TITLE: The Rebased Nigerian Gross Domestic Product (GDP): A Paradox of Realities

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ABSTRACT

This study titled 'The Rebased Nigerian Gross Domestic Product (GDP): A Paradox of Realities' is motivated by the fact that recent rebasing of the Nigerian Gross Domestic Product now positions the Nigerian economy as the largest in Africa ahead of South Africa and Egypt, and that in spite of this huge GDP, there is a clear evidence of a co-existence of abject poverty on the one hand and abundant human and natural resources on the other. This paradox economist referred to as "resource curse". The study made use of secondary data sourced from the Central bank of Nigeria (CBN) and the National Bureau of Statistics (NBS) to show forth the significance of GDP rebasing and the evidence of this paradox. Using appropriate descriptive statistical tools our study revealed that though the rebased GDP holds great potentials for the Nigerian economy, it is not a true reflection of the realities on ground in terms of impact on the welfare of Nigerian citizens. Therefore, the study recommended that the Government should create a support mechanism for the very poor population in order to boost their consumption capacity and make them active players in the economy, as a strategy to create market for local industry.

Keywords*: Rebasing, GDP, Paradox, Realities*

1.0 Introduction

On Sunday April 6, 2014, the much awaited rebasing of Nigeria's nominal GDP was announced by the Statistician General of the Federation, Dr Yemi Kale. Major highlights put the rebased GDP figure using 2010 as base year at US$510 billion. This is significant in several respects. Rebasing of nations' Gross Domestic Product (GDP) is not a newly-fangled ideology in the economic world. Several countries of the world have had their GDP recomputed at different time period deemed necessary, convenient and realistic. Examples of countries that have their GDP rebased recently are: Ghana, Uganda, Burundi, Lesotho, Egypt, Cape Verde, etc. However, the case with Nigeria becomes significant and noteworthy because the new rebased GDP figure has made Nigeria the largest economy in Africa by nominal GDP ahead of South Africa and 26th in the world ahead of Austria (Muhammed, 2014). This also invariably leads to a Re-classification of Nigeria as medium income economy from its previous classification as a low-income economy as defined by the World Bank. In addition, this also brings to the fore, the size of the Nigerian economy and which, with a huge population of about 174 million people, serves as an incentive for more Foreign Direct Investments beyond the so-called hot money (temporary investment) (Muhammed, 2014).

In some quarters, some are of the opinion that the rebasing of the Nigerian GDP has taken too long a time to be done and there is the need for the long period of non-computation to be investigated. This is because, ordinarily, rebasing of a country's GDP is expected to be carried out regularly within a chosen time interval. Possibly, after going through a four consecutive annual national budgets' period, there is the need for the Gross Domestic Product (GDP) to be re-computed to ascertain the possibility of growth and development or otherwise in the economy. That is, it is expected that an economy's GDP be rebased every five years, bearing in mind its economic importance and the significance of doing so.

1.2 Statement of Problem

According to the former Honourable Minister of Finance and the Coordinating Minister of the Economy, Dr. Ngozi Iweala during a press conference on the rebased GDP, said that the recently completed rebasing of Nigeria's economy is long **overdue**, **necessary**, **credible** and **beneficia**l to the country. However, the initial reaction from the World Bank Chief Economist in charge of Africa downplayed the impact of GDP size as a major parameter for FDI, citing other exogenous factors as living standards as well as profitability of investments among others. However, Fitch ratings believe the rebased GDP will have a positive impact on Nigeria's sovereign credit profile in the long term. With inflation averaging 7.7%, an economic growth rate of

7%, fairly strong reserve (though threatened of recent by depletion to support naira) at around USD$38 Billion, as well as power and agricultural sectors reforms, things being equal, the economy is destined for its promised destination.

Given the depth as well as integrity of data to facilitate effective economic planning, the job done by National Bureau of Statistics (NBS) deserves commendation (Muhammad, 2014). More so, development partners like IMF, World Bank and AfDB all supported and finally endorsed the new rebased figure. However, the downside effects - though by no means exhaustive - are as follows: To an average Nigerian, the new rebased figure does not change anything. Price of goods and services remain the same. Poverty level remains the same if not further worsened. There is also no improvement in the Human Development index (largely incorporated in looking at real GDP). For example, the number of people living on less than a dollar a day rose to 61% in 2010 from 52% in 2004 according to National Bureau of Statistics (NBS, 2011). Nigeria still remains number 153 out of 186 countries classified in term of human development. We are still classified as extremely poor by the World Bank given the fact that the number of people living below poverty line (USD$1.25 a day) is increasing …now about 110 million out of a population of 174 million. This is a contradiction. As such, this paper is motivated by the fact that in spite of these huge GDP, there is up till this moment in Nigeria, a co-existence of abject poverty on the one hand and abundance human and natural resources on the other. This is what economists refer to as "resource curse". As such, some of the questions this paper will be seeking/proffering answers to are as stated thus; why does this huge GDP still cohabits with abject poverty, high rate of unemployment, deficient infrastructures and social amenities (this what we called: a paradox of realities), if the rebasing of the GDP as we were made to believe is that beneficial, why has it taken so long a time for the GDP to be rebased when it is expected that the rebasing exercise be carried after every five years? Does this rebasing transforms to growth and development in itself? How will this rebasing exercise help to solve or tackle some of our economic problems like high rate of unemployment, high incidence of poverty, high crime rate and the import dependent nature of the Nigerian economy?

