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OIL AND NON-OIL REVENUE AND THE NIGERIAN ECONOMY

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ABSTRACT

This study examined the effect of the effects of Oil and Non-Oil revenue (ONOR) on the Nigerian economy from the period of 1994 to 2021 (28years). Specifically, the measures of Oil and Non-Oil revenue, namely; Total Oil Revenue (TOR), Total Non-Oil Revenue (TNOR) and Total Revenue (TR) were analysed in relation Nigerian economy proxied Real Gross Domestic Product (RGDP). In a bid to actualize the research objectives, data was collected from the secondary source of data (time series data), from the CBN statistical bulletin and Annual Report for the period 1994-2021'. The data were analysed using descriptive statistics, followed by the correlation analysis in bids to ascertained the co-movement of the measures ONOR {TOR, TNOR and TR} in relation to the Nigerian economy proxied with RGDP and several diagnostics tests conducted in the bids to ascertain if the data are suitable for regression analysis with the aid of E-VIEW version 9. 0. It showed that; TOR with an associated p-value (sig. value) of 0.0000. This implies that TOR has a major significant effect on RGDP; TNOR with an associated p-value (sig. value) of 0.0097. This implies that TOR positively and significantly affects RGDP in Nigeria and TR with an associated p-value (sig. value) of 0.0000 in the multiple regression results. This shows that the impact of TR on RGDP is significant. The results show

that the measurements of ONOR {TOR, TNOR and TR} used in this research has significant effects on the RGDP in Nigeria. Therefore, the study came to the conclusion that ONOR have a considerable effect on the expansion of the Nigerian economy. Recommended that improve revenue generation through non-oil operations, it is high time the government looked into the development of the sector which has wider opportunities for growth. This can be achieved through diversification to create more avenues through which the government can generate revenue to meet its financial needs.

Keywords: Oil, Non-Oil, Revenue, Economy and Government.

INTRODUCTION

Any country's ability to mobilise resources within its own economy has a significant impact on its economic progress. Because of this, it stands to reason that every government in position of authority takes seriously the subject of revenue creation. To meet the fundamental social and infrastructure demands of the populace, money production is essential (Nakah, 2018).

Prior to 1970, agriculture and other non-oil sectors of the economy, as well as mineral resources like coal, iron ore, tin, etc., were the main sources of revenue generating in Nigeria. At that time, Nigeria acquired its foreign currency through the sale of a variety of cash crops, including cocoa, coffee, palm oil, rubber, and groundnuts, to name a few (Oshiobugie & Akpokerere, 2019). This means that a larger portion of the nation's overall revenue earnings came from sources other than oil. Sadly, the Nigerian economy's structure underwent a significant upheaval after oil was discovered in the early 1960s. As a result, succeeding governments began to show an unparalleled disregard for the nonoil economy. The contributions from the non-oil sector eventually fell by roughly 23%, which was noticeably noticeable (Omesi, Ngoke and Ordu, 2020).

No matter how developed a country is, she must enlist the aid of other nations since one of the main goals of every country is to create a robust economic system that is self-sustaining, highly competitive, and externally visible (Udeh, 2021). This supports the rationale behind why various nations participate in various types of trade (Akinleye, Olowookere and Fajuyagbe, 2021). Before Nigeria obtained independence in 1960, the country's economy was mostly based on trade and export because it lacked a strong manufacturing sector that could support it. Thus, even in the absence of all other economic activity, export is crucial for a country's ability to survive. However, the non-oil sector (agriculture and the solid mineral sub-sector) functioned as both the Nigerian economy's backbone and its top foreign exchange generator from 1963 to 1964, contributing about 65% of the country's total income (Bakari, & Mohamed, 2018; Ahmed, Mahalik & Shahbaz, 2016).

Similar to what Uysal and Mohamoud (2018) claimed, more than 70% of Nigeria's population lived in rural areas, with agriculture serving as their primary source of income. Thus, they claimed, the non-oil sector (NOS) in Nigeria rose to become the country's dominant sector from 1963 to 1964 after Nigeria gained independence. The 1973–1974 oil boom, however, altered the Nigerian economy's economic status quo because it benefited the oil industry. This inevitably caused the country's abundant agricultural productivity to be completely ignored.

Although the oil sector (OS) has significantly aided the development of emerging economies like Nigeria, Balsalobre-Lorente (2018) and Badeeb, Lean, and Clark (2017) pointed out that

this is not the case. Due to the simultaneous shock of the drop in oil prices and the start of the COVID'19 epidemic, it hasn't been a dependable source of income, though. This indicates that the near-total dependency on the oil sector, given its level of volatility, has grave consequences for rising economies, especially the oil-producing ones like Nigeria (Udeh, 2021).

As a result of the aforementioned, Osabohien, Akinpelumi, Matthew, Okafor, Iku, and Olawand (2019) claimed that diversification is crucial because crude oil is a finite resource, and Nigeria's economy can no longer be sustained by its reliance on it. Salami (2018) continued by pointing out that there are a plethora of alternatives for diversifying an economy, including those in agriculture, financial services, mining, industrialization, tourism, entertainment, and information and communication technology.

