

**THE IMPACT OF MONETARY POLICY ON ECONOMIC GROWTH IN NIGERIA**

**BAMIGBAYE MICHEAL JOHNSON**

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## **ABSTRACT**

*This research work studied the effect of Central Bank of Nigeria's (CBN) monetary policies on selected macroeconomic variables – gross domestic product 1985 – 2013. This research made use of secondary data which were sourced from the Central Bank of Nigeria Statistical Bulletin (2013). The Ordinary Least Square Regression Technique (OLS) was employed in the analysis of the data. Based on the empirical analysis carried out, it was found that overall, CBN's monetary policies play crucial role in influencing the level of productivity in the country. This result gives weight is the place of central bank in the national development process of a nation. The regression analysis also revealed that the adoption of various monetary policy measures by the central bank of Nigeria's has no significant impact on the inflation rate in the country. This suggests that the problem of inflation rate in the country is not a monetary phenomenon but is rather attributed to the structural rigidity in Nigeria. This is understandably as Nigeria is operating far below full employment equilibrium and increase in GDP does not translate to improved purchasing power because poverty index has continued to worsen over the years. A lot still needs to be done in the areas of creating public awareness, improving operations of the financial market, enhancing the depth and breadth of the market and building regulatory capacity so as to appropriately position the market to face the challenges ahead. Based on the conclusion made, it recommended that the Nigeria government should less volatile and more viable as it is in developed countries. This will allow for smooth execution of the Central Bank monetary policies. Law relating to the operation of the financial institutions could be made a bit less stringent and favourable for the operators to have room to operate more freely.*