FISCAL POLICY AND NIGERIAN MANUFACTURING SECTOR PERFORMANCE: AN ARDL APPROACH

Muhammad Muazu Yusuf (Ph.D.)
Department of Economics,
Federal University Birnin Kebbi.
Kebbi State, Nigeria
Email: mmuazuyusuf@gamil.com,
Tel: +2348034512635

Abdullahi Ibrahim Haruna
Department of Economics,
Federal University Gusau.
Zamfara State, Nigeria
Email: haruna312016@gmail.com,
Tel: +2347033895361

Abdul-Azeez Maccido
Department of Economics,
Federal University Birnin Kebbi.
Kebbi State, Nigeria

Abstract
*The roles of fiscal policy in the emerging countries to accelerate manufacturing development have been an area of growing concern. This study examines the impact of fiscal policy on the performance of manufacturing sector in Nigeria. The study employed secondary annual data which obtained from World Bank Development indicators(WDI) Span from 1986 to 2017. Manufacturing performance measured by manufacturing value added (MVA) is the dependent variable, while fiscal policy instrument proxy by Gross National Expenditure (GNE), Government Tax Revenue (GTR), Interest Rate (INT) and Exchange Rate are the independent variables. A*n Autoregressive Distributed Lag (ARDL) Bound test Model was used to test for co-integration, the result of co-integration bound test showed that the variables are co-integrated. The result of long run co-integration found government tax revenue and effective exchange rate to exert negative and statistically significant impact on manufacturing performance. Moreover, the variables *gross national expenditure* and interest rate are found insignificant. It is therefore recommended that *in the short run government should implement the policy of moderate tax to domestic infant manufacturing industries. This would enhance their productive capacity. Also, the Ministry of Finance in collaboration with Central Bank should direct commercial banks to issue loan for infant industries with moderate interest rate, this will encourage them to borrow more and invest on their activities for positive output.*

KEYWORDS: Manufacturing Sector, Fiscal Policy, Real Effective Exchange Rate, Interest Rate and Econometric Models.

1.0 Introduction

Macroeconomic stabilization is a policy that can be used to regulate or modify the economy through fiscal and monetary policies. The roles of fiscal policy to the development of manufacturing sector have been an area of growing concerned in the emerging countries. Fiscal policy is used to achieve macroeconomic stability and is a

policy that promotes economic growth and stabilization.

Fiscal policy is the use of government revenue collection (taxation) and expenditure (government spending) to control the economy (Eze, 2013). The two main instruments of fiscal policy are: government taxation and government expenditure. It can also be seen as government spending policies that influence macroeconomic conditions. These policies affect tax rates, interest rates and government spending, in an effort to control the economy (Eze,and Ogiji, 2013).

Manufacturing sector plays key roles to the development of the economy. Manufacturing sector is an engine to the growth and development of any economy. It enhances saving and investment. It aids in diversifying the economy, creates more employment, earnings and per capita income. Loto (2012) study describes manufacturing sector to be an area for increasing productivity in relation to import replacement and export expansion, creating foreign exchange earning capacity, raising employment and per capita income which causes unrepeatable consumption pattern.

Manufacturing industries came into being with the occurrence of technological and socioeconomic transformations in the Western countries in the 18th-19th centuries. This period was widely known as Industrial Revolution. It all began in Britain and replaced the labour intensive textile production with mechanization and use of fuels. Manufacturing sector are categorized into engineering sector, construction sector, electronics sector, chemical sector, energy sector, textile sector, food and beverage sector, metal-working sector, plastic sector, transport and telecommunication sector (CBN, 2012).

Recently, some manufacturing industries in Nigeria have been characterized by declining productivity rate, by extension employment reduction, which is caused largely by inadequate electricity supply, smuggling of foreign products into the country, trade liberalization, globalization, high exchange rate, and low government expenditure. Therefore, the slow performance of manufacturing sector in Nigeria is mainly due to massive importation of finished goods, inadequate financial support and other exogenous variables which has resulted to the reduction in capacity utilization and output of the manufacturing sector of the economy (Tomola, Adebisi, and Olawale, 2012).

In the light of the above, Nigeria has employed several strategies which were aimed at enhancing the performance of the sector in order to bring about economic growth and development, there have been a lot of challenges facing the growth of Nigerian manufacturing industry as mirrored by researchers. These challenges include: corruption and ineffective economic policies (Gbosi, 2007)., lack of integration of macroeconomic plans and the absence of harmonization and coordination of fiscal policy (Onoh, 2007)., Despite the emphasis placed on fiscal policy in the management of the economy, the manufacturing sector inclusive, the performance of the manufacturing sectors is still not clear.

