

**GOVERNMENT CAPITAL EXPENDITURE AND ECONOMIC DEVELOPMENT IN NIGERIA  
1990 - 2021**

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**ABSTRACT**

*This study sought to investigate the effect of government capital expenditure and economic growth in Nigeria. Specifically, the study investigate the effect of administration capital expenditure, social community service capital expenditure, transfer capital expenditure on real gross domestic product and gross national product in Nigeria, and also, ascertain whether exchange control the relationship between government capital expenditure and economic growth in Nigeria. This study adopted ex-post facto research design. The population of the study was on Federal Republic of Nigeria under the National Bureau of Statistics, Central Bank of Nigeria (CBN), World Bank and Federal Ministry of Finance. Secondary source of data were extracted from the Central Bank of Nigeria (CBN) statistical bulletin. The study period covered was thirty (31) years spanning from 1990 to 2021. This study utilized Descriptive statistic, Unit Root Test and Ordinary Least Square Regression method with the aid of E-View 12. The findings showed that, there is an insignificant effect of administration capital expenditure on real gross domestic product in Nigeria, there is an insignificant effect of social community service capital expenditure on real gross domestic product in Nigeria, there is a significant effect of transfer capital expenditure on real gross domestic product in Nigeria and there is an insignificant effect of administration capital expenditure on gross national product in Nigeria. Based on the findings, this study concluded that there is a significant effect of government capital expenditure and economic growth in Nigeria. It is suggested amongst others that the amount Federal government should put more effort to relate with the principal officers in the administrative unit so as to improve on our administration capital expenditure. Evidence from the study is a clear indication that effort put in by government in administration capital expenditure is not reflecting on our economic growth*

**Keyword: Administration capital expenditure, social community service capital expenditure and transfer capital expenditure and real gross domestic product.**

**INTRODUCTION**

The need to improve the living condition of people of every nation is a key priority of every government. This can be achieved through increase in government expenditure from the capital angle. This enables the government to have at its disposal enough fund to finance its capital expenditures, which will be accompanied by increase in economic output of the nation. Due to this phenomenon prior studies such as Olusola et al (2016), Al-Sharif and Dino (2019), Jideifo et al (2021), Abdulazeez (2021), Duruechi and Chigbu (2022) has carried a study on the nexus between government capital expenditure and economic in both developed and developing countries of the world. This is due to its importance in enhancing growth and development of any nation. The general view on government spending on infrastructures is that, it can enhance sustainable growth if effectively and efficiently utilized. Government capital expenditure serves as a catalyst for developing the economy as it supports the delivery of key public services through the constructions of social and economic infrastructures. It is through the spending that firms and citizens are connected to various economic opportunities in the areas of manufacturing, mining and quarrying, agriculture and soon.

The structure of government expenditure in Nigeria can be disaggregated into recurrent and capital expenditures. Recurrent expenditure are government expenses on administration such as wages, salaries, interest on loans, maintenance etc. The essence of this type of expenditure is to ensure that a government function effectively (Duruechi & Chigbu, 2022). On the other hand, government expenses on capital project like roads, airports, health, education, telecommunication, electricity generation, and so on constitute government capital expenditure (Owui et al., 2020). The provision of public infrastructural facilities has been one of the fundamental bases for government spending. Providing and maintaining these infrastructural amenities cost huge amounts of money. However, capital expenditure can be sectorally and functionally classified. The sectoral classification connotes government's actual expenditures on various sectors of an economy like agriculture, mining and quarrying, manufacturing, real estate, health, education and the likes. According to the Central Bank of Nigeria, functional classification of capital expenditure of the Federal Government of Nigeria consists of administration, economic services, social community services expenditures and transfers (CBN, 2019).

Despite this huge amount of capital expenditures, there is still an insignificant level of development witnessed. Public expenditure on all sectors of the Nigerian economy is expected to lead to economic growth in the sense that capital expenditure will boost the productive base of the economy which in turn will lead to growth. The interest by economists in Nigeria and other jurisdictions on the role of government capital expenditure is still inconclusive. Unfortunately, increasing government capital expenditure has not resulted in significant growth and development, and Nigeria continues to be one of the world's most impoverished nations. Despite the advancement of technology, Nigerians continue to live in abysmal poverty, with more than half of the population subsisting on less than \$1 per day. As a consequence of failing infrastructures, such as electricity supply and roads, many companies have failed, resulting in a rise in unemployment, and elephant projects have been abandoned (Jideofor et al., 2021).

