OVERVIEW OF GOVERNMENT EXPENDITURE AND ECONOMIC DEVELOPMENT IN NIGERIA 2001 - 2020

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ABSTRACT

This study sought to investigate the effect of government expenditure and economic growth in Nigeria 2001-2021. Specifically, and among others, the study investigate the relationship between recurrent expenditure and gross domestic product (GDP), the relationship between recurrent expenditure and human development index (HDI), Investigate the relationship between recurrent expenditure and consumer price index (CPI). This study adopted both correlational and ex-post facto design. The population of the study was is the entire Nigeria, (the 36 states and federal capital territory). Covering Twenty (20) years (2001-2020). Secondary source of data were extracted from the Central Bank of Nigeria (CBN) statistical bulletin. The study period covered was twenty (20) years spanning from 2001 to 2020. This study utilized Descriptive statistic, Unit Root Test and Ordinary Least Square Regression method with the aid of E-View 12. The findings among others; showed that, there is a significant relationship between recurrent expenditure and gross domestic product of government expenditures and economic development in Nigeria. There is a significant relationship between capital expenditure and gross domestic product of government expenditures and economic development in Nigeria. There is no significant relationship between recurrent expenditure and human development index of government expenditures and economic development in Nigeria. Based on the findings, this study concluded that there is a significant relationship between government expenditure and economic growth in Nigeria. It is suggested amongst others that the Government should maintain her budgetary allocation on recurrent expenditures as to improve the standard of social infrastructure amenities in country that will foster development. The study recommends better continues management of capital expenditure has it impact significantly on gross domestic product, that government should ensure that her expenditure on recurrent should be managed and monitored at the implementation stage to enhance comparable achievement viz-a-viz on economic growth.

Keywords: Government Expenditure, Economic Development, Recurrent Expenditure, Capital Expenditure, Human Development Index, Consumer Price Index, Gross Domestic Product.

INTRODUCTION

Despite the rising government expenditures in Nigeria, the problem of translating this to a meaningful growth and development of the country has been daunting over the years. This is evident by high rates of unemployment, illiteracy rate, and the number of its citizens who continue to wallop in abject poverty, as more than 65% of its people live on less than US$1 per day. As high as 70% of Nigerians also still lack medical care, do not have access to clean and portable water and basic needs of life (WHO, 2018). A glance analysis at the World Bank (2020) review revealed macro-economic indicators do not favour Nigeria, for instance, indicators like balance of payments, import obligations (35.2 billion USD), inflation rate (15.7%), exchange rate (380.07), unemployment (17.2%) and national savings (13.1% of GDP) revealed that Nigeria had not fared well in the last four decade despite being the largest economy in Africa with an estimated GDP of US$446.543 billion.

Onowu, J.U (2019), there are many irregularities in the country leading to public outcry and there was increasing fraud in government activities resulting from an inappropriate public finance planning and implementation mostly in some of the developing countries. Banks and businesses were collapsing thereby leading to crisis of confidence in internal and external activities in the economy. One of the hills that caused this is corruption, indiscipline, lack of transparency and accountability which are the hall marks of our society in developing countries resulting into decrease in growth and development. The inter-relationship effect is low productivity, avoidable, idle time, leading to loss of trade with advanced countries that have better finished products.

According to Echekoba and Amakor (2017), government expenditures are the costs that are usually incurred by the government for the provision and maintenance of itself as an institution, the economy and society. According to CBN (2011), public expenditure is functionally classified into four (4) categories in Nigeria: administration, economic services, social and community services, and transfers with capital and recurrent expenditure as expenses incurred by the government for the maintenance of itself and provision of public goods, services and works needed to foster or promote economic development and improve the welfare of people in the society. According to Alice (2014), government expenditure can be described as expenses which any government incurs for its own maintenance, for the good of society and the economy, and for assistance to external bodies and other countries. It refers to the expenditure of government on governmental bodies and on various segments of the economy. A good pattern of government expenditure encourages economic development, favours the provision of employment and good roads, and ensures increase in salaries of civil servants.

 In view of the importance of government expenditures in the transformation of an economy, especially that of Nigeria, many local and foreign empirical studies and webmetric analyses have been reviewed with prominently gross domestic product used as the measuring variable, and also focused directly on government capital and recurrent expenditures as dimensions, and with most studies covering analyses of twenty (20) years period.

Thus, this incited the researcher to fill the gap on the study titled government expenditures and economic development by expatiating the two (2) categories of public expenditure functionalities in Nigeria as dimensions of the study: recurrent expenditure functioning on expenditure on administration and expenditure on transfers. While capital expenditure functioning as expenditure on economic services and expenditure on social and community services. Also introduced human development index (HDI) and consumer price index (CPI) in order to examine and measure the

Physical development of the citizens and measure the cost of living and prices of goods and services respectively, within the rising government expenditures and maintained gross domestic product (GDP). The introduced inflation rate as a moderator variable to fill the knowledge gap. This study also focused on twenty years (2001-2020) time series analysis, and shifted from the overflowed economic growth literatures to more comprehensive view of economic development.

Conceptual Framework Model
The study has two main variables, independent and dependent. 'Government expenditures' is the independent variable of the study and its dimensions are: recurrent expenditure and capital expenditure while economic development' is the dependent variable and is measured with: gross domestic product (GDP), human development index (HDI) and consumer price index (CPI). The Chart below is the conceptual framework model. And inflation rate as moderator variable.
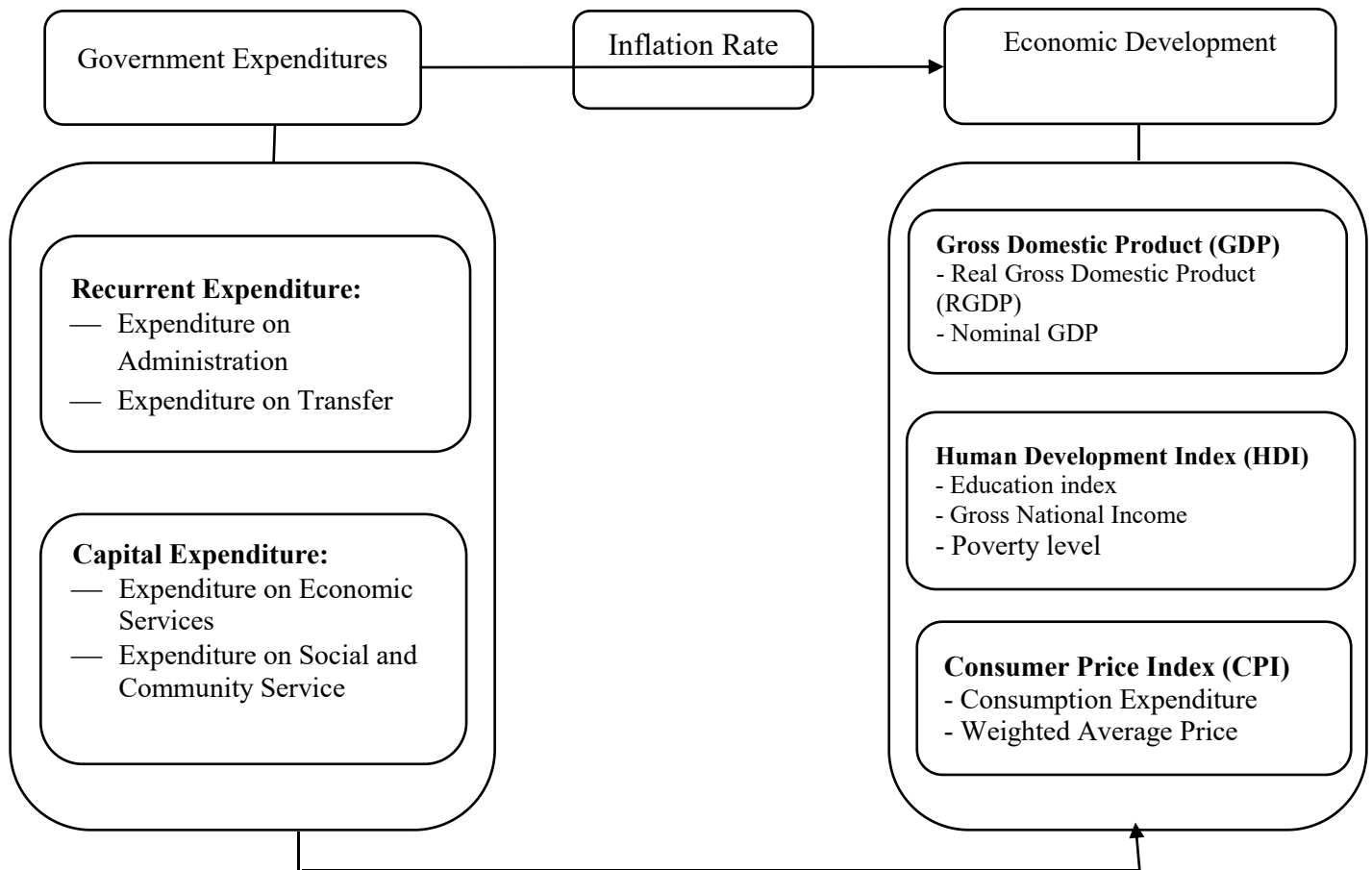
Figure 1.1   Conceptual Framework Model