Most studies on fiscal policy focus on the determinants. And its impact on economic growth, its impact on capital formation, its impact on capital stock, deficit and

macroeconomics variables while, studies on manufacturing sector focuses on its productivity, bank lending and economic growth, although few empirical studies focuses on the performance of manufacturing sector and fiscal policy with mixed results. Such as Eze and Ogiji(2013),Bakare and Osobase (2015),Falade and Olagbaju (2015),Osinowo (2015), Arikpo, Oga and Cornelius (2017), and Bolakale (2018).These mixed results generated have led to inconclusive in the area of the study of the roles of fiscal policy and its impact on the performance of manufacturing sector. Interestingly, none of these researchers examine the impact of fiscal policy on manufacturing sector performance using Auto regressive Distributive Lag (ARDL) Bound testing model with the exception of Bolakale, (2018). Instead VAR-VEC model and Descriptive statistics are the most common with some irregularities. For instance in the presence of the combination of stationarity or to employed ordinary regression as in the case of Eze and Ogiji (2013) for a time series study may lead to spurious regression. Moreover, the increase of sample period to captured 2017 fills some of the gaps.

Furthermore, this study differs with other studies by incorporating other silent control instruments of economic policy to investigate its impact on manufacturing sector performance in Nigeria. As of the time of this study, and to the best of our knowledge, few or know well known research investigates the impact of fiscal policy on manufacturing sector performance in Nigeria within the scope of 1986 to 2017. The broad objective is to examine the impact of fiscal policy on the performance of manufacturing sector in Nigeria. In order to achieve the broad objective, *the specific objectives are aims to examine the long run and short run impact of fiscal policy on the performance of manufacturing sector in Nigeria.*

The sequence of this paper is as follows: The literature review is discussed in Section 2 while Section 3 deals with the methodology. Section 4 presents and discusses the empirical results and Section 5 deals with the conclusion and policy recommendations.

2.0 LITERATURE REVIEW

Many researches have examined the relationship between fiscal policy and manufacturing sector in developed, developing and emerging economies of the world. Among studies that examine fiscal policy growth nexus is Adeniji and Olofin (2000) the study focus on the role of economic policy in the growth performance of the manufacturing sectors in African countries. They utilize panel data for seventeen African countries between the period 1976 to 1993. The study established hat government policies aimed at encouraging foreign direct investment, enhancing the external competitiveness of the economy, and maintaining macroeconomic balance have significant effects on manufacturing growth performance in Africa.

Eze and Ogiji (2013) examined the impact of fiscal policy on the manufacturing sector output in Nigeria. The study identified manufacturing output (MOP) as dependent variable; government tax revenue (GTR) and government expenditure (GEXP) as independent variables. An ex-post factor design (quantitative research design) and ordinary least square approach were employed. The study indicated that government expenditure has significant effect on manufacturing sector output. The study recommended that the expansionary fiscal policy should be encouraged and used effectively.

Bolakale (2018) examined the impact of fiscal policy on manufacturing sector outputs in Nigeria and utilized Manufacturing sector outputs (MSO) as explained variable, while Government Expenditure (GXP) and Government Tax Revenue (GTR) as explanatory variables. Other variables such as interest rate, savings rate, foreign exchange rate are control variables, the study employed ordinary least square and ARDL techniques to analyzed the relationship The study found that government expenditure and tax revenue have positive relation to manufacturing sector outputs in Nigeria but the tax revenue is not statistically significant. In the long run but fiscal policies (government expenditure and tax revenue) are statistically significant. The study recommends that government expenditures should be used in critical productive areas, and imposes optimal tax on incomes of companies,

Oseni (2013) conducted a research on the impact of fiscal policy on sectoral output in Nigeria in five subsectors and four fiscal policy variables. The study made use of sectoral output(Y) as dependent variable, fiscal variables as independent variables and employed multivariate cointegration model. The study indicated that the contribution of fiscal policy variables especially the productive expenditure to building and construction is below expectation. Therefore, recommended appropriate regulatory and pricing reforms in the sector. The paper showed that the fiscal policy has significant impact on sectoral output.

