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**GOVERNMENT EXPENDITURE AND ECONOMIC DEVELOPMENT IN NIGERIA  
(2000-2021)**

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**KEY WORDS**

Capital Expenditure,  
Recurrent Expenditure,  
Human Development Index,  
Per Capita Income

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**A B S T R A C T**

*This research examined the relationship between Federal Government Expenditure and Economic development in Nigeria from 2000 to 2021. The government of Nigeria has been implementing various fiscal measures (government expenditure) to ensure economic development, this study seeks to examine their effectiveness. The quasi-experimental design and ex-post-facto data were adopted for the study. Data for the research analysis were sources from reliable institutions such as the Central Bank of Nigeria (CBN) Bulletin, Budget office of Nigeria, Federal Bureau of Statistics (FBS). Four Null-hypotheses were formulated, tested and result interpreted. The study also employed regression analysis. Findings of the study revealed that the Federal governments capital expenditures on human capacity building are not commensurate with the country's economic growth rate. Again on Recurrent expenditure, government was spending a lot of money on various administrative costs associated with the Human Development Index (HD1), while neglecting the significant investment that can yield better returns. The capital expenditure on per capita income do not have visible presence in the national budget, hence the lack of positive impact on PCL Also, spending a lot of money on various administrative costs was found not to have any significant impact on the per capita income of the country. Recommendations: Based on the findings of the study, the following recommendations were made; in order to accelerate economic development in the country, the amount of money spent on recurrent expenditure should be reduced and directed towards capital investments, to ensure that the country's resources are used effectively and efficiently, the government should maintain its fight against corruption. Again, Government should ensure that the policies and procedures related to the allocation of funds are thoroughly implemented.*

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**Introduction**

The government's expenditure refers to all the expenses that it makes on behalf of a country's citizens. These are classified into two categories: capital and recurrent expenditures. The former covers the regular expenditure of the government on the purchase of goods and services, while the latter covers the

salaries and wages of workers (Muguro, 2017). Recurrent expenditures are not as commonly used as capital expenditures, which are usually projects that involve the construction of roads and bridges. Instead, they are usually focused on improving the education and health sectors. Wanjiru (2013), opined that government's spending on these sectors can stimulate the country's economic growth and develop human capital.

Like other countries, the government of Nigeria's expenditure includes both the capital and recurrent expenditures. The former comprises of the government's expenditures on capital projects and education facilities. The latter includes the various intangibles, such as research and development that help improve the functionality of the nation's assets (Davina, 2009). The recurrent expenditure, on the other hand, includes the unrecovered benefits that are expected to be consumed in a year. This type of expenditure reoccurrences annually, which indicates that the government is expected continue to spend this amount.

The size and structure of the government's expenditures are important factors that influence the country's output growth. They are also expected to contribute to the country's economic management. The government's desire to provide a conducive business environment is the reason why it has the necessary resources to carry out its duties. The quality of the public goods and services that are delivered by the government depends on the overall structure and nature of its expenditures (Idris and Bakar 2017).

The level of government spending and the structure of the country's economy are two of the most critical factors that affect the sustainability of a country's macroeconomic framework. For instance, in Nigeria, macroeconomic stability was mainly caused by the country's failure to manage its oil revenue. As the government started to allocate more funds, the amount of allocated budget became meaningless. Even though the long-term plan did not specify how these additional expenditures would be used, they were still referenced in spite of the lack of a strategy.

Recurrent expenditures are the government's expenditures that are carried out while capital expenditures are the expenses that are allocated for specific projects. These expenditures include the construction of roads, airports, electricity generation, telecommunications, and railways. The recurrent expenditure is the portion of the government's budget that's allocated for the payment of salaries and wages. On the other hand, the capital expenditures are the portion of the government's budget that's allocated for projects (Idris and Bakar 2017).

The federal government expenditure has increased over the years (CBN 2016). This can be attributed to rising demand for various public goods and non-oil revenue that it collects. In the year 2000, government capital expenditure was ₦239,450.60 billion with its recurrent expenditure components of ₦461,600 billion, all totaling ₦701,050.60 billion.