1.3 Objectives of the Study

The objectives that shall guide this study are as stated below:

1. To examine the paradox of realities accompanying the rebasing exercise in terms of its supposed benefits on the one hand and the contradiction that exists in terms of the living standard of the people on the other.
2. To investigate why it took so long a time to rebase the Nigerian GDP, if it was truly beneficial.
3. To find out how some of the obvious benefits of the rebasing exercise can help to solve some of our identified economic problems.

1.4 Research Hypotheses

The hypotheses that shall guide this study are as stated below:

H_{01}: There is no paradox of realities accompanying the rebasing of the Gross Domestic Product (GDP) in terms of its benefits and the low standard of living of the people.

H_{a1}: There is a paradox of realities accompanying the rebasing of the Gross Domestic Product (GDP) in terms of its benefits and the low standard of living of the people.

H_{02}: The benefits of the rebasing exercise cannot help to solve some identified economic problems in Nigeria.

H_{a2}: The benefits of the rebasing exercise can help to solve some identified economic problems in Nigeria.

2.0 Conceptual Framework

Rebasing/re-benchmarking of the national account series (Gross Domestic Product (GDP)) is the process of replacing an old base year to compile volume measures of GDP with a new and more recent base year or price structure. Economies are dynamic in nature: they grow, they shrink, add new sectors, new products and new technologies, and consumer behaviour and tastes change over time (Kale, 2014).

Until now, the GDP estimates for Nigeria have been based on a base year of 1990, which means that current GDP (say for example 2013 GDP) are expressed in terms of prices of goods and services in 1990. The rebased figures showed a remarkable change in sector by sector contribution to the country's GDP. Hitherto, the agricultural sector used to be the dominant contributor to the Nigeria GDP but that has been diluted as other sectors such as finance services, construction, entertainment etc. have braced up their contribution to the economy.

2.1 Understanding Gross Domestic Production (GDP)

The Gross Domestic Product: Is the market value of all final goods and services produced within a country in a given period. It is an internationally recognized indicator for measuring the size of an economy in a given period of time. There are three ways of computing GDP: The Expenditure Approach, The Income Approach, and the Value Added Approach (Iweala, 2014). Roy H. Webb of the Federal Reserve Bank of Richmond offers a definition: "the market value of current, final, domestic production during a specific interval of time." The problem, as ever, is that GDP is one of the greatest tricks in the economist's manual. In itself, it says nothing. Already we have our first problem – value includes prices for goods and services actually paid in market transactions. Defense costs may not be available because market prices are not available. What is left out can prove as vital as what is included (Kampmark, 2014).

From the rebased Gross Domestic Product (GDP) figures, our country's GDP has catapulted from $262 billion to $510 billion representing an increase of 94.6%. The new figures firmly put Nigeria ahead of South Africa with a GDP of $370.3, as the king of African economy (Abubakar, 2014). Not only that the newly rebased figures confirm Nigeria as the 26th largest economy in the world. By rebasing the country's GDP figures, what NBS has just done is to recalculate our GDP to more accurately reflect the nation's changing economic configuration over the last twenty-four years. To be sure, the last time this rebasing took place was in 1990.

What the newly rebased GDP figures simply do is to present the truest picture of the size of the Nigerian economy by including sectors like the film and video industries, telecoms, as well as information technology, hitherto not considered in the last rebasing exercise. From the different accounts coming from experts and economy watchers the world over, there is nothing controversial about the rebasing of the GDP figures, which the government has just done (Abubakar, 2014). He stated further that if anything, the exercise ought to have been carried out many years ago and even on a more regular basis. Rebasing the GDP figures is a global best practice that affords countries the opportunity to update their templates for measuring growth in the economy more accurately (Abubakar, 2014).

2.2 Theoretical Framework: 'Resource Curse'

It is gainsaying the fact that many countries that are endowed with abundance Human and natural resources most oftentimes do not utilised this resources maximally and to the benefit of their citizen. This observation was also established by Frankel (2010) when he said he has also observed for some decades now, that the possession of oil or other valuable mineral deposits or natural resources does not necessarily confer economic success. Many African countries such as Angola, Nigeria, Sudan, and the Congo are rich in oil, diamonds, or other minerals, and yet their peoples continue to experience low per capita income and low quality of life. Meanwhile, the East Asian economies Japan, Korea, Taiwan, Singapore and Hong Kong have achieved western-level standards of living despite being rocky islands (or peninsulas) with virtually no exportable natural resources. Auty (1993, 2001) is apparently the one who coined the phrase "natural resource curse" to describe this puzzling phenomenon. Its use spread rapidly.

This conceptual perspective does suit this study in that the huge GDP has put forward by the recent rebasing exercise is not a true reflection in terms of the per capita income of the people and their living standard in Nigeria.

2.3 Rationale for Rebasing the GDP Estimates

While itemising some of the reasons for the rebasing exercise, Iweala (2014) posits that rebasing of the national account series (which includes the GDP) is the process of replacing an old base year with a new and more recent base year. The base year provides the reference point to which future values of the GDP are compared. She stated further that GDP rebasing is a normal statistical procedure undertaken by the National statistical offices of countries to ensure that national accounts statistics present the most accurate reflection of the economy as possible.