The Ministry of Finance, Budget, and Planning (2020) emphasised that the consultative forum between the Minister of Finance, Budget, and Planning and the Organized Private Sector held on July 10, 2020 regarding the impact of the global pandemic caused by COVID'19 on the implementation of the national budget is what makes it more clear why the Nigerian economy must diversify. The meeting made clear that Nigeria's economy was particularly vulnerable to the recent global economic shock brought on by the Covid'19 Pandemic due to its overdependence on crude oil prices (Ideh, Okolo, & Emengini, 2021).

In this context, Isaiah, Zayone, Henneberry, and Radmehr (2020) emphasised that in order for the NOS to make a significant contribution to the expansion of the Nigerian economy, efforts must be made to take into account those variables that may either impede or facilitate NOS export growth. The exporter's level of responsiveness to changes in both price and non-price conditions should once more be taken into account.

The government is able to produce income in a number of ways or industries. Nigeria's OS revenue share in 2009 was 78.8%, compared to NOS's just 21.2% (CBN, 2018). To be clear, Nigeria's economy was based on agriculture before there was a significant oil discovery there in 1956. After oil emerged as the presumptive main driver of the country's economy, the agriculture sector's reported success during the pre-oil boom era was demoted. This notion of growth might, however, be erroneous. Considering that the pre-oil era's economy was supported by agriculture and other non-oil private sector activities, which also had an impact on GDP. It's also possible that the comparison of government oil-dominated revenue to private sector revenue variables is unreliable at the moment and has to be re-examined (Akpokerere & Anuya, 2019).

Nwoba and Abah (2017) claim that the OS accounts for the majority of the nation's gross domestic product, foreign exchange profits, and federal government revenue. Even though Nigeria is the sixth-largest producer of oil in Africa, the country is still viewed as having a single economy that depends on both oil and non-oil sources of income since it imports refined petroleum products and exports crude oil (Ogunbiyi and Abina, 2019). Because the actual economy depends on oil supplies for survival, the fluctuating price of oil caused several economic shocks throughout the world and increased manufacturing costs (Ogunbiyi, et al, 2019). The impact of ONOR on the Nigerian economy is examined in this paper against this backdrop.

Nigeria's economic growth operations face a difficult difficulty when it comes to generating money, which includes avoidance, negligence, and unethical behaviour among other insurgency forms. These actions are seen as economic sabotage, and they are frequently cited as the cause

of the country's slow economic growth (Algoni and Agrawwal, 2017). The difficulty in collecting taxes to support economic growth activities in Nigeria was mostly due to various forms of evasion, such as resistance, fraud, and unethical behaviour. The Federal Government's excessive reliance on the oil industry is bad for the economy because oil revenues decline more frequently than NOR. For this reason, the government must diversify the economy and focus on sectors other than oil (Ehiedu, Onuorah & Owonye, 2022).

This frustration was voiced by the government, who then pledged to raise the NOR as a result (Abata, 2018). Taxation has been one of the tools the government has utilised to generate cash. Developing nations can improve democratic accountability, establish stable institutions, and prioritise their spending with the aid of a well-designed tax system (Braütigam and Knack, 2018). How skilfully a taxation plan is managed determines whether it is successful or unsuccessful. As of yet, the government properly utilised its resources in enhancing economic activity, notwithstanding the impressive success documented in revenue collection (Ehiedu, V. C. & Odita, 2014).

It is impossible to precisely pinpoint where the revenue base is located, RGDP, and its rate of EG given these persistent fluctuations, the state of the global economy at the moment (IIMF, 2018), and very recently the fluctuation in the price of international crude oil brought on by the devastating COVID-19's revenue effects (El-Erian, 2020). A viable economic strategy is crucial for the economy's long-term expansion and increased revenue generation (Irfan, 2020).

Neglecting the power sector, which harms the industrial sector, is a concern for the Nigerian government. In Nigeria's tax system, tax cheating is increasingly prevalent, which reduces government revenue and spending (Ojijo and Oluwatosin, 2018). The third quarter of 2018 has 17.6 million more unemployed persons than the fourth quarter of 2017 (NBS, 2018). ONOR is worried about Nigeria's economic progress. Additionally, there have been publications on the role that revenue generation has played in an economy, but they have tended to focus more on the ONOR components. Hence, the aim of this research is to evaluate how ONOR [measured by Total Oil Revenue (TOR), Total Non-Oil Revenue (TNOR), and Total Revenue (TR)] impacts RGDP, a measure of the Nigerian economy.

LITERATURE REVIEW

This component of the research covered a wide range of concepts drawn from the subject's autonomous and reliant factors. It also covered the opinions of authors, luminaries, and authorities significant and pertinent information on ONOR's related to our research, on the Nigerian economy. There are three kinds of reviews: conceptual, theoretical, and empirical were used to group these opinions.

Conceptual Review

The major concerns that would permit a proper comprehension of the important factors under the framework of this research are covered in this review.

