

## **THE NEXUS BETWEEN BUDGET DEFICIT AND EXCHANGE RATE UNIFICATION IN NIGERIA**

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**Abstract:** *The paper examined the effect of exchange rate unification on budget deficit in Nigeria. Using time series data from secondary sources covering the period 1981 and 2022 and the ARDL bound test technique, the study found evidence of a long-run equilibrium relationship between budget deficit and the official exchange rate. The estimated unrestricted ARDL error correction model revealed that current official exchange rate which served as the unified exchange rate in the paper has a negative but insignificant effect on budget deficit. However, one period lagged (past) value of official exchange rate exert a negative influence on budget deficit in Nigeria. Implying that increase in past official exchange rate (depreciation of domestic currency) compounded the problem of budget deficit in Nigeria. The paper found that budget deficit in Nigeria is higher during years the country practiced multiple exchange rate than periods of single (unified) exchange rate system. The study, recommended the need to encourage more local productions to curb importation of goods that can be easily produced locally. This can start with policy reforms in power, infrastructure, taxes, etc, to improve the manufacturing sector and local production making it competitive. This will reduce the demand for dollars especially in the black market by importers in a bid to import goods, and boost revenue to the economy.*

**Keywords:** *Official exchange rate, budget deficit, ARDL bound test.*

### **1. INTRODUCTION**

Governments, both in developed and developing nations, engage in numerous activities and offer diverse services to their citizens through budget allocations. These services encompass economic and social infrastructure provision, defense, law enforcement, establishment of pension schemes, and

more. The degree of government involvement in service provision varies over time and across regions, influenced by the prevailing political and economic ideologies within a society, as well as its evolving needs and aspirations (Abeng & Alehile, 2012). This collective performance constitutes the fiscal behavior of the government, a concept characterized by the dual process of allocating expenditures while simultaneously generating revenues to finance them. Hence, the government's fiscal behavior is encapsulated by its revenue and expenditure plans, which form the core components of its budgetary framework. However, when expenditures surpass revenues, it results in fiscal deficits (Aladejare, 2014).

This fiscal conduct aligns with the principles outlined by Keynes in 1936, suggesting that augmenting government spending and/or reducing taxes are effective means of attaining broader macroeconomic goals such as robust economic growth, minimal inflation, low unemployment rates, and a robust balance of payments position. These objectives are achieved by stimulating aggregate demand and investment. In the context of developing nations like Nigeria, escalating government expenditures have become a recurring feature in annual budgetary schemes, resulting in persistent budget deficits. This trend represents a significant developmental hurdle in Nigeria's fiscal landscape (World Bank, 2022)

Available statistics shows that the percentage share of budget deficit/surplus to GDP and the corresponding average official exchange rate (₦/US\$) from 1981 to 2021 in Nigeria. Statistics from the (Central Bank of Nigeria, 2022) depicts that percentage share of budget deficit to GDP stood at -2.8% in 1981, -6.1% in 1991, -2.7% in 2001, -1.8% in 2011 and -4.1% in 2021, while the average official exchange rate (₦/US\$) stood at 0.61 in 1981, 9.91 in 1991, 111.95 in 2001, 153.86 in 2011 and 425.9 in 2021, (CBN, 2022). Thus, during this period, Nigeria has witnessed 38 years of budget deficits, with only 2 years of surplus fiscal operations, and this has persisted alongside dual exchange rates, thereby causing untold hardship to many Nigerians, (Wosowei 2013). Budget deficits have been blamed mostly for much of the economic crisis in the Nigerian economy for many years resulting in debt crisis, poor economic performance, and foreign exchange problems (Ezeabasili, *et al*, 2012). As a result, the current administration in Nigeria is hinged on exchange rate unification amidst rising fiscal deficit.

The dual exchange rate system which also allows both fixed and floating rates in the market was adopted in Nigeria in September, 1986, and this has been in place till 2023, (CBN, 2021). In June, 2023, the Central Bank of Nigeria came up with a policy to unify the multiple exchange rates into a single exchange rate system, with transactions to hold on investors and exporters (I&E) window. The dual exchange rates have had several adverse effects on Nigeria's economy, it has created economic distortions of which individuals and businesses engage in speculative activities and also take advantage

of the rate differentials to make profits, (CBN, 2023). These practices have resulted in an inefficient allocation of resources and hindered economic growth.

