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Impact of Inflation on Industrial Development in Nigeria

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Abstract

The study examined the impact of inflation on industrial development in Nigeria between 1990-2021 Annual time series data on Index of Industrial Production, Inflation rate, interest rate, investment rate, exchange rate, money supply, personal consumption expenditure, real Gross Domestic Product and Oil Price were used. Inflation rate, interest rate, investment rate, exchange rate, money supply, personal consumption expenditure, real Gross Domestic Product and Oil Price were the independent variables, while Index of Industrial Production (a stand-in for industrial development) was the dependent variable. Via the use of the Autoregressive Distributive Lag econometric technique, the study's results indicate that real Gross Domestic Product, interest rates, and inflation rates all significantly influenced the economy's industrial development. While inflation and interest rate had significant negative impact on industrial development, real Gross Domestic Product had significant positive impact. Other supporting explanatory variables such as investment rate, exchange rate, money supply, personal consumption expenditure and oil price were not statistically significant in influencing industrial development within the study period. Therefore, the study suggests that the government and monetary authorities support the expansion of the industrial sector by providing producers with reasonably priced loans. In the long run, this can reduce inflationary pressures in the economy by boosting domestic manufacturing capacities and increasing both the domestic and international supply of commodities.

Keywords: Industrial Development, Inflation, Interest Rate, Real Gross Domestic Product.

1. Introduction

There is no disputing that one of every economy's primary macroeconomic goals is to achieve price stability. This is relevant because price volatility can skew policies, businesses, and consumers, making forecasting and planning challenging. As a result, the duty of maintaining price stability in the economy at all times is typically placed on economists and policymakers. However, another task confronting economists and policy makers is identifying whether all price changes and fluctuations are inflationary or not. Prices in the Nigerian economy are usually on the increasing trend and do not fall (Modebe & Chijindu, 2019). Hence economists in Nigeria are faced with the problem of determining if the trend is caused by inflation or just mere fluctuation and volatility.

Agarwal (2003) defined inflation as the steady increase in the average price of goods and services over time that results from a continuous increase in demand for these products and services in comparison to a lack of supply. To put it simply, inflation is the steady rise in the average price level over time. Money's function as a store of value and a medium of trade is significantly impacted by inflation. Another significant and disastrous

consequence of inflation is that fixed income groups will suffer since their salaries will not be adjusted to account for the cost of living, even as prices for goods and services rise. Additionally, household and national savings will decline as people spend a larger portion of their disposable income on everyday necessities. Additionally, retailers of luxury goods and non-essential items would start to see a decline in sales as consumers would rather stick to the "necessities" than spend money on "luxury" items (Ewah et al, 2021).

Nigerian industrial producers have encountered more complicated issues in recent years as they attempt to satisfy increased demand, shifting purchasing trends, and operational expenses (Akinmulegun & Olajide, 2018). The global pandemic of 2020–2021 has caused drastic changes in demand, purchasing habits, cost to serve, and perceived value across industries and value chains, which has resulted in sharp increases in commodity prices (Umaru, Egede & Ayuba, 2022). These changes are just one of the many complex new challenges that many industrial companies are currently facing. Raw material price inflation may compel industrial firms to quickly adjust their prices. The high prices of common home goods and commodities may be causing problems for both consumers and businesses if inflation continues to climb. The industrial actors may need to be able to act quickly to counteract inflation and preserve profitability if material costs continue to climb. This implies that inflation can affect businesses in all sectors of the economy, leads to more complex company operations in the industrial sector, and happens when labor, transportation, and manufacturing costs rise. The disruption of the supply chain, high labor costs, and rising gas prices are the three main causes of increased pricing in the Nigerian economy (Amaefule and Maku, 2019). When the supply chain is disrupted, it becomes harder to get items, which raises demand and costs. Natural catastrophes may be the cause of these interruptions, which may also limit or diminish production supplies and labor shortages. Additionally, the necessity and desire for higher worker wages are being influenced by the rising cost of living. The inability of industrial productivity to maintain operations may be caused by workers joining the workforce. Companies have been forced to raise wages in order to draw in more laborers and guarantee that productivity is constantly at its highest level. In addition, supply and demand cause fuel and gas prices to change constantly, and the cost of energy has recently risen to all-time highs (Amaefule & Maku, 2019). The cost of manufacturing and shipping items may be impacted by these costs in addition to consumers. Examining the relationship between inflation and industrial development in Nigeria reveals all of these potential effects and repercussions.