On the benefits of the rebasing exercise, Iweala (2014) says that

i. Its results will enables policy makers and analysts obtain a more accurate set of economic statistics that is a truer reflection of current realities, for evidence-based decision-making. That is, the current administration sees rebasing necessary for making better economic decisions
ii. Rebasing also reveals a more accurate estimate of the size and structure of the economy by incorporating new economic activities which were not previously captured in the computational framework.
iii. For instance, the GDP estimates have not adequately reflected the increasing contributions of sectors like retail trade and the entertainment industry which have grown significantly in terms of total value and employment generation since the last rebasing exercise in 1990.
iv. Rebasing will give government better tools to tackle the challenges of growing the economy and fighting poverty.
v. Rebasing will enable government to have a better understanding of the structure of the economy, the sectoral growth drivers, and sectors where investment and resources should be channelled in order to grow the economy, create jobs, improve infrastructure and reduce poverty.

2.4 Justifications for the rebasing exercise

On the justification for the rebasing exercise Okonjo-Iweala (2014) sees the justification in the following ways:

a). It has shown a stronger diversification of the Nigerian economy: The results indicate that the structure of the Nigerian economy has changed significantly, leading to a decline in the share of agricultural sector and a rise in the share of Services in nominal GDP, indicating stronger diversification of the Nigerian economy than earlier reported.

b). It has shown a better coverage of services sector: The economic activities with the most notable changes include human health & social services, information and communication as well as professional, scientific and technical services.

c). It has included new economic activities: Activities which have been included in the computation framework include entertainment, research, patents and copyrights etc.

In the words of Ogbobine (2014) he put forward that from the different accounts coming from experts and economy watchers the world over, there is nothing controversial about the rebasing of the GDP figures, which the government has just done. If anything, the exercise ought to have been carried out many years ago and even on a more regular basis. Rebasing the GDP figures is a global best practice that affords countries the opportunity to update their templates for measuring growth in the economy more accurately.

He stated further that, the newly rebased Nigerian GDP captures the activities in the emergent economic centres like Nollywood (the Nigerian entertainment industry),which has grown exponentially in the past ten years creating incomes, providing jobs, happiness and shared prosperity in the land. It is on record that no other entertainment industry anywhere in the world can match Nollywood's rapidity in growth even as unorganised as it still remains.

Kampmark (2014) while speaking on the significance of the rebasing exercise posits that for one, the rebasing performance seemed to take other countries in the region by surprise. Nigeria is now Africa’s largest economy. He stated further, this hardly seemed to make sense, given that South Africa, with a GDP of $354 billion in 2013, was streets ahead. Nigeria’s statistician-general would have none of that. Figures showed a jump from 4.2 trillion naira to 80.2 trillian naira, the equivalent of $509 billion. Astonishingly, the economy had grown by 90 per cent, effortlessly surpassing their rivals at the other end of the continent.

He concluded by saying that the rebasing exercise has reveal the Nigerian economic potentials and that ratings agencies, like eager paparazzi, have been swooping in with reassessments, giving snappy predictions. Moody’s has suggested that Nigeria’s rebased GDP figure would rise dramatically by 2050 – not that their assessments can actually see the future with merit or reliability. “With a population of 170 million and oil reserves estimated around 37.2 trillion barrels (or roughly 28 percent of total African reserves), Nigeria is likely to number among the world’s 15 largest economies by 2050 when GDP is projected to exceeded $4.5 trillion in purchasing power parity terms” (Businessday, April 14). With this growth in GDP, other improvements have been noted, including debt to GDP, which fell from 19 percent to 11 percent for 2012, and interest payments to GDP (Businessday, April 14). The economy is also more diversified than previously assessed, with growth in food, beverages, tobacco, chemical, and pharmaceutical products. Reforms of the agricultural sector have paid rich dividends (Kampark, 2014).

2.5 GDP Rebasing and Its Implications for Social Development

These rebasing implications for social development, for key macroeconomic aggregates and the Nigerian economy was presented by the Honourable Minister of Finance and Coordinating Minister of the Economy, Dr. Ngozi Okonjo Iweala at a press conference held in Abuja on 7th April, 2014;

i. Rebasing will not change the facts of our economy overnight. It will not make poverty and unemployment disappear overnight but it will give us the tools, the policy ability, to tackle these problems in order to reduce poverty and improve the welfare of our people.
ii. The rebased GDP numbers imply that the level of economic activity is much higher than previously reported. It indicates a clearer picture of Nigeria’s economic landscape, and the significant opportunity for growth and wealth creation in the Nigerian economy.
iii. Rebasing will give government tools to better tackle the challenges of growing the economy and fighting poverty. It is only when we are able to collate, understand and interpret data correctly as well as identify key areas in our economy that require change that our policy prescriptions and direction are more likely to respond to the real needs of the Nigerian economy.
iv. Growth in GDP is not synonymous with increase in job creation.
v. Increase in the overall economic output of a country does not necessarily mean increase in incomes of all individuals.
vi. The confirmation that Nigeria’s economy is larger than other African economies is a positive development. But rebasing is an opportunity to boost Nigeria’s growth and development, not a destination. It should inspire us to work harder to make the economy work better for Nigerians.
vii. The current Administration recognises this challenge and this is why a number of federal intervention programmes are targeted at addressing this issue.
viii. Rebasing the GDP provides more accurate data on the economy to enable policy makers make informed decisions and policy choices to tackle social problems like poverty and unemployment.