Sources of conceptualization: Researcher's conceptualization, 2025.

Aim and objectives of the Study

The aim of this study was to investigate government expenditures and economic development in Nigeria from 2001 to 2020. Specifically, the study attended to the following specific objectives:

1.   Investigate the relationship between recurrent expenditure and gross domestic product (GDP).
2.   Investigate the relationship between recurrent expenditure and human development index (HDI).
3.   Investigate the relationship between recurrent expenditure and consumer price index (CPI).
4.   Investigate the relationship between capital expenditure and gross domestic product (GDP).
5.   Investigate the relationship between capital expenditure and human development index (HDI).
6.   Investigate the relationship between capital expenditure and consumer price index (CPI).
7.   Investigate how of inflation rate moderates the relationship between government expenditures and economic development in Nigeria from 2001 to 2020.

Research Questions

In line with the specific objectives, the following research questions were raised for the study:

1.   What is the relationship between recurrent expenditure and gross domestic product (GDP)?
2.   How does recurrent expenditure relate to human development index (HDI)?
3.   What is the relationship between recurrent expenditure and consumer price index (CPI)?
4.   What is the relationship between capital expenditure and gross domestic product (GDP)?

5.   How does capital expenditure relate to human development index (HDI)?
6.   What is the relationship between capital expenditure and consumer price index (CPI)?
7.   How does inflation rate moderates the relationship between government expenditures and economic development in Nigeria from 2001 to 2020?

Research Hypotheses

The following null hypotheses were tested at 0.05 level of significance:

Ho_1: There is no significant relationship between recurrent expenditure and gross domestic product (GDP).

Ho_2: There is no significant relationship between recurrent expenditure and human development index (HDI).

Ho_3: There is no significant relationship between recurrent expenditure and consumer price index (CPI).

Ho_4: There is no significant relationship between capital expenditure and gross domestic product (GDP).

Ho_5: There is no significant relationship between capital expenditure and human development index (HDI).

Ho_6: There is no significant relationship between capital expenditure and consumer price index (CPI).

Ho_7: Inflation rate does not moderate the relationship between government expenditures and economic development in Nigeria from 2001 to 2020.

REVIEW OF RELATED LITERATURE

Conceptual Review

Government Expenditures

According to Taiwo (2012), government's spending is a fiscal instrument which serves as useful role in the process of controlling inflation, unemployment, depression, balance of payment equilibrium and foreign exchange rate stability. In the period of depression and unemployment, government spending causes aggregate demand to rise and production and supply of goods and services follow the same direction, Wikipedia (2020), defines government spending or expenditure as an expenditure that includes all government consumption, investment, and transfer payments. In national income accounting, the acquisition by governments of goods and services for current use, to directly satisfy the individual or collective needs of the community, is classed as government final consumption expenditure. Government spending refers to money spent by the public sector on the acquisition of goods and provision of services such as education, healthcare, social protection, and defense. In national incoming accounting, when the government acquires goods and services for current use to directly satisfy the individual or collective needs and requirements of the community, it is classified as government final consumption spending. When the government acquires goods and services for future use, it is classified as government investment. This includes public consumption and public investment, and transfer payments consisting of income transfers.

According to Echekoba and Amakor (2017), government expenditures are the costs that are usually incurred by the government for the provision and maintenance of itself as an institution, the economy and society. According to CBN (2011), public expenditure is functionally classified into four (4) categories in Nigeria: administration, economic services, social and community services, and transfers with capital and recurrent expenditure consumptions for each class. Udofia and Godson (2016) refer to government expenditure as expenses incurred by the government for the maintenance of itself and provision of public goods, services and works needed to foster or promote economic development and improve the welfare of people in the society. Alice (2014) stated that, government expenditure can be described as expenses which any government incurs for its own maintenance, for the good of society and the economy, and for assistance to external

bodies and other countries. It refers to the expenditure of government on governmental bodies and on various segments of the economy. A good pattern of government expenditure encourages economic development, favours the provision of employment and good roads, and ensures increase in salaries of civil servants.

Dimensions of the Independent variable
a. Recurrent Expenditure
Recurrent expenditure incurred in the upgrade/improvement of existing fixed assets such as lands, building, roads, machines and equipment, etc., including intangible assets (Leke, & Alban (2018). Ande (2012), recurrent expenditure are those expenses which are repeated on yearly or regular basis. In this case, they are not permanent. Such expenditure include money spend on salaries, electricity bills, maintenance of infrastructure, etc. Otiwu, et al. (2018), recurrent expenditure is the expenditure that is incurred yearly for implementation of the various functions of government. It includes general administrative expenses on defense, social and economic services. Recurrent expenditure refers to expenditure on purchase of goods and services, wages and salaries, operations as well as current grants and subsidies (usually classified as transfer payments).