2. Literature Review

Inflation is typically defined as a sustained rise in the average level of prices for goods and services over time. Stated differently, inflation can be defined as shifts in the general level of prices in an economy, which subsequently causes the value of the domestic currency to decline. When prices rise during an inflationary period, money's purchasing power declines and its real worth as a medium of exchange declines. If left unchecked, this would cause an adverse consequence on the economy. Without a doubt, achieving price stability (increasing the purchasing power of money) and sustainable economic growth have been the main goals of macroeconomic policies in the majority of economies. Stability is a state in which there is little fluctuation in prices over an extended period of time, not a state in which prices will stay constant. Balassa (1980) defined industrial

development as the establishment and expansion of industries within an economy through the use of new technologies that improve, speed, and ease work and boost business production and profits. To put it another way, it is the expansion of the industrial sector brought about by government initiatives carried out in cooperation with other people. In a nation's economic structure, the primary, secondary, and tertiary industries stand for the various phases of industrial development. Economic activity and income levels also influence these stages of industry development (Balassa, 1980).

Theoretically, the foundation of this study is the "cost push theory of inflation". It is pertinent to note that the arguments of the cost-push theory indicate that it is supply-side factors that lead to inflation. In the same vein, the role or contribution of industrial development and productivity to the product or goods market is obviously a supply-side influence or impact too. Since both variables are origin of the supply-side indicators, it follows that the cost push theory will no doubt influence industrial development and productivity. This stems from the fact that an increase in production costs (in the form of higher labor compensation, transportation costs, and raw material costs, etc.) will undoubtedly influence industrial productivity negatively, resulting into low level of industrial output than was the case prior to the increase in production cost. Thus, the higher the cost–push inflation and in-turn the inflation rate in the economy, the lower the industrial productivity and vice-versa. Based on this line of analysis, the cost push theory of inflation can serve as the theoretical link between inflation and industrial development, and as such is used as the theoretical foundation for this study.

2.1 Empirical Literatures

Saymeh, Orabi & Alshourah (2021) examined "the Impact of Inflation Prospects on Investments of Industrial Companies in Jordan". The main objective of the study was to elaborate the most relevant and feasible techniques to improve the prospects for developing the investments in the industrial sector. The overall outcomes revealed that the lowest coefficient observed between imports inflation and all other variables were reversed, i.e. most increases in imports inflation were almost stabilized by the decrease of the other variables, thus leaving all other correlation values as positive.

Ahumada & Villarreal (2019) investigated "Industrial growth and consumer goods inflation in Mexico: An Econometric Analysis". The study employed a Vector Error Correction Model (VECM) methodology to investigate the long-term determinants of consumer goods inflation and industrial growth in Mexico using annual time series data obtained from the Mexican Statistical Agency (MSA) for the 2001–2016 periods. The evidence from the VECM analysis shows that cost-push and demand-pull inflation are both present and revealed the variables at work in each case.

Bans-Akutey, Deh & Mohammed (2019) investigated "What is the effect of Inflation on Manufacturing Sector Productivity in Ghana?". Using annual time series data obtained from the Ghanaian Statistical Board, they investigated the effect of inflation on manufacturing sector productivity for the period 1968-2013. Their results indicate significant stable long run relationship between inflation and manufacturing sector productivity.

Gokmenoglua, Azina & Taspinara (2019) examined "The Relationship between Industrial Production, GDP, Inflation and Oil Price: The Case of Turkey". Secondary data used in the study was extracted from World Bank Development Indicators and the OPEC. Johansen co-integration results confirmed a long-run relationship among these variables and

Granger causality test illustrates the unidirectional relationship from oil price to industrial production within the study period in the Turkish economy.