Meaning of Oil and Oil Revenue (OR)

Oil is a type of petroleum that is organic in nature and is found in the pore spaces of sedimentary rocks. It comes from the breakdown of marine vegetative matter. It is a dense, explosive mixture of liquid, gaseous, and solid hydrocarbons that naturally exists below the surface of the earth and ranges in colour from yellow to black. Natural gas, diesel, kerosene, gasoline, lubricating oils, paraffin wax, and other fractions can be separated from it. It is an extremely adaptable, flexible, nonproductive, declining, natural resource that provides around 50% of the world's

total energy requirement and is essential to current economic activity. Petroleum can be utilised as a power source and for other things (Akinleye, Olowookere & Fajuyagbe, 2021).

Ani, Eze, Ude, and Igbeka (2012), referenced in Udeh (2021), claim that petroleum, often known as oil, is a formation made up of old land and marine plants and animals that were deposited millions of years ago in low-lying places, typically on the ocean floor. Along with organic compounds containing different amounts of sulphur, nitrogen, and oxygen, it is mostly made up of complicated hydrogen and carbon combinations. In Nigeria, oil often exists at depths lower than 1500 metres. Crude oil, often known as petroleum, or rock oil in English, is the main source of hydrocarbon. It manifests as a liquid that is black, sticky, and viscous. Along with natural gas, it is discovered in subsurface reserves throughout the planet. Dead marine animals' remnants are transformed into oil and natural gas. (Ani et al., 2012; Okonkwo, 2004) reported Udeh as saying that the first oil find was made at Oloibiri in 1956 and the first commercial export was made in 1958. (2021).

All monetary sums received by a government from outside sources are referred to as revenue (Ahmed, 2010; referenced in Udeh) (2021). According to the Oxford Dictionary of Accounting, 2005, it is "any sort of income" (Udeh) (2021). ONOR are the two primary sources of funding for the federal government. For the federation account, OR is a significant source of income. Specifically, OR includes royalties, sales of domestic crude oil, revenue from taxation (Ihendinihu, Ebieri & Ibanichuka, 2014). Penalties for petroleum-related businesses may also be included. General Yakubu Gowon issued Decree 20 in 1971 to create the Nigeria National Oil Corporation (NNOC) to manage the country's petroleum industry. Nigeria became the eleventh member country of the OPEC in the same year. Both upstream and downstream activities in the oil industry were delegated to the NNOC. However, the Ministry of Petroleum Resources was given authority over the regulatory aspects (Udeh, 2021). The NNPC was created as a result of a merger between the NNOC and the Ministry of Petroleum Resources in April 1977.When it was in existence, the NNPC integrated NNOC's commercial duties with those of the Ministry of Petroleum Resources (Ilori and Akinwunmi, 2020).

Oil Revenue (OR)

Crude oil is currently Nigeria's main non-renewable energy source. More than 90% of the country's current foreign exchange receipts and roughly 80% of ongoing and capital expenses come from this sector (The World Bank, 2017). Hence, the income from this industry are crucial for the growth of the national economy. Nigeria produces roughly 2 million barrels of high-quality crude oil per day and has a reservoir of about 37 billion barrels of condensate, according to Miller and Sorrell (2006), cited by Uremadu, Nwaeze, and Duru-Uremadu (2020). The government's 20:2020 visions call for more development than the oil reserves and current state of the economy can support. The nation has sizable natural gas reserves, amounting to 183 trillion cubic feet, or 3% of global reserves. The daily production of 8 billion cubic feet of gas is split at 50 percent for export and 13 percent for flaring. The OS remains the country's main source of income for this and will likely continue to do so for the foreseeable future, despite the government's continued pursuit of economic diversification (Bentley, Mannan, and Wheeler, 2007) quoted in Uremadu, et al (2020). Consequently, OR is the country of Nigeria's budget's main source of income. These comprise, but are not restricted to, crude oil export proceeds, petroleum income tax receipts, and proceeds from the domestic sale of crude oil.

Non-Oil Revenue (NOR)/Sources

NOR the money made from selling goods on the international market, excluding crude oil, according to Nuka, Park, and Ogaba (2018), the group of activities outside the petroleum and gas industries are thus included in the NOS. That is, it is made up of various industries, including those in the manufacturing, telecommunication, agriculture, finance, tourism, real estate, entertainment, construction, health sector, etc.

For the Nigerian economy, the NOS were undoubtedly a vital sector. This is possibly the reason Olusola & Siyanbola (2014), cited in Uremadu, et al. (2020), argued based on "the statistics from the World Bank in 2013 that prior to the discovery of oil in Nigeria, the sector contributed about 95% of her foreign exchange earnings, generated over 60% of her employment capacity, and generated approximately 56% of her gross domestic earnings." However, the situation has changed since then because the "Black Gold" has replaced that profitable industry.

However, according to Chima (2017), "the Federal Government of Nigeria's retained revenue for the second quarter of 2016 increased to N2.558 Trillion, above the levels of N1.898 Trillion recorded in the first half of 2016," according to the CBN Financial Stability Report for December 2016. According to him, NOR was primarily responsible for the growth in retained revenue compared to the first half. This may indicate that Nigeria's Federal Government has made clear that it is prepared to gradually rely more on NOS revenue rather than solely on oil.