2.6 Implications of GDP Rebasing for Nigerian Key Macroeconomic Aggregates

The GDP rebasing was received with great enthusiasm yet it became with some obvious implications, among which are the followings:

i. Nigeria’s rebased GDP is expected to be a more accurate reflection of the structure and size of current economic activities in the country, presenting a clearer sectoral distribution and performance. As a result better investment choices are expected to be made resulting in higher profitability and even higher investments. This will help create jobs and also reduce poverty in Nigeria in the medium to long term.
ii. The exercise will provide significant support for the growing pool of investors.
iii. The rebasing of GDP is expected to boost Nigeria’s financial market ratings as investors show greater interest in the economy.
iv. The rebased series provide broader classifications of economic activities, revealing opportunities for expanding the revenue tax base.
v. Rebasing the GDP does not necessarily mean the country would not be eligible for concessional borrowing, as there are other criteria that qualify a country.
vi. A higher GDP means that the ratio of debt to GDP would be lower, thereby increasing the allowance to borrow.
vii. It is expected that the State GDP compilation process will utilise the most recent base year in the computational process.
viii. The rebased estimates also allow for better computation of state debt sustainability analysis.

Reviewing others' views, Chukwu (2014) said that the rebasing was not expected to amount to more money for the average Nigerian, but its ability to attract more foreign direct investment to develop the local industries would eventually add value to the people through direct and indirect jobs. Enwegbara (2014) added that the rebasing was an exercise for the Government to know which sectors to focus on for the purpose of growing the economy and not one that the everyday Nigerian understands, let alone feel its direct impact.

2.7 Some critiques of the rebasing exercise

As expected several persons have made a critique of the rebasing exercise, some were objective and genuine some others were not. While quoting the Current World Bank President, Dr. Jim Yong Kim, Kampark (2014) said that he was less impressed and insisted that Nigeria needed to be bracketed with various like nations in terms of poverty. At the series of World Bank-IMF spring meetings being held in April, Nigeria came in third after India and China as having the world's most indigent populations and this rebased Nigerian GDP would have taken Marie-Francoise Marie-Nelly, World Bank Country Director of Nigeria, by surprise. In the words of World Bank president, "Economic growth has been vital for reducing extreme poverty and improving the lives of many poor people. Yet, even if all countries grow at the same rates as over the past 20 years, and if the income distribution remains unchanged, world poverty will fall by 10 percent by 2030, from 17.7 percent in 2010." That reduction was "simply not enough", though he believed, somewhat optimistically, that this "generation" would be the one to lift a million people out of poverty each week till 2030. More magic, more manna.

In corroboration, Kampark (2014) posits that economic growth serves as both warning and promise. As well as it might suggest that some things are going well, it gives little indication about distribution. GDP remains a trick – and that even the World Bank, in its own dissimulating ways, admits to it. Poverty reduction, through growth, has its cruel limits.

While doing a critical juxtapose between Nigeria and South Africa and between some selected sectors in Nigeria, Ogbobine (2014) put forward that the rebasing exercise also throws up some pertinent issues which Agusto & Co hereby examines below.

a). Nigeria vs. South Africa

Despite the chest thumping rhetoric that has emerged on Nigeria surpassing South Africa as the continent's largest economy, Nigeria's well touted economic potentials still remain capped by weak institutions, security challenges and a huge infrastructural deficit. On the other hand, South Africa's more sophisticated economy, better infrastructural base and higher living standards, implies that the country could remain Africa's premier business destination, especially for companies seeking a hub on the continent.

Nigeria will need to work hard on its governance standards both in business and politics if the country is to achieve its true economic potential. In our view, building strong institutions and safeguarding their independence will be germane to achieving the long-term economic growth potentials for Nigeria.

b). Vanity project or planning tool

At $509.9 billion, the sheer size of Nigeria's economy brings to the fore the need for a more inclusive growth approach similar to the Chinese-styled double-digit growth model, which incorporates job creation with economic growth.

Nigeria's gini-coefficient of 0.49 even amid other flattering economic indicators such as double-digit inflation rates and impressive economic growth should be at the forefront of the country's economic debate. In a country where an estimated 60 percent of the population lives under the poverty line, this will require replicating the successful macro story at the micro level (Ogbobine, 2014).

Economic and political reforms that will focus on improving the education and health care sectors, job creation and ensuring better living standards would be required to increase the nexus between the country's macro-economic aggregates and the realities at the micro level. The ability to translate these revised GDP numbers into a proper planning tool would help defray criticisms that it is just another vanity project.

While concluding Ogbobine (2014) made some basic and interesting observation in facts and figures; in that the new GDP numbers vividly explain why trucks clog Nigeria's highways while weeds and tares congest the rail tracks. Road transport accounts for 1.10 percent of total GDP and approximately 90 percent of the Transportation and Storage's 1.24 percent overall contribution to GDP. Rail transport and pipelines have an economic size of N151.2 million, which is quite minute to Nigeria's N80 trillion economy. Trains and tracks have been described as the engines of the US economy carrying over 40 percent of intercity cargo. Nigeria's economy will be better off adopting such a model. The GDP rebasing does produce some interesting numbers such as the contrast between cement manufacturing and the Textile, Apparel and Footwear segment. Cement manufacturing has become the champion and poster card of Nigeria's relatively successful backward integration model, which has forced many trading companies into manufacturing. The backward integration model creates protectionist guarantees and fiscal sweeteners for manufacturers of selected commodities.

