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OVERVIEW OF GOVERNMENT RECURRENT EXPENDITURE AND ECONOMIC DEVELOPMENT IN NIGERIA

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ABSTRACT

This study examined the relationship between recurrent government expenditure and economic development in Nigeria over the period **2001–2020**. The motivation for the study stems from persistent inefficiencies in public sector operations, rising corruption, and the inability of increasing government expenditure to translate into meaningful improvements in economic welfare. The study adopted a **correlational and ex-post facto research design**, utilizing secondary time-series data obtained from the Central Bank of Nigeria (CBN), National Bureau of Statistics, and other official sources. Economic development was proxied using **Gross Domestic Product (GDP), Human Development Index (HDI), and Consumer Price Index (CPI)**, while recurrent expenditure served as the key explanatory variable. Data were analyzed using **descriptive statistics and regression analysis**. The findings revealed that recurrent expenditure has a **positive and significant relationship with GDP and HDI**, indicating its contribution to economic growth and human development. However, the relationship between recurrent expenditure and CPI was found to be **statistically insignificant**, suggesting limited influence on price stability. The study concluded that while recurrent expenditure plays a role in enhancing certain aspects of economic development, its overall effectiveness is constrained by inefficiencies in resource utilization and policy implementation. The study recommends improved monitoring and efficient management of public expenditure, particularly recurrent spending, to ensure optimal allocation of resources and enhanced development outcomes.

Keywords: Recurrent expenditure, Economic development, GDP, HDI, CPI, Nigeria.

INTRODUCTION

Developing countries, including Nigeria, have continued to experience widespread irregularities in public sector operations, resulting in public outcry, rising fraud, and weak confidence in economic institutions. These challenges are largely attributed to poor public finance planning and implementation, corruption, indiscipline, and lack of accountability, which collectively undermine economic performance and development. The consequences include low productivity, wastage of resources, idle capacity, and reduced competitiveness in international trade, especially when compared with advanced economies that produce higher-quality goods.

Sustained and equitable economic development remains a primary objective of government expenditure policy. Public expenditure plays a critical role in the formation of physical and human capital and is therefore essential for long-term growth (Enya et al., 2015). However, Nigeria has faced persistent challenges in translating increasing government expenditure into meaningful economic development outcomes. This has generated extensive debate among scholars, with some arguing that government spending promotes growth, while others contend that it is often inefficient and may hinder development (Aschauer, 2012). Nonetheless, government intervention through expenditure remains vital, particularly in economies characterized by market failures and structural weaknesses (Miles, 2003; Bonmwa & Ishmael, 2017).

Government expenditure encompasses spending on administration, economic services, social and community services, and transfers, with both capital and recurrent components (CBN, 2011; Echekoba & Amakor, 2017). Capital expenditure, such as investment in infrastructure, education, and healthcare, generates long-term benefits and enhances productivity, while recurrent

expenditure covers operational costs, wages, and maintenance of public services (Oziengbe, 2013; Alice, 2014). As a fiscal policy tool, government spending also plays a significant role in stabilizing the economy by addressing inflation, unemployment, and economic fluctuations (Taiwo, 2012).
Economic development, broadly defined as sustained increases in national output and improvement in living standards, encompasses both quantitative growth and qualitative changes in welfare (USAID, 2014; Todaro & Smith, 2015). It involves poverty reduction, improved income distribution, and enhanced human development indicators such as education and health (Akpokerere & Ighoroje, 2013; IMF, 2012). While economic growth focuses on increases in output, development integrates broader socio-economic improvements (Jhinghan, 2011; Lipsey & Chrystal, 2017).
In Nigeria, government expenditure has increased significantly over the years due to rising demand for public goods and services. Despite this growth, the expected improvements in economic development have not been fully realized, as a large proportion of the population still lives in poverty (CBN, 2020; World Development Indicators, 2020). This situation raises critical concerns about the efficiency and effectiveness of public spending. While some components of government expenditure, such as spending on health, education, and infrastructure, are known to stimulate development, others may have limited or even adverse effects (Nworji et al., 2012; Loto, 2012).
Given these mixed outcomes and persistent socio-economic challenges, it becomes imperative to critically evaluate the impact of government expenditure on economic development in Nigeria. This study is therefore motivated by the need to assess whether rising public expenditure has significantly contributed to improving economic welfare and to identify areas where policy adjustments are necessary to enhance development outcomes.