However, there exists a divergence of opinions regarding the impact of exchange rate unification on budget deficits. One perspective argues that over time, unifying the exchange rate could result in the government's foreign exchange revenue surpassing its foreign currency obligations. Onyekpere (2023) suggests that exchange rate unification would ensure that any foreign exchange income received by the government would now be monetized at the new unified rate, which is significantly higher than the previous rate sanctioned by the Central Bank of Nigeria. This would consequently increase the resources available to the government for developmental initiatives. Moreover, the resources previously allocated to subsidize those who obtained foreign exchange at the CBN-imposed rate would no longer be expended on wasteful expenditure.

Conversely, other scholars such as Ozili (2024) argue that the unification of the exchange rate could elevate the naira value of foreign debts, as both federal and state governments rely on borrowing from foreign creditors to finance their budgetary requirements. Consequently, governments would need to allocate more naira to service or repay these debts. The implication of exchange rate unification is that in Nigeria, being an import-dependent economy, the cost of goods and services imported into the country, previously funded at the lower exchange rate, would now escalate due to the increased naira requirement for imports. This scenario is likely to instigate an inflationary spiral effect (Gray 2021; Sanusi, 2010).

Nevertheless, the country do not have an immediate source of increasing foreign exchange supply considering the backlog of unmet foreign exchange demand and associated obligations as well as estimates of future foreign exchange demand for the years ahead. Therefore, there is the danger of the market facilitating a free fall of the naira which will depreciate the currency to an unimaginable level leading to price instability, inflation and uncertainty in the economy, (Ozili, 2024).

Although, the issue of budget deficit has been a thorn in the flesh of policy makers in the country, but part of the perennial policy challenges facing Nigeria, are multiple exchange rates and the free fall of the Naira and how to control it. The challenge of having multiple exchange rates amidst currency depreciation has both monetary and fiscal policy implications. Fiscal deficit may be unavoidable in the developmental process; however, it is the level, magnitude and the tendency to stabilize the value of the Naira that have galvanized empirical assessment of the relationship between fiscal deficits and exchange rate unification, (Oladipo and Akinbobola, 2011).

From the foregoing, the study aimed at investigating the following objectives. i. Examine if budget deficit differ between period of dual exchange rate system and that of single exchange rate system. ii. Investigate the impact of the official exchange rate on budget deficit. Following the introduction, the rest of the paper is structured as follows. Section 2 deals with the literature review. Methodology is

covered in Section 3. The estimated results and discussion are dealt with in Section 4. The paper is concluded in Section 5

## **2. LITERATURE REVIEW**

### **2.1 Theoretical Literature**

#### **2.1.1 The Keynesian theory**

Keynesian theory suggests that a budget deficit will have a positive influence on an economy's real growth rate (Keynes 1936). This fiscal behaviour is in line with the theory of (Keynes 1936), opined that increased government spending and/or cutting taxes are instrumental tools to achieving the overall macroeconomic objectives of high economic growth rate, low inflation, low unemployment rate as well as a virile balance of payments position through increased aggregate demand and investment, (Sabr, Ahmed & Khan 2021).

#### **2.1.2 The Mundell-Fleming Model**

The Mundell-Fleming model, devised by Robert Mundell (1968) and Marcus Fleming (1967), extends the Investment Savings – Liquidity Preference Money Supply (IS-LM) model. This model illustrates the short-term dynamics in a small open economy, interrelating the nominal exchange rate, interest rate, and output. It posits a direct link between the budget deficit and current account deficit, with causation from the former to the latter (Sanni, Gaiya, Ipinjolu, Aliyu, & Okafor, 2022). According to the model, an increase in the budget deficit boosts domestic absorption and aggregate demand, exerting upward pressure on domestic interest rates compared to global rates (Sanni, et al., 2022). Consequently, the elevated domestic interest rates attract foreign capital inflows, leading to increased demand for domestic currency and currency appreciation. This, in turn, raises the cost of domestic goods relative to foreign goods, thereby expanding the trade deficit (Onafowokan & Owoye, 2006).