Recurrent expenditure, excluding transfer payments, is also referred to as government final consumption expenditure (Monogbe & Okah, 2015). Revenue expenditures are for costs that are related to specific revenue transactions or operating periods, such as the cost of goods sold or repairs and maintenance expense. Korman and Brahmasrene (2007), current expenditure is recurring spending or, in other words, spending on items that are consumed and only last a limited period of time. They are items that are used up in the process of providing a good or service. In the case of the government, current expenditure would include wages and salaries and expenditure on consumables stationery, drugs for health service, bandages and so on.

b. Capital Expenditure
Capital expenditure refers to the amount spent in the acquisition of fixed (productive) assets (whose useful life extends beyond the accounting of fiscal year) (Abiodun & Osagie, 2018). Adeyemi (2010), capital expenditure refers to the expenditure earmarked for specific projects that can last for many years. It includes investment in buildings, roads, airport, petrochemical project etc. Felix and Santos (2014), capital expenditure is usually seen as expenditure creating future benefits, as there could be some lags between when it is incurred and when it takes effect on the economy. Otiwu, et al. (2018), capital expenditures are investments with multiplier effects on the economy in terms of public benefits. Capital expenditures are for fixed assets, which are expected to be productive assets for a long period of time. Ande (2012), capital expenditure are expenses on projects which are permanent in nature. They include money spent by government on building roads, schools. Bridges, hospitals, industries and other permanent investments. Chude, et al. (2019), capital spending, which is spending on physical assets like roads, bridges, hospital buildings and equipment. Capital spending is long term as it does not have to be renewed each year it is also called spending on social capital. Korman and Brahmasrene (2007), capital expenditure is spending on assets. It is the purchase of items that will last and will be used time and time again in the provision of a good or service. In the case of the government, examples would be the building of a new hospital, the purchase of new computer equipment or networks, building new roads and so on. In Nigeria, the government has over the years made expenditures aimed at boosting its economy. For example, capital expenditure made by government stood at N6.57 billion in 2001 and this increased to N8.53 billion in 1986 although with some decreased in-between. By 2013, government capital expenditure had increased to an impressive N1, 108.39 billion (approximately N1.11 trillion). It dropped again to N6.37 billion in 1987 but thereafter it assumed an upward trend such that is stood at N28.34 billion in 1991. In 1994, capital expenditure increased to N70.92 billion and this impressive outlook continued with capital expenditure reaching N498.03 billion in 1999. Yet again, the downward government capital

spending was recorded for the year 2000 with the capital expenditure dropping to N239.45 billion from N498.03 billion in 1999.

Economic Development

Accoriding to Onuoha (2011), economic development is commonly defined as the economic growth plus structural transformation in the economy. This implies that economic development goes beyond growth. It encompasses changes in the composition of output and in the allocation of inputs by the different sectors of the economy. Onuoha (2011), further argued that economic development is a multidimensional process, which involves the reorganization of the entire economic and social system. That is, it involves improvement in the income and output of an economy as well as total changes in the social, institutional and administrative structures. Arenu (2014), notes that the growth and development of the Nigerian economy has remained largely stunted and stagnant over the years as a result of many factors, one of which is the challenge of corruption and ineffective use of tax revenues to the benefits of payers of such taxes and over reliance on oil revenue.

Buckles in Oleka and Okwo (2005), posited that gross domestic product which measures economic growth is the total market value of all final goods and services produced within the political boundaries of an economy during a given period. The GDP could be either nominal or real. However, real GDP depicts better the rate of growth. Nominal GDp is obtained just by multiplying the quantity of each product by its price and adding the results. But the real GDP of 1993, for example, is the sum of 1993 production of various goods and services valued at 1992 prices.

Economic development is defined by Wikipedia as "the process by which a nation improves the economic, political, and social well-being of its people". According to Anamgba and Azubuike (2012), refer economic development means an increase in per capita income and changes towards modernization. Such changes toward modernization are an increase in productivity, attitudes, institutions and structures, and a decreased in poverty, economic inequality and unemployment. It is important to note that a rise in per capita income is still the best available indicator of economic development. Other indicators stated earlier are a maximum level of productivity, reduction in poverty, increase in equality, high rate of employment, and modernized economic attitudes, institutions and structures. Thus, economic development is positive economic development plus socio-economic modernization.

Propellers of Economic Development

Investment:

An increase in the rate of investment is a necessary requirement for economic development. Investment is required to maintain output per head in the face of an increase in the size of the labour force. It makes it possible for each new worker to be supplied with tools and machinery if only to maintain the existing ratio of capital to labour. This is what is often referred to as capital widening.

Technological Progress:

Embraces improvements in the quality of labour force, methods of production and the efficiency of capital goods that are used in production. It comprises such things as the invention and development of new machines and new products; the application of such techniques as work study and method study to improve the performance of labour and capital, improvements in communication; better organization and management and improved education and training facilities. The rate of technical progress depends on the efforts of pure and applied scientists and the resources committed to scientific efforts. This emphasizes the vital role of education in the development process.

Availability of the Required Manpower:

An economy must have the required manpower to grow. Availability of such manpower can pose to the growth process. Related to this is the issue of the quality of the labour force. There is the need to enhance labour efficiency through better education, improved training, good working conditions, adequate housing, and good health services and so on. This explain the shift of emphasis to investment in human capital (Enya, et al., 2015).

Optimal Use of Resources:
An increase in the productivity in economic resources may be brought about by optimal use of the available resources through improved allocation. A country will achieve higher growth rates if it directs a major part of its new investment to industries and sectors with high growth potentials. When a country fritters its resources away on frivolities, its chances of achieving economic development will be very slim (Enya, et al. 2015).

Measures of Economic Development
a. Gross Domestic Product (GDP)
According to Ohale and Onyema (2001), gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of the country's economic health. Bonmwa and Ishmael (2017) asserted that the Gross Domestic Product measures the value of economic activity within a country. Strictly defined, GDP is the sum of the market values, or prices, of all final goods and services produced in an economy during a period of time. GDP is a number that expresses the worth of the output of a country in local currency. According to the National Bureau of Statistics Nigeria (2012), gross domestic product is the market value of all officially recognized final goods and services produced within a county in a given period. It is a measure of total output of a country that takes the GDP and divides it by the number of people in the country.

b. Human Development Index (HDI)
The concept of human development index (HDI) looks beyond GDP to a broader definition of well-being. It provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and enrolment at the primary, secondary and tertiary level) and having a decent standard of living (measured by purchasing power parity, PPP, income) (Ozeingbe, 2013). James (2019) stated that the HDI is a summary measure for assessing long-term progress in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living. A long and healthy life is measured by life expectancy.
Human development index is a statistic composite index of life expectancy, education, per capita income indicators, which are used to ran countries into four tiers of human development. A country scores a higher HDI when the lifespan is higher, the education level is higher, and the gross national income GNI (PPP) per capita is higher. It was developed by Pakistani economist Mahbub ul Haq and Indian economist Amartya Sen was further used to measure a country's development by the United
Nations Development Programmes (UNDP)'s Human Development Report Office (James, 2019).

Consumer Price Index
A price index is a measure of the proportionate, or percentage, changes in a set of prices over time. A consumer price index (CPI) measures changes in the prices of goods and services that households consume. Such changes affect the real purchasing power of consumer's incomes and their welfare. As the prices of different goods and services do not all change at the same rate, a price index can only reflect their average movement? A price index is typically assigned a value of unity, or 100, in some reference period and the values of the index for other periods of time are

intended to indicate the average proportionate, or percentage, change in prices from this price reference period. Price indices can also be used to measure differences in price levels between different cities, regions or countries at the same point in time.

Inflation Rate

Inflation can be defined as the continuous increase in the general level of prices of goods and services over time or, more simply, as too much money chasing too few goods. Inflationary periods bring about a continuous decline in the purchasing power of money. Studies on inflation and growth can be traced as far back as the classical economic theories and up to modern theories. Today the relative importance of inflation in propelling economic growth remains a subject of debate. This paper offers a detailed review of the literature on growth theories concerning the relationship between inflation and economic growth. Most central banks' monetary policies aim to maintain a low inflation rate and high economic growth. Very high inflation affects the economy drastically, but there is some evidence that moderate inflation might also affect output growth in the long run (Temple 2000). Aiyagari (1990), posits that there is no benefit in lowering inflation towards zero. As propounded by Adam Smith, the classical theory assumes that there are three factors of production: land, labour, and capital.

