



ABSTRACT

There has been a growing concern on the role of fiscal policy on the output and input of manufacturing industry in Nigeria, despite the fact that the government had embarked on several policies aimed at improving the growth of Nigerian economy through the contribution of manufacturing industry to the economy and capacity utilization of the sector. The aim

IMPACT OF DEVELOPMENTAL POLICIES ON THE MANUFACTURING SECTOR IN NIGERIA

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INTRODUCTION

Background of the Study

Recently, government policies began to show more concern on the management and improvement of the economy. Government over the years have embarked on a macroeconomic policy options to grow the economy in terms of development and the policy option employed is that of fiscal (Peter and Simeon, 2011). Fiscal policy is the use of government revenue collection (taxation) and expenditure (spending) to influence the economy. The two main instruments of fiscal policy seen as taxation and Government expenditure. It canals obese ensign earn for the spending polo that influence macroeconomic conditions. The sex policies affect tax rates, interest rates and government spending, in an effort to control the economy.

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improving the growth of the policies aimed at improving the growth of the Nigeria through the contribution of manufacturing industry to the economy and capacity until sector (Adebayo, 2010; Peter and Simeon, 2011 and Loto, 2012). Libanio (2006) through the use of Kaldor's first law defined manufacturing sector as to ease the growth of the economy.

Manufacturing sector refers to those industries which are involve manufacturing and processing of items and indulge or give free rein in exit creation of new commodities or in value addition (Adebayo, 2010). To Dickson (2010), manufacturing sector accounts for a significant share of the industrial sector in developed countries. The final products can either serve as finished goods for sale to customer intermediate goods used in the production process.

of this study is to examine the impact of fiscal policy on the manufacturing sector output in Nigeria. Empirical evidence from the developed and developing economies has shown that fiscal and monetary policies have the capacity to influence the entire economy if it is well managed. The results of the study indicate that government expenditure significantly affect manufacturing sector output based on the magnitude and the level of significance of the coefficient and p-value and there is along-run relationship between fiscal policy and manufacturing sector output. The implication of this finding is that if government did not increase public expenditure and its implementation, Nigerian manufacturing sector output will not generate a corresponding increase in the growth of Nigerian economy. It is the recommendation of researcher that the expansionary fiscal policies should be encouraged as they play vital role for the growth of the mantua or output in Nigeria; that fiscal policy should be given more priority attention to Manufacturing sector by, which will enhance aggregate spending in the economy; and government implementation will contribute to the increase performance of manufacturing sector.

Keywords: Manufacturing sector, government expenditure, government tax revenue, output, capacity utilization, error correction model, co-integration.



Loto, (2012) refers to manufacturing sector as an avenue for increasing product in relation to import replacement and exportation, creating foreign exchange earning capacity, raising employment and per capita income which causes unprepared assumption pattern. Mbelede (2012) opined that manufacturing sector is involved process of adding value to raw materials by turning the in top. Thus, manufacturing industries is the key variable in an economy and motive version of raw material into finished goods. In the work of Charles (2012), manufacturing industries creates employment which helps to boost a from Jedi verdict the economy on the process of helping the nation to increase it's change earnings.

Manufacturing industries came into being wish currency of technological and social economic transformations in the western counte18th-19thcenturies. This period was widely known as industrial revolution. it all began in Britain and replaced the label intensive textile production with mechanization and use. 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). In recent times, some manufacturing industries in Nigeria have been characterize declining productivity rate, by extension employment generation, which is caused largely by inadequate electricity supply, smuggling of foreign products into the count, trade liberalisation, globalisation, high exchange rate, and low government expenditure. Therefore, the slow performance of manufacturing sector in Niais mainly due to massive importation of finished goods, inadequate financial support and other exits tables which has resulted in the reduction in space nation and output of the manufacturing sector of the economy

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DISCUSSION OF EMPIRICAL REVIEW

There are several studies that have been undyed the notion that fiscal policy affect manufacturing sector and in turn contributes to the growth economy has little or no research evidence. However, up-to-date only a limited number of research undertaken to explore the impact of fiscal policymakers on manufacturing sector.

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stumbles of ordinary least square method. It was found that fiscal policy has not denied in the area of promoting sustainable economic growth in Nigeria. This finding did not agree with Keynesian the need for an active policy to sustain econ. This finding was based on factors capable of hampering the effectiveness of Isuzu has high-level of corruption, wasteful spending, policy inconsistencies and lack of adequate policy implementation.

Dickson (2007) critically examined the recent trends and patterns in Nigeria's industrial development using descriptive study. The study indicates that the level of manufacturing industry in Nigeria is concentrated in the some eastern parts of the country and that the spatial pattern could change if the is lists adopt the strategy of industrial linkage. This finding didn't support any policy on privatisation of industry in Nigeria.

Ayayi(2008)in a study of the collapse of Nigeria's manufacturing sector on economic growth in Nigeria using cross-sectional data Lord's echoes Ignite found out that the manufacturing collapse in Nigeria manufacturing sector is mutation of Nigerian budget especially in area of infrastructure. This means that low implementation of fiscal affects the level on growth in Nigeria manufacturing sector. This finding is of the opinion that high implementation of Nigerian budget is critical for Nigerian many budget is critical for Nigerian manufacturing sector contribution to GDP.

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RECOMMENDATIONS

On the basis of the findings of the study, the following recommendations are proffered towards enhancing impact of fiscal policy on manufacturing sector in Nigeria.

1. Expansionary policies on fiscal policy measures should be as they play vital role for the growth of the manufacture output in Nigeria.
2. There is need to redirect fiscal policy easy remaking Nigeria a producer nation through manufacturing sector which in dead to economic growth and development.
3. Government economic policies should be on diversify tax on economy to enhance the performance of manufacturing sect, so as to create more employment opportunities, because it may be a more effective way of unemployment and increasing the growth of tie.
4. Fiscal policy should be given more priority attention towards the manufacturing priority attention towards the manufacturing, which will enhance aggregate spending in the economy.
5. Consistent government implementation will contribute to the increase performance manufacturing sector.

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