the coefficients, we obtain a semi-log-linear model as the following;

$$LPCI_t = \beta_0 + \beta_1 LTDS_t + \beta_2 LDBF_t + \beta_3 LCPI_t + \beta_3 LTORE_t + \mu_t$$

Where Log is the Logarithm

Estimation Technique

The research employed a sound econometric technique appropriate for empirical problems. pre-estimation test like correlation matrix, unit root test was used to ascertain the significance usage of Autoregressive Distributed Lag Modelling. Bound testing was used to clarify the co-integrating level of the model. The bound test is basically computed based on an estimated error correction version of Autoregressive Distributed Lag (ARDL) model, by Ordinary Least Square (OLS) estimator (PESARAN *et al.*, 2001).

RESULTS AND INTERPRETATIONS

Table 3: Descriptive Statistics

	LGDPCCI	LTDS	DBF	CPI	LTORE
Mean	31.09054	23.80687	2.700922	19.14646	6.546285
Median	30.86697	23.97126	2.200441	12.55496	7.456940
Maximum	31.90899	24.68438	6.521339	72.83550	9.316217
Minimum	30.41674	22.67178	0.102518	5.388008	2.352327

Std. Dev.	0.515305	0.469014	2.121573	17.06283	2.480797
Skewness	0.364620	-0.533647	0.418562	1.783591	-0.488967
Kurtosis	1.606628	2.504614	1.748705	4.997667	1.753891
Jarque-Bera	4.019074	2.249852	3.683085	27.16262	4.077359
Probability	0.134051	0.324677	0.158573	0.000001	0.130201
Sum	1212.531	928.4678	105.3359	746.7120	255.3051
Sum Sq. Dev.	10.09051	8.359016	171.0408	11063.33	233.8655

Source: Author’s Computation (2024)

Table 3 present descriptive statistics of Log of Per capita income (LOGPCI), Log of total debt stock (LTDS), Debt stock financing to GDP (DBF), Consumer Price Index (CPI) and Log of Total Revenue (LTOR). The results showed that the mean of the series lie between the minimum and maximum values which indicated adequate and symmetrical distribution. The kurtosis statistics revealed that LTDS was mesokurtic. While LOGPCI, DBF and LTOR were platykurtic, CPI was leptokurtic. The results of the Jarque–Berra test and the corresponding probability showed that all the variables were normally distributed except CPI.

Table 4: Partial Correlation Coefficient Matrix

	LGDPCCI	LTDS	DDF	CPI	LTOR
LGDPCCI	1				
LTDS	0.230858	1			
DDF	0.309971	0.302776	1		
CPI	-0.308452	0.221823	-0.062494	1	
LTOR	0.986031	0.245925	0.250924	-0.288927	1

Source: Author’s Computation (2024)

Table 4 presents the correlation coefficients of Log of Per capita income (LOGPCI), Log of total debt stock (LTDS), Debt stock financing to GDP (DBF), Consumer Price Index (CPI) and Log of Total Revenue (LTOR). The results show that none of the independent variables posits perfect correlation among the pairs. This was in accordance with Iyoha (2004) who reported that a correlation coefficient above 0.95 causes multicollinearity in a model. Therefore, none of the independent variables can cause multicollinearity problems in the models.

Table 5: Unit root tests: Augmented Dickey-Fuller Test in Intercept Model at Levels and First Difference

Variables	ADF		Critical Value	Order of Integration
	Levels	First Difference		
LGDPCCI	-1.10744**	-3.3664	-2.94342	I(1)
LTDS	-2.04968**	-4.80926	-2.94342	I(1)
DBF	-2.0441	-6.0556**	-2.94342	I(1)
CPI	-3.52079	---	-2.94342	I(0)
LTOR	-2.05724	-6.20007**	-2.94342	I(1)

Source: Author’s Computation (2024)

Table 4.3 presents the ADF unit root test result using the intercept model approach. From the results, it was observed that only CPI was stationary at level. That is the series of CPI unit root problem was eliminated at level. However, LGDPPCI, LTDS, LDBF and LTORE was not stationary at levels. Meaning that after the first differencing, they become stationary. Hence, the variables have a mixed stationarity. This called for autoregressive distribution lag modelling.