Ogbole, Sonny and Isaac (2011) focused on the comparative analysis of the impact of fiscal policy on economic activities in Nigeria during regulation and deregulation, using the econometric methods of Cointegration and Error Correction model. The study indicates that there is a difference in the effectiveness of fiscal policy in stimulating economic growth during and after regulation period. The study recommended that government fiscal policy should refocus and redirect government expenditure towards production of goods and services, so as to enhance GDP growth. This research work fails to determine the contribution of fiscal policy on the economy during and after regulation.

Bakare and Osobase (2015) investigated the impact of monetary and fiscal policy on the performance of the manufacturing sector in Nigeria. The study used sectoral output

(MANU) as dependent variable, while independent variables are Lending Rate(LR), Exchange Rate (EXR),Money Supply(M2), Total Tax Revenue (TTR), Total Government Expenditure(TGE) Inflation Rate(INF) and Deficit Finance(DF).The Error correction mechanism model, Ordinary Least Square, Augmented-Dickey Fuller test are used for analysis of time series data. The study showed that stabilization policy has significant effect on manufacturing sector and recommended certain adjustments through government fiscal and monetary policies.

Ajayi (2011) in a study of the collapse of Nigeria's manufacturing sector on economic growth. He used cross-sectional research design and found out that the main cause of collapse in the Nigerian manufacturing sector is low implementation of Nigerian budget, especially in area of infrastructure. This means that low implementation of fiscal policy affects the level of growth in Nigerian manufacturing sector.

Rina, Tony, and Lukytawati (2010) examined the impact of fiscal and monetary policy on industry and growth of economy in Indonesian using the computable general equilibrium (CGE) model. It was found that fiscal and monetary policy have a positive impact on Indonesian macroeconomic performance in terms of change in GDP, investment, consumption and capital rate of return.

Raymond, Adigwe and Echekoba (2015) examined tax as a fiscal policy and manufacturing company's performance as an engine for economic growth in Nigeria. The study used tax and turnover of each company as dependent and independent variables respectively. Descriptive method was adopted and data were collected through the use of six years financial accounts of selected companies. Statistical Package for Social Sciences (SPSS) version 20.0 was used. The study found that taxation as a fiscal policy instrument has significant effect on the performance of Nigerian manufacturing companies. It also recommended that the government is required to be sensitive to the variables in tax environment.

Falad and Olagbaju (2015) examined the relationship between government expenditure and manufacturing sector in Nigeria from 1970 to 2013. Government expenditure split into capital and recurrent expenditure. Manufacturing output (MANU) is dependent variable and Public Capital Expenditure (CAXP), public recurrent expenditure (REXP),gross domestic product(GDP),exchange rate(EXCH) and interest rate(INTR) are independent variables. The study employed time series data from 1970 to 2013. Data on manufacturing sector output, capital, recurrent expenditure, nominal and real GDP, exchange rate and interest rate were collected from CBN statistical bulletin. For data analysis, Johansen co-integration approach was used. The study showed that capital expenditure has positive relationship with manufacturing sector output, while recurrent expenditure exerts negative effect on manufacturing sector output. Therefore, the study recommended that the larger percentage of government expenditure in the annual budget should be on capital component coupled with improved implementation of policies rather than recurrent expenditure which has negative impact on manufacturing sector output in Nigeria.

Osinowo (2015) examined the effect of fiscal policy on sectorial output growth in Nigeria. The variables of research dependent variable is sectorial output (Y) and independent variables are Total Government Expenditure (TEXP), Trade Openness (TROPEN), Inflation Rate(INFL), Interest Rate (INTR) Population(POP) Labour(LAB) and Political Stability(POLSTAL). The study employed an Autoregressive Distributed Lag (ARDL) and Error Correction Model (ECM). The result showed that total fiscal

expenditure policy (TEXP) have significant effect on sectorial output with the exception of agricultural sector, while inflation rate has negatively impacted output growth of various sectors with an exception of manufacturing sector. Since there is existence of disparity in sectorial response to fiscal policy, therefore it suggested different policy approach to each sector.

Arikpo, Oga and Cornelius (2017) analysed the impact of fiscal policy on performance of the manufacturing sector in Nigeria. The Study identified Manufacturing Output (MANU) as dependent variable; Government Revenue (GREV), Government Expenditure (GEXP) as independent variables (X). An ex-pose factor research design and time series data were adopted for the study. The ordinary least square multiple regression statistical technique was used for analysis of data. The study revealed that increase in government revenue reduces manufacturing sector output in Nigeria. The study recommended the government should increase its expenditure on infrastructural development.

