

A GRANGER-CAUSALITY EXAMINATION OF THE RELATIONSHIP BETWEEN ENERGY CONSUMPTION & ECONOMIC GROWTH IN NIGERIA

YUSUF UMAR DANTAMA & NASIRU INUWA

¹Department Of Economics, Usmanu Danfodiyo University, Sokoto, P M B 2346, Sokoto., Nigeria

²Department of Economics, Gombe State University, P M B 127, Gombe

ABSTRACT

In this study, an attempt has been made to examine causality relationship between energy consumption and economic growth in Nigeria by employing Granger causality test for 1980-2010 period. The results obtained herein revealed that there exist a unidirectional causality running from energy consumption to economic growth without feedback. Thus, energy conservation policies will have a negative repercussions on economic growth in Nigeria. Therefore, government should ensure reliable and sustainable supply of energy at appropriate costs and in an environmentally friendly manner, to the various sectors of the economy for national development. As evidenced from the study, causality runs from energy consumption to economic growth. Energy consumption in Nigeria is mainly based on the use of fossil fuels which is non-renewable. Therefore, in order to actualize its vision of becoming one of the 20th largest economies in the World by the year 2020, government should diversify energy consumption mix to reduce over dependence on non-renewable energy by investing in renewable energy infrastructure with the aim of increasing energy consumption through energy service availability, accessibility, and affordability.

KEYWORDS: Energy Consumption, Economic Growth, & Granger Causality Test.