

**Title:** Liquidity Squeeze and the Real Sector of the Nigerian Economy: A Theoretical Exposition

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**Outlet:** Interdisciplinary Journal of contemporary research in business, Institute of Interdisciplinary Business Research Canterbury: United Kingdom. 3(1).

**Date of Publication:** 2011

**Abstract:** The global financial recession started in the United States before it snowballed into other countries globally. This can be linked to the connection between financial market and economies of the world. The crisis affected all the major economies especially the real sector which serves as the backbone to the economy. This paper therefore considered the effect of liquidity squeeze on the real sector of the Nigerian economy, to examine strategies which the manufacturing industries can use to counter the effect of liquidity squeeze in the real sector even as the global financial crisis bite harder on the liquidity of the corporate bodies. The paper concludes that, for any country to thrive and make maximum impact in this era of global recession, more attention must be given to liquidity which has affected the real sector in Nigeria negatively and to restore confidence in the sector, there is an urgent need for Nigerian government to wake up and rescue this ailing economy. We therefore recommend that Nigerian government should pay critical attention to the real sector by instituting legislations that will herald the flow of fund to the sector and set up a Manufacturing Support Fund (MSUF) which would be a pool of resources from the government at all levels.