On the other hand, textile manufacturing, which was once the second largest employer of labour, only after agriculture, has become the crucible of the failings of the liberal import regime. Yet, the NBS estimates the size of the Textile, Apparel and Footwear segment at N380.8 billion (0.47% of aggregate GDP), while cement manufacturing is estimated N350.7 billion (0.44% of aggregate GDP). This clearly suggests the significant underlying potentials of the textile industry even amid current challenges (Ogbobine, 2014).

Muhammad (2014) while doing his own criticism decided to do so by making a country by country historical comparison, he posited that beyond GDP rebasing and all the celebration as the largest economy in Africa, we need to ask ourselves practical questions. Are we really fairing evenly compared to our peers? How do we compare against countries that have historical similarities with us such as British Colonialism, military dictatorship, corruption as well as ethnic/religious challenges like Indonesia and India? He went further; take Indonesia for example: practical analysis by former AFP Nigeria Bureau Chief Peter Cunliffer-Jones vividly demonstrate the contradictions of Nigeria and deeply entrenched frustration of most Nigerians and I quote:- "Both were formed as one nation by Europeans around 1900. Both were governed by the British Colonialists. Both once made money from palm oil and later discovered oil and gas. At independence, the standard of living of the two countries was comparable in most measures. And since independence, both have suffered three decades of military misrule and corruption. Their first coup were launched within months of each other – in September 1965 in Indonesia and January 1966 in Nigeria and their military regimes died within 12 months in May 1998 and 1999. However, today Indonesia's life expectancy is 72 years (up from about 47 in the 1960s) while Nigeria is today celebrating 52 years. Indonesia's GDP per capita is twice that of Nigeria and only 20% of population live in poverty compared to Nigeria's 70%. Primary school enrolment is 99% compared to Nigeria's 57.6%. Indonesia is a leading exporter of crude palm ($12 billion export revenue in 2008) while Nigeria is a net importer."

Perhaps we should begin to look at issue of capital flight to address sub-optimal local investment but that requires passion. We need to be passionate about Nigeria to achieve real GDP growth that the average Nigerian will believe as true and not mere postulations by economists (Muhammad, 2014).

2.8 Rationale for Minimum impact of this growth in GDP

Evidently, in Nigeria there is no improvement in the Human Development index (largely incorporated in looking at real GDP). For example, the number of people living on less than a dollar a day rose to 61% in 2010 from 52% in 2004 according to National Bureau of Statistics (NBS, 2012). Nigeria still remains number 153 out of 186 countries classified in term of human development. We are still classified as extremely poor by the World Bank given the fact that the number of people living below poverty line (USD$1.25 a day) is increasing …now about 110 million out of a population of 174 million (World Bank report, 2014).

Some persons have wondered why this huge GDP has not transformed to better living standard to the people of this country. And this is what we called a **"Paradox of realities"**. The first reality here, is the fact that the Nigerian GDP has truly grown over the period has evident by the rebasing exercise. The other reality is the fact that Nigeria still houses the third largest concentration of the poor or indigent people in the world. This what economists refer to as 'resource curse'. That is, the co-habitation of abject poverty and abundance of human and natural resources. A number of reasons have been adduced for this and they include those noted by some individuals and scholars that have raised their observations and comments since the rebasing exercise. They include:

Structure of the economy: In his contribution, Mr. Johnson Chukwu, MD of Cowry Asset Management, who featured on a TV talk show tagged; 'Sunrise on Channels Television', noted that the structure of the economy was the reason why the obviously well represented growth of Nigeria's economy was not reflecting on the populace where there were still many Nigerians living in poverty. He noted that Nigeria has kept producing more millionaires in recent years, showing that there was indeed growth but the wealth has not been made to spread evenly. He stated that there was need for the country to develop structures in sectors that would amount to job creation.

Growth not driven by real sectors: Enwegbara (2014) said that Nigeria's economic growth was not real sector driven and Nigeria needs to redefine its growth. He noted that the over-dependence of the economy on oil and gas remains one of the issues. He said; "show me any Nigerian billionaire that is not involved in oil and gas." He also emphasized the low level of development in the manufacturing sector in the country as a major issue. While acknowledging the positive impact the growth in some of the sectors would have on Nigerians, he noted that most of the businesses that have contributed to the celebrated growth were not indigenous companies run by Nigerians.

Huge Population size: the population of Nigeria has been described as a major factor that makes the country's economy demand better management (Enwegbara, 2014). This in turn makes it impossible for the huge growth in GDP to transform to positive impact on the populace when measured in terms of per capita income.

Informal sector not captured: The informal sector was also identified not to have been captured in the rebasing. Chukwu (2014) said that it would almost be impossible to capture all the petty traders and small shop owners in the calculations but he expressed confidence that the quality of work done on the exercise indeed took special focus on them, with an appreciable percentage of them captured.

Infrastructural deficiencies: Speaking passionately on the need for the Nigerian authorities to take major decisions, Chukwu (2014) mentioned that infrastructural deficiencies in the country are a major barrier to any form of growth being envisaged.