### **2.2 Empirical Literature**

Eldepcy (2022) explored the causal relationship between different methods of financing budget deficits and the real exchange rate in Egypt over the period 1975 to 2020. Employing the Structural Vector Autoregressive (SVAR) technique with a variable lag structure, the study revealed that the money supply ratio to GDP significantly influenced fluctuations in the real exchange rate in the short and medium terms. Additionally, the study found that non-bank financing, as indicated by the real interest rate, played a minor role in these fluctuations, suggesting an increasing reliance on local bank financing for budget deficit funding during the study period. Furthermore, the analysis revealed a substantial reliance on local sources, particularly local bank financing, to cover the budget deficit. Domestic non-banking sources showed comparatively less influence on real exchange rate fluctuations and, consequently, on the value of the Egyptian pound relative to the US dollar.

Sanni, Gaiya, Ipinjolu, Aliyu, and Okafor (2022) examined the role of exchange rate in Nigeria's twin deficits hypothesis from 1981 to 2019. Employing the ARDL model for data analysis, the study

uncovered a bidirectional causal relationship between the current account deficit and fiscal deficit. Furthermore, it was found that there exists a positive correlation between the current account balance and fiscal balance during periods of both exchange rate appreciation and depreciation, both in the short and long terms. These findings solidify the significance of the exchange rate in the twin deficits hypothesis within the Nigerian context.

Sabr, Ahmed & Khan (2021) explored the impact of budget deficits on economic growth in Iraq spanning from 1980 to 2018. Utilizing the Autoregressive Distributed Lag (ARDL) model for regression analysis, the findings indicated a positive short-term influence of budget deficits on economic growth, contrasting with a negative long-term impact.

Ayinde & Bankole (2021) scrutinized fiscal dominance and exchange rate stability in Nigeria, utilizing quarterly data from the first quarter of 1981 to the fourth quarter of 2018. Employing the Structural Vector Autoregression (SVAR) technique, the study aimed to analyze the study's objective and examine the shock transmission effects of budget deficit and public debt on exchange rate movements in Nigeria. Additionally, the study employed the Autoregressive Distributed Lag (ARDL) model for a robust test to analyze the shock transmission effects of fiscal dominance components on exchange rate movements in Nigeria. Granger causality tests were also conducted to trace the direction of causality among fiscal deficit components and exchange rates. Results revealed a bi-directional causal relationship between budget deficits and changes in exchange rates in Nigeria, while public debt did not Granger cause exchange rate movements. Structural Vector Autoregression estimations suggested that exchange rate movements in Nigeria responded solely to the shock effects of financial openness, while ARDL results revealed that both public debt and budget deficits had destabilizing effects on exchange rates in Nigeria.

Nwosa (2017) examined the relationship between fiscal policy and exchange rate movements in Nigeria for the period 1980 to 2015. Employing Ordinary Least Squares (OLS), the study found that fiscal policy variables were statistically significant in influencing exchange rates in Nigeria. This implies that fiscal policy variables play a significant role in determining exchange rate movements in Nigeria. Consequently, the study recommended prudent management of revenue, expenditure, and debt to reduce exchange rate depreciation and ensure exchange rate stability.

Sanusi and Akinlo (2016) explored the potential presence of fiscal dominance in Nigeria spanning from 1986 to 2013, employing structural VAR analysis. The study's findings indicated that shocks to government fiscal deficits did not elicit a response from the growth of the monetary base. Furthermore, the results revealed the absence of causality running from fiscal deficits to the growth of the monetary base in Nigeria. As a conclusion, the study inferred that there was no evidence of fiscal dominance in Nigeria during the investigated period.

Osuka and Achinihu (2014) investigated whether a long-run relationship exists between budget deficits and other macroeconomic variables in Nigeria over the period 1981-2012. The macroeconomic variables considered were gross domestic product (GDP), interest rate, nominal exchange rate, and inflation rate. Employing the Granger Causality test, the study's findings unveiled a unidirectional Granger-causality between budget deficits and GDP, with GDP Granger-causing budget deficits. However, the test for causality revealed no causality between deficits and interest rate, budget deficits and inflation, and budget deficits and nominal exchange rate.