There has been so much misappropriation and corruption leading to diversion of huge amount of money meant to fund the budget. To that extent, essential amenities like good road networks, portable water, affordable healthcare, constant power supply, quality education, clean and sanitary environment and ensure security of life and property have been difficult to provide (Onodugo & Amijiri, 2015). Chukwu and Udochukwu (2019) noted that despite the huge revenue from crude oil export, taxes and high public expenditure, Nigeria as a nation is not well positioned in terms of human development due to poor access to basic social infrastructure, portable water, electricity, health, education, high level of unemployment, high level of insecurity among others.

### **Aim and Objectives of the Study**

The major aim of this study was to empirically investigate the effect of government capital expenditure and economic growth in Nigeria. The specific objectives are to:

1. Investigate the effect of administration capital expenditure on real gross domestic product in Nigeria;
2. Investigate the effect of social community service capital expenditure on real gross domestic product in Nigeria;
3. Investigate the effect of transfer capital expenditure on real gross domestic product in Nigeria.

### **Hypotheses**

The study will be guided by the following research questions:

**Ho<sub>1</sub>:** The effect of administration capital expenditure on real gross domestic product in Nigeria is not significant;

**Ho<sub>2</sub>:** The effect of social community service capital expenditure on real gross domestic product in Nigeria is not significant;

**Ho<sub>3</sub>:** The effect of transfer capital expenditure on real gross domestic product in Nigeria is not significant.

## **Review of Related Literature**

### **Conceptual Review**

**Government Capital Expenditure:** Government capital expenditures are those that are capital stock augmenting, i.e., spending on the construction of physical assets such as schools, roads, bridges, airport, railways etc. 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 (Modebe et al., 2012). The capital budget is a fragment of the national budget which shows the proportion of the national revenue allocated for the purpose of carrying out project with useful life of more than a year. The crux of this study being 'capital budget' unlike the recurrent budget is initiated to provide funds to finance capital projects or assets. Ogujiuba and Ehigiamusoe (2013) stated that capital project includes the likes of construction of roads, bridges, hospitals, schools, prisons, public administrative buildings, highways, dams, and irrigation systems; the purchase of machinery and equipment; and the supply of water, electricity, and transport, health, and educational facilities. Also according to CBN (2011), Government capital expenditure is the money spent on goods that are classified as investment goods. This means spending on things that last for a period of time.

### **Administration Capital Expenditure**

In a bygone era, the administrative roles of government globally cuddle; preservation of law and acts; end to end with the delivery of social basic infrastructures. In the contemporary era, empirical and conventional philosophy holds the view that, such roles have shifted to cuddles; the realization of full employment, price stability at a target rate of inflation of 2 percent, economic diversification, balance of payment with trade equilibrium, along with an unbiased circulation of income and wealth. Everything being equal, for such roles to be prized, government overheads became indispensable (Udoh et al, 2018). Patricia and Izuchukwu (2017) premeditated on the effects of administrative outflow on educational economic advancement in Nigeria form 1977-2012. Findings show that outflow on education has a significant and positive effect on economic growth, whereas, recurrent outflow on education does not highly correlate with economic progression in Nigeria.

### **Social Community Service Capital Expenditure**

Provision of social goods and services is an active instrument for government in controlling the direction of the economy. Okoro (2013) defines it as those social goods and services provided through the public sector. Udoffia and Godson (2016) described it as those expenses incurred by the government in the provision of social goods and services. Provision of social facilities for the satisfaction of citizenry and attainment of desire economic growth and development has always been the main objectives of the government of any nation. It is expected that if the available resources are fairly distributed to key sectors, it could lead to economic growth and development (Johnny et al, 2018). Social community services, health and education are part of such social facilities and could play a vital role on a path to sustainable economic growth. Education and health are crucial in human and economic development as these vital sectors could support the production and as well motivate the highly needed manpower which could aids the country's economic growth and development (Nwodo & Ukaegbu, 2017).