According to Adams (2013), cited in Uremadu, et al. (2020), NOR in Nigeria consists of corporate income tax, customs and excise duties, and independent revenue sources, which include fees, licenses, and rent on government property. Agriculture, tourism, entertainment, services, hospitality, sports, manufacturing, information and communications technology, and solid minerals are other non-oil sources of income worth mentioning in this study. With the exception of crude oil, non-oil revenue is the profits from products sold on foreign markets.

The non-oil industry consists of all endeavours not located in or closely related to oil and gas areas. Businesses in the construction, health, and other non-oil sectors are included. Exports of non-oil manufactured items from the country's industrial, mining, and agricultural sectors are done to raise money for EG.

Economic Growth (EG)

Long-term growth of an economy's production capacity over time is what is meant by EG. Along with other macroeconomic indicators, the GDP is used to measure it. According to Onyekpandu (2013), who was cited in Uremadu, et al., the GDP measures the total value of goods and services produced within a nation over a specific time period, typically a year (2020). According to the IMF (2013) and CBN (2010), both of which were cited in Omesi, Ngoke, and Ordu (2020), EG is the gradual rise in the volume of goods and services produced in an economy. Aggregate productivity growth is referred to as EG. The average marginal productivity rises in tandem with the total productivity gains, though not always. In order to balance out the impact of inflation on the prices of goods and services produced, growth is typically calculated in real terms, that is, terms that have been adjusted for inflation. The rise in a nation's overall output, also known as EG (Ayres and Warr, 2015).

This demonstrates how a country's economy may produce more goods and services over time. The entire amount of goods and services produced, or EG, is simply calculated in nominal terms (without taking inflation into account) or in real terms (as a rising proportion of GDP). Without

taking into account any other growth drivers, the nation's economy expands exclusively on the basis of financial progress (Illyas et al., 2015).

Theoretical Review

The theoretical framework of this study is hinged on the theories of taxation.

Cost of Service Theory (CST)

The CST states that the individuals who will ultimately receive the services must pay for them collectively in order for the government to cover its costs (Jhingan, 2009, cited in Omesi, et al (2020). According to this view, tax is comparable to a price. Therefore, a person shouldn't be taxed if they don't use the services. There have been some complaints made about this hypothesis.

The CST allegedly put some limitations on government services, according to Jhingan (2009), reported in Omesi, et al (2020). The government's goal is to help the underprivileged. If the idea is put into practise, the government will not provide welfare services like healthcare, education, and social amenities. Calculating the price per person for the numerous services offered by the state organ would likewise be challenging. The theory was deceptive since it did not follow the correct definition of tax.

Benefit Received Theory (BRT)

The CST's intrinsic gap caused the theory to be updated. The benefit received theory of taxation was born as a result of this. According to this theory, taxpayers should be required to pay taxes in proportion to the BRT from the benefits received from government services. The idea makes the assumption that there is an interaction between the government and the taxpaying public. However, this theory is inapplicable due to the inability to quantify the benefits that a person receives from the services provided by the government (Ahuja, 2012, quoted un Omesi, et al (2020).

Revenue Productivity Theory (RPT)

RPT is the keystone of this investigation. According to Anyanwu & Oaikhenan (1995), who were cited by Ilori & Akinwunmi (2020), EG is the gradual rise in a nation's or an economy's capacity to produce the goods and services required to improve the welfare of its population in ever-increasing numbers and across a wide range of demographics. Given the high expectations from its citizens, governments in many countries, including Nigeria, have focused increasingly on strategies to increase their revenue sources. According to Ndekwu (1991), referenced in Ilori & Akinwunmi (2020), there is now a greater need than ever for Nigeria to maximise its revenue from various tax sources.

This distinction was stressed by academics like David Ricardo and J. S. Mills, who divided public finance into three categories: "income, expenditure, and public debt." According to Okezie (2003), cited in Ilori & Akinwunmi, public finance specialists focused their arguments mostly on Revenue Productivity as an important criterion for determining a fair tax system (2020).

This idea emphasises the importance of a sizable revenue base for minimal cost coverage through effective tax administration. The taxes that are enacted should be suitable and ample to pay the government's long-term spending requirements. With a high likelihood of generating tax revenue, well-designed tax regimes would promote competitive growth throughout many sectors of the economy. Reduced expenses would result from a more productive economy, a more hospitable business environment, and an effective tax system and utilisation of public

debt. Revenue productivity is supported when taxes and other revenue streams are used to pay for basic "public goods" like public safety and the "rule of law," which are necessary for both oil and non-oil industries.

Empirical Review

On the implications of ONOR in the Nigerian economy, numerous empirical researches have been conducted. These have been x-rayed in some cases:

Udeh (2021) ascertains the impact of the government's ONOR on Nigeria's EG. The study's thirty-five-year span, from 1981 to 2015, is covered within its scope. Multiple linear regression models were used by the researcher. Secondary information on the government's ONOR for the time period was gathered from the CBN statistical bulletin. GDP served as a proxy for EG, the dependent variable. The enhanced ADF test, co-integration test, and error correction model (ECM) were all used by the researcher in the study of the data. The results show that both ONOR has a positive and considerable impact on GDP.

