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EFFECTS OF BUDGET IMPLEMENTATION ON ECONOMIC GROWTH IN NIGERIA

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ABSTRACT
The focus of the study is on the effect of budget implementation on economic growth in Nigeria. The study adopted the adopted the Ordinary Least Square (OLS) regression method. The major findings of the study are: capital expenditure has significant positive impact on the real gross domestic product in Nigeria; recurrent expenditure has significant positive impact on the gross domestic product in Nigeria; debt servicing has significant negative effect on the economic growth in Nigeria; there is significant impact of government statutory transfers on the gross domestic product in Nigeria. Based on the findings, the study recommends that government should prioritize capital expenditure in order to provide the critical economic infrastructures that help to generate growth, since they positively impact significantly on the gross domestic product; there is need for the government to continue to implement recurrent expenditure as contained in the budget in order to continuously influence the gross domestic product; government should reconsider random borrowing of money as greater percentage of the budget is spent servicing debts and that every debt should be project linked, also anti-graft agencies should be allowed to independently discharge their duties; and there is need for the government to further adopt vigorous implementation strategy for the budget and also ensure statutory transfers are not handled with laissez faire.
Keywords: *Budget Implementation, Recurrent Expenditure, Capital expenditure, Debt servicing, and Economic Growth*

INTRODUCTION

Budget preparation and implementation in Nigeria have been facing serious challenges sequel to the modalities in use and its administration over the years. This is as a result of continuous change in government and its policies. Budget implementation is not simply a matter of executing the approved budget. In some countries, the implemented budget may probably vary from the adopted one which is brought about by the level of corruption and mismanagement, nepotism and tribalism, unqualified personnel, poor public participation and finance available in a country and in the presence