Table 6: Bound Test for Co-integration Test

F-statistic	K		Lower Bound	Upper bound
6.4578	4	10%	2.45	3.52
		5%	2.86	4.01
		2.5%	3.25	4.49
		1%	3.74	5.06

The bound testing co-integration was presented in the table 6. The result compares the F-value with the lower bound and upper bound test. This test was conducted at 5% level of significant. The F-statistic showed a value of 6.45 as against the lower bound and upper bound value of 2.86 and 4.01 at 5% level of significant. The result showed that there exists a long run relationship between the public debt management and sustainable growth in Nigeria.

Table 7: Autoregressive Distributed Lag Model

Variables	Coefficient	Stand. Error	T-Statistics	P-Value
Short-Run Coefficient and Error Correction Model				
D(LGDPPCI(-1))	-0.291050	0.118572	-2.454636	0.0206
D(LTDS)	0.013569	0.019838	0.683986	0.4996
D(DBF)	-0.012558	0.007751	-1.620233	0.1164
D(CPI)	0.004082	0.000604	6.754028	0.0000
D(LTORE)	0.138826	0.019586	7.087939	0.0000
ECT(-1)	-0.150713	0.024828	-6.070378	0.0000
R-Squared	0.742816			
Adjusted R-Squared	0.669335			
F-Statistic	10.1089***(0.0000)			

Source: Author’s Computation (2024).

ECT (-1) [-0.1507 (P –value = 0.000)] at 5% level in the short-run model provides the evidence that about 15.07% represents the speed at which the LGDPPCI adjust annually. The co-efficient of the ECT conforms to theoretical exposition of the Error correction modelling with the negative value and corresponding significant 5% inference. Coefficient of determination value of 0.669 showed that all the variables jointly explain about 66.9% of variation in LGDPPCI while about 33.1 are explained by external factors. F-statistics of 10.11 and the corresponding probability value of 0.0000 showed that the model is significant and the outcomes of the coefficients are a true representative of the study. This result concluded that public management are statistically significant to sustainable economic growth at 5% inferences.

Table 8: Long-Run Coefficient

LTDS	0.090029	0.131095	0.686745	0.4979
DBF	0.047044	0.059473	0.791018	0.4356
CPI	0.036632	0.007110	5.152173	0.0000
LTORE	0.921125	0.047981	19.197632	0.0000
C	2.889612	3.046115	0.948622	0.3509

Source: Author’s Computation (2024).

The long run effect was presented on table 8. Sequel to the result, the result showed that LTDS and DBF were positive but not statistically significant to LGDPPCI at 5% significant level [$\beta = 0.0900$; P –value = 0.4979, $\beta = 0.0470$; P –value = 0.4356]. However, both CPI and LTORE were positive and statistically significant at 5% significant inference. [$\beta = 0.0366$; P –value = 0.0000, $\beta = 0.9211$; P –value = 0.0000] This shows that about 0.0366% and 0.9211% increase in LGDPPCI is as a result of 1 percent increase in CPI and LTORE respectively.

Table 9: Post Estimation

Diagnostics Test	
Breusch-Godfrey Serial Correlation LM Test	0.4467 (0.7998)
Heteroskedasticity Test: Breusch-Pagan-Godfrey	9.4716 (0.3041)
Jargue-Bera Normality Test	0.0685 (0.9663)

Source: Author’s Computation (2024).

In respect to the autocorrelation test, the serial correlation result of 0.4467 (0.7998) implies that there is no serial correlation in the model. The heteroscedasticity test was also satisfied using Breusch Pagan-Godfrey’s heteroscedasticity test. The result of 9.472 (0.304) indicated that there exist no heteroscedasticity in the model. While the normality test indicated that the residual is normally distributed with the result of 0.0685 (0.9663). This assertion indicated that the model is desirable.