Theoretical Framework

Theoretical framework section highlights some basic theories that have been used to support the effects of public expenditure on economic development. The Wagner's theory of increasing state activity of (1893).

Wagner's Theory of Increasing State Activity of (1893)

Wagner's theory is named after the German political economist Adolph Wagner (1835-1917), who developed a "theory of increasing state activity". He argued that government growth and development is a function of increased industrialization and state economic activities. Wagner stated that during the industrialization process, as the real income per capita of a nation increases, the share of public expenditures in total expenditures increases. The theory cited that "The advent of modern industrial society will result in increasing political pressure for social progress and increased allowance for social consideration by industry".

Wagner (1893), designed three focal bases for the increased in state expenditure. Firstly, during industrialization process, public sector activity will replace private sector activity. State functions like administrative and protective functions will increase. Secondly, the development of modern industrial society would give rise to increasing political pressure for social progress and call for increased allowance for social consideration in the conduct of industry. Thus, governments, needed to provide cultural and welfare services like education, public health, old age pension or retirement insurance, food subsidy, natural disaster aid, environmental protection programs and other welfare functions. Thirdly, increased industrialization will bring out technological change and large firms will tend to monopolize. Governments will have to offset these effects by providing social and merit goods through budgetary means.

In his Finanzwissenschaft (1883) and Grundlegung der et al. (1893), Adolf Wagner pointed out that public spending is an endogenous factor, which is determined by the growth of national income. Hence, it is national income that causes public expenditure.

Reason for the Adoption of Wagner's Theory of Increasing State Activity

The Wagner's theory tends to be a long-run phenomenon not short run of Keynes: the longer the time-series, the better the economic interpretations and statistical inferences. This theory is relevant in Nigeria since the increased GDP, HDI and CPI of Nigeria overtime accelerated by industrialization has attracted more government expenditure in order to expand provision of public goods and other essential state services. The theory concentrated on the demand side of the

government expenditure while overlooking the supply side and it also dwelt on industrialization as the only driving force for increased public spending.

Secondly, Musgrave and Musgrave (1988), in support of Wagner's theory, opined that as progressive nations industrialize, the share of the public sector in the national economy grows continually. Thirdly, in the broad analysis of Wagner's theory in Nigerian context, there are three reasons of expanding scope of public activity: (a), as Nigeria industrial activities increases there is an increased complexity of legal relations and communications and it induces government to produce the regulatory framework that will accompany the greater intricacy of relatio0ns among economic agents. Additionally, increased urbanization and population density forces government to greater public expenditures on law and order and other socioeconomic regulations. (b), as income increases, societies demand more education, entertainment, a more equitable distribution of income, and generally more public services. In Nigeria, there is continuous expenditure increase in education, agriculture, recreational centers, etc. (Wagner felt that the income elasticity of demand for these public services was greater than unity). (c), the technological needs of an industrialized society require larger amounts of capital infrastructure than are forthcoming from the private sector, hence the need for government to step in to fill in the gap.

Fourthly, number of public finance studies adopted the Wagner's law approach which states that national income causes public expenditure, mainly through an increase in demand for public services. Within this framework, public expenditure is treated as a behavioral variable, similar to private consumption. Thus, the study is anchored on Wagner's theory of increasing state activity; the study will verify Wagner's theory through hypotheses testing whether or not government expenditure (recurrent expenditure and capital expenditure) and economic development (gross domestic product (GDP),

Consumer price index (CPI) and human development index (HDI) possess a long-run equilibrium relationship (co-integrated), and whether or not GDP or CPI and HDI Granger causes government expenditures and vice versa. If these conditions are met, Wagner's hypotheses are verified. The examination of these economic relationships is based on annual time-series for a period of 20 years (2001-2020), taken from the central bank of Nigeria (CBN) statistical bulletin, national abstract of statistics (NAS) and www.worldometers.info.com. All the variables are express in natural logarithms terms for testing purposes.

Empirical Reviews

Many researchers have attempted to study government expenditure and economic development, some of these eminent scholars includes: Udofia and Godson (2016), investigated the impact of federal government expenditure on the Nigerian economic growth. The main objective of this study was to ascertain whether there is a relationship between federal government expenditure and economic growth in Nigeria. The study adopted Correlational design. The study adopted Ordinary Least Square estimation technique to estimate the model specified using time series data for the period 2001-2014. Gross Domestic Product was used as the dependent variable while federal government capital and recurrent expenditures were used as the independent variables. The result from the regression analysis shows that federal government capital and recurrent expenditures have a positive effect on GDP. The data used in the analysis were gotten from Central Bank of Nigeria (CBN) Statistical Bulletin. The study recommended that federal government should direct more of its recurrent expenditure towards economic and community services as they accelerate economic growth. The study also recommended proper management of public funds allocated to the agricultural sector and manufacturing industries as they have the potential of raising the nation's production capacity and providing employment for citizens in the country.

Echekoba and Amakor (2017), investigated impact of government expenditure such as expenditure on General administration, Defense, Education and Health on GDP of Nigeria (1983-2016). The work identified that despite the continuous increase in government expenditure, there

is still a persistent economic backwardness in Nigeria. Time series data were generated from the Central Bank of Nigeria (CBN) Statistical Bulletins of various years spanning from 1983 to 2016. The Ordinary Least Square (OLS) method of estimation was used in the multiple regression analysis. The result showed that expenditure on General Administration has a positive impact and significant relationship with economic growth; Expenditure on Defense has a negative impact but significant relationship with GDP; Expenditure on Education has a positive and highly significant relationship with economic growth; and Expenditure on Health has a positive but insignificant impact on GDP. Among the recommendations were that government should ensure that her expenditure whether capital and recurrent should be managed and monitored at the implementation stage to enhance comparable achievement viz-a-viz on economic growth.

Chude and Chude (2013), investigated the effects of public expenditure in education on economic growth in Nigeria over a period from 1977 to 2012, with particular focus on disaggregated and sectoral expenditures analysis. Government expenditures are very crucial instruments or economic growth at the disposal of policy makers in developing countries like Nigeria. The objective of this study was to determine the effect of public expenditure on economic growth in Nigeria using Error Correction Model (ECM). The study used Ex-post facto research design and applied time series econometrics technique to examine the long and short run effects of public expenditure on economic growth in Nigeria. The results indicate that Total Expenditure Education is highly and statistically significant and have positive relationship on economic growth in Nigeria in the long run. The result has an important implication in terms of policy and budget implementation in Nigeria. We conclude that economic growth is clearly impacted by factors both exogenous and endogenous to the public expenditure in Nigeria. It is therefore recommended that, there is need for government to reduce its budgetary allocation to recurrent expenditure on education and place more emphasis on the capital expenditures so as to accelerate economic growth of Nigeria and that Government should direct its expenditure towards the productive sectors like education as it would reduce the cost of doing business as well as raise the standard of living of poor ones in the country.

Adu, et al. (2014), studied government expenditures and economic growth dynamics in Ghana. Employing the ARDL model and Granger causality test with data spanning from 1970 to 2010. Findings: The study concluded that, in the long run government expenditure has a significant positive impact on economic growth has a negative impact on economic growth in the short run. The study also indicates that government expenditure does not play any supporting role for private investment in Ghana and lastly it was that the Wagnerian hypothesis is valid for Ghana. Recommendations: The study therefore advocates for fiscal discipline and control to keep the government recurrent spending at the optimal level so as to trigger positive ripple effect to other sectors of the economy and avoid the crowding out effect in the Ghanaian economy.