**Transfer Capital Expenditure**

Transfer capital expenditure includes public debt servicing (including domestic and foreign), pension and gratuities, FCT/other/other CFR charges, contingencies and subventions. Okoro (2013) opined that the structure of government expenditure can be examined from two viewpoints; namely - transfer / resource-using (non-exhaustive/ absorptive expenditures) and recurrent / capital expenditures. Transfer expenditures or non-exhaustive expenditures take the form of outright grants of money to private citizens or private businesses. In other words, it is payment which is without corresponding transfer to real resources from the private sector or their use by the state. Examples are debt service (interest payments and capital repayments on internal and external debts), pensions and gratuities, external financial obligations such as annual subscriptions to international bodies, social security benefits, unemployment compensation, and other welfare payments (Hong, 2015).

**Economic Growth**

Kimberly (2019) defines economic growth as an increase in the productive capacity of a state in terms of production of goods and services over a specific period of time. Economic growth refers to as an increase in the value of goods and services produced by a country over a period and can be used to reflect the size of a country. Ayeni and Omobude (2018) viewed economic growth as the expansion of a country's potential GDP or national output or the outward shift of a country's production possibility curve. Economic growth in a wider sense involves the increase of the gross domestic product, expressed in both absolute and relative size, encompassing also the structural modifications of the economy. According to Odubuasi et al (2020), economic growth is a sustained increase in per capita national output or net national product over an extended period. It implies that the rate of increase in total output must be higher than the rate of population growth thereby resulting to improvement or increased in standard of living of the citizens. There are different proxies used for measuring economic growth but the most accepted is Gross Domestic Product (GDP). The economic growth of a nation or state can be measured using gross domestic product. This measure takes into account the country's productive capacity and output. The gross domestic product uses all goods and services that are produced in the country.

**Theoretical Framework****Musgrave Theory of Public Expenditure**

The Theory is proposed by Richard Abel Musgrave in his book on public finance theory and practice in the year 1997. He opined that the effectiveness of government spending is what matters. He revealed from his theory that the ineffectiveness of government expenditure can have hazardous effect on the growth of the economy. The theory employed the analytical tools of price theory and Keynesian macroeconomics of achieving full employment to the issues of incidence, that is, who bears the losses caused by distorting effect of taxes. The relevance of the theory to this study is based on Musgrave's emphasis on efficiency on the implementation of public capital spending in increasing growth. As it is in Nigeria, the problem of inefficient implementation of public capital expenditure needs to be tackled in order to restore growth in the economy. This study is therefore premised on the Musgrave theory of public expenditure.

**Empirical Review**

Duruechi and Chigbu (2022), focused on government capital expenditure and economic development paradigm in Nigeria between the periods 1990 to 2020. Data for the study were obtained from the Central Bank of Nigeria statistical bulletin and World Bank data website (WDI). The ordinary least square (OLS) statistical technique was used for data analysis. Government capital expenditure was disaggregated into economic services, social and community services, transfers and administration, while economic development was proxied by per capita income. Results from the individual statistical tests revealed that except for government capital expenditure on social and

community services, government capital expenditure on economic services, administration and transfers have insignificant negative and positive effects respectively on per capita income in Nigeria. However, the result of the global statistics as shown by the F-test revealed that government capital expenditure on economic services, social and community services, transfers and administrations collectively have significant effect on the economic development of Nigeria. The study suggested that there is urgent need for the government of Nigeria to be more proactive by sincerely blocking all leakages that makes it possible for civil and public servants to divert public funds meant for capital projects in the country.

Ikubor et al (2022) examined the impact of government capital expenditure in economic services' sector on Nigeria's economic growth between 1981 and 2020, using ARDL model. The data obtained were secondary sources, CBN Statistical Bulletin, National Bureau of Statistics. The dependent variable of the study is Gross Domestic Product (GDP), proxy as economic growth, while Capital Expenditure on Agriculture (AGEX), Capital Expenditure on Manufacturing, Mining and Quarrying (MGEX), were the independent variables. The results of the findings reveal that both AGEX and MGEX have positive relationship with GDP and at the 5% significant level, are statistically significant. The study therefore recommends that since spending in the areas of infrastructural facilities is a good determinant of output growth, government should ensure that basic infrastructural facilities needed in these sectors (agriculture and manufacturing, mining and quarrying) such as good roads, storage facilities stable electricity and soon, are provided.