Akinleye, Olowookere, and Fajuyagbe (2021) investigated how OR affected EG in Nigeria (1981-2018). The NBS and the CBN Publications were the primary sources for the secondary data on the economic variable used in the study. The study used the ADF test, the Autoregressive Distributive Lag (ARDL) approach, and the ARDL bound test for co-integration along with numerous additional diagnostic tools. The outcome showed that the RGDP, the EXCR, the PPT, and the oil revenue (OREV) were stationary at the first difference (I(1)) and that the INF was stationary at the level (I(0)); on ARDL, the outcome showed that the previous values of the RGDP (-1)) and OR were directly related with the RGDP in Nigeria; it was also shown that the PPT, INF, and The ARDL model that was fitted demonstrated statistical significance, making it trustworthy and suitable for analysing the effect of OR and other specified economic factors on EG in Nigeria throughout the research period.

Series data taken from the CBN publications, Ilori and Efuntade (2020) investigated the effects of producing ONOR on Nigeria's EG from 1989 to 2018. For analytical co-integration and ECM, the study used the model, comprises of exchange rates, RGDP, and ONOR component components all underwent analogous analysis procedures. Results showed that the oil revenue hurts Nigeria's RGDP, but this is consistent with effects noted in NOR. Still, the exchange rate for Nigeria indicates positively and statistically significantly for RGDP. The report concluded that, among other things, the ongoing decrease in global crude oil prices, opposition from rebels in Nigeria's oil-producing region, the Nigerian government's extravagant spending, and the COVID-19 health pandemic are all damaging Nigeria's ability to expand economically.

Impact of NOR on EG of Nigeria for the studied period of 1994–2017 was examined by Uremadu, Nwaeze, and Duru-Uremadu (2020). The CBN publications was used as the data source (2017). Agriculture revenue (AR), manufacturing revenue (MNR), mining revenue (MR), and value-added tax revenue (VATR) were chosen as the independent variables while the RGDP proxy for economic growth was chosen as the dependent variable. The stationarity of the variables was examined using the ADF Test. Since the findings showed a mixed order of integration, the long run relationship (co-integration) among the variables in the model was tested using the ARDL bounds test to determine whether there was a long-term relationship between the variables. The ARDL results demonstrated that mining and agricultural earnings had a short- and long-term negative and minor impact on Nigeria's EG. Short-term EG was positively and marginally impacted by manufacturing revenue, whereas long-term EG in

Nigeria was positively and significantly impacted. However, both short- and long-term EG in Nigeria were positively and significantly impacted by VAT collection.

The relationship between NOR and Nigeria's economic progress was assessed by Omesi, Ngoke, and Ordu in 2020. For 30 years, from 1989 to 2018, the study employed secondary data that was taken from the CBN publications. Regression was utilised for data analysis and interpretation, and a descriptive and historical research methodology was used for the study. Our research's findings indicate a constructive association between NOR and GDP. Thus, we draw the conclusion that NOR favourably to the ED of Nigeria from both a short- and long-term perspective.

Ogunbiyi and Abina's (2019) investigation into ONOR's contribution to Nigeria's progress. The HDI was employed as a proxy for ED in the study as the dependent variable, and ONOR was used as the independent variable. The CBN bulletin and index mudi, covering the years 1981 to 2018, provided the data for the study. Johansen Cointegration, ADF Test, Descriptive Statistics, and ECM were all used in the study. The results of the ECM revealed that NOR have a favourable but inconsequential relationship to HDI, OR do not have a favourable but inconsequential link to it. The resource curse philosophy is responsible for this relationship's unfavourable impact.

Impact neither of NOR on Nigeria's EG was researched by Salami, Amusa, and Ojoye (2018). Gross domestic product was employed as the dependent variable and as a stand-in for EG throughout the 1981–2016 study period. The study, however, used non-oil revenue as the independent variable. The data gathered from the CBN Publications were analysed by the study using OLS regression technique. The study's conclusions showed that EG in Nigeria was significantly and positively impacted by NOR. The analysis came to the conclusion that non-oil earnings had a big influence on Nigeria's economy.

A study neither on the effects of NOR on EG in Nigeria was conducted in 2018 by Likita, Idisi, and Nakah. Agriculture revenue, manufacturing revenue, solid mineral contributions, services revenue contributions, firm income tax, and custom and excise duty tax were utilised as stand-ins for NOR and used as the independent variables for the study, which spanned the years 1981 to 2016. Contrarily, the GDP, which was used as the dependent variable in the study, was used as a stand-in for EG. The variables' stationarity was assessed using the ADF Test, and the cointegration test was used to confirm that there was an equilibrium relationship over the long term between the variables. After then, the techniques of OLS) and ECM were employed to examine the data gathered. The study's conclusions demonstrated that EG was positively and significantly impacted by the revenue from agriculture, manufacturing, and services. The study, contrarily, demonstrated that corporation income tax revenue had a negative and significant influence on EG in Nigeria. According to the study, using the OLS estimating method, solid mineral revenue in Nigeria had an insignificantly negative association with EG, however excise and customs duty taxes had an EG-positive relationship. The study found that, according to the ECM model, agricultural revenue and services revenue had a positive and large impact on the EG of Nigeria, whereas manufacturing income, solid mineral revenue, and customs and excise duty tax had a positive but minor impact. The study also showed that corporation income tax revenue had a negative and significant effect on the EG of Nigeria.