Meyer, et al. (2017), examined the impact of government expenditure and sectoral investment on economic growth in South Africa. Econometric methods including a VAR model were used to analyze the impact of government spending and investment in economic sectors on economic growth. This study used quarterly time series data from 1995 to 2016. Selected economic sectors were mining, manufacturing and financial sectors. The results of the Vector error correction model (VECM) indicated that in the short run only investment in the financial sector has a significant effect on economic growth in South Africa. However, the long-run results showed that only investment in manufacturing sector had a positive effect on economic growth, while the effect of government spending on economic growth was found to be minimal. It is proposed that more investment be attracted and directed towards economic sectors rather than on government spending.

METHODOLOGY
Research Design

The study adopted both correlational and ex-post facto designs. A correlational research aims at determining the relationship between variables, to ascertain the extent to which variations in one variable are associated with variations in another. The correlational survey design was adopted because to the study intended to determine the relationship between government expenditure and economic development.

Ex-post facto design investigates possible cause and effect of the relationships, by observing an existing state of affairs and searching back-to-back through the available data for possible or plausible causal factors. Since data are collected after the event under investigation has taken place, the research design is called an ex-post facto design – the researcher cannot manipulate both the independent and dependent variables or to randomize his subjects since they are already documented facts.

Population of the Study

The population of the study is the entire Nigeria, (the 36 states and federal capital territory). Covering Twenty (20) years (2001-2020) federal government of Nigeria expenditure and its economic development index in Nigeria. Specifically, twenty (20) years compiled federal government recurrent expenditure (expenditure on administration, expenditure on social community service, and expenditure on transfer) and capital expenditure (expenditure on economic service). Also, twenty (20) years federal government gross domestic product, consumer price index (CPI) and human development index (HDI).

Sample and Sampling Techniques

In this study the population is also assumed as the sample size.

Instrumentation

The instrument of the study was annual time series data extracted from Central Bank of Nigeria (CBN) Statistical Bulletin 2020, National Abstract of Statistics (NAS), and National Bureau for Statistics and www.knoema.com, from the period of 2001 – 2020.

Method of Data Analysis

The formulated research questions were analyzed with descriptive statistics. The hypotheses were tested using the least square panel data regression analysis with the aid of E-view (12) the regression analysis was adopted because according to Baridam, (2001), in studies of independent and dependent variables that are both measurable in terms of scales, the regression method is most suitable as it expresses the relationship between the variables. In the linear regression mode, the criterion variable (y) is assumed to be a function of the predictor/explanatory variable (x). The regression technique has been judged to be the most appropriate for this study due to its special characteristics features of linearity, least mean errors (reduces the error sum of squares), unbiased nature, efficiency, sufficiency and minimum variance.

DATA PRESENTATION, ANALYSIS, RESULTS ANDDISCUSSION OF FINDINGS

Data Presentation

Table 4.1: Time-series Data for gross domestic output (GDP), human development index (HDI), government capital, expenditure (GCEX), government recurrent expenditure (GREX), consumers price index (CPI)

YEAR	GREX (N'B)	GCEX (N'B)	GDP (N'B)	HDI (INDEX)	CPI (%)	INFRT
2001	579.30	438.70	25,267.54	0.465	16.50	18.873
2002	696.80	321.38	28,957.71	0.468	12.20	12.876
2003	984.30	241.69	31,709.45	0.445	23.80	14.031
2004	1,110.64	351.25	35,020.55	0.463	10.00	14.998

2005	1,321.23	519.47	37,474.95	0.466	11.60	17.863
2006	1,390.10	552.39	39,995.50	0.477	8.50	8.225
2007	1,589.27	759.28	42,922.41	0.481	6.60	5.388
2008	2,117.36	960.89	46,012.52	0.487	15.10	11.581
2009	2,127.97	1,152.80	49,856.10	0.492	12.00	12.555
2010	3,109.44	883.87	54,612.26	0.500	11.80	13.720
2011	3,314.51	918.55	57,511.04	0.507	10.30	10.840
2012	3,325.16	874.70	59,929.89	0.514	12.00	12.217
2013	3,214.95	1,108.39	63,218.72	0.521	8.00	8.475
2014	3,426.94	783.12	67,152.79	0.525	8.00	8.062
2015	3,831.95	818.35	69,023.93	0.527	9.60	9.009
2016	4,160.11	653.61	67,931.24	0.534	18.60	15.675
2017	4,779.99	1,242.30	68,490.98	0.525	15.40	16.523
2018	5,675.20	1,682.10	69,799.94	0.534	11.40	12.094
2019	6,997.39	2,289.00	71,387.83	0.539	11.98	11.4
2020	8,121.64	1,614.89	70,014.34	0.542	15.75	13.25

Source: *Central Bank of Nigeria (CBN) Statistical Bulletin 2020, National Abstract of Statistics (NAS), National Bureau for Statistics and www.knoema.com, from the period of 2001 – 2020.*

Data Analysis
Descriptive Statistics

The descriptive statistics of the data used were first critically examined in order to achieve the specific objectives stated in chapter one of this study. The data series descriptive statistics provide useful information about sample statistics like mean, median, minimum, maximum value, skewness and kurtosis.

Table 4.2 Descriptive statistics

	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Kurtosis	Jarque-Bera	Prob
GDP	52814.0	56061	71387	25267.0	15725	2.33374	3.64970	1.890	0.388
HDI	0.5006	0.5035	0.5420	0.4450	0.0300	2.21720	3.7098	1.5442	0.4620
CPI	12.4565	11.890	23.800	6.600	4.1088	1.04847	4.04827	4.5800	0.1012
GCEX	908.336	846.52	2289.0	241.69	509.3	1.06526	3.92234	4.4915	0.105
GREX	3093.71	3162.1	8121.6	579.30	2084.	0.88000	3.10536	2.5906	0.273

Source: Researcher's E-view (v.12) computation Result, 2021

Table 4.2 shows the descriptive statistics of the data collected for the in dependent variable's measures of the study gross domestic product (GDP), human development index (HDI) and consumer price index (CPI), have a mean value of 52814, 0.5006 and 12.4565 respectively. The maximum and minimum values of gross domestic product (GDP), were 0.71387 and 25267.0, the human development index (HDI). Was 0.5420 and 0.4450 and consumer price index (CPI), 23.800 and 6.600. On the other hand, the standard deviation values for the measures of the dependent variable were 15725, 0.0300 and 4.1088 signify that the data deviates from their means values, which implies that there is a wide dispersion of the data from the mean because the standard deviation is close to the mean.

On the other hand, Skewness and Kurtosis calculated mean values, which is a measure of the departure of a distribution from symmetry above, for three study measures of gross domestic

product (GDP), human development index (HDI) and consumer price index (CPI), show a positive skewness value that is greater than 1. This indicates that the three study measures are normally distributed. The Kurtosis result, which measures the extent of flatness or peakedness of a distribution in relative terms to a normal distribution, confirms that gross domestic product (GDP) and human development index (HDI), are normally distributed and are not platykurtic (not having negative values/flattened curved) as their kurtosis coefficient is more than 3.0.

The table also indicates the three dimensions of the criterion variable of the study that capital expenditure (GCEX) and recurrent expenditure (GREX) and have a mean value of 908.336, and 3093.71 respectively. The maximum and minimum values of capital expenditure (GCEX) were 2289.0 and 241.69. The maximum and minimum values of recurrent expenditure (GREX) where 8121.6 and 579.30. The standard deviation values of 509.3 and 2084. Signify that the data deviates from the mean values of the two study dimensions, which implies that there is a dispersion of the data from the mean because the standard deviation is close to the mean.