Statement of the Problem

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.
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 recurrent expenditures and economic development in Nigeria. Recurrent expenditure functioning on expenditure on administration and expenditure on transfers. 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 recurrent expenditures and maintained gross domestic product (GDP). This study focused on twenty years (2001-2020) time series analysis, and shifted from the overflowed economic growth literatures to more comprehensive view of economic development.

The aim of this study is to examine recurrent expenditures and economic development in Nigeria. Specifically, the study attended to the following objectives

1. Examine the relationship between recurrent expenditure and gross domestic product (GDP).
2. Examine the relationship between recurrent expenditure and human development index (HDI).
3. Examine the relationship between recurrent expenditure and consumer price index (CPI).

Research Questions

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

Research Hypotheses

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).

REVIEW OF RELATED LITERATURE

Conceptual Framework

Government Expenditures

Following the aftermath of the Great Economic Depression of the 1930s that culminated in the birth of the Keynesian Economics School of thought, the attention of a significant number of nations has been drawn to the relevance of government involvement in stabilizing and regulating aggregates of the general economy. That development was in contrast to the prevailing classical view about the working principles of the invisible hands of demand and supply that interplay to create necessary adjustments in relation to output determination and employment (Johnson et al. 2001; Shaikh 2009; Backhouse 2015).

There are two major categories of economic policies that have been widely utilized over a vast period of time for the general purpose of economic stabilization and for the achievement of some essential macroeconomic goals and objectives in specific terms. These policies are fiscal and monetary. Although the two policies are different in terms of their structure and the application of their fundamental instruments, however, they are generally targeted at achieving similar goals and objectives of maintaining economic stability in most nations (Beetsma and Jensen 2005; Claeys 2006). While the latter is generally a formidable instrument in the hands of the apex bank of various nations, the former exists as an important economic instrument in the hands of the governments of various nations.

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.

Dimensions of the Independent variable

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 defence, 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.
Recurrent expenditure of government has grown steadily over the years such that it has generated so much sob from Nigerians. The argument had been that increased (increasing) recurrent spending does not add any value and may not lead to economic development.

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.

Measures of Economic Development
Gross Domestic Product (GDP)
Callen (2018), gross domestic product (GDP) is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given year, expressed in base year prices, and is often referred to as "constant-price," "inflation-corrected" GDP. Unlike nominal GDP, real GDP accounts for changes in price levels and provides a more accurate figure of economic development. Tim (2018), one thing people want to know about an economy is whether its total output of goods and services is growing or shrinking. But because GDP is collected at current, or nominal, prices, one cannot compare two periods without making adjustments for inflation. To determine "real" GDP, its nominal value must be adjusted to take into account price changes to allow us to see whether the value of output has gone up because more is being produced or simply because prices have increase. A statistical tool called the price deflator is used to adjust GDP from nominal to constant prices.

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.

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.

Theoretical Framework

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.

Keynesian Theory of Public Expenditure and Economic Development (1936)

The Keynesian theory (1936), of public expenditure and economic development was propounded by John Maynard Keynes' (1883 - 1946). All economists who discussed the relation between public expenditures and economic development, Keynes was among the most noted with his apparently contrasting viewpoint on this relation. Keynes regards public expenditures as an exogenous factor which can be utilized as a policy instruments promote economic development. From the Keynesian thought, public expenditure can contribute positively to economic development. Hence, an increase

in the government expenditure is likely to lead to an increase in employment, profitability and investment through multiplier effects on aggregate demand. As a result, government expenditure augments the aggregate demand, which provokes an increased output depending on expenditure multipliers.

Keynesian's theory favoured government intervention to correct market failures. Keynesian theory criticized the classical economists to put too much emphasis on the long run. According to Keynes, "we are all dead in the long run". Keynes believed depression needed government intervention as a short-term cure. Increasing saving will not help but spending. Government will increase public spending giving individuals, purchasing power and producers will produce more, creating more employment. This is the multiplier effect that shows causality from public expenditure to national income.

