

REINVIGORATING THE NIGERIAN AGRICULTURAL SECTOR FOR GROWTH: DOES FOREIGN DIRECT INVESTMENT MATTER?

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ABSTRACT

The paper investigates the implication of inflow of foreign direct investment on the development of agricultural sector in Nigeria using data covering 1981 to 2015 published by Central Bank Nigeria in the 2016 statistical bulletin. The methodology employed in the study includes cointegration and vector error correction techniques. The stationarity properties of the series were examined. Except for AGY that was stationary at a level, FDI and BLR attained stationarity after first differencing, whereas MSS and GNS were stationary after second differencing. Equilibrium long-run relationship was established among the variables through the application of Johansen cointegration test. The parsimonious vector error correction model indicated a coefficient of -216663 which infers that the speed of adjustment to long run equilibrium relationship was significantly and statistically high. Nevertheless, FDI was not statistically significant in stimulating agricultural sector growth. Thus, the relevant government agencies need to lay an obdurate foundation to encourage domestic investors in agricultural ventures for a national self-recovery based on strong principles, competition and efficiency at all levels and sectors of the economy.

Keywords: Foreign Direct Investment, Rejuvenating, Agricultural Sector.

JEL CLASSIFICATION: E32, E51, F21