



NO ACCESS

Budget deficit and inflation in Nigeria : a causal relationship

S.O. Oladipo and T.O. Akinbobola

Affiliations ▾

¹Bells University of Technology, Nigeria

²Obafemi Awolowo University, Nigeria

Published Online: 1 Feb 2011 • <https://hdl.handle.net/10520/EJC133855>



ABOUT

Abstract

The study investigates the nature and direction of causality among the two variables. This is with a view to providing empirical evidence on budget deficit operation in stimulating economic growth through inflation in Nigeria. Secondary data were used in this study. Data on inflation rate, exchange rate, Gross Domestic Product (GDP) and budget deficit were collected from statistical Bulletin and Annual Report and Statement of Account published by the Central Bank of Nigeria (CBN) and the International Financial Statistics (IFS) published by International Monetary Fund (IMF). Granger Causality pair wise test was conducted in determining the causal relationship among the variables. The result showed that there was no causal relationship from inflation to budget deficit ($F = 0.9, P > 0.005$), while the causal relationship from budget deficit to inflation was significant ($F = 3.6, P < 0.05$). This implies that a uni-directional causality from budget deficit to inflation exist in Nigeria. Furthermore, the result showed that budget deficit affects inflation directly and indirectly through fluctuations in exchange rate in the Nigerian economy.

Cookies on Sabinet

Our web pages use cookies - information about how you interact with the site. When you select “Accept all cookies,” you’re agreeing to let your browser store that data on your device so that we can provide you with a better, more relevant experience.



[More information](#)

[Sabinet African Journals User Guide](#)

[How to Get Access](#)

[FAQ](#)

Website © 2026 Sabinet All Rights reserved | [Privacy Policy](#) | [Disclaimer](#) | [Terms and Conditions](#) | [CONNECT Terms of Use](#)

About Us

[About Sabinet African Journals](#)

[About Sabinet](#)

[Terms and Conditions](#)

[Contact Us](#)

Publications

[A-Z Index of Journals](#)

[Accredited Journals](#)

[Collections](#)

[Open Access](#)

[Publishers](#)

[How to Submit a Paper](#)

Resources

We'd like to use cookies to improve your experience on our website. This includes Analytics cookies to help us understand how you use our site. You can change your consent settings at any time. [Privacy Policy](#)

[I decline](#)

[That's ok](#)