Chaudhry, Ayyoub & Imran (2019) in their study "Does Inflation Matter for Sectoral Growth in Pakistan? An Empirical Analysis" attempted to empirically analyze the impact of inflation on sectoral growth of Pakistan. Three major sectors (i.e. agriculture, manufacturing and services) were selected for analysis and the study found that the impact of inflation on sectoral output differs substantially according to the nature of the sector. The statistically significant positive impact of inflation was found to encourage the services sector growth. It was observed that inflation and agricultural sector growth were positively and significantly related in the Pakistani economy

Umaru, Egede & Ayuba (2022) in the study "Does Manufacturing Sector Output Significantly Predict Industrial Growth in Nigeria" x-rayed how Nigeria's manufacturing output can be observed in estimating economic growth. The study revealed that manufacturing output positively and significantly affects industrial growth in Nigeria and therefore can significantly predict further industrial growth and, by extension, mitigate economic recession in Nigeria.

Ewah, Chukwuemeka & Kene (2021) in their study on "Impact of Selected Macroeconomic Variables on the Industrial Output in Nigeria" used time series data sourced from NBS annual report for the period 1970 to 2016. The study found evidence of long-run relationship between the variables. In the short-run however, gross fixed capital formation and health expenditure were found to have positive effect on industrial output in the country.

Chijindu, Anidiobu and Okolie (2018) in the study entitled "Does Change in Price Level Aid Industrial Sector Productivity in Nigeria?" assessed the effect of inflation on industrial output in Nigeria using annual data from 1982 to 2015. The Findings revealed that inflation, official exchange rate and real interest rate had negative effects on Nigeria's industrial output.

Modebe and Chijindu (2019) on the "Dynamics of Inflation and Manufacturing Sector Performance in Nigeria: Analysis of Effect and Causality" examined the linkage between inflation and manufacturing sector growth in Nigeria using annualized time series data from 1982 to 2014 that were sourced from CBN Statistical Bulletin. The baseline multiple regression results revealed that inflation and interest rate had negative and non-significant effect on manufacturing sector growth while exchange rate appear to positively and significantly influence the growth of manufacturing sector value added.

Available evidence from the existing related literatures and the background of this study suggest that very little or nothing have been done by Economists in establishing a relationship between inflation and industrial development in the Nigerian economy, as most previous and existing literatures such as Umaru, Egede & Ayuba (2022), Modebe and Chijindu (2019) and Ewah, Chukwuemeka & Ekene (2021) focused more on inflation and manufacturing sector output. These studies disregarded the role and impact of industrial growth and development on inflationary pressures in their analyses. Also, it is pertinent to recognise that the aforementioned studies on manufacturing sector output concentrated only on how inflation have impacted on the prices and in-turn the profit margins of the outputs from the manufacturing sector. They have however failed to examine how output levels can be improved through accelerated industrial developments in the face of inflationary pressures. Therefore, a key question is: can industrial

development be stimulated to improve output, maintain moderate prices and ensure a relatively stable profit margin in inflationary situations? The answer lays in examining the nexus or link between inflation and industrial development using certain variables of interest in the Nigerian economy. This is one of the gaps that is bridged by this study.

More so, even though some studies above focused on industrial productivity and growth, these studies used industrial output as their dependent variable without considering the role of the index of industrial production. Industrial output is a variable that is more suited in capturing manufacturing sector growth and performance and not a good proxy or measure for industrial growth and development.

Furthermore, none of the above existing studies examined the influence of money supply and interest rate on inflation and industrial development. This was a major defect and limitation observed in these studies because inflation is 'everywhere and always a monetary phenomenon', thus, the role of money supply and interest rate cannot be disregarded when analysing issues concerning the rate of inflation and industrial development. This study therefore filled the gap by including both money supply and interest rates in the model as components of the explanatory variables.

3. Methodology

Annual time series data covering the years 1990–2021 as well as other pertinent papers and journals were used in the analysis of this study.