In 2001, the capital expenditure rose to ₦438,696.50 billion, and recurrent expenditure to 579,300 billion, all totaling 1,017,996.50 trillion. It is also interesting to note that the same increasing trajectory continue on that progression up to 2021 with expenditure profile of N13.08 trillion (CBN & Nigeria Budget Office 2021). In spite of these huge budgetary allocations over the years, many scholars still cannot determine whether the raising expenditure of Nigeria's federal government has led to increase in people's per capita income, which is expected to reduce poverty and develop the country.

In the same way many Nigeria's continue to live in abject poverty with over 50% of them living on less than one dollar per day which is the measure of poverty by (UNPD 2014). Again, despite the various interventions by the federal government in the form of increased expenditure, Nigeria's Gross Domestic Product (GDP) per capita has continued to shrink. It was against backdrop that the study examined the impact of government expenditure on economic development in Nigeria from 2000-2021.

Generally, the objective this study is to determine the effect of government expenditure on the economic development in Nigeria from 2000 to 2021. Specifically, the study tends to:

- 1) Evaluate the impact of government capital expenditure on human development index in Nigeria.
- 2) Determine the effect of government recurrent expenditure on human development index in Nigeria.
- 3) Access the impact of government capital expenditure on per capita income in Nigeria.
- 4) Determine the effect of government recurrent expenditure on per capita income in Nigeria.

Based on the specific objectives of the study, the following research questions were raised;

- 1) To what extent does government capital expenditure contribute to human development index in Nigeria?
- 2) What is the effect of government recurrent expenditure on human development index in Nigeria?
- 3) What extent has government capital expenditure contribute to per capita income in Nigeria?
- 4) What is the effect of government recurrent expenditure on per capita income in Nigeria?

To pursue the above study objectives, the following Null and Alternate hypotheses has been formulated.

- 1) **H<sub>0</sub>1:** Government capital expenditure does not have significant impact on human development index in Nigeria.  
**H<sub>A</sub>1:** Government capital expenditure has a significant impact on human development index in Nigeria.

- 2) **H<sub>02</sub>**: Government recurrent expenditure does not have significant effect on human development index in Nigeria.  
**H<sub>A2</sub>**: Government recurrent expenditure has a significant effect on human development index in Nigeria.
- 3) **H<sub>03</sub>**: Government capital expenditure does not have significant impact on per capita income in Nigeria.  
**H<sub>A3</sub>**: Government capital expenditure has a significant impact on per capita income in Nigeria.
- 4) **H<sub>04</sub>**: Government recurrent expenditure has no significant effect on per capita income in Nigeria.  
**H<sub>A4</sub>**: Government recurrent expenditure has significant effect on per capita income in Nigeria.

### **The Concept of Economic Development**

Economic development generally refers to the capacity of a country's economy to generate and sustain an increase in its gross national income at a rate of 5% to 7% annually. One of the most common alternative indexes used for development is the growth rate of the country's gross national income per capita. This method takes into account the country's ability to expand its output at an accelerated rate faster than its population (Todaro and Smith, 2009).

In the past, economic development typically centered on the planned changes in the structure of employment and production, which would increase the share of agriculture in both the service and manufacturing industries. This strategy has typically been focused on rapid industrialization, while neglecting rural development.

During the 1970s, development was often regarded as an economic phenomenon that would either slow down or create new opportunities for the masses through the creation of jobs and other economic activities. This was not the case during the past few decades. Instead, it was seen as a process that would lead to the establishment of a more inclusive society. According to Todaro and Smith (2009), the most important factors that would affect the development of a society were the availability of jobs and the increasing income distribution.

Despite the various economic achievements of developing nations during the 1950s and the 1960s, the living conditions of the people in these countries remained the same. This led to a growing number of policymakers and economists calling for more direct action to address the issue of poverty and inequality (Todaro and Smith, 2009).