Muhammed et al (2022) examined government expenditure on human capital development and its impact on economic growth in Nigeria from 1970-2011. The variables of study are Real Gross Domestic Product (RGDP), Gross Fix Capital Formation (GFCF), Total School Enrolment (TSCHE) Government Recurrent Expenditure on Health (GREXPH), Government Recurrent Expenditure on Education (GREXPE), Political environment Dummy (PDEMT) and Interactive Government Recurrent Expenditure on Health and Education (DGREEH). Data were sourced from CBN, World Bank and Federal Bureau for Statistics (FBS). The study employed the Ordinary Least Square (OLS) regression model to analyze the data and discovered the growth in RGDP was accounted for by the GFCF, TSCHE, GREXPH, GREXPE, PDEMT, and DGREEH. GFCF and TSCHE are positive and significant while GREXPH, GREXPE, are positive but not significant. Both PDEMT and DGREEH are both negative and insignificant. The study concluded that the positive variables are the ones responsible for economic growth during the period and capital formation should be of topmost priority, education and health sector budget be increased significantly to ensure steady economic growth among others.

Kekri (2022) determined mandatory spending on education and health in 29 regencies/cities in Papua. The data analysis method applies quantitative descriptive data by using regional financial data, namely: Regional Revenue and Expenditure Targets, Education and Health Expenditure Allocation for Fiscal Year 2021, Realization of Regional Income, and Expenditure, Education and Health Expenditure Allocation for the Fiscal Year 2017-2020. The main finding of this study is that 27 local governments have not complied with mandatory spending on education, while for health, there are six local governments in Papua. Of course, this fact indicates one of the weaknesses in achieving the competitiveness of human development in Papua. Next is the fact that study results show that the amount of regional income and expenditure is not necessarily accompanied by the level of compliance with mandatory spending. This indicates the poor quality of planning and budgeting at the local government level in Papua. The author is aware of the limitations of this study; in disclosing the facts of compliance with mandatory spending on education and health, it is hoped that further research can measure the impact of mandatory spending on regional development performance indicators through an econometric model approach.

Misango et al (2022) assessed the impact of health expenditure on economic growth in Kenya as one of the health indicator hindering growth rate. The study adopted the endogenous growth theory and incorporated key health expenditure into the model as a function of human capital. The research

design employed was explanatory and relied on secondary data from World Bank from 1987 to 2018. Applying the regression model, the results revealed that the coefficient of healthcare expenditure was 0.3032, which was positive and insignificant at a 5 per cent level. This implied that for every one per cent increase in the coefficient of health care expenditure, the GDP growth rate could increase by 0.3032 %. The Kenya government could put in place health policies promoting citizens' health under social pillar and also increase allocation to health care to promote economic growth.

Okerekeoti (2022) examined the effect of government expenditure on education on economic growth of Nigeria. Data for the analysis were extracted from annual series of the selected relevant macroeconomic variables from 1999 to 2020. Data for government expenditure on education were used as public expenditure variable while real gross domestic product was used as economic growth variable. Regression analysis was used to test the hypothesis, the findings of this study upholds that there is a positive and significant effect between government expenditure on education and RGDP at 5% level of significance. Based on finding of the study, the researchers recommended that there should be an increase in the reallocation of public spending towards education in order to raise income in the long run which would cause an improvement in the well being of the citizenry.

## **METHODOLOGY**

This study investigated the effect of government capital expenditure and economic growth in Nigeria. Specifically, the study investigate the effect of administration capital expenditure, social community service capital expenditure, transfer capital expenditure on real gross domestic product and gross national product in Nigeria, and also, ascertain whether exchange control the relationship between government capital expenditure and economic growth in Nigeria. This study adopted ex-post facto research design. The population of the study was on Federal Republic of Nigeria under the National Bureau of Statistics, Central Bank of Nigeria (CBN), World Bank and Federal Ministry of Finance. Secondary source of data were extracted from the Central Bank of Nigeria (CBN) statistical bulletin. The study period covered was thirty (31) years spanning from 1990 to 2022. This study utilized Descriptive statistic, Unit Root Test and Ordinary Least Square Regression method with the aid of E-View 12.

## **Model Specification**

In order to investigate the relationship existing between government capital expenditure and economic growth in Nigeria, we developed the Multiple Linear Regression analysis using (E-view 12). Thus, drawing from the Neo-classical syntheses of Sala-i- Martin (2002), the research analyses was guided in a functional relationship established for the variables: the independent variable 'government capital expenditure', indices such as administration capital expenditure (ADMCE), social community service capital expenditure (SCCEX) and transfer capital expenditure (TCEX). These independent variable metrics are used linearly in measuring real gross domestic product (RGDP). Also, the moderating variable monetary policy variable indices as exchange rate (XR) are used linearly in measuring government capital expenditure proxies and economic growth proxies. The model specification is as stated below.