Corrupt practices: Due to the great influence of corrupt practices as seen in several outlets been used for siphoning public funds that are unaccounted for and gross mismanagement, and making plans without accurate data, the rebased GDP does not seems to have any significant impact on the lives of the ordinary citizen of the country. It is believed that the recently announced rebasing of Nigeria's GDP has only elevated the status of Nigeria in terms of economic size and not necessarily shown that there was more prosperity for Nigerians and that corruption have contributed majorly to reducing the impact of the growth in GDP on the poor in Nigeria.

3.0 Methodology of the Study

This study made use of descriptive and comparative analytical tools using previous, present and future realities, possibilities and prospects to compare with existing data and figure as presented by Dr. Yemi Kale, head of the National Bureau of Statistics (NBS), at a press conference to announce the results of the rebased GDP in Abuja. Here, emphasis is placed on the performance of the newly and truly growing sectors in the rebased exercise. Also, incorporated in the analysis are suggestions on possible way forward as identified by some major players and stakeholders in these sectors.

3.1 Sources of Data

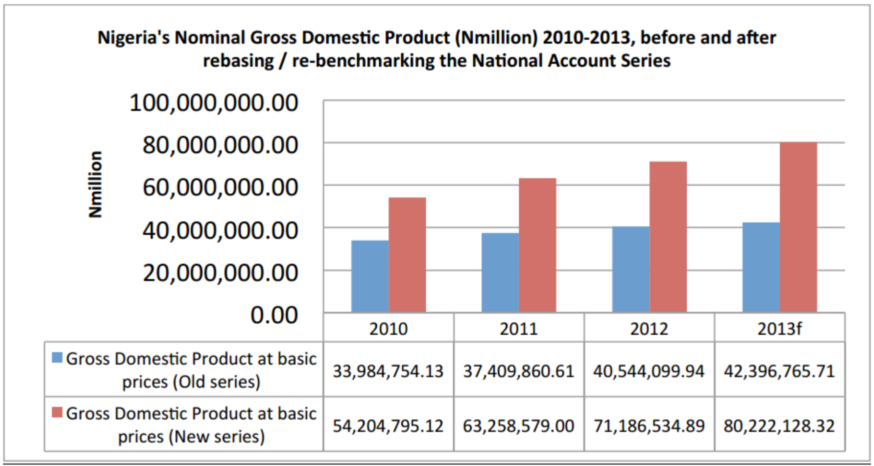
Based on the nature of the study, data collection will be based on secondary data. The study will source data from Statistical Bulletin of the Central Bank of Nigeria (CBN), Federal Office of Statistics (FOS) and Annual Abstract of Statistic of the National Bureau of Statistic (NBS).

3.2 Descriptive Analysis of the rebased Data

Nigeria revealed rebased Gross Domestic Product (GDP) figures for 2013 showed an 89 per cent jump in the estimated size of its economy. According to Kale (2014) the new rebased data show that the size of the Nigerian economy is now estimated at N80.3 trillion ($510 billion) for 2013.

The new figures show that Nigeria has surpassed South Africa as the largest economy in Africa after overhauling its GDP data for the first time in two decades (Figure 2 below).

Figure2: Nominal Gross Domestic Product, 2010-2013



Source: National Bureau of Statistics (NBS)

Analysis of Sectoral Contribution to Rebased GDP in Nigeria

Here, the study made an attempt to conduct an in-depth analysis of the present and the future of the contributing sectors to the rebased GDP as thus;

Agriculture

The 2013 rebased figures showed that the agricultural sector is contributing 21.97 percent or N17.625 trillion ($112.26 billion) of the total N80.22 trillion ($510 billion). This compares with N14.71 trillion ($93.7 billion) in the old non-rebased estimates for 2013.

Nigeria's agricultural output while seemingly impressive is actually underperforming its peers such as Argentina with its mostly subsistence method of cultivation and low productivity. Almost half of the available arable land is uncultivated, while there is very little irrigation of fields or farmlands.

The government has come out with a plan, however, to change all that. Nigeria plans to double agriculture's share of banks' credit to 10 percent in two years as it seeks to cut food imports, agriculture minister Akinwunmi Adesina said recently at the World Economic Forum in Davos, Switzerland. Loans to agriculture as a share of total credit rose to N320 billion ($2 billion) or 5 percent at the end of last year from less than 1 percent in 2011, Adesina said. The Agriculture Ministry is partnering with the Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending, a unit of the Central Bank of Nigeria (CBN), to provide credit guarantees to enable banks lend to farmers. The government's efforts to boost food supply by 20 million metric tons from 2011 to 2015 has seen the country's food import bill drop by more than half to $5 billion from $11 billion two years ago.

Manufacturing

The manufacturing sector of the economy contributed 6.81 percent to the new GDP data equivalent to N5.47 trillion ($34.8 billion) out of the total 2013 GDP rebased estimate of N80.22 trillion ($510 billion) (Figure 2 & 3 below). This compares with N4.74 trillion ($30.2 billion) in the 2012 GDP figures. The manufacturing sector has been receiving tremendous boost through Federal Government proactive policy formulations. To boost local production of cement product, and increase its contribution to the GDP, the Ministry for Trade and Investment did not issue a single licence for the importation of cement in 2013, which has traditionally been a huge drain on Nigeria's foreign exchange. In addition, the ministry has also designed the Nigerian Automobile Industry Development Plan to provide the environment for the orderly development of the sector. In 2013, the Trade and Investment Ministry entered into agreement with foreign investors to assemble automobiles in Nigeria with a view to boosting the contribution of manufacturing to the Nigeria's GDP. Other backwards integration policies have been formulated in the sugar, rice milling, wheat and tomato manufacturing sectors.