On the other hand, Skewness and Kurtosis calculated mean values, which is a measure of the departure of a distribution from symmetry, for the measure of [(capital expenditure (GCEX) and recurrent expenditure (GREX) show a positive skewness value that is greater than 1. Meanwhile, the relevance value, which is also positive and also very close to 1. This indicates that all the distributions were positively skewed, indicating that they were not symmetrically distributed. The Kurtosis result, which measures the degree of peakedness or flatness of a distribution in relative terms to a normal distribution, confirms that the entire data series is normally distributed and is not platykurtic (not having negative values/flattened curves) as their kurtosis coefficient is greater than three (3).

Table 4.2   Summary of Results

Variables	Order of Diff. & Intercept	ADF Statistics	Test critical values at		probability
LOGGDP	First difference and individual intercept	-5.745453	1%	-3.959148	0. 0008
			5%	-3.081002	
			10%	-2.681330	
LOGHDI	First difference and individual intercept	-5.824335	1%	-3.857386	0.0002
			5%	-3.040391	
			10%	-2.660551	
LOGCPI	First difference and individual intercept	-4.250587	1%	-3.886751	0.0049
			5%	-3.052169	
			10%	-2.666593	
LOGGREX	First difference and individual intercept	-8.817014	1%	-3.857386	0. 0000
			5%	-3.040391	
			10%	-2.660551	
LOGGCEX	First difference and individual intercept	-6.762051	1%	-4.004425	0. 0008
			5%	-3.098896	
			10%	-2.690439	

Source: Researcher's E-view (v.12) computation Result, 2025

From the above table, all the variables are stationary since the ADF values are greater than the corresponding critical values and the probability is less than 0.05 for all variables. Therefore, the data becomes stationary at first difference integrated of order 1 that is {recurrent expenditure (GREX), gross domestic product (GDP) human development index (HDI). consumer price index (CPI) and capital expenditure) are 1(1).

Summary of Results Findings

Table 4.4   Summary Computation of Hypotheses Results

Hypotheses	Coefficient	Std. Error	T-Stat	P-Value 0.05	Statistical Decision	Result
$H0_1$	6.608950	0.856982	7.711885	0.0000	Significant	Rejected $H0_1$
$H02$	22.87815	4.887084	4.681349	0.0002	Significant	Rejected $H0_2$
$H0_3$	1.29E-05	1.51E-06	8.585875	0.6320	Not Significant	Not rejected $H0_3$
$H0_4$	4.50E-05	9.00E-06	5.000057	0.0471	Significant	Rejected $H0_4$
$H0_5$	6.15E-05	0.000464	1.232513	0.8960	Not significant	Not rejected $H0_5$
$H0_6$	-0.001034	0.001886	1.548457	0.5901	Not Significant	Not rejected $H0_6$
$H0_7$				0.223	Not Significant	Not rejected $H0_7$

Source: Researcher's E-view (v.12) computation Result, 2021

The results of the study's hypotheses were provided in accordance with the statistical decision rule: "if the probability value (PV) is less than 0.05 alpha level, we reject the null hypotheses and accept significant associations," as shown in the summary of hypotheses table above. Meanwhile, we accept the null hypothesis and accept an insignificant association if the probability value (PV) is greater than the 0.05 alpha level. Hence:

Ho_1: There is a significant relationship between recurrent expenditure and gross domestic product of government expenditures and economic development in Nigeria.

Ho_2: There is a significant relationship between recurrent expenditure and human development index of government expenditures and economic development in Nigeria.

Ho_3: There is no significant relationship between recurrent expenditure and consumer price index of government expenditures and economic development in Nigeria.

Ho_4: There is a significant relationship between capital expenditure and gross domestic product of government expenditures and economic development in Nigeria.

Ho_5: There is no significant relationship between capital expenditure and human development index of government expenditures and economic development in Nigeria.

Ho_6: There is no significant relationship between capital expenditure and consumer price index of government expenditures and economic development in Nigeria.

Ho_7: Inflation rate does not have moderate influence on the relationship government expenditures and economic development in Nigeria from 2001 to 2020.

Discussion of Findings

Ho_1: There is significant relationship between recurrent expenditure and gross domestic product of government expenditures and economic development in Nigeria.

The result of the descriptive statistics analysis of table 4.1 for **recurrent expenditure and gross domestic product** show an average of 3093.71 and 52814.0, respectively. On the other hand, null hypothesis one was rejected with a (P-Value of 0.0000 lower than 0.05). Hence, there is significant relationship between recurrent expenditure and gross domestic product of government expenditures and economic development in Nigeria from 2001 to 2020. This finding was in line with Jelilov and Musa (2016), investigated government spending and economic growth

in Nigeria. The study analysis the reason why government spending has failed to generate commensurate growth rate for the economy. Time series data spanning 1981-2012 were analyzed using the OLS technique. It was found that government expenditure has a positive and significant impact on economic growth. Government expenditure drives economic growth in Nigeria and the paper recommended that more of government's resources should be directed to especially capital expenditure.

Ho$_2$: There is significant relationship between recurrent expenditure and human development index of government expenditures and economic development in Nigeria
The result of the descriptive statistics analysis of table 4.1 for recurrent expenditure and gross domestic product show an average of 908.336 and 52814.0, respectively. On the other hand, null hypothesis one was rejected with a (P-Value of 0.0002 lower than 0.05). Hence, there is significant relationship between capital expenditure and gross domestic product of government expenditures and economic development in Nigeria. This finding was in line with Oziengbe (2013), investigated the impact of government capital and recurrent expenditures on Nigeria's economy between the periods 1980 to 2011. Using multiple linear regression analysis, the study proxied total government expenditure (GOVEXP) for government capital and recurrent expenditures and gross domestic product (GDP) for economic growth. Data collected from secondary sources were analyzed by exploiting the co-integration and error correction mechanism and the findings showed that capital expenditures (CAPEXP) had a positive significant relationship to GDP. The study thus recommends larger portion of government expenditure to go into provision of infrastructural facilities and other capital projects.

Ho$_3$: There is no significant relationship between recurrent expenditure and human development index of government expenditures and economic development in Nigeria.
The result of the descriptive statistics analysis of table 4.1 for recurrent expenditure and human development index show an average of 3093.71 and 0.5006, respectively. On the other hand, null hypothesis one was accepted with a (P-Value of 0.6320 higher than 0.05). Hence, there is significant relationship between recurrent expenditure and human development index of government expenditures and economic development in Nigeria. This finding was in line with Bonmwa and Ishmael (2017), examined the impact of government expenditure on economic growth in Nigeria for the period 1981 – 2016. Specifically, the impact of government recurrent and capital expenditures was tested using two separate models. The stationarity of the variables was tested to determine the stochastic properties of the series. Also, the co-integration result indicates that the two models each have one co-integrating equation. The study therefore concluded that government expenditure has not translated into meaningful economic growth. On the basis of the above, the paper went on to recommend that government should increase her budgetary allocation to capital projects and ensure effective utilization of such funds. Also, it should increase social services capital expenditure allocation bearing in mind its multiplier effects on long-run economic growth.