### **The Concept of Human Capital Development**

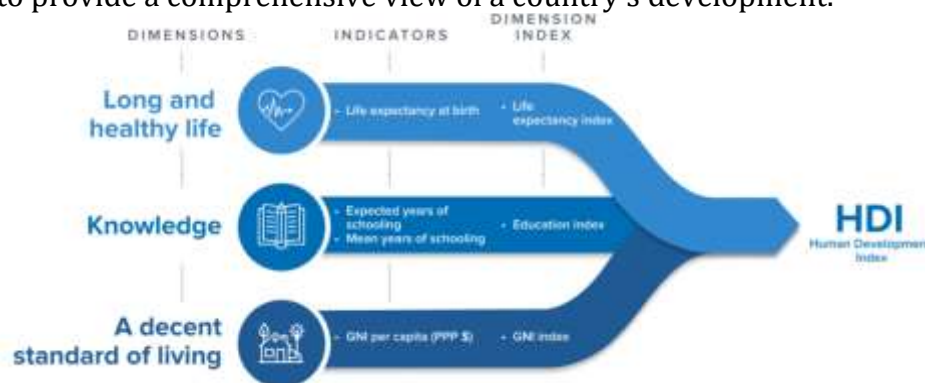
While human capital refers to a country's various capabilities and skills, human capital development involves the enhancement and acquisition of these factors and knowledge. This process is carried out through the recruitment and training of individuals who are capable of contributing to the nation's growth

(Okojie, 2005). Ilegbuna, (2013), opined that human capital is an innate and acquired skill or ability that people can use to perform their duties. This concept suggests that the level of education one has attained over time can affect their employment opportunities. In 1973, Harbisson noted that the continuous process of developing human capital involves gaining the necessary knowledge, skills, and experiences to drive economic value. Ejere and Lyakurwa (2011), opined that human beings alone are capable of creating, adapting, and learning new technologies. Following their own definitions, human capital has been regarded as the genetic component of an economy's labor force. It refers to individuals' special talents, technical know-how, and capacities that can help a nation grow. Developing a well-trained and healthy workforce is a vital component of any nation's efforts to solve its economic problems. This is done through the establishment of a conducive human capital development framework.

### The Concept of Human Development Index (HDI)

The Human Development Index is a summary measure of how well people are doing in various key dimensions of their development, such as having a long life expectancy, being knowledgeable about one's surroundings, and having a good standard of living. The health dimension is based on the life expectancy at birth, while the education dimension is calculated by the years of schooling that are expected for children entering school. The standard of living is computed by taking into account the country's gross national income.

The Human Development Index is a statistical tool utilized to measure a country's economic and social attainment. According to The Economic Times, the dimensions of a country's economy and social structure are based on the quality of its people and their educational achievements (The Economic Times, 2018). The Human Development Index is regarded as one of the most accurate tools for monitoring a country's progress. It combines various economic and social indicators to provide a comprehensive view of a country's development.



**Theoretical Review:** To support the study on the impact of government expenditure on economic development in Nigeria, the following theories were used;

### **Musgrave Theory of Public Expenditure Growth**

In 1969, Musgrave presented this theory, which explained how the demand for public services changes in different income ranges. According to Musgrave, when per capita income is low, the demand for public services is typically low. He explained that this is because the income is mainly used to satisfy primary needs. When the income level reaches high levels, the demand for certain public services such as education, transportation, and health starts to increase, which in turn increases the government's expenditure. He noted that when the per capita income level reaches high levels, the growth of the public sector tends to slow down. This is because the more basic needs are satisfied (Musgrave and Musgrave, 1989, Nnamocha, 2002).

**Peacock-Wiseman Theory:** According to Peacock Wiseman theory, the increase in government revenue can be attributed to the government expenditure. This means that the more the government collects, the more it can spend on the welfare citizens. The increase in government spending can lead to an increase in profitability and employment of individuals and businesses as well as increase in overall output.