An investigation examining the contribution of non-oil exports to EG in Nigeria was conducted by Kromiti, Kanadi, Ndangra, and Lado (2017). GDP was employed as a stand-in for EG The

study's dependent variable, which spanned the years 1986 to 2015, is also included. The study's independent variables, however, were the exchange rate and exports of products other than oil. A unit root test was used to determine the variables' stationary properties, and the ARDL method was used to determine the impact of the independent variables on the dependent variable. According to the study's findings, the exchange rate had a negative and merely marginally significant impact on Nigeria's economic growth, whereas NOR had no positive or meaningful effect. Non-oil exports had a substantial impact on the Nigerian EG, according to the study's findings.

Literature Gap: Based empirical review on the ONOR on the Nigerian economy exhibited significant variations across countries. Even among the studies carried out in Nigeria there are still some significant variations. Some of these Studies failed to adopt robust methodologies in carrying out the analysis of research data. Also most of the studies were conducted in Europe and other developed economies that differ significantly from the Nigerian context. From the review of related literature, it shows that most of the study was faced with methodological problem of using single and double independent variables as measures ONOR in relation to the Nigerian economy; these now serve as gap in literature this study intends to fill.

RESEARCH METHODOLOGY

The type of research design adopted in this study is the Ex-post facto and Quasi Experimental design. The ex-post facto research design is used because this type of research is one that takes place after the event or the fact had taken place while Quasi Experimental design is adopted because seeks to explore the causal effect of ONOR on the Nigerian economy.

The sample period covered the period of 1981-2021 based on the convenient and systematic sampling techniques. This period is adopted because of the duration is consider appropriate because it help to have robust finding.

The method of data collection used in this study was the secondary source of data, CBN Publications for the period 1994-2021'. Secondary source of data was used in this study because it will enable us to obtain data for the different measures of ONOR because these are report generated by government agencies reports charged with responsibility taking accurate taxes record in Nigeria.

The stationary and normality tests will be run to ensure that the set of data will produce an accurate regression result because the data for the study are annual time series data. The study adopted a number of techniques of data analysis such as descriptive statistics, correlation and multiple regression tool of analysis with the aid of E-VIEW 9.0.

The model of this study was adopted from the work of Adegbie, Salawu and Ojutawo (2020) because it contain some of the independent and dependent variables under study and it suits perfect into the type of analysis that will be used to analyze the data of the study. This model was restated to suit the variables of this study. The Nigerian Economy (proxy with RGDP) and Oil and Non-Oil revenue was proxied with {Total Oil Revenue (TOR), Total Non-Oil Revenue (TNOR) and Total Revenue (TR)} as well as data relating to EG (Real Gross Domestic Product (RGDP)} are the independent variables. Hence, this study state the functional form of the model specification follows:

$$\mathbf{RGDP = \mathit{f}\ (TOR, TNOR, TR)\ldots\ldots\ldots

β_0= Regression intercept
$\beta_1 - \beta_3$ = Coefficients
U = Error term.
A priori, $\beta 1<0$, $\beta 2>0$, $\beta 3>0$, $\beta 4>0$.

RESULT AND DISCUSSIONS

Under this sub-heading, various analyses were conducted, this was done below;

Table 1
Descriptive Statistics

	LOGRGDP	LOGTOR	LOGTNOR	LOGTR
Mean	4.380801	3.305300	2.874337	3.459056
Median	4.511274	3.554438	2.998439	3.746778
Maximum	6.324168	3.948363	3.805986	4.045982
Minimum	2.957142	2.204642	1.421194	2.279788
Std. Dev.	0.755372	0.562774	0.689589	0.593659
Skewness	0.098195	-0.831167	-0.616599	-0.829208
Kurtosis	2.894109	2.259472	2.317896	2.260551
Observations	30	30	30	30

Source: EVIEW, 9.0 Outputs, 2022.

The format of the descriptive data is displayed in Table 1 above. A mean value of 4.3808 and a standard deviation (SD) of 0.7554 were reported for the RGDP. Additionally, TOR recorded a mean of 3.3053 and a SD of 0.5628; TNOR recorded a mean of 2.8743 and a SD of 0.5937 and TR recorded a mean of 3.4591 and a SD of 0.5937. The fact that all of the variables' SD are lower than their corresponding means demonstrates that the data are not wildly skewed.

The typical distribution has a three-point kurtosis, which means that neither its fat nor thin tails are present. Hence, as compared to the typical distribution, an observed distribution has heavy tails if the kurtosis is greater than three. When compared to the typical distribution, RGDP, TOR, TNOR and TR have thin tails since several of the kurtosis values in Table 1 are less than 3.