Ho$_4$: There is no significant relationship between capital expenditure and human development index of government expenditures and economic development in Nigeria
The result of the descriptive statistics analysis of table 4.1 for capital expenditure and human development index show an average of 908.336 and 0.5006, respectively. On the other hand, null hypothesis one was rejected with a (P-Value of 0.0471 lower than 0.05). Hence, there is significant relationship between capital expenditure and human development index of government expenditures and economic development in Nigeria. This finding was in line with Nazifi (2014), researched on the capital expenditure and its impact on economic growth in Nigeria: 1980-2010. The multiple regression model of Ordinary Least Square was used to analyze the data. The findings of the study showed that total capital expenditure, capital expenditure on administration,

capital expenditure on social community services and capital expenditure on transfers have positive impact on economic growth in Nigeria. Also, Taiwo and Abayomi (2011), examined the relationship between government current and capital expenditure in Nigeria using ordinary least square on series from 1970 to 2008, and they found a significant positive relationship between the economic growth and capital and recurrent expenditure. Gemmell and Kneller (2001), investigated the relationship between fiscal policy and growth of the European economy in the long run using the time series and panel data. Findings revealed that non-productive government expenditure does not stimulate economic growth in Europe, while productive expenditures of the government stimulate economic growth. Having reviewed the related literature, it is crystal clear that quite a number of studies have been done on government spending on economic growth but very few have centered on the various components of government expenditure. On this premises, this empirical study tends to identify various components of government expenditure that significantly contribute to the growth of the Nigerian economy.

Ho$_5$: There is no significant relationship between recurrent expenditure and consumer price index of government expenditures and economic development in Nigeria

The result of the descriptive statistics analysis of table 4.1 for recurrent expenditure and consumer price index show an average of 3093.71 and 12.4565, respectively. On the other hand, null hypothesis one was accepted with a (P-Value of 0.8960 higher than 0.05). Hence, there is no significant relationship between recurrent expenditure and consumer price index of government expenditures and economic development in Nigeria. This finding was in line with Tajudee and Ismail (2013), studied the impact of public expenditure on economic growth in Nigeria during the period 1970 to 2010 used annual times series data. The study employed the bounds testing (ARDL) approach to examine the long run and short run relationships between public expenditure and economic growth in Nigeria. The bounds test suggested that the variables of interest put in the framework were bound together in the long-run. The associated equilibrium correction was also significant confirming the existence of long-run relationships. Our findings indicated the impact of total public spending on growth to be negative which is consistent with other past studies. Recurrent expenditure however was found to have little significant positive impact on growth. Therefore, government should increase its spending on infrastructure, social and economic activities.

Ho$_6$: There is no significant relationship between capital expenditure and consumer price index of government expenditures and economic development in Nigeria

The result of the descriptive statistics analysis of table 4.1 for capital expenditure and consumer price index show an average of 908.336 and 12.4565, respectively. On the other hand, null hypothesis one was accepted with a (P-Value of 0.5901 higher than 0.05). Hence, there is no significant relationship between capital expenditure and consumer price index of government expenditures and economic development in Nigeria. This finding was in line with Babalola, et al. (2015), investigated the impact of government expenditures on adjudged critical sectors on economic growth in Nigeria (1984-2013). The necessary residual tests were conducted and the analysis was found to be reliable. The specific ARDL estimates of the analysis reveals that government expenditure on defense retards the economic growth and government expenditure on agriculture promote the economic growth while government expenditure on education and transport/communication have no impact on economic growth in the long-run. In the short run, none of the government expenditure on these sectors contributes to the growth objective. The study concludes that the reason for the failure of public expenditures to achieve the fiscal objectives is not unconnected to the fact that the level of fiscal indiscipline in these sectors is outrageous to the extent that it serves as drag to the economic growth. Consequently, the study decries policy prescription that the Government expenditures on these sectors should be increased except in the education sector to meet the UNDP recommendation. And, further recommends that

fiscal indiscipline in whatever manner among the political office holders and government officials must be mitigated to the barest minimum by ensuring that the fund budgeted are actually spent on the right course. The government should avoid the proliferation of anti-graft agencies but strengthen the available ones (EFCC and ICPC) by necessary legislations to carry out their functions diligently without unnecessary political interference.

Ho₇: Inflation rate does not have moderate influence on the relationship of government expenditures and economic development in Nigeria from 2001 to 2020.

Finally, there is no significant influence of inflation rate on the relationship between government expenditures and economic development in Nigeria from 2001 to 2020. This is in line with Nworji, et al. (2012), examined the effect of public expenditure on economic growth in Nigeria for the period 1970 – 2009. The tool of analysis was the OLS multiple regression model specified on perceived causal relationship between government expenditure and economic growth. The major objective of this paper is to analyze the effect of public government spending on economic in Nigeria based on time series data on variables considered relevant indicators of economic growth and government expenditure. Therefore, time series data included in the model were those on gross domestic product (GDP), and various components of government expenditure. Results of the analysis showed that capital and recurrent expenditure on economic services had insignificant negative effect on economic growth during the study period. Also, capital expenditure on transfers had insignificant positive effect on growth. Also, Vinyuhu and Bishamber (2016), investigated government expenditure and its impact on economic growth: A case study of Nagaland state over a period from 1980-81 to 2009, with a particular focus on sectoral expenditures. Nagaland governmental expenditures data and used a multivariate co-integration analysis and vector error correction model (VECM) to examine the effect of each sector on economic growth, both in long and short runs. Seven sectors were taken into account: Administrative Services, Education, Health, Agriculture, Transport and Communication, Rural Development and Power. Our findings revealed that in the long-run, expenditure variables are found significant to explain the dependent variable, i.e., economic growth (GSDP). In the short-run, expenditure on education was found to be positively significant and expenditure on agriculture showed a negative relationship with the economic growth. However, expenditure on health, administration, transport and communication and rural development were not significant. Accordingly, the allocation of government resources towards education sector should be favoured in order to enhance growth.

SUMMUARY, CONCLUSION, RECOMMENDATIONS AND CONTRIBUTION TO SCHOLARSHIP
Summary of the Study

This study investigated the relationship between government expenditures and economic development in Nigeria from 2001 to 2020. Seven objectives, research questions and hypotheses were formulated to guide the study. Studies related to this study were critically reviewed under three under headings of; conceptual reviews, theoretical framework and empirical studies. The review was guided in accordance to the dimensions (Recurrent Expenditure and Capital Expenditure) of the independent variables and measures (Gross Domestic Product, Human Development Index and Consumer Price Index) of the dependent variable of the study. Inflation rate was used as moderator variable.

Thus, the results of the study's hypotheses results were provided in accordance with the regression statistical analysis and decision rule of probability value (PV) of 0.05 alpha level. Hence:

1. There is a significant relationship between recurrent expenditure and gross domestic product of government expenditures and economic development in Nigeria.

2. There is a significant relationship between capital expenditure and gross domestic product of government expenditures and economic development in Nigeria.
3. There is no significant relationship between recurrent expenditure and human development index of government expenditures and economic development in Nigeria.
4. There is a significant relationship between capital expenditure and human development index of government expenditures and economic development in Nigeria.
5. There is no significant relationship between recurrent expenditure and consumer price index of government expenditures and economic development in Nigeria.
6. There is no significant relationship between capital expenditure and consumer price index of government expenditures and economic development in Nigeria.
7. Inflation rate does not have moderate influence on the relationship government expenditures and economic development in Nigeria from 2001 to 2020.

Conclusion

In Nigeria, available statistics below show that federal government expenditure yearly has continued to rise over the years. This is believed to arise from oil and non-oil revenues. Likewise, there has been an increasing demand for public goods such as roads, electricity, education, health and security, food, etc., that would stimulate gross domestic products, human development index level and favorable consumer price index level. Thus, the study examined government expenditures and economic development in Nigeria from 2001 to 2020. Government expenditure is an important instrument for government in functioning and controlling the economy whether developed or underdeveloped.