### **Model 1: Real gross domestic product (NGDP) Model**

$RGDP = f(ADMCE, SCCEX, TCEX, XR) \dots\dots\dots Equ 1$

This can be written in Ordinary Least Square (OLS) form as:

$RGDP_{it} = a_0 + a_1ADMCE_{it} + a_2SCCEX_{it} + a_3TCEX_{it} + a_4XR_{it} + U_t \dots\dots\dots Equ. 2$

$a_1 > 0; a_2 > 0; a_3 > 0; a_4 > 0$

Where:

RGDP = Real gross domestic product as proxy for economic growth

ADMCE = Administration capital expenditure as proxy for government capital expenditure

SCCEX = Social community service capital expenditure as proxy for government capital expenditure

TCEX = Transfer capital expenditure as proxy for government capital expenditure  
 XR = Exchange rate as proxy for government policy for moderating variable  
 t = time period under study  
 $a_0$  = constant  
 $a_1$ - $a_4$  = parameter or coefficient of explanatory variable  
 u = error term

## Data Analysis and Discussion of Findings

**Table 1 Descriptive Statistics**

	ADMCE	SCCEX	TCEX	RGDP
Mean	164.5897	79.34161	102.4952	9439.213
Median	147.7200	68.80000	49.52000	2637.910
Maximum	591.2600	264.6900	438.8600	36014.88
Minimum	2.920000	1.490000	0.000000	47.42000
Std. Dev.	150.7302	72.19439	109.8587	11488.50
Skewness	0.906014	0.717415	1.338000	1.025642
Kurtosis	3.363339	3.5817546...	4.122382	3.702628...
Jarque-Bera Probability	4.411639 0.110160	2.885155 0.236318	10.87677 0.054465...	5.549256 0.062373
Sum	5102.280	2459.590	3177.350	292615.6
Sum Sq. Dev.	681588.0	156360.9	362068.1	3.96E+09
Observations	31	31	31	31

Source: Generated by the researcher from data collected using E-View (2023)

Table 1 above shows that all the variables has a positive growth rate as indicated between the minimum and maximum statistical values. ADMCE grow from 2.91 to 591.26 with a Mean value of 164.58 and standard derivation of 150.73, SCCEX grow from 1.49 to 264.69 with a Mean value of 79.34 and standard derivation of 72.19, TCEX grow from 0.00 to 438.80 with a Mean value of 102.49 and standard derivation of 109.85, RGDP grow from 47.42 to 36014.88, with a Mean value of 9439.21 and standard derivation of 11488.50. The result also indicated a skewness and kurtosis shows average level of consistency. The various statistics indicate that the variables have different distribution normality test. The skewness and kurtosis statistics provide useful information about the symmetry of the probability distribution of normality of the various time series as well as the thickness of the tails of these distributions respectively. Administrative capital expenditure (ADMCE), social community service capital expenditure (SCCEX) and transfer capital expenditure (TCEX), real gross domestic product (RGDP) are all had positives values of 1.906, 0.717, 1.338 and 1.025 skewed showing that they have a long right tail. Result also indicate that, Administrative capital expenditure (ADMCE), social community service capital expenditure (SCCEX) and transfer capital expenditure (TCEX) and real gross domestic product (RGDP) are all kurtosis values because they are greater than 3 and implies that, the extent of flatness of the distribution is normal among these variables.

**Table 2 Output of Stationarity Test for Unit Root**

Variables	Method	Level	Method 2	Level
		5% Prob.		5% Prob.
ADMCE	ADF	0.0322	PP	0.0000
SCCEX	ADF	0.0129	PP	0.0000
TCEX	ADF	0.0194	PP	0.0000

RGDP	ADF	0.0000	PP	0.0000
GNP	ADF	0.0042	PP	0.0000
XR	ADF	0.0020	PP	0.0000

**Source:** E-view Output for Stationarity of Data

The table above showed the unit root test for variables conducted under the condition of an included intercept but no trend, the result revealed that the values of the Augmented DickeyFuller (ADF) indicated that all the variables passed the stationarity test. The result also revealed Phillips-Perron unit root test of at level implied that the variables passed the stationarity test. Hence, the variables are set for Multivariate (Regression) Analysis.