**Empirical Review:** The following studies were used to support the study Chandran Govindaraju (2011) examined the effects of government expenditure on Malaysia's economic growth. It covered a period from 1970 to 2006, using ordinary least square technique to analyze the study. The research looked into two scenarios: one where the aggregate expenditure of the government was examined, and the other where the education budget was used to assess its impact on the country's RGDP. The researchers found that the use of a single predictor variable, education, had a positive relationship with the country's GDP. The results of the study, which agreed with the Keynesian hypothesis, showed that the government's expenditure had a negative effect on Malaysia's economy from 1970 to 2014. Hasnul (2015) utilized the Ordinary-Least Squares method to conduct the study on the various operating expenditure such as education, defence and health care on the country's economic growth. The study revealed that there was no significant effect on expenditure, education, defence and health care towards the country's economic development.

Al-Batainehm I.M (2012), conducted a study on impact of government expenditure on economic growth in Jordan from 1990 to 2010 using VAR technique to analyze the study. It found that government expenditure had a positive impact on the country's economic growth from 1990 to 2010.

Al-Shatti A.S. (2014) conducted a study on public expenditure and economic growth in Jordan. The study revealed that public spending on education would not improve the country's economic growth since the private sector would continue to provide more education. The study was analyze with the use of ordinary least square technique.

### **Gap in Literature**



The objective of this study is to ascertain the effect of federal government expenditure on economic development from 2000 to 2021 however, previous literatures that studied on related topic has focused more on the effect of government expenditure on economic growth, but non has looked into the aspect whereby it affects the citizens by looking specifically on how it affects the human development index which comprises of the citizens health, standard of living and knowledge.

Empirical studies explored have not taken time to split the effect of the various expenditures (recurrent and capital) and how each affects the human development index, this research has set out to have a deep dive in order to explore more on how the various expenditures specifically affects the human capital index.

Also the studies conducted have not included data of more recent years as majority are about 7 to 10 years ago. This research has also set out to include the recent years, with more than two decades (21 years) margin in order to get an idea of the current impacts of the government expenditure on the various economic development indices outlined.

## **Methodology**

**Research Design:** Nworuh (2001), opined that research design is the process that helps a researcher develop a mental image of the structure that will allow them collect data and analyze them. Through a quasi-experimental design, known as ex-post facto design, the researcher examine how individual variable can affect a group. An ex-post facto research design involves comparing groups with similar quantities to an independent variable.

## **Sources of Data Collection**

Data for this study were sourced from secondary sources which include;

- i) Central Bank of Nigeria Statistical bulletin 2021.
- ii) Federal Bureau of Statistics (FOS)
- iii) World Development Indicator (WDI), (HDI)
- iv) United Nation Development Programme (UNDP) reports

## **Method of Data Analysis**

In order to achieve uniformity of the units, data sets were transformed using a logarithmic function. The data were analyzed with statistical package for social sciences (SPSS) version 25. The decision rule is that if P-value is above 5%, Ho is accepted and rejected if otherwise. The study covers a "period from 2000-2021.

## **Data Presentation, Analysis and Interpretation**

Data on federal government capital expenditure, federal government recurrent expenditure, data on human development index, and per capita income for the period 2000-2021.

## **Data Presentation-Before Transformation**

Year	Government Capital Expenditure (Billion Naira)	Government Recurrent Expenditure (Billion Naira)	Human Development Index	Per Capita Income In (Dollars)
2000	239,450.60	461,600	0.42	568
2001	438,696.50	579,300	0.44	590
2002	321,378.10	696,800	0.45	742
2003	241,688.30	984,300	0.45	795
2004	351,300	1,032,700	0.462	1008
2005	519,500	1,223,700	0.469	1268
2006	552,385.80	1,290,201.9	0.477	1656
2007	759,323	1,589,270	0.48	1883
2008	1,123,458	2,117,362	0.484	2259
2009	1,280.71	2,,425.07	0.484	1912
2010	1,764.69	2,669.01	0.482	2280
2011	1,146.75	2,425.05	0.492	2488
2012	1,339.99	2,454.89	0.499	2724
2013	1,621.48	2,646.39	0.506	2962
2014	1,119.62	2,386.03	0.512	3099
2015	557	1,824.71	0.516	2687
2016	1,587.4	2,601.13	0.521	2176
2017	2,174.5	2,990.92	0.526	1969
2018	2,869.6	3,516.48	0.531	2028
2019	3,184	4,843	0.538	2230
2020	2,783	4,386	0.535	2097
2021	N/A	N/A	0.535	2085

Source: Central Bank of Nigeria (CBN) Statistical Bulletin 2021 and Budget office of Nigeria.