Hence from the results of the hypotheses the study concludes that there is a significant relationship between recurrent expenditure and gross domestic product of government expenditures and economic development in Nigeria. Also, there is a significant relationship between capital expenditure and gross domestic product of government expenditures and economic development in Nigeria. And there is a significant relationship between capital expenditure and human development index of government expenditures and economic development in Nigeria. On the other hand, there is no significant relationship between recurrent expenditure and human development index of government expenditures and economic development in Nigeria. Also, there is no significant relationship between recurrent expenditure and consumer price index of government expenditures and economic development in Nigeria. There is no significant relationship between capital expenditure and consumer price index of government expenditures and economic development in Nigeria. And inflation rate does not have moderate influence on the relationship government expenditures and economic development in Nigeria from 2001 to 2020.

Recommendations

The findings of the study have important policy implications which led to making of the following recommendations below.

1. Government should maintain her budgetary allocation on recurrent expenditures as to improve the standard of social infrastructure amenities in country that will foster development.
2. The study recommends better continues management of capital expenditure has it impact significantly on gross domestic product.
3. That government should ensure that her expenditure on recurrent should be managed and monitored at the implementation stage to enhance comparable achievement viz-a-viz on economic growth.
4. To increase the development rate of the economy, the government must adopt stringent controls on its capital expenditures on economic services such as; on infrastructure,

agriculture, power or electricity and transportation, so as to reduce fraud, fund diversion and mismanagement.

5. Policy makers should exhibit a high public expenditure management capacity to ensure that the recurrent expenditure is properly and effectively managed in a manner that it will achieve the outcome for which it's intended for. In this manner the government should plan well before implementing projects so as not to abandon these projects in the long run. This raises the need for transparency, probity and accountability on how public expenditure is spent.

6. Government should always conduct cost-benefit analysis to assess capital expenditure projects to embark upon in order to avoid waste of resources and continuous improvement of standard of living and consumer price index.

7. Government should effectively control the inflation rate, as to have sufficient revenue from expenditure that will be geared towards development.

Contribution to Scholarship

1. The study also utilized the two functional public expenditure categories (capital expenditure and recurrent expenditure) introduced by central bank of Nigeria, as dimensions of government expenditure which were used in filling the gap in empirical literatures.

2. This study rigorously complied 2001 – 2020 (20) years secondary data from central bank of Nigeria (CBN) statistical bulletins, national abstract of statistics (NAS), national bureau for statistics and www.knoema.com to adequately fill this gap.

3. This study developed six panel regression models for capturing the casual relationships between dimensions of government expenditure (capital expenditure and recurrent expenditure) and economic development measures (gross domestic product human development index and consumer price index) in Nigeria.

Heuristic Model
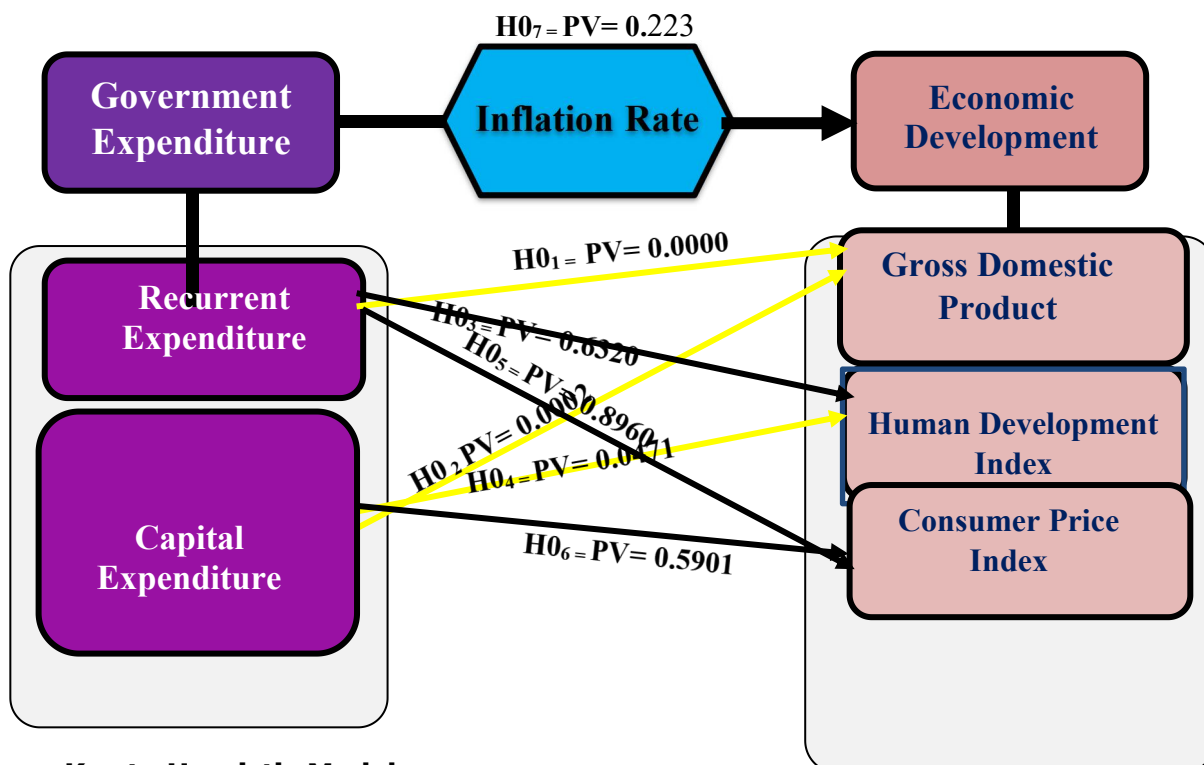
Key to Heuristic Model
Yellow lines = Significant relationship

Black lines = Insignificant relationship

Ho$_1$: The first (1st) Yellow arrow line; represent the relationship and effect of recurrent expenditure and gross domestic product. Thus, a p-value of 0.0000 i.e. recurrent expenditure has significant effect on gross domestic product in Nigeria.

Ho$_2$: The second (2nd) Yellow arrow line; represent the relationship and effect of capital expenditure and gross domestic product. Thus, a p-value of 0.0002 i.e. capital expenditure has significant effect on gross domestic product in Nigeria.

Ho$_3$: The second black (2nd) Black arrow line; represent the relationship and effect of recurrent expenditure and human development index. Thus, a p-value of 0.6320 i.e. recurrent expenditure has significant effect on human development index in Nigeria.

Ho$_4$: The third (3rd) Yellow arrow line; represent the relationship and effect of capital expenditure and human development index. Thus, a p-value of 0.0471 i.e. capital expenditure has insignificant effect on human development index in Nigeria.

Ho$_5$: The third (3rd) Black arrow line: represent the relationship and effect of recurrent expenditure and consumer price index. Thus, a p-value of 0.8960 i.e. recurrent expenditure has insignificant effect on consumer price index in Nigeria.

Ho$_6$: The sixth (4th) Black arrow line; represent the relationship and effect of capital expenditure and consumer price index. Thus, a p-value of 0.5901 i.e. capital expenditure has insignificant effect on consumer price index in Nigeria.

Ho$_7$: First (1rd) Black arrow line: showing P-value of 0.223 represent the correlation and influence of inflation rate in the relationship between government expenditures and economic development in Nigeria.

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