Virkola (2014) examined the effects of discretionary fiscal policy shocks under various exchange rate regimes, utilizing a structural vector autoregressive (SVAR) model. The study disclosed that discretionary fiscal policy exhibits greater effectiveness under a fixed exchange rate regime compared to a floating exchange rate regime. Additionally, the study's results indicated evidence that unanticipated fiscal policy shocks have a larger expansionary effect on output than in the baseline scenario.

This study tried to unravel if there is a strong and statistical relationship between budget deficit and exchange rate unification in Nigeria. However, this study will deviate from other studies that have mainly examined the impact of budget deficit on exchange rate by examining the effect of using the official exchange rate on budget deficit in Nigeria. The study also used a dummy as a fixed regressor dividing exchange rate periods (assigned as 1) and single exchange rate periods (assigned as 0) into multiple exchange rate periods – (assigned 1) and single exchange rate period –(assigned 0), to examine how budget deficit responds to the periods in Nigeria. This is different from studies that have mostly used the real exchange rate without assigning such fixed regressor. Moreover, the study treatment of the subject matter differs from past studies with a sample which comprises broad longitudinal data set spanning 1981-2022. This is because this period produced bouts of large fiscal deficits and mixture of single and multiple exchange rate systems. The study period also corresponds to and witnessed regimes of economic reforms in Nigeria.

### 3. METHODOLOGY

#### 3.1. Data Sources and Description of Variables

The study uses time series annual data covering the period 1981–2022, obtained from the Central bank of Nigeria statistical bulletin (CBN, 2022). The dependent variable is the ratio of budget deficit to GDP, the independent variables are official exchange rate (Naira per US Dollar) - the official exchange rate is used to represent exchange rate unification, growth rate of GDP, trade to GDP ratio, debt service to GDP ratio and a dummy variable indicating periods of dual exchange rate system and period of single exchange rate system.

#### 3.2. Model Specification and Estimation Procedure

In other to capture the effect of exchange rate unification on budget deficit in Nigeria, the study adopted a modified form of the model of (Eldepcy, 2022) and is specified as:

$$BDEF_t = \beta_0 + \beta_1 DUM + \beta_2 EXCH + \beta_3 TOP + \beta_4 GDPGR + \mu_t \quad (1)$$

Where BDEF represents budget deficit; DUM stands for dummy representing exchange rate system – 1 for years of dual system and 0 for years of single system. EXCH denotes official real exchange rate; TOP represents trade to GDP ratio (trade openness); GDPGR denotes growth rate of GDP (a control variable); and  $\mu$  - the error term, respectively. A priori, favourable exchange rate will decrease the budget deficit, while an unfavourable exchange rate will increase the deficit.

The study adopted the autoregressive distributed lag (hereafter ARDL) bounds testing approach (Pesaran et al., 2001) for the analysis of the data in Nigeria. One of the advantages of the ARDL model, according to (Iyoboyi, Okereke & Musa-Pedro, 2018) is that it does not require pre-testing the variables. However, it is important to make sure that the variables are not integrated of order 2, which violates the use of the ARDL technique, (Iyoboyi, Okereke & Musa-Pedro, 2018). This necessitated the test for stationarity of the series using the Augmented Dickey Fuller (ADF). Thus, the ARDL model of the specification in Equation 1 is presented as follows:

$$\Delta BDEF_t = \beta_0 + \sum_{i=1}^n \beta_{1i} \Delta BDEF_{t-1} + \sum_{i=1}^n \beta_{2i} \Delta EXCH_{t-1} + \sum_{i=1}^n \beta_{3i} \Delta TOP_{t-1} + \sum_{i=1}^n \beta_{4i} \Delta GDPGR_{t-1} + \beta_{5i} DUM_t + \mu \tag{2}$$

Where n is the lag length. The unrestricted error correction model arising from Equation 2 is specified as follows:

$$\Delta BDEF_t = \beta_0 + \sum_{i=1}^n \beta_{1i} \Delta BDEF_{t-1} + \sum_{i=1}^n \beta_{2i} \Delta EXCH_{t-1} + \sum_{i=1}^n \beta_{3i} \Delta TOP_{t-1} + \sum_{i=1}^n \beta_{4i} \Delta GDPGR_{t-1} + \beta_{5i} DUM_t + \delta_1 BDEF_{t-1} + \delta_2 EXCH_{t-1} + \delta_3 TOP_{t-1} + \delta_4 GDPGR_{t-1} + \beta_6 ECM_{t-1} + \mu \tag{3}$$