In spite of the rise in manufacturing's contribution to GDP from about 4 percent in the non-rebased time series to 6.81 percent in the rebased data, Nigeria still underperforms its peer countries in manufacturing. World Bank data show contribution of manufacturing sector to the GDP in Austria is 19 percent, while that of Thailand remains 34 percent. For South Africa, it is 12 percent, while it is 13 percent for Iran (World Bank report, 2013).

In Nigeria, manufacturers often groan under high inter-bank interest rate, which hovers between 18 and 30 percent. Lending is cheaper in microfinance banks but there is often a ceiling to the amount to be lent. Though the Bank of Industry (BoI) lends to critical players at an interest rate of between 6 and 10 percent, access is still cumbersome, say manufacturers. The manufacturing sector has the capacity to create direct and indirect jobs. NBS data show that many of the jobs created in 2013 were from manufacturing, construction and financial intermediation (NBS Data, 2013). Increase in job generation from the manufacturing sector in 2013 was 63.20 percent. Analysts attribute this to waivers and incentives given to cement, sugar and manufacturing exporters within the period and say development of the sector will increase foreign exchange earnings, create wealth and develop subsidiary sectors.

Real Estate

The real estate sector contributed 8.01 percent to the Nigerian economy equivalent to N6.43 trillion ($40.9 billion) of the total rebased GDP estimate of N80.22 trillion ($510 billion) (Figure 2 & 3 below). The sector's contribution to GDP while impressive has, however, happened without a comprehensive plan by government – until recently – to boost its growth. Constraints to the sector's growth include the notoriously problematic Land Use Act as well as difficulty in getting building permits and certificate of occupancy in many states.

The lack of easy transferability of titles and non-securitization of mortgage loans where available and lack of mortgages in general are also a factor stunting the sector's growth, in spite of Nigeria's huge unmet demand for housing. Nigeria's Mortgage Refinance Company which will imitate the U.S.'s mortgage giant Fannie Mae hopes to plug some of these gaps.

It plans to sell bonds in the capital markets in a bid to curb the estimated 17 million- unit housing deficit. The bonds when sold on the market by the new company (Nigeria Mortgage Refinance Co.) will provide long term financing to lenders that will help them extend more home loans. It is expected that the new mortgage company will help put the economy on a higher trajectory of growth as home buyers are extended as much as 20 years maturities on mortgage loans; and as a result, 75000 new homes a year will be built, culminating in the creation of at least 300,000 jobs.

To finance the transaction, the Federal Mortgage Bank of Nigeria (FMBN) last year negotiated with two Chinese lenders for credit of as much as $6 billion. With the establishment of the new company, a long term yield curve for pricing financial assets will finally be established with the potential of the creation of sophisticated financial instruments, such as mortgage backed securities (MBS) so that much more efficient capital deployment will be achieved. The country's rapid rate of urbanization which the World Bank put at 51 percent in 2012, and the estimated 80 million living in the cities will spur the demand for housing and building materials, and, therefore, making the new refinancing scheme the right trajectory to providing shelter for the people.

The MRC model has been used in a number of countries to help stimulate the housing market, deepen home ownership and stimulate gross domestic product (GDP) growth. In the United States the two housing-finance giants Fannie Mae and Freddie Mac have helped to expand home ownership in the US to historical highs, as well as engender wealth creation and jobs. Fannie Mae and Freddie Mac are estimated to own or have guaranteed about 60 percent of the U.S.'s $12 trillion mortgage market as at 2010.

Figure 2

NEW SERIES (Nm)	2010	2011	2012	2013f
Agriculture	12,988,809.19	14,421,928.95	15,918,631.70	17,625,142.90
Industry	13,992,438.93	17,313,556.37	18,667,774.92	20,083,371.09
- Crude Petroleum	8,402,676.40	11,080,794.65	11,315,033.28	11,554,223.51
- Manufacturing	3,578,641.72	4,085,393.24	4,744,699.37	5,476,303.11
Services	27,223,547.01	31,221,112.69	36,243,580.95	41,925,033.96
- Telecommunications & information services	4,931,991.14	5,530,155.05	6,213,794.01	6,974,681.34
- Motion picture, sound recording	479,194.45	639,245.40	853,937.18	1,139,942.91
Total Nominal GDP	54,204,795.12	63,258,579.00	71,186,534.89	80,222,128.32

Source: National Bureau of Statistics (NBS)

Table 3: Sectoral composition of Nominal GDP in millions of Naira before and after rebasing

OLD SERIES (Nm)				
	2010	2011	2012	2013
Agriculture	10,310,655.64	11,593,434.13	13,413,842.46	14,709,104.92
Industry	15,659,521.00	16,569,291.58	16,456,457.10	15,374,554.67
- Crude	14,505,759.31	15,285,004.21	15,695,654.52	13,750,726.84
- Manufacturing	643,070.22	694,814.15	761,467.00	823,860.13
Services	8,014,577.50	9,247,134.90	10,673,800.38	12,313,106.11
- Telecommunications and information services	260, 707.87	292,539.10	331,502.79	364,499.74
- Motion picture, Sound recording	-	-	-	-
Total Nominal GDP	33,984,754.13	37,409,860.61	40,544,099.94	42,396,765.71