3.1 Model Specification

This work adopts the model used by Gokmenoglua, Azina & Taspinara (2019) on the nexus between Industrial Production, GDP, Inflation and Oil Price in the Turkish economy, with some modifications. The model used in their study is shown below:

IOp = f (INF, INVT, EXT, OPR, WR, GDP) Where,
IOp = Industrial Output
INF = Inflation rate
INVT = investment rate
EXT = Exchange rate
OPR = oil price
WR = wage rate
GDP = Gross Domestic Product

However, the functional form of the model used in this research study is specified as:

[1a].....IIP = ƒ (INF, INVT, EXT, PCONX, INTS, OPR, MSP, RGDP)

The linear form of the model is expressed as:

$$[1b].....IIP = \beta_0 + \beta_1 INF + \beta_2 RGDP + \beta_3 INVT + \beta_4 EXT + \beta_5 PCONX + \beta_6 INTS + \beta_7 OPR + \beta_8 MSP + \varepsilon_t$$

Where IIP is the index of industrial production, INF is the rate of inflation, RGDP is the Real Gross Domestic Product, INVT is the Investment Rate, EXT is the exchange rate, PCONX is the Personal Consumption Expenditure, INTS is the interest rate, OPR is oil price and MSP is the real money supply.

The Index of Industrial Production (IIP) is a metric that displays the growth rates and contributions of the various economic industry groups over a certain time frame. IIP was the dependent variable in this study since it was utilized to measure or represent industrial progress.

3.2 Autoregressive distributed lag (ARDL)

The autoregressive distributed lag (ARDL) technique, developed by Pesaran et al. (2001), was employed in the investigation. When the variables are integrated of order I(1) or stationary at I(0), the ARDL model is regarded as the best econometric technique when compared to other approaches. Equation [2] thus illustrates the ARDL model based on the functional form shown earlier in equation 1.

$$[2]\ \Delta LIIP_t = \alpha_0 + \sum_{i=1}^{p} \delta_i \Delta LIIP_{t-1} + \sum_{k=0}^{p} \beta_k \Delta LINF_{t-k} + \sum_{k=0}^{p} \in_k \Delta LRGDP_{t-k} + \sum_{l=0}^{p} \gamma_l \Delta LINVT_{t-l} + \sum_{m=0}^{p} \varphi_m \Delta LEXT_{t-m} + \sum_{n=0}^{p} \Psi_n \Delta LPCONX_{t-n} + \sum_{n=0}^{p} \Psi_O \Delta LINTS_{t-O} + \sum_{n=0}^{p} \Psi_P \Delta LOPR_{t-P} + \sum_{n=0}^{p} \Psi_q \Delta LMSP_{t-q} + \lambda_1 LIIP_{t-1} + \lambda_2 INF_{t-1} + \lambda_3 RGDP_{t-1} + \lambda_4 INVT_{t-1} + \lambda_5 EXT_{t-1} + \lambda_6 PCONX_{t-1} + \lambda_7 INTS_{t-1} + \lambda_8 OPR_{t-1} + \lambda_9 MSP_{t-1} + \delta_i ECM_{t-i} + \mu_t$$

where the drift component is represented by α_0, the first difference by Δ, and the white noise by ϵ_t. The study uses the Akaike information criterion (AIC) for choosing the lag length. It is pertinent to note that the "ARDL" model in equa (2) above was used to capture the objective of the study.

4. Results and Discussion

Table 4.1: Stationarity Test Result

Variable	ADF Stat	ADF Critical Values @ 5%	Order of Integration	Probability
INTS	3.6369	2.9604	1(0)	0.0106*
EXT	5.2174	2.9639	1(1)	0.0002*
IIP	5.1806	2.9639	1(1)	0.0002*
INF	4.5997	2.9639	1(1)	0.0010*
PCONX	4.7878	2.9639	1(1)	0.0006*
OPR	5.1903	2.9639	1(1)	0.0002*
MSP	3.3497	2.9639	1(0)	0.0210*
INV	6.0732	2.9639	1(1)	0.0000*
RGDP	5.2234	2.9639	1(1)	0.0002*

*Indicates a sign at 5% level of significance
Source: Author's Extraction from Eviews 10, 2025

The findings of the Augmented Dickey-Fuller (ADF) unit root test are displayed in Table 4.1. The test result shows that the variables are integrated at first difference I(1) and levels I(0). The Auto-Regressive Distributive Lag (ARDL) approach will be the most suitable econometric method as the stationarity result showed a mixture of I(0) and I(1).