Where the parameters  $\beta_i = 1, 2, \dots, 4$  are the short-run dynamic coefficients, the parameters  $\delta_i = 1, 2, \dots, 4$  are the long-run multipliers, and ECM denotes the speed of adjustment. The tests confirming the reliability of the estimations in the study include the goodness-of-fit, the joint significance of the independent variables, serial correlation, and tests for heteroskedasticity, specification error (bias), and stability.

**4. RESULTS AND DISCUSSION**

Variables	Augmented Dickey Fuller		Phillips Perron	
	Test stat.	5% critical values	test stat.	5% critical values
<b>levels</b>				
Bdeficit	-1.909574	-1.949097	-1.913185	-1.949097
Exch	4.716190	-1.949097	5.211985	-1.949097
Openes	-2.397300	-2.935001	-2.397300	-2.935001
GDPGR	-3.203694	-2.936942	-4.333019	-2.935001
<b>1<sup>st</sup> difference</b>				
ΔBdeficit	-7.010574	-1.949319	-6.978945	-1.949319
ΔExch	-4.211353	-2.936942	-4.125444	-2.936942
ΔOpenes	-5.148831	-3.557759	-9.268690	-1.949319

**Table 1: Unit root test results**

Source: Authors' computations

From table 1, the hypothesis of no unit root is rejected for budget deficit, exchange rate, and trade openness at levels but accepted for growth rate of GDP. Thus, budget deficit, exchange rate, and trade openness have a unit root using both the ADF and PP unit root test techniques and thus are integrated of order 1. This implies that budget deficit, exchange rate, and trade openness are I(1) variables while growth rate of GDP is I(0) variable, which necessitated the adoption of the ARDL technique and the bound test for cointegration. To avoid spurious regression, the test of cointegration was conducted and the results shown in table 2.

**Table 2: Cointegration Test Result**

Test statistics	value	k
F-statistics	4.543206	3
<b>Critical bound values</b>		
Significance (%)	lower bound	upper bound
10	2.37	3.2
5	2.79	3.67
1	3.65	4.66

Source: Authors' computations

The hypothesis of no cointegration is strongly rejected for the series as shown from from Table 2; the computed F-statistics (4.54) is higher than the upper bounds of the critical values at the 5% level of significance, respectively. The results suggest that there exists a long-run relationship between budget deficit and the independent variables employed in the study. Thus, the bound test indicates a long-run equilibrium relationship. The estimated short-run effect of adopting the official exchange rate as a unified one and other independent variables on budget deficit is presented in table 3

**Table 3: Short Run ARDL estimated coefficients**

Variable	Coefficient	Std. Error	t-Statistic	P-value
$\Delta CDEF(-1)$	0.548560***	0.116536	4.707223	0.0001
$\Delta EXCH$	-0.006075	0.009123	-0.665840	0.5116
$\Delta EXCH(-1)$	0.035947***	0.009608	3.741228	0.0010
$\Delta OPNES$	-0.074105***	0.021204	-3.494927	0.0018
$\Delta OPNES(-1)$	-0.041852*	0.021535	-1.943481	0.0633
$\Delta OPNES(-2)$	-0.062911***	0.020397	-3.084300	0.0049
$\Delta OPNES(-3)$	-0.045188**	0.019596	-2.305998	0.0297
$\Delta GDPGR$	0.014112	0.040888	0.345133	0.7329
$\Delta DUMMY$	-0.847607**	0.295989	-2.863647	0.0084
$ECM(-1)$	-0.451440***	0.087944	-5.133283	0.0000

**Diagnostics Test**

$R^2$	0.608346
DW:	2.20747
BG - LM Test:	1.269827(0.5300)
BPG Test:	12.41963(0.4126)
J-B Test:	2.450821 (0.293637)