### Regression Analysis

#### Model 1: Real gross domestic product (RGDP) Model

RGDP = f (ADMCE, SCCEX, TCEX, XR) ..... Equ 1

This can be written in Ordinary Least Square (OLS) form as:

$$RGDP_{it} = a_0 + a_1ADMCE_{it} + a_2SCCEX_{it} + a_3TCEX_{it} + a_4XR_{it} + U_t \dots \dots \dots \text{Equ. 2}$$

$$a_1 > 0; a_2 > 0; a_3 > 0; a_4 > 0$$

#### Table 3 Regression Analysis of Model

Dependent Variable: RGDP

Method: Least Squares

Date: 11/05/22 Time: 07:52

Sample: 1 31

Included observations: 31

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3334.681	996.8880	-3.345091	0.0025
ADMCE	1.818684	23.56987	0.077161	0.9391
SCCEX	8.678381	41.76831	0.207774	0.8370
TCEX	28.39821	9.965295	2.849711	0.0084
XR	67.49261	12.40381	5.441279	0.0000
R-squared	0.918314	Mean dependent var		9439.213
Adjusted R-squared	0.905747	S.D. dependent var		11488.50
S.E. of regression	3527.047	Akaike info criterion		19.32100
Sum squared resid	3.23E+08	Schwarz criterion		19.55229
Log likelihood	-294.4755	Hannan-Quinn criter.		19.39639
F-statistic	73.07299	Durbin-Watson stat		0.759050
Prob(F-statistic)	0.000000			

*Source: Generated by the researcher from data collected using E-View 12*

The above model summary in table 4.3 produced a correlation coefficient; R = 0.918 showed that there is a very strong correlation between prompt dependent measure of real gross domestic product (RGDP) and independent measures of administrative capital expenditure (ADMCE), social community service capital expenditure (SCCEX) and transfer capital expenditure (TCEX) and exchange rate (XR). Whereas R Square stood at 0.905 which implies that about 90.5% of variations in the dependent variable (prompt real gross domestic product) attributed to changes in the independent variable measures of administrative capital expenditure (ADMCE), social community service capital expenditure (SCCEX) and transfer capital expenditure (TCEX) and exchange rate (XR). The remaining variation is the error term and is attributed to other factors not included in the

model. The remaining value for real gross domestic product (RGDP) is excited and high since the unexplained variation is just 9.5%. The Durbin-Watson  $d = 0.759$  which is outside the two critical values of  $1.5 < d < 2.5$  and therefore we can assume that there is first order linear auto-correlation in the data. Hence the model is of absolute good fit.

The table above gives a regression significant P-value of  $.0000 < 0.05$ ,  $F(73.072)$  indicating that, the overall model is statistically significant at 0.05 of administrative capital expenditure (ADMCE), social community service capital expenditure (SCCEX) and transfer capital expenditure (TCEX) and exchange rate (XR) and real gross domestic product (RGDP) in Nigeria.

### **Test of Hypotheses**

#### **Statement of Hypotheses**

**Ho<sub>1</sub>:** The effect of administration capital expenditure on real gross domestic product in Nigeria is not significant.

**Decision Rule:** Accept Ho if  $P > 0.05$ . Otherwise reject

**Decision:** The result in table 4.3 discovered a significant level between administration capital expenditure (ADMCEX) and real gross domestic product (RGDP). The probability value  $P = 0.939 > 0.05$  revealed that the significant effect of administration capital expenditure (ADMCEX) on real gross domestic product (RGDP) is statistically insignificant at 0.05 alpha level. Thus the null hypothesis one is accepted which implied that the effect of administration capital expenditure on real gross domestic product in Nigeria is not significant.

**Ho<sub>2</sub>:** The effect of social community service capital expenditure on real gross domestic product in Nigeria is not significant

**Decision Rule:** Accept Ho if  $P > 0.05$ . Otherwise reject

**Decision:** The result in table 4.3 discovered a significant level between social community service capital expenditure (SCCEX) and real gross domestic product (RGDP). The probability value  $P = 0.837 > 0.05$  revealed that the significant effect of social community service capital expenditure (SCCEX) on real gross domestic product (RGDP) is statistically insignificant at 0.05 alpha level. Thus the null hypothesis two is accepted which implied that the effect of social community service capital expenditure on real gross domestic product in Nigeria is not significant.