Table 4.2: Bound Cointegration Test result

F-Bounds Test		**Null Hypothesis: No levels relationship**		
Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	10.98820	10%	1.85	2.85
K	8	5%	2.11	3.15
		2.5%	2.33	3.42
		1%	2.62	3.77

Source: Author's Extraction from Eviews 10, 2025

Table 4.2 displays the results of the study's Autoregressive Distributed Lag (ARDL) Bound Test of co-integration. The test's outcome shows that the variables' F-statistics are 10.98820, with the 5% Critical Values for the Lower and Upper Bounds being 2.11 and 3.15, respectively. This indicates that the model's lower and upper bounds' Critical Values are less than the F-statistic of 10.98820. This suggests that the alternative hypothesis is accepted and the null hypothesis is rejected. Crucially, this suggests that the dependent and independent variables in the study have a co-integration (long-term link). Nonetheless, since co-integration between the series has been demonstrated, the ARDL model will be estimated for the short-run and long-run respectively.

Table 4.3: Short-run ARDL Result

Variable	**Coefficient**	**Std. Error**	**Prob.**
C	-729.8045	(140.7404)	{0.0008}
IIP(-1)*	-0.449973	(0.131606)	{0.0091}
LOG(INF(-1))	-6.593004	(1.830500)	{0.0070}
LOG(EXT)**	3.607878	(2.507863)	{0.1882}
LOG(INTS(-1))	-32.17386	(11.11370)	{0.0200}
LOG(INVT(-1))	-7.431682	(2.587621)	{0.0208}
LOG(MSP(-1))	-2.371694	(4.052180)	{0.5745}
LOG(OPR(-1))	-0.996551	(2.774646)	{0.7288}
LOG(PCONX(-1))	-31.32253	(7.157415)	{0.0024}
LOG(RGDP(-1))	103.3656	(17.38534)	{0.0003}

Source: Author's Extraction from Eviews 10, 2025

As can be seen from the above short-run ARDL result, the error correction term (ECT) has the correct sign (i.e. -), a negative coefficient value of -0.449973, and a p value of 0.0091, which is less than 0.05 (i.e. < 0.05). This demonstrates that the model detected a significant rate of adjustment; as a result, the last periods' departure from long-term equilibrium is rectified at a rate of 45% per year until a steady state is preserved.

Table 4.4: Long-run ARDL Result

Variable	Coefficient	Std. Error	Prob.
LOG(INF)	-14.65200	(6.007985)	{0.0406}
LOG(EXT)	8.017990	(4.422803)	{0.1074}
LOG(INTS)	-71.50179	(28.99759)	{0.0390}
LOG(INVT)	-16.51584	(8.379393)	{0.0842}
LOG(MSP)	-5.270750	(8.962743)	{0.5727}
LOG(OPR)	-2.214690	(6.054632)	{0.7240}
LOG(PCONX)	-69.60982	(29.13892)	{0.0439}
LOG(RGDP)	229.7152	(85.94678)	{0.0282}
C	-1621.886	(655.4296)	{0.0384}

R-squared	0.965984	Mean dependent var	1.321990
Adjusted R-squared	0.941974	S.D. dependent var	4.053572
S.E. of regression	0.976452	Akaike info criterion	3.088901
Sum squared resid	16.20880	Schwarz criterion	3.696086
Log likelihood	-33.33351	Hannan-Quinn criter.	3.283145
Durbin-Watson stat	2.700603		

Source: Author's Extraction from Eviews 10, 2025

From the results presented in table 4.4, inflation rate, interest rate and real GDP were statistically significant drawing from their probability values of 0.04, 0.03 and 0.028 respectively. All other variables were not significant in influencing industrial development within the study period. Although personal consumption expenditure (PCONX) had a probability value of 0.043, its coefficient of -69.60982 revealed that it does not conform to economic apriori expectation. This is because an increase in domestic consumer spending ought to stimulate industrial development within the economy.

4.2 Discussion of Major Findings and Policy implications

According to the examination of the results, inflation significantly harmed the industrial sector's performance over the studied period. Therefore, the industrial sector performs worse the more inflation there is in the economy. This is due to the fact that inflation will raise manufacturing costs, which will drive the industrial sector to produce less. The availability of close replacements that are comparatively less expensive overseas is another factor contributing to the unfavourable correlation between Nigeria's industrial performance and inflation rate. The policy conclusion is that in order to increase industrial sector productivity, the relevant authorities must properly control inflation.