### Transformation of Data Set Presentation after Transformation using Logarithmic Function

Year	Log Government Capital Expenditure	Log Government Recurrent Expenditure	Log Human Development Index	Log Per Capita Income
2000	5.37921593	5.6642658	-0.3767507	2.75434834
2001	5.64216417	5.76290353	-0.3565473	2.77232171
2002	5.507016279	5.84310814	-0.3467875	2.87040391
2003	5.383255627	5.99312749	-0.3467875	2.90036713



2004	5.54567815	6.01397418	-0.335358	3.00346053
2005	5.715585552	6.08767496	-0.3288272	3.10311925
2006	5.742242506	6.11065768	-0.3214816	3.21906033
2007	5.88042655	6.20119769	-0.3187588	3.27485032
2008	6.050556841	6.32579511	-0.3151546	3.35391623
2009	3.107450801		-0.3151546	3.25145789
2010	3.246668425	3.4263502	-0.316953	3.35793485
2011	3.059468749	3.3847207	-0.3080349	3.39585038
2012	3.127101557	3.39003204	-0.3018995	3.4352071
2013	3.209911596	3.42265385	-0.2958495	3.47158505
2014	3.049070648	3.3776759	-0.29073	3.49122158
2015	2.745855195	3.26119385	-0.2873503	3.42926767
2016	3.200686376	3.41516206	-0.2831623	3.33765889
2017	3.337359412	3.4758048	-0.2790143	3.29424572
2018	3.457821364	3.54610815	-0.2749055	3.30706795
2019	3.502973059	3.68511447	-0.2692177	3.34830486
2020	3.444513206	3.64206863	-0.2716462	3.32159843
2021	N/A	N/A	-0.2716462	3.31910606

To achieve uniformity of units, the data base were transformed using logarithmic function

**Data Analysis: Test of Hypotheses and Interpretation**

**Table 1: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.781 <sup>a</sup>	.601	.599	.76036	.601	28.859	1	2	.000

a. Predictors: (Constant), logCEX, logREX

**Source:** Author’s computation, 2023.

**Table 2: ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.010	1	.003	28.859	.000 <sup>b</sup>
	Residual	.001	2	.000		
	Total	.011	3			

a. Dependent Variable: logHDI

b. Predictors: (Constant), logCEX, logREX

**Table 3: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T-statistic	Sig.
		B	Std. Error	Beta		
1	(Constant)	.226	.054		4.354	.001
	logCEX	-.016	.022	-.112	-.719	.489
	logREX	.096	.015	.958	6.579	.000

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.651 <sup>a</sup>	.423	.420	.30614	.423	11.415	1	2	.000

a. Predictors: (Constant), logCEX, logREX

Source: Author's computation, 2023.

**Table 5: ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.045	1	.049	11.415	.000 <sup>b</sup>
	Residual	.021	2	.000		
	Total	.066	3			

a. Dependent Variable: logPCI

b. Predictors: (Constant), logCEX, logREX

**Table 6: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T-statistic	Sig.
		B	Std. Error	Beta		
1	(Constant)	.314	.052		6.754	.001
	logCEX	-.034	.027	-.032	-.212	.231
	logREX	.103	.014	.531	0.472	.129

### Interpretation

The tables above, pages (36-37) depicts a strong relationship between the dependent variable (HDI) and the independent variable (logCEX, logREX). It shows that 78.1% level of coefficient exist between HDI and logCEX, logREX, The coefficient of multiple determination denoted by R-Square is therefore strong thus indicating that the data does fit well in the statistical model (60.1%) since it is near to 100%, therefore a reasonable amount of HDI is been determined by logCEX, logREX, this therefore appears to be useful for making predictions since the value of *R-Square* is close to 1. This is a proof that government spending determines human capital development in Nigeria to a large extent and that the government should direct resources to have a healthy and knowledge based human capital to drive economic growth in the country.