IMPLICATIONS OF THE STUDY

The results of the ARDL model indicate several key implications for Nigeria’s economic policy and strategy. Firstly, the negative short-run impact of lagged per capita income suggests that previous economic conditions may hinder current economic performance, highlighting potential cyclical issues or structural challenges that need to be addressed for sustained growth. The insignificant short-run impact of total debt stock and debt stock financing to GDP implies inefficiencies in debt utilization or misalignment of debt-financed projects with growth-promoting sectors. This calls for improved debt management strategies to ensure that borrowed funds are effectively used to stimulate economic growth. The positive impact of the Consumer Price Index (CPI) on per capita income suggests that moderate inflation could be beneficial by encouraging consumer spending and investment. However, it also underscores the need for careful inflation management to avoid adverse economic effects. Moreover, the significant positive impact of total revenue (LTORE) on per capita income highlights the importance of effective revenue mobilization and efficient tax systems. Strengthening revenue collection mechanisms can enhance public investment and service delivery, thereby boosting economic performance.

The study's findings in the long run indicate that while public debt levels and debt financing strategies currently do not significantly impact Nigeria's long-term economic growth, effective inflation and revenue management are crucial. The insignificant relationship between debt variables and growth suggests a need to improve the efficiency of debt utilization, ensuring funds are directed towards projects with high economic returns. The positive impact of the Consumer Price Index (CPI) implies that moderate inflation can stimulate economic activity, highlighting the importance of maintaining balanced inflation levels. The strong positive relationship between total revenue and economic growth underscores the need for enhanced revenue mobilization and efficient public spending. Policymakers should focus on improving debt management, sustaining moderate inflation, and optimizing revenue collection to drive sustainable economic growth.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Nigeria economy have been handicapped by unavailable fund. Through Covid-19 epidemic, the current growing of banditry and terrorism, coupled with the secessionist, have made the economy revenue continue to decline at large. While the continuity declining of revenue have surge the modest of the government to seek funds from both internal and external bodies for loan. Their inability to finance the debt stock servicing are putting pressure on Nigeria economy already and piling up the total debts for other generation. Worse still, they need to borrow more because of the deteriorating world prices of their primary exports (Ogunjimi, 2019). As it stand, Nigeria remains the defiant figure among the most indebted countries in the Sub-Saharan African. Therefore, this study examined the effect of public debt management on sustainable economic growth in Nigeria. The study make use of *ex-post facto* research design while autoregressive distributed lag modelling was the estimated techniques. The empirical finding showed that Total debt stock and ratio of debt servicing to gross national product (RDBFG) were positive but not statistically significant to per capita income at 5% significant level. However, both Customer price index and Total government revenue were positive and statistically significant at 5% significant inference. The implication for this study was that while inability to service debts add burden to the already impairment economy growth, the government further seek for more debts to engage its deficit budget. Sequel to this findings of the study Thao (2018) findings supported the empirical findings of the study as it reveals that public debt have a positive effect on economy growth. another study by Adesola (2009) was in tandem with the empirical result as the findings revealed that debts servicing had positive effect on RGDP. Ogunmuyiwa (2011) study was also in consonance with the result. Ogunmuyiwa (2011) revealed no causality effect between external debt and economic growth in Nigeria. However, study by Eke and Akujuobi (2021) does not augur well with the empirical findings as their study revealed that both the domestic debt and the external debt variables were statistically significant. Another study by Abula and Ben (2016) and Yusuf and Saidatulakmal Mohd (2021) contradict empirical findings as their study reported that external debt servicing and external debt stock posit a negative and insignificant impact on economic development, while domestic debt stock has a significant influence on economic development.

Recommendations

Prior to the finding of the study, the study recommended that:

Government should reduce its public debt stock level by channeling their effort towards rigorous internally revenue generation.

Additionally, government should pursue effective debt management policies which will enhance proper monitoring of public borrowings with a view to ensuring that misappropriation is drastically reduced, if not eradicated

More so, to ensure improved long-term economic growth, Nigeria should enhance its debt management practices by ensuring borrowed funds are allocated to high-impact projects and adopting stringent criteria for project selection and monitoring.

Lastly, strengthening revenue mobilization through tax reforms and improving public spending efficiency can significantly boost economic development by ensuring effective allocation of resources to critical sectors.

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