Keynes categorized public expenditure as an exogenous variable that can generate economic growth instead of an endogenous phenomenon. Hereby, Keynes believed the role of the government to be crucial as it can avoid depression by increasing aggregate demand and thus, switching on the economy again by the multiplier effect. It is a tool that bring stability in the short run but this need to be done cautiously as too much of public expenditure lead to inflationary situations while too little of it leads to unemployment.

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 (cointegrated), 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.

RESEARCH 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.

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

Model Specifications

Thus, on the basis of the theoretical framework, the study adopted the regression formula adopted in the work of Ujah et al. (2018) and Edwin (Nmesirionye et al. 2019, 2019), Elsenburg (2006) and Onyinyechi (2011), etc with some modifications. The model is specified as:

$Y = f(ao + bX_1) + Et$

Where:

y = Criterion variable
f = Function
x = Independent (explanatory) variables
a = Intercept
b = Slopes

In functional form, our hypotheses model are:

H01: GDP = f(RCEX)…….. (i)

Where:

GDP = Gross Domestic Product
RCEX = Recurrent expenditure

$H0_2$: HDI = f(RCEX)…….. (ii)

Where:

HDI = Human Development index
RCEX = Recurrent expenditure

$H0_3$: CPI = f(RCEX)…….. (iii)

Where:

CPI = Consumer Price Index
GCEX = Government Capital expenditure

In order to reduce the base of the predictor variable to match the criterion variable a logarithm transformation of the values shall be made. Hence the final econometric equations as shown below:

Where;

LOGGDP = Natural logarithm of Gross Domestic Product
NLCPI = Natural logarithm of Customer Price Index
LOGHDI = Natural logarithm of Human Development Index
RCEX = Natural logarithm of Recurrent expenditure

RESULTS AND DISCUSSION

Data Presentation

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

YEAR	RCEX (N'B)	GDP (N'B)	HDI (INDEX)	CPI (%)	INFRT
2001	579.30	25,267.54	0.465	16.50	18.873
2002	696.80	28,957.71	0.468	12.20	12.876
2003	984.30	31,709.45	0.445	23.80	14.031
2004	1,110.64	35,020.55	0.463	10.00	14.998
2005	1,321.23	37,474.95	0.466	11.60	17.863

2006	1,390.10	39,995.50	0.477	8.50	8.225
2007	1,589.27	42,922.41	0.481	6.60	5.388
2008	2,117.36	46,012.52	0.487	15.10	11.581
2009	2,127.97	49,856.10	0.492	12.00	12.555
2010	3,109.44	54,612.26	0.500	11.80	13.720
2011	3,314.51	57,511.04	0.507	10.30	10.840
2012	3,325.16	59,929.89	0.514	12.00	12.217
2013	3,214.95	63,218.72	0.521	8.00	8.475
2014	3,426.94	67,152.79	0.525	8.00	8.062
2015	3,831.95	69,023.93	0.527	9.60	9.009
2016	4,160.11	67,931.24	0.534	18.60	15.675
2017	4,779.99	68,490.98	0.525	15.40	16.523
2018	5,675.20	69,799.94	0.534	11.40	12.094
2019	6,997.39	71,387.83	0.539	11.98	11.4
2020	8,121.64	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

4.2.1 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
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, 2023

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	

Source: Researcher's E-view (v.12) computation Result, 2023

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) 1(1).

Summary of Results Findings

Table 4.3 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 $H0_3$

Source: Researcher's E-view (v.12) computation Result, 2023

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.

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 cointegration 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.

SUMMUARY, CONCLUSION, RECOMMENDATIONS AND CONTRIBUTION TO SCHOLARSHIP

Summary of the Study

This study investigated the extent of relationship between government expenditures and economic development in Nigeria from 2001 to 2020. Three 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 dimension (Recurrent 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.

CONCLUSION

In Nigeria, available statistics below show that federal government recurrent 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. And there is a significant relationship between capital expenditure and human development index of government expenditures and economic development in Nigeria.

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.

Contribution to Scholarship

1. The study also utilized the two functional public expenditure categories (capital expenditure) introduced by central bank of Nigeria, as dimension 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 four 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.

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