Also when the R-Square was adjusted for possible error in fitness an Adjusted error of 59.9% was observed, this normally do serve as an indication that some other explanatory variable(s) by which without them the dependent variable (HDI) cannot be fully measured. Therefore other predictor variables are needed to be sourced out in order to fully measure the dependent variable (HDI).

An F-test was also performed to determine if the model is useful for prediction at 5% level of significance.

The F-ratio was calculated of the predictor variable to be 28.859 with an alpha value of 0.000 which was found to be higher than f-tabulated value at 0.05 and  $df= 1$  and 2 is 8.52632. This therefore shows that the model is useful for predicting HDI based on logCEX, logREX.

The regression result on Table 3 above is as follows:  $\text{log HDI} = 0.226 - 0.0161\text{logCEX} + 0.0961\text{logREX}$

The null hypothesis (Hoi) will be tested based on the t-statistics results on table 3\*\*\* above. Where the p-values of the individual predictor variable exceeds 5%, the Ho will be accepted and will be rejected where the result proves otherwise.

### Hypothesis I

**Ho1:** Government capital expenditure does not have significant impact on HDI in Nigeria. The Hoi states that CEX does not have significant impact on HDI. The result

on table 3 above reveals that t-statistic for CEX is -0.719 with the p-value of 0.489 > 0.05. This result implies that CEX has insignificant negative impact on HDI, thus the Hoi is accepted and the alternative which states otherwise rejected. Hence, CEX does not meet research a priori expectation. The implication of this result is that capital expenditure on human development components such education and health do not have visible presence in the national budget, hence the lack of positive impact on HDI.

## Hypothesis II

**Ho2:** There is no significant relationship between government recurrent expenditure and HDI in Nigeria. The result on Table 3 above indicates that t-statistics on REX is 6.579 with the p-value of 0.000 < 0.05. The result shows that REX has a robust and significant positive influence on HDL Thus Ho2 is declined and the alternative suggestion accepted.

The table above depicts a strong relationship between the dependent variable (HDI) and the independent variable (log CEX, logREX). It shows that 65.1% level of coefficient exist between HDI and log CEX, logREX, The coefficient of multiple determination denoted by R-Square is moderate thus indicating that the data does fit well in the statistical model (42.3%), therefore a reasonable amount of HDI is been determined by log CEX, logREX, this therefore appears to be useful for making predictions. This is a proof that government spending determines Human Development Index in Nigeria to a large extent and that the government should direct resources to help boost the country's Human Development Index in order to drive economic growth in the country.

Also when the R-Square was adjusted for possible error in fitness an Adjusted error of 42.0% was observed, this normally do serve as an indication that some other explanatory variable(s) by which without them the dependent variable (HDI) cannot be fully measured. Therefore other predictor variables are needed to be sourced out in order to fully measure the dependent variable (PCI).

An F-test was also performed to determine if the model is useful for prediction at 5% level of significance.

The F-ratio was calculated of the predictor variable to be 11.415 with an alpha value of 0.000 which was found to be higher than f-tabulated value at 0.05 and df= 1 and 2 is 8.52632. This therefore shows that the model is useful for predicting PCI based on log CEX, logREX.

The regression result on Table 6 above is as follows:  $\log PCI = 0.314 - 0.0341 \log CEX + 0.1031 \log REX$

The null hypothesis (Hoi) will be tested based on the t-statistics results on table 6 above. Where the p-values of the individual predictor variable exceeds 5%, the Ho will be accepted and will be rejected where the result proves otherwise.

## Hypothesis III

**Ho3:** Government capital expenditure does not have significant impact on PCI in Nigeria. The **Ho3** states that CEX does not have significant impact on PCI. The result on table 6 above reveals that t-statistic for CEX is -0.212 with the p-value of  $0.231 > 0.05$ . This result implies that CEX has insignificant negative impact on PCI, thus the Ho3 is accepted and the alternative which states otherwise rejected. Hence, CEX does not meet research a priori expectation.