Source: National Bureau of Statistics (NBS)

Crude Petroleum and Natural Gas

Crude petroleum and natural gas which comes under the mining and quarrying sector contributed 14.4 percent or N11.55 trillion ($73.56 billion) to the total 2013 rebased GDP (Table 2 & 3). This paints both a positive and negative picture for the Nigerian economy as while it shows that the economy is gradually weaning itself off its oil and gas dependence, there still remains a huge untapped potential in Nigerian oil and gas output that has remained stagnant for the past 5 years. Nigeria's oil output is stuck at around 2 million barrels a day, while gas production for NLNG export and domestic use has also been affected by a lack of investments in new NLNG trains and gas processing infrastructure. The passage of the long delayed Petroleum Industry Bill (PIB) may help boost investments into the sector, even as Nigerian oil and gas firms are becoming increasingly active in the sector.

Domestic Nigerian firms such as Seplat, Oando, Seven Energy, Sahara oil, Brittani-U and Dangote Industries Limited are priming to invest in the oil and gas sector, buoyed by divestments from international oil companies

(IOCs). Stakeholders estimate that Shell, Total and Agip divested from Nigerian assets worth $6.5 billion in 2013.

Nigeria has the world's ninth-largest proven gas reserves at 188 trillion cubic feet and potential gas reserves of 600 trillion cubic feet (TCF), however, much of it is flared. At least $3 billion in revenue is lost annually due to flaring, according to the Petroleum Ministry, while a lack of gas for power plants stunted Nigeria's double digit growth potential.

Telecommunications and Information Services

The telecommunications and information services sector contributed 8.68 percent to the Nigerian economy equivalent to N6.97 trillion ($44.3 billion) out of the total rebased GDP estimate of N80.22 trillion ($510 billion). This compares with N364.4 billion ($2.3 billion) in the 2012 non-rebased GDP time series (Figure 3).

Telecommunications is the star performer in Nigeria's rebased GDP figures. The licensing of GSM companies earlier last decade has led to an unleashing of economic activity from e-commerce to mobile payments. Nigeria currently has about 120 million mobile phone subscribers, with four major mobile service providers including MTN, Airtel, Globacom and Etisalat. The potential in the sector can be seen in MTN which reported 2013 full year revenues of N793.6 billion for its Nigerian operations. Nigeria had 56 million internet subscribers as at September 2013, according to data from the NCC, while international bandwidth brought by undersea cables, has increased about 26 times to more than 9,000 gigabits per second (9 terabits) over the past four years.

One market research firm suggests that Nigeria, which is Africa's most populous country, will have almost tripled its online purchases in just three years to more than $1 billion by 2014. This compares with South Africa, whose e-commerce sales were just 4 billion rand ($409 million) last year, according to research firm, World Wide Worx, estimates. The number of payments in Nigeria made by mobile phone's more than doubled to 2.4 million in the first half of 2012 from the same period a year earlier, while Internet payments rose 9.3 percent, according to data from the Central Bank of Nigeria (CBN). The improving connectivity and increase in businesses done online is also spurring the need for data centers.

MainOne Cable Co Ltd., which operates an undersea cable connecting West Africa to Europe, plans to open a $25 million data center in Nigeria by June 2014. The center will provide reliable Internet access and host information for clients such as banks, phone companies, government bodies, and a growing number of dot-com businesses, MainOne chief executive officer, Funke Opeke, said recently at the center's construction site in Lagos. Nigeria also plans to grow its mobile broadband access to 80 percent of the population and fixed broadband access to roughly 20 percent by the year 2017 from 4 percent now, according to the National Broadband Plan 2013-2018.

4.0 Discussion of Major findings

That there exist in concrete terms in Nigeria, 'a paradox of realities' given the fact that the high value of the rebased GDP is not a true reflection of realities on the economic life of the people neither has there been a commensurate increase in the per capita income of the populace as perceived by many of the analysts in the study. The study brought to the fore the following observations:

That the rebased GDP cannot immediately transform to solving our identified economic problems but the potentials does exists in the rebased economy, if the current growth rate of 6% is improved upon.

That the rebased GDP holds a great prospect and potentials for the Nigerian economy and will in the end spur all round development.

5.0 Conclusion and Recommendations

The study is on the rebased Nigerian Gross Domestic Product (GDP): A Paradox of Realities. Our findings have shown that evidently, Nigerian GDP has become largest in Africa and the 26th in the world. However, the huge GDP is not a true reflection of the realities on the in terms of the living standard of the people in Nigeria. This is what we refer to in this study as 'Paradox of realities'. That in as much as the country cannot totally be independent as it is a consuming nation and it would need to encourage the availability of more businesses providing daily needs as seen in the establishment of shopping malls across the country. As such, the Government should create a support mechanism for the very poor population in order to boost their consumption capacity and make them active players in the economy, as a strategy to create market for local industry.

That just like it is practiced by some of the best countries in the world, the government should focus on areas where they have comparative advantage; this we believe that the Government can do through agricultural sector. And that Nigeria government should truly diversify its economy and at same time solve the problem of power supply as the most important solution to the economic hardship that Nigerians are facing.

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