Source: Authors' computations

#### **4.2 Discussion of Results**

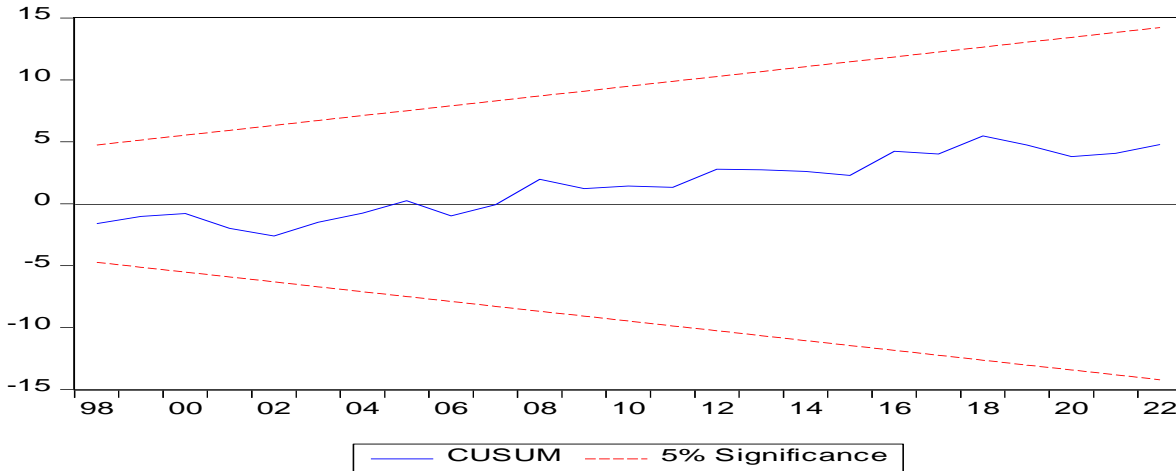
One period lagged value of budget deficit has a statistically significant positive impact on budget deficit at the 5% significant level. This means that past levels of budget deficit tend to contribute to the current level of budget deficit in Nigeria, which is expected; given that the deficit accumulates unless it is cleared. Current official exchange rate (unified exchange rate) has no significant effect on budget deficit at the 5% level, but has negative relationship with budget deficit. However, and one period-lagged coefficients of official exchange rate exert a negative influence on budget deficit in Nigeria. Thus, a one unit rise in past official exchange rate (depreciation of domestic currency) leads to 0.03 increases in budget deficit in Nigeria. Increase in past official exchange rate has been contributing to increase in budget deficit which could be attributed to the dual exchange rate practiced in these past periods.

As shown in table 3, current values of trade openness and past trade openness all have significant negative effect on budget deficit. This is consistent with *a priori* expectation. Thus, higher openness to trade will have a decrease in official exchange rate (appreciation of domestic currency). A unit rise in trade openness is associated with approximately 0.074 decrease in exchange rate. The fixed regressor which is the dummy variable representing periods of single and dual exchange rate practices is negative and significant. Given that the coefficient of the dummy is negative, it means that the country suffered more budget deficit during periods of dual exchange rate than periods of single (unified) exchange rate system.