Ezeji and Michael (2013) investigated the impact of monetary and fiscal policies on Nigerian Economic Growth: 1990-2010. Employing unit root test, co integration and VAR model, the study revealed that the time series properties of the variables attained stationary at first order. The variables were co integrated at most 1 with at least 2 co-integrating equations. The findings of the study confirm that fiscal policy measures exert greater effect than monetary policy measures on the level of economic development in Nigeria and concluded that monetary and fiscal policies measures are jointly statistically significant to level of economic activities in Nigeria.

Sikiru and Umaru (2012) investigated the impact of fiscal policy on economic growth in Nigeria. Annual data covering 1977 – 2009 were utilized. Unit roots of the series were examined using the Augmented Dickey-Fuller test after which the co-integration test was conducted using the Engle-Granger Approach. Error-correction models were estimated to take care of short run dynamics. The study found that productive expenditure positively impacted on economic growth and a long-run relationship exists as confirmed by the co-integration test and recommended the improvement in government expenditure on health, education and economic services, as components of productive expenditure.

2.1. THEORICAL FRAMEWORK

Different opinions have continued to emerge on how fiscal policy can affect growth in the economy through manufacturing sector. The origin of these controversies has been traced to the theoretical exposition of three schools of thought as enumerated by Tchokote (2001) in Omitogun and Ayinla (2007). The three schools of thought are Classical school of thought, Keynesian school of thought and Neo-classical school of thought. Classical school of thought believes that debt issued by the public has no effect on the private sector savings. This means that fiscal deficit financed by debt crowds-out private sector investment and as well lowering the level of economic growth and development. Keynesian school of thought opined that there is positive relationship between deficit financing and investment. This means that fiscal policy is a tool used to overcome fluctuation in the economy. Neo-classical school of thought challenged the position of Keynesian school of thought on the ground that the manner in which fiscal deficits are financed is capable of influencing the level of consumption, investment and economic growth. Building on the above premise. Two theoretical frameworks for fiscal policy and manufacturing sector especially in developed and emerging countries are discussed. These theories include:

(I) The Savers-Spenders Theory

Savers-Spenders theory of fiscal policy was developed by Mankiw (2000) and used by Matsen, Sveen and Torvik (2008). This theory was developed because of inconsistence of Barro-Ramsey (1974) theory of infinitely-lived families and Diamond-Samuelson (1965) theory of overlapping generation respectively. Savers-Spenders theory is the new theory developed to explain the behavioural of fiscal policy in the economy. The theory is based on some prepositions (Mankiw, 2000). The first proposition is on temporary tax changes having large effects on the demand for goods and services. This proposition states that the higher take-home pay that spenders received will be offset by higher tax payments, or by lower tax funds. The implication is that consumers should realize that their lifetime resources were unchanged and therefore, should save the extra take-home pay to meet the upward tax liability. The second proposition is on government debt in relation to crowd out capital in the long-run. This proposition states that extra consumption reduces investment, which in turn raises marginal product of capital and as well decrease the level of economic growth. It is also of the opinion that higher interest rate margin, induces savers to save more. The implication of this proposition is that extra consumption and higher interest rate margin affect the growth of manufacturing sector which in turn reduce economic growth in Nigeria. The third proposition states that government debt increases steady-state inequality. This means that a higher level of debt means a higher level of taxation to pay interest on debt. The tax will fall on both the savers and the spenders but the interest will only fall on savers. The implication of this is that a higher level of debt rises the income and consumption of the savers and lowers the income and consumption of the spenders.

(ii) Managerial Theory of Firms

Managerial theory of firm was developed by Bumole in the year 1967 in his book called Business Behavior, Value and Growth and as well used by Sangosanya (2011). This theory is based on the complex nature of the modern manufacturing sector. The theory states that the reason why managers are hired is for revenue maximization and not for profit maximization. This theory believes that for the economy to grow faster through industrialization, the country needs to increase its public expenditure so as to facilitate the developmental processes of their economies. The theory emphasizes that a firm's decisions whether to grow or not depends on the level of fiscal policy, because the firm grow through government expenditure on industrialization. These are the theories of which this paper is based.

3.0 DATA AND METHODOLOGY

3.1 Data

The study uses annual data ranges from 1986 to 2017. The justification for the choice of period was motivated by the availability of the relevant data required for the work. The period was also considered adequate to capture both the short-run and long- run dynamics in the model. The data were obtained from World Bank data base via world development indicators (WDI,2019). The variable employed in the study are divided into three, dependent variable which is Manufacturing output measure by manufacturing value added (% of GDP), the independent variable which is fiscal policy proxies gross national expenditure.