The finding from the study on interest rate shows the expected negative and significant relation between industrial development and the interest rates in the Nigerian economy. This suggests that a higher rate of interest is a dis-incentive to borrowing which will in-turn adversely affect investments that stimulates industrial sector growth. The McKinnon-Shaw hypothesis of financial liberalization, which contends that a high interest rate promotes greater savings, financial intermediation, and efficiency in the use of savings, thereby enhancing industrial output growth, is generally contradicted by the inverse relationship between interest rates and outputs. Because high lending rates have a dampening effect on investable capital, they have a negative impact on industrial output and productivity. This has policy implications for interest rate findings.

Lastly, based on the results above, Real GDP (RGDP) and industrial development over the study period had the anticipated positive and significant link. Real GDP is the sum of all economic activity,

expressed in monetary terms, that is computed for an economy during a given time period, often a year. It is therefore not unusual for it to have a positive effect on industrial growth, suggesting that industrial development increases with real GDP. To put it another way, a high level of economic activity will encourage investment and transactional activity, which can then result in a rise in the expansion of industrial activity. This implies that economic activity should always be encouraged in order to have a favourable effect on the expansion and advancement of industry.

4.3 Post-Estimation Diagnostic Tests for Short and Long-run Model

Table 4.51: Breusch-Godfrey Serial Correlation LM Test:

F-statistic	1.506437	Prob. F(1,7)	0.2594
Obs*R-squared	5.312814	Prob. Chi-Square(1)	0.0212

Source: Author's Extraction from Eviews 10, 2025

Table 4.51 indicates that there is no serial connection in the study's short- and long-term models since the f-statistic's probability value (0.2594) is higher than 0.05, implying the acceptance of the null hypothesis and rejection of the alternative.

Table 4.52 : Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.908360	Prob. F(21,8)	0.1749
Obs*R-squared	25.00786	Prob. Chi-Square(21)	0.2468
Scaled explained SS	1.894459	Prob. Chi-Square(21)	1.0000

Source: Author's Extraction from Eviews 10, 2025

Since Table 4.52 demonstrates that the f-stat probability value (0.1749) is greater than 0.05, we reject the alternative hypothesis and accept the null hypothesis, leading us to the conclusion that the study's short- and long-term models do not exhibit heteroskedasticity.

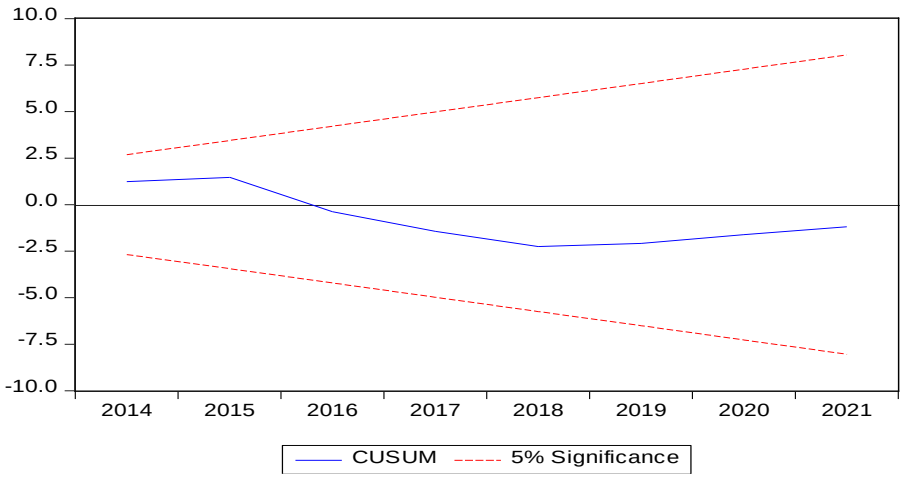
Table 4.53: Ramsey RESET Test

	Value	Df	Probability
t-statistic	0.440014	7	0.6732
F-statistic	0.193612	(1, 7)	0.6732