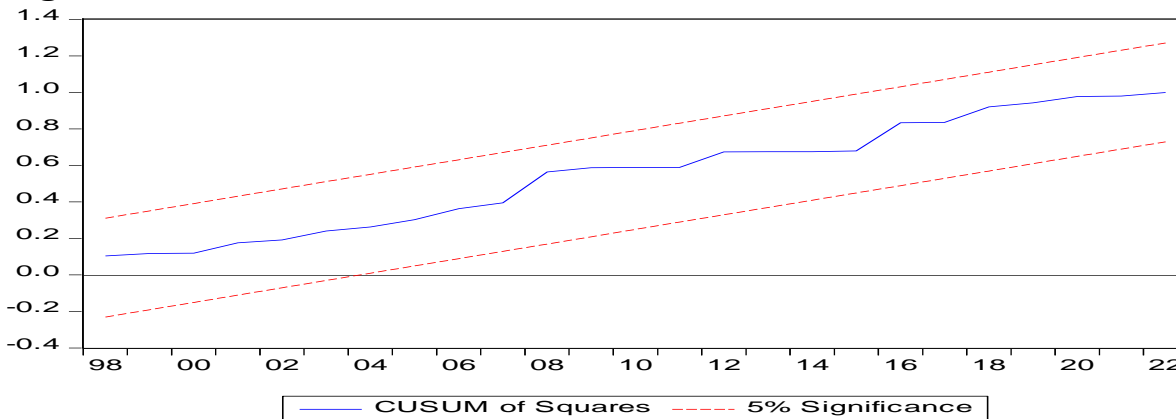
The speed of adjustment (ECM) is correctly signed and significant at 5% level, which affirms the existence of cointegration between budget deficit and exchange rate unification and alongside other variables employed in the study. The speed of adjustment is low (approximately 45%). The post-estimation diagnostics indicate that about 61% variation in budget deficit is accounted for by changes in the independent variables used in the study. The F-statistic indicates that all the regressors employed in the study are jointly statistically significant at 5% in explaining changes in budget deficit. The ARDL requires the lagged of the dependent variable appears as regression in the model, necessitated the interpretation of the Breusch-Godfrey (BG) statistic for the test of autocorrelation. From the estimated results in Table 2, the null hypothesis of no serial autocorrelation is accepted, given the non-statistically significant value of the BG test. Moreover, the residuals in the estimated model are normally distributed, as shown by the JB test statistic which is not statistically significant. Also, the residuals are homoscedastic, as shown by the non-significant BPG test result; in addition the model passes the test for specification bias as indicated by the RESET test statistic.

#### **4.3 Stability Tests**

Testing the stability of the estimated model, the paper used the cumulative sum of recursive (CUSUM) and the cumulative sum of the squares of recursive residuals (CUSUMSQ). The results are presented graphically in Figures 1 and 2.



**Figure1: The cumulative sum of recursive (CUSUM)**



**Figure2: The cumulative sum of the squares of recursive residuals (CUSUMSQ)**

Figures 1 and 2 indicate that the curves do not cross the 5% critical lines, implying that the estimated coefficients within the period covered in the study are stable. Thus, meaning that the estimated parameters are stable and consistent. Thus, the empirical results would be reliable for policy recommendation and base on the findings of this paper, the paper made the following recommendations.

The study revealed that Nigeria experienced higher budget deficits during periods characterized by multiple exchange rate regimes compared to times when a single, unified exchange rate system was in place. Consequently, there is a pressing need to promote local manufacturing to reduce reliance on imported goods that could be domestically produced. Initiating structural reforms in areas such as power, infrastructure, and taxation is crucial to enhance the competitiveness of the manufacturing sector. This strategy would diminish the demand for foreign currency, particularly in the informal

(black) market, as importers seek to import goods. Ultimately, such measures would augment revenue for the economy and reduce budget deficit.

Furthermore, the research identified that a one-period lag in the exchange rate had a detrimental impact on Nigeria's budget deficit, suggesting that the existence of multiple exchange rates may have undermined investor confidence. Therefore, Nigeria requires a substantial influx of foreign currency into the official foreign exchange market to fulfill the demand for foreign currency. Encouraging efforts to unify the exchange rate is imperative to attract foreign investors to Nigeria, thereby injecting foreign currency into the market and ultimately generating revenue that could alleviate deficits in the economy.

## **5. CONCLUSIONS**

The paper examined the effect of exchange rate unification on budget deficit in Nigeria. Using time series data from secondary sources covering the period 1981 and 2022 and the ARDL bound test technique, the study found evidence of a long-run equilibrium relationship between budget deficit and the official exchange rate. The estimated unrestricted ARDL error correction model revealed that current official exchange rate which served as the unified exchange rate in the paper has a negative but insignificant effect on budget deficit. However, one period lagged (past) value of official exchange rate exert a negative influence on budget deficit in Nigeria. Implying that increase in past official exchange rate (depreciation of domestic currency) compounded the problem of budget deficit in Nigeria.

Also, the country suffered more budget deficit during periods of dual exchange rate than periods of single (unified) exchange rate system. Based on the results, there is the need to unify the exchange rate in Nigeria and attract the needed appreciation and loss of revenue if the country is poised towards reduction of budget deficit experienced in the country.

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