Table 2
Correlation Matrix

	LOGRGDP	LOGTOR	LOGTNOR	LOGTR
LOGRGDP	1.000000			
LOGTOR	0.554338	1.000000		
LOGTNOR	0.561133	0.923859	1.000000	
LOGTR	0.512874	0.990373	0.966586	1.000000

Source: EVIEW, 9.0 Outputs, 2022.

The correlation test, which is displayed in Table 2, shows that the variables do not exhibit multi-colinearity because the correlation values are less than 0.7. The findings also show that the explanatory variables TOR, TNOR, and TR have substantial positive correlations with Nigeria's RGDP, showing that they are appropriate indicators of ONOR.

Table 3
Breusch-Godfrey Serial Correlation LM Test

F-statistic	0.604934	Prob. F(2,24)	0.5542
Obs*R-squared	1.439755	Prob. Chi-Square(2)	0.4868

Source: E-VIEW, 9.0 Outputs, 2022.

The residuals of the variables were determined in order to rule out serial correlation before the models were estimated. The serial correlation LM test was used to accomplish this. Because the

p-values of the f-statistics are insignificant at the 5% level of significance, the serial correlation LM test in Table 4 shows that there is no element of serial correlation in the models.

Table 4
Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	16.23258	Prob. F(3,26)	0.1230
Obs*R-squared	19.55792	Prob. Chi-Square(3)	0.2032
Scaled explained SS	26.85450	Prob. Chi-Square(3)	0.3121

Source: E-VIEW, 9.0 Outputs, 2022.

Heteroskedasticity is a problem that arises when a variable's variability is unevenly distributed across the range of values of a second variable that predicts it. The Breusch-Pagan-Godfrey heteroskedasticity test was used to check for homoscedasticity in the model estimate. As a result, the models don't have a heteroskedasticity issue because the p-values for the f-statistics are negligible at the 5% level of significance.

Table 5
Ramsey RESET Test

Equation: UNTITLED
Specification: RGDP C TM RIRE NPC IC TE ML
Omitted Variables: Squares of fitted values

	Value	Df	Probability
t-statistic	3.522092	25	0.0717
F-statistic	12.40513	(1, 25)	0.0817
Likelihood ratio	12.08796	1	0.0705

Source: E-VIEW, 9.0 Outputs, 2022

Table 5 above demonstrates that our data does not exhibit any autocorrelational characteristics, supporting the Durbin Watson statistic. Showed that the model is homoskedastic since three of its parameter probabilities have significance levels greater than 0.05. Our model is correctly described and stable for regression analysis, according to the Ramsey test result.

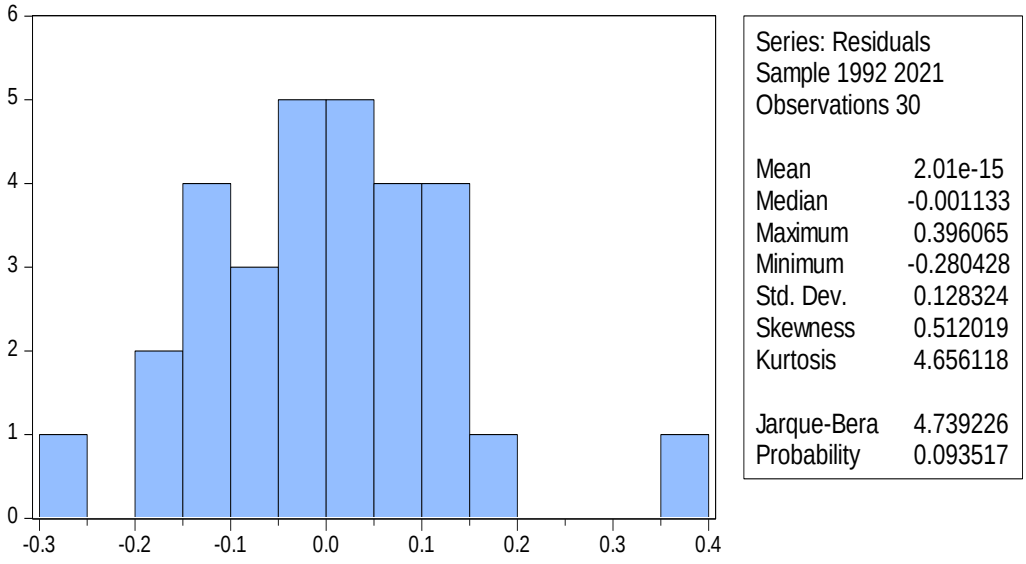


Figure 1: Normality Histogram Test
Source: E-VIEW 9.0 Output, 2022.z

To evaluate the distribution normality of the model residuals, the residuals test for normality was carried out. The presence of significant outliers in the data, which have an impact on the

standard errors and subsequently the significance levels of the coefficients, is indicated by residuals that are not normally distributed. As the histogram assumes a bell-shaped shape and the J-B statistic probability value is 0.093517, which is greater than 0.05(5%), the test result suggests that the residuals are normally distributed.