**Ho<sub>3</sub>:** The effect of transfer capital expenditure on real gross domestic product in Nigeria is not significant.

**Decision Rule:** Accept Ho if  $P > 0.05$ . Otherwise reject

**Decision:** The result in table 4.3 discovered a significant level between transfer capital expenditure (TCEX) and real gross domestic product (RGDP). The probability value  $P = 0.008 < 0.05$  revealed that the significant effect of transfer capital expenditure (TCEX) on real gross domestic product (RGDP) is statistically significant at 0.05 alpha level. Thus the null hypothesis three is rejected which implied that the effect of transfer capital expenditure on real gross domestic product in Nigeria is significant.

### **CONCLUSIONS**

The study investigated the association between government capital expenditure and economic growth in Nigeria. The need for effective and efficient public expenditure cannot be overemphasized due to the importance to it citizen. Based on data obtained from Central Bank of Nigeria Statistical Bulletin and World Bank, data analysis, discussion of findings in chapter four and summary of findings above, we concluded that;

1. The effect of administration capital expenditure on real gross domestic product in Nigeria is not significant for the period 1990-2022;

2. The effect of social community service capital expenditure on real gross domestic product in Nigeria is not significant for the period 1990-2022;
3. The effect of transfer capital expenditure on real gross domestic product in Nigeria is significant for the period 1990-2022;

### **RECOMMENDATION(S)**

In the light of the findings of this research work, it is of cognizance to recommend the measures to further enhance the effect of government capital expenditure on national economy.

1. Federal government should put more effort to relate with the principal officers in the administrative unit so as to improve on our administration capital expenditure. Evidence from the study is a clear indication that effort put in by government in administration capital expenditure is not reflecting on our economic growth.
2. Government should improve on transfer capital expenditure. The expenditure on transfer will not reduce our income; rather it will increase economic growth.
3. Expenditures on social and community services which incorporate expenditures on education, health and other social and community services will boost the productivity of labor and increase the growth of national output.

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**TRANSFORMED DATA FOR GROSS NATIONAL PRODUCT**

<b>YEARS</b>	<b>Adm Capital Expenditur e</b>	<b>Social Capital Expenditu re</b>	<b>Transfe r</b>	<b>EXCHANGE RATE</b>	<b>RGDP</b>
1990	2.92	2.10	15.55	7.39	47.42
1991	3.35	1.49	20.36	8.04	75.40
1992	5.12	2.13	30.18	9.91	111.11
1993	8.08	3.58	24.50	17.3	165.34
1994	8.79	4.99	30.04	22.33	230.29
1995	13.34	9.22	55.44	21.89	289.09
1996	14.86	8.66	71.58	21.89	345.85
1997	49.55	6.90	43.59	21.89	413.28
1998	35.27	23.37	49.52	21.89	488.15
1999	42.74	17.25	114.46	21.89	628.95
2000	53.28	27.97	46.70	85.98	878.46
2001	49.25	53.34	76.35	99	1,269.32
2002	73.58	32.47	0.00	109	1,505.96
2003	87.96	55.74	0.01	114	1,952.92
2004	137.77	30.03	15.73	127	2,131.82
2005	171.57	71.36	11.50	132	2,637.91
2006	185.22	78.68	26.27	128.5	3,797.91
2007	226.97	150.90	23.04	120	5,127.40
2008	287.10	152.17	17.33	115.5	8,643.43
2009	291.66	144.93	210.20	145	9,687.51
2010	260.20	151.77	59.70	148.21	11,101.46
2011	231.80	92.85	207.50	151.05	12,628.32
2012	190.50	97.40	265.90	155.09	15,503.41
2013	283.65	154.71	164.27	153.21	18,743.07
2014	229.63	111.29	48.75	170	20,415.61
2015	226.81	82.98	159.82	199.9	20,885.52
2016	147.72	68.80	158.14	300	24,259.00
2017	328.94	167.66	203.51	359.99	28,604.47
2018	446.25	203.42	278.94	364.5	29,774.43
2019	591.26	264.69	438.86	365.37	34,257.90
2020	417.14	186.74	309.61	358.8	36,014.88
				476.95	
2021	635.73	303.66	480.61		40,318.29