#### **Hypothesis IV**

Ho4: There is no significant relationship between government recurrent expenditure and PCI in Nigeria.

The result on Table 6 above indicates that t-statistics on REX is 0.472 with the p-value of  $0.129 < 0.05$ . The result shows that REX has a poor and insignificant positive influence on PCI. Thus Ho4 is accepted and the alternative suggestion declined.

#### **Discussion of Findings**

##### **Government Capital Expenditure and HDI**

The result of the study indicates that the federal government's capital expenditures on human capacity building are not commensurate with the country's economic growth rate. This suggests that government does not budget enough funds to effectively implement its human development programs. (Table 3). Therefore, this result is consistent with the findings of (Al-Shatti, 2014; Hasnul, 2015; Muguro, 2017) but conflicts with the studies of (Al-Bataineh, 2012; Gangal & Gupta, 2013; Lahirushan & Gunsekara, 2015; Farooq, 2016; Jelilov & Musa, 2016; Toriki, 2016).

##### **Government Recurrent Expenditure and HDI in Nigeria.**

Findings indicates that the government is spending a lot of money on various administrative costs associated with the Human Development Index (HDI), while neglecting the significant investments that can yield better returns. Some of the major capital expenditures that are included in the list of projects that are expected to drive the growth of the economy include the construction of schools and hospitals (Table 3). However, this result meets the a priori expectation of the research and agrees with the outcomes of the studies of (Al-Bataineh, 2012; Gangal & Gupta, 2013; Lahirushan & Gunsekara, 2015; Farooq, 2016; Jelilov & Musa, 2016; Toriki, 2016), while having discrepancy with the findings of (Al-Shatti, 2014; Hasnul, 2015; Muguro, 2017).

##### **Government capital expenditure and PCI**

The implication of this result is that capital expenditure on per capita income do not have visible presence in the national budget, hence the lack of positive impact on PCI. The result of the study indicates that the federal government's capital expenditures on human capacity building are not commensurate with the country's economic growth rate (Table 6). This suggests that government does not appropriate enough resources to effectively implement its human development

programs. Therefore, this result is consistent with the findings of (Ifrajirimi & Ola 2017; Jamure, Yusuf & Muhammed 2015)

### **Government recurrent expenditure and PCI in Nigeria.**

Findings indicates that the government is spending a lot of money on various administrative costs while neglecting the significant investments that can yield better returns. Some of the major capital expenditures that are included in the list of projects that are expected to drive the growth of the economy include the construction of schools and hospitals. However, this result does not meet the apriori expectation of the research (Table 6)

## **Summary of Findings, Conclusion and Recommendation**

### **Summary of Findings**

The federal government's capital expenditures on human capacity building are not commensurate with the country's economic growth rate. Also the government is spending a lot of money on various administrative costs associated with the Human Development Index (HDI), while neglecting the significant investments that can yield better returns.

The capital expenditure on per capita income do not have visible presence in the national budget, hence the lack of positive impact on PCI. Also spending a lot of money on various administrative costs was found not to have any significant impact on the per capita income of the country.

### **Conclusion**

Based on the findings of this study, the conclusion drawn is that human development and per capita income issues have not been sufficiently captured in the national budget for capital and recurrent projects, hence the adverse effect of CEX and REX on HDI and PCI of the country. Therefore, the study suggests the following in order to assess the effect of Government Expenditure on HDI and PCI:

### **Recommendations**

- 1) In order to accelerate economic development in the country, the amount of money spent on recurrent expenditure should be reduced and directed towards capital investments.
- 2) To ensure that the country's resources are used efficiently and effectively, the government should maintain its fight against corruption.
- 3) In order to prevent inflation from affecting the country's development, the government should give its monetary policy authority the necessary support. Even though the government should increase its spending, it should also ensure that the loopholes and leakages in the economy are closed.
- 4) It should also provide the necessary support and resources to promote family planning. This can help control the country's population and birth rate.



- 5) It should also ensure that the policies and procedures related to the allocation of funds are thoroughly implemented.
- 6) The government should also encourage private and public investments to help boost the country's productivity, employment, and per capita income.

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