Table 6

Multiple Regression Analysis

Dependent Variable: LOGRGDP
Method: Least Squares
Date: 09/20/22 Time: 08:53
Sample: 1992 2021
Included observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.483531	0.404235	1.196163	0.2424
LOGTOR	6.012333	0.961545	6.252783	0.0000
LOGTNOR	1.182687	0.423753	2.790985	0.0097
LOGTR	8.134110	1.360955	5.976766	0.0000

R-squared	0.971140	Mean dependent var	4.380801
Adjusted R-squared	0.967810	S.D. dependent var	0.755372
S.E. of regression	0.135526	Akaike info criterion	-1.035744
Sum squared resid	0.477548	Schwarz criterion	-0.848918
Log likelihood	19.53617	Hannan-Quinn criter.	-0.975977
F-statistic	291.6330	Durbin-Watson stat	2.434116
Prob(F-statistic)	0.000000		

Source: EVIEW, 9.0 Outputs, 2022.

TOR and RGDP

In Table 6 above, which shows the results of multiple regressions, the TOR coefficient is 6.0123, with a t-value of 6.2528 and a corresponding p-value (sig. value) of 0.0000. This implies that TOR has a major significant effect on RGDP. Given that the p-value for this association is less than 0.05 (5%) level significance, the alternate hypothesis is accepted and the null hypothesis is rejected, which states that TOR has no discernible impact on Nigeria's RGDP. The TOR coefficient is 6.0123, indicating that there there is a substantial connection between TOR and RGDP. The RGDP in Nigeria would increase by 601.23% for every one percent (1%) movement in the TOR in Nigeria. This result is consistent with Udeh (2021) but contradicts with Akinleye, Olowookere and Fajuyagbe (2021), Ilori and Akinwunmi, (2020) and Ilori and Efuntade (2020).

TNOR on RGDP

Table 6 above' results for multiple regression show a TNOR coefficient of 1.1827, a t-value of 2.7910, and a corresponding p-value (sig. value) of 0.0097. This suggests that TNOR considerably and favourably affect Nigeria's RGDP. The null hypothesis, which states that TNOR does not have a significant effect on RGDP in Nigeria, is rejected in favour of the alternative hypothesis because this association is significant at the p-value of 0.0097 is less than 0.05 (5%) level significance. The TNOR coefficient is 1.1827, suggesting that TNOR and RGDP are positively related. The RGDP in Nigeria would rise by 118.27% for every one percent (1%) change in TNOR. The finding is contrary to the findings of Ilori and Efuntade (2020) and Ilori and Akinwunmi, (2020) but concurs with those of Udeh (2021).

TR on RGDP

Finally, the coefficient of TR is 8.1341 with a t-value of 5.9768 and an associated p-value (sig. value) of 0.0000 in Table 6 above, This highlights the many regressions' results. This suggests that TR has a substantial impact on RGDP. The null hypothesis, which claims that TR has no significant impact on RGDP in Nigeria, is rejected because the association is significant and the p-value is less than 0.05(5%) level significance. Thus, the alternative hypothesis is adopted. The TR coefficient is 8.1341, suggesting a positive trend between TR and RGDP. The RGDP in Nigeria would increase by 813.41% for every one percent (1%) change in TR. This finding conflicts with those of Ilori and Efuntade (2020) and Ilori and Akinwunmi, (2020) but is in agreement with those of Udeh (2021).

Summary of Findings

Considering the results in the previous section, it showed that:

1. TOR with a p-value of 0.0000. This suggests that TOR has a significant impact on RGDP,
2. TNOR with a p-value of 0.0097. This suggests that TOR has a significant positive impact on RGDP in Nigeria.
3. TR in the outcomes of multiple regression with a p-value of 0.0000. This demonstrates the considerable effect TR has on RGDP.

CONCLUSION AND RECOMMENDATIONS

The outcomes reveal that the measurements of ONOR {TOR, TNOR and TR} used in this research has considerable effects on the RGDP in Nigeria. Therefore, the study came to the conclusion that ONOR have a considerable effect on the expansion of the Nigerian economy. Based on the findings and conclusions reached from the research, the following recommendations are made:

(i) To improve revenue generation through non-oil operations, it is high time the government looked into the development of the sector which has wider opportunities for growth. This can be achieved through diversification to create more avenues through which the government can generate revenue to meet its financial needs.

(ii) Foreign investors coming into Nigeria for business interests other than in the OS should be well encouraged and provided with a better enabling environment.

(iii) Given the fact that OR as well affects the growth of the economy, it is also necessary that the government should run an OR sustainability policy. This can be achieved through establishing a lasting peace with the host communities by the oil companies through the assistance of the government. This will eliminate illegal bunkering and vandalising of oil facilities.

(iv) The researcher recommends that OR can also contribute more than it does at present through vesting the right of drilling solely on the indigenous oil producing company of the government the Nigeria National Petroleum Corporation. There should be a move towards local content. In other words, all non-indigenous oil companies would no longer be given rights for exploration and drilling operations but can only render technical services and assistance for a fee.

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