Source: Author's Extraction from Eviews 10, 2025

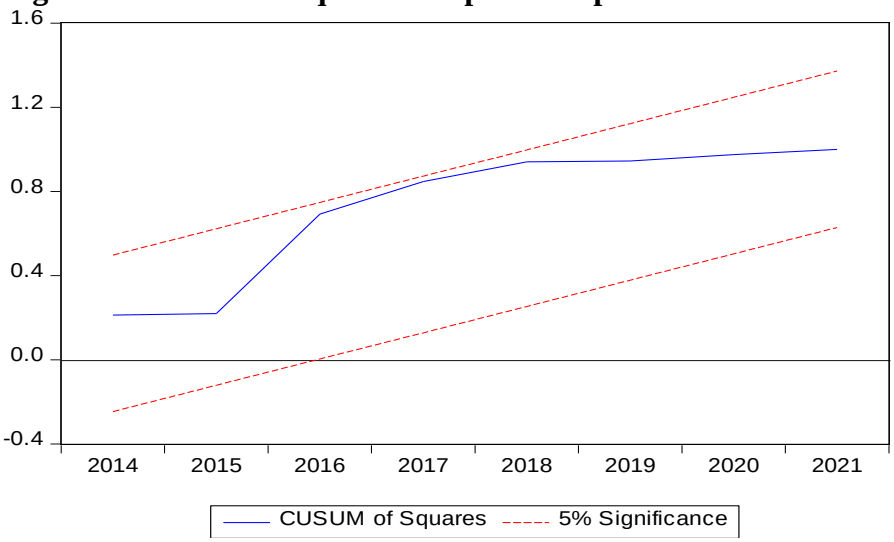
Given that the Ramsey reset test's probability value (0.6732) is higher than 0.05, as indicated in Table 4.53, we accept the null hypothesis and reject the alternative hypothesis, coming to the conclusion that the study's short- and long-term models are error-free.

Fig 4.1: Stability Test of Residual Errors
Fig: 4.11 CUSUM Graphical Representation



Source: Generated by Author, 2025

Fig 4.12: CUSUM of Squares Graphical Representation



Source: Generated by Author, 2025

The cumulative sum of recursive residuals (CUSUM) and CUSUM of Squares (CUSUMSq) display the stability test result. The CUSUM and CUSUMSQ graphically demonstrate that the residual plots did not pass the 5% crucial lines of the parameter's stability in Figures 4.11 and 4.12. This inherently suggests that the long-run parameter of the model employed in the research is stable.

5. Conclusion and Recommendation

This study looked at how Nigeria's industrial development was affected by inflation. The study's conclusions showed that the only factors that had the anticipated link and statistical influence on Nigeria's industrial development were the inflation rate, interest rate, and real GDP. Significant decisions made about the Nigerian economy are closely related to the study's conclusions. One such explanation is that inflation will raise manufacturing costs, which will reduce industrial sector output. Moreover, the known negative relationship between inflation and industrial development indicates that, through inflationary pass-through effects, the money supply will likewise have an inverse relationship with industrial development. The study also showed that real GDP had a positive and significant impact on industrial development, suggesting that stronger economic growth tends to promote industrial development in the Nigerian economy.

According to the study's final conclusion, policymakers should focus on effectively

managing the real GDP, interest rates, and inflation rate in relation to industrial development. This is due to their capacity to significantly alter the industrial growth of the Nigerian economy.

Policy Recommendations

From the conclusion above, the suggestions below are offered:

i. The government and policymakers ought to take action to achieve economic price stability. This is due to the fact that inflation significantly harmed the industrial sector's performance by raising the overall expenses that industrialists faced, which in turn reduced their earnings.

ii. The government and monetary authorities should make sure that interest rates are controlled appropriately so that manufacturers may access investible capital at a reasonable cost. This can be achieved via concessions and the creation of a special credit window for this important area of the Nigerian economy

iii. The economy should support and vigorously pursue all initiatives aimed at boosting economic growth through Real Gross Domestic Product (RGDP). When this is accomplished, a domestic industrial boom will ensue, which will undoubtedly boost GDP and have a favourable effect on the economy.

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