3.2 Model Specification

The study modifies the model adopted by Bolakale (2018) on the impact of fiscal policy on manufacturing output. In modifying the model, this study adds two variables which includes Interest Rate and Real Effective Exchange rate. Fiscal policy proxied by Gross

National Expenditure and Government Tax Revenue. The model for the study is therefore, specified as follows:

Where: MVA= Manufacturing value added, GNE = Gross National Expenditure, GTR= Government tax revenue, INT= Interest rate, REER= Real effective exchange rate.

In modifying equation (1).The econometric model of the study therefore, is specified as follows

3.3 Estimation Techniques

This study used ARDL Bound Test model developed by Pesaran, Shin and Smith (2001) to examine the impact of fiscal policy on manufacturing performance. The justifications of choosing the model are first: The ARDL model is a techniques that can generate robust and reliable results irrespective of the small size of sample. It can be applied irrespective of whether the variables are stationary at level value I(0) or after first difference I(1) or combination of both (i.e I(0) or I(1)). Finally it produces both dynamic long run and short run results at a time Pesaran et al (2001).

The ARDL model is given as follows:

Note that to and to are the parameters of the explanatory variables. Similarly, The Error Correction Model of the ARDL model is specified as follows:

The ARDL model has two parts; the first part of the model with to represents the short run dynamics, while the coefficients to represents the long run part of the model.

3.4 Estimation Procedure

To test for the presence of unit root regression problem in the series, the study used Augmented Dickey Fuller (ADF) Test and the Phillips Perron (PP) Test. It is very important to test the stationarity of the data to avoid producing spurious

4.0 Result and Discussion

4.1 Unit test Results

Variables	ADF		Remark	PP		Remark
	Level	First Diff				
LGNE	-4.6259***		**I(0)**	-4.5096***		**I(0)**
GTR	-1.8083*		**I(0)**	-4.4642***		**I(0)**
LMVA	-1.7198	-6.3391***	**I(1)**	-1.9178	-6.3148***	**I(1)**
INT	-4.1034**		**I(0)**	-3.8675**		**I(0)**
REER	-1.9932	-4.1593**	**I(1)**	-1.7414	-4.4038***	**I(1)**

Note: *, ** and *** represent significance at *10%, 5% and 1%*

Source: Computed by the Author using E-views 9.0

From the unit root test conducted, we found that, the variables were integrated at different order, that is some variables are stationary at level I(0) (LGNE, GTR and INT) and others

become stationary after taking first difference I(1) (LMVA and REER). Interestingly, ARDL bound testing approach can be applied.

4.2 ARDL Bound Test Result

Test Statistics	Value	K
F-Stat	6.077390	4
Critical Values Bounds		
Significance	I(0) Bound	I(1) Bound
10%	2.68	3.53
5%	3.05	3.97
1%	3.81	4.92

Source: ***Computed by the Author using E-views 9.0***

The results obtained from ARDL bound testing approach and the estimated F-statistics shows the presence of long run relationship among the variables. The decision rule is base on the F-statistics (6.077390) which is above the upper bound critical values from 10% to 1% significance level. As such we reject the null hypothesis of no cointegration and concluded the existence of long run cointegration.

4.3 Estimated Long Run results

Independent Variables	**Dependent Variables LMVA**		
	Coefficients	**Standard Error**	**T-stat**
LGNE	-0.8957	0.9565	-0.9365
GTR	-0.0001	0.0000	-4.8649***
INT	0.0111	0.0106	1.0396
REER	-0.0019	0.0009	-2.0889*

Note: *, ** and *** represent significance at *10%, 5% and 1%*
Source: ***Computed by the Author using E-views 9.0***

The results presented in Table 4.3 confirm that, the variable government tax revenue has a negative relationship with manufacturing value added and statistically significance at 1%. This means that a unit increase (decrease) in tax might lead to a reduction in the performance of manufacturing by 0.01%. This finding is in line with the study by Bolakale (2018) and Arikpo et al. (2017) and contradict the study by Raymond et.al.(2015). Moreover, the variable real effective exchange rate (REER) exert negative and statistically significance at 10%. This further shows a unit change increase (decrease) in real effective exchange rate (REER) might lead a reduction in the manufacturing performance by 0.19%. Other variables such as gross national expenditure and interest rate are found to have negative and positive but insignificant. This finding is associated with Bolakale, 2018 and contradict Eze, et.al. (2013).

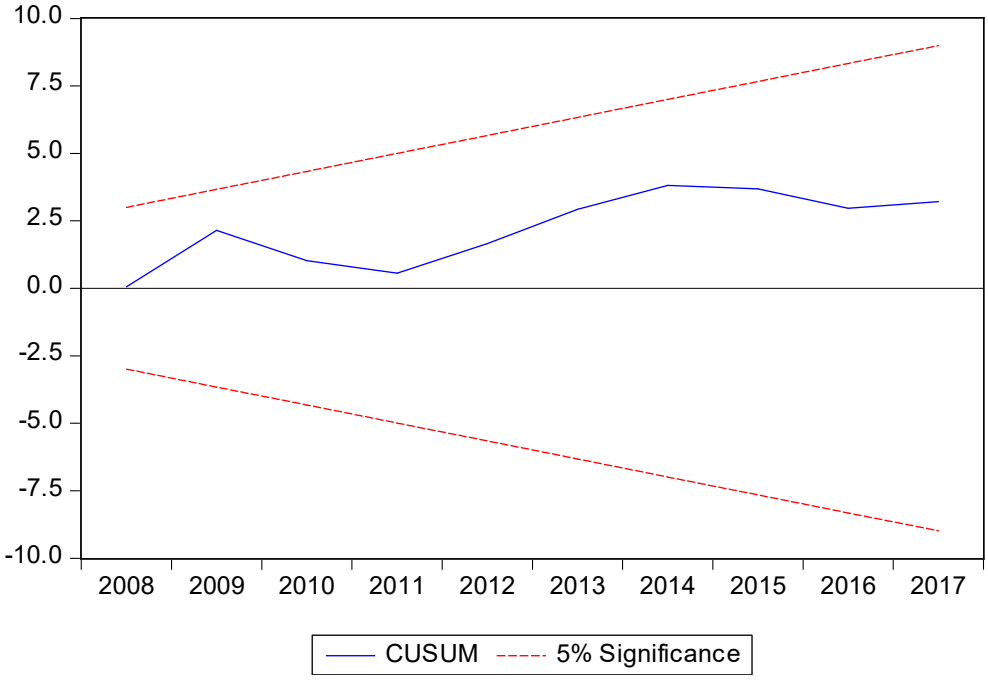
4.4 Results of Diagnostic Test

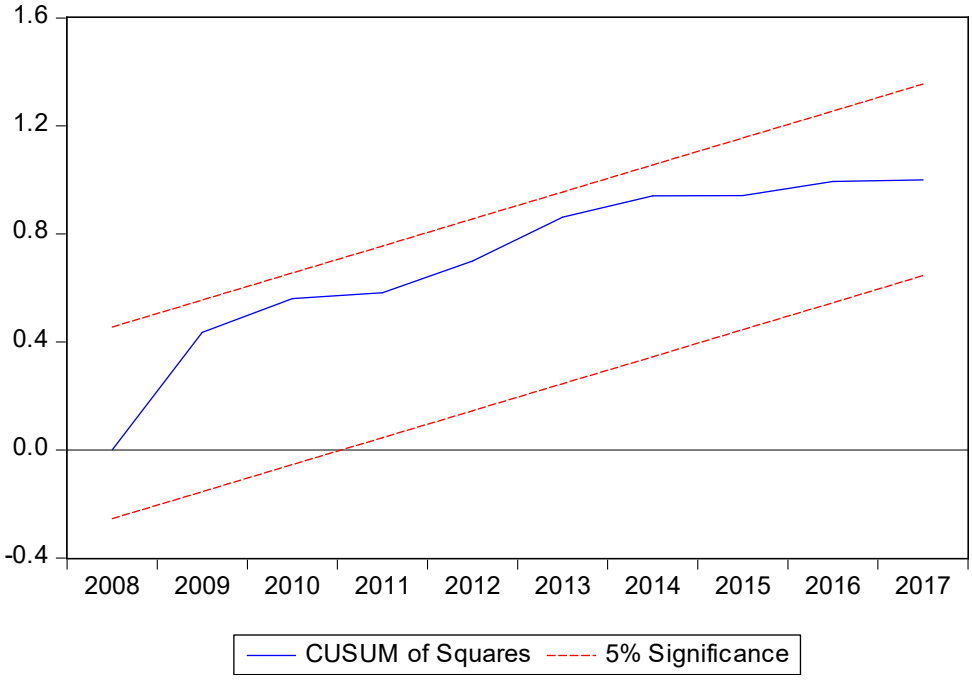
Test	F- Stat	Prob value
Serial Corr	0.266034	0.7729
Heteroskedaticity	0.934023	0.5749
Normality	2.1869	0.3350
Ramsey Reset Test	0.218283	0.6515
ECM(-1)	-0.501112	0.0000
R- Square	0.99	
Adj- R-square	0.98	
F-stat	79.66645	0.0000

Source: Author computation using Eviews version 9.0

The table presented above shows the various diagnostic test employed to confirm the classical linear assumption. The result of the study is free from serial correlation with insignificance probability (0.773) as a result of this, the study therefore, reject the null hypothesis of no serial correlation and concluded. Moreover, the result of the study shows no heteroskedasticity, this is evident from the probability value of F-statistics which is insignificance (0.57). Similarly, we found the result of the study to have a normal distribution curve, this is evident from the probability value of Jarque Bera (0.335) which shows insignificance and hence we fail to reject the null hypothesis and that the result is normally distributed. In addition, the result is not suffering from any omitted variable indicated by the value of Ramsey reset test conducted, in which the probability of the test shows insignificance value stood around 0.2 and hence we fail to reject the null hypothesis of the test and confirm that is not suffering from any omitted variables. The error correction model measures the speed of adjustment, table 4.4 shows the value of ECM(-1) is negative and statistically significant at 1% level. This means that in the case of any disequilibrium the model adjust itself in every 5 years . Furthermore, the R- square stood around (0.99%). Indicating 99% of variation between the dependent variables (MVA) and the independent variables. Interestingly, the adequacy and goodness of fit of model stood around 79.6 which is statistically significance at 1% level.

4.5 Report of the CUSUM Test.





The CUSUM figure shows a stability in the model, the line pass in between the critical value indicating that the model is stable and is free from any structural instability. Moreover the CUSUM Squares also in line with the stability of the model this is because is pass in between the lower and the upper critical value. Interestingly, all diagnostic test confirmed the classical linear regression assumptions.

5.0 CONCLUSION AND POLICY RECOMMENDATIONS

Well design and implemented fiscal policy creates an avenue for increasing

manufacturing sector performance. It is in the light of the above, this study concluded that fiscal policy instrument in term of government tax revenue has a significant impact on the performance of manufacturing sector in Nigeria span from 1986 to 2017. However, the implication is that in order to boost manufacturing sector performance government tax revenue should be utilized.

To achieve this, some of the important recommendations were suggested to the nation policy makers.

1. Government should utilize her gross national expenditure in a critical sector of the economy such as infrastructural facilities and public utilities.
2. The Ministry of Finance in collaboration with Central Bank should direct commercial banks to issue loan for infant industries with moderate interest rate, this will encourage them to borrow more and invest on their activities for positive output.
3. Government in the short-run should reduce tax to our domestic infant manufacturing industries; this would enhance their productive capacity.
4. Consistency and sustainability of this current administration of Muhammadu Buhari*'s* policy of diversification would help in enhancing the productivity of Nigerian manufacturing sector.
5. Further researches should be conducted on energy utilization of manufacturing sector in Nigeria, this would assist fiscal authority in formulating manufacturing industries base policy.

References

Adenikinju, A., & Olofin, S. O. (2000). Economic policy and manufacturing sector growth performance in Africa. *The Nigerian Journal of Economic and Social Studies*, *42(1), 1 -14.*

Ajayi, O.D.(2011). The collapse of Nigeria's manufacturing sector. *The Voice News Magazine*.Retrieved online at www.Voicemagazine.com on 15 /06/2012.

Arikpo,O.F., Ogar, A.,& Cornelius, M.O.(2017). The impact of fiscal policy on the performance of manufacturing sector in Nigeria. *Euro- Asian Journal of Economics and Finance*, *5(1), 11-22.*

Bakare-Aremu, T.A., & Osobase, A.O. (2015). Effect of fiscal and monetary policies on industrial sector performance. Evidence from Nigeria. *Journal of Economics and Sustainable Development*, *6 (17), 67-82.*

Bolakale, Y. A. (2018), *Impact of fiscal policy on manufacturing sector output in Nigeria.* Unpublished bachelor's thesis, Federal University Birnin Kebbi, Kebbi state.

Central Bank of Nigeria (2012). *Economics and financial review*.

Charles, A. N. B. (2012). Investigating the performance of monetary policy on manufacturing sector in Nigeria, *Arabian Journal of Business and Management Review*, *2(1), 12-25.*

Emefiele, G. (2019, March 11). Nigeria yet to meet $2bn textile targets 4 years after policy. *Daily Trust, p. 17.*

Eze, O. R., & Ogiji, F. O. (2013). Impact of fiscal policy on the manufacturing sector output in Nigeria: An error correction analysis. *International Journal of Business and Management Review (ijbmr)*, *1(3), 35-55.*

Falade, O.E.,& Olagbaju, I.O. (2015). Effect of government capital expenditure on manufacturing sector output In Nigeria. *Business and Economic Research,5(2),136-152.*

Gbosi, A. N. (2007). The dynamics of productivity and unemployment nexus:

Implications for employment generation in Nigeria. *Ibadan: The Nigerian economic society.*

Gujarati, D. N. (2004). *Basic Econometrics*: fourth edition

Johansen, S.,& Juselius, K., (1990). *Maximum likelihood estimation and inference on cointegration, with applications to the demand for money.* Oxford Bulletin Economics Statistics, 52, 169-210.

Kim, T.K., Leybourne, S., & Newbold, P.(2004). Behaviour of Dickey-Fuller unit-root test under trend mis-specification. *Journal of Time Series Analysis,* 25, 755-764.

Libanio, G. (2006). Manufacturing Industry and Economic Growth in Latin America: A Kaldorian Approach*, CEDEPLAR, Federal University of Minas, Gerais (Brazil).*

Loto, M. A. (2012). Global economic downturn and the manufacturing sector performance in the Nigerian economy. *Journal of Emerging Trends in Economics and Management Sciences (JETEMS),* 3(1), 38-45.

Mankiw, N. G. (2000). *The Savers-Spenders theory of fiscal policy. Paper prepared for the meeting of the American Economic Association.*

Matsen, E., Sveen, T., & Torvik, R. (2008). *Savers, Spenders and fiscal policy in a small open economy. IMF Working Paper. 500P*

Ogbole, F. O., Sonny N. A., & Isaac, D. E. (2011). Fiscal policy: Its impact on economic growth in Nigeria. *Journal of Economics and International Finance*, *3(6), 40-54.*

Omitogun, O., & Ayinla, T. A. (2007). Fiscal policy and Nigerian economic growth. *Journal of Research in National Development, 5(2), 45-54.*

Onoh, O. (2007). *Dimensions of Nigeria's monetary and fiscal policies- domestic and external. Aba: Astra Meridian Publishers.*

Oseni, A. (2013). Fiscal policy and sectoral output in Nigeria: A multivariate co-integration
approach. *Journal of Economics and Development Studies, 1(2),30-44*

Osinowo, H. O. (2015). Effect of fiscal policy on sectoral output growth in Nigeria. *Advance in Economics and Business,* 3(6), 195-203.

Perron, P.,(1989). The great crash, the oil price shock, and the unit root hypothesis. *Econometrica,* 57, 1361-1401.

Perron, P., (1997). Further evidence on breaking trend functions in macroeconomic variables. *Journal of Econometrics*,*80, 355-385.*

Pesaran, M.H., & Pesaran, B.(1997). *Working with Microfit 4.1 Interactive Econometric Analysis.* Oxford: Oxford University Press.

Pesaran, M.H., Shin, Y., & Smith, R.J., (2001). Bounds testing approaches to the analysis of level relationships. *Journal of Applied Econometrics*, *16(3), 289-326.*

Raymond, A.E., Adigwe, P.K., & Echekoba, F.N (2015). Tax as a fiscal policy and company's performance as an engine for economic growth in Nigeria. *European Journal of Business, Economics and Accountancy, 3(3),1- 12.*

Rina, O., Tony, I., & Lukytawati, A. (2010). The impact of fiscal and monetary policy on Industry an Indonesian economy: A computable general equilibrium analysis. *International Journal of Economics and Management,* 3(6), 34-52.

Sagosanya, A. O. (2011). Firms growth dynamics in Nigeria's manufacturing industry: A panel Analysis. *Journal of Applied Econometric Review, 1(1),* 2-15.

Sikiru J. B., & Umaru, A. (2012). Fiscal policy and economic growth relationship in Nigeria *International Journal of Business and Social Science.* Vol. 2 No. 17 www.ijbssnet.com 244.

Szirmai, A.(2009). Industrialization as an engine of growth in developing countries, UNU. MERIT *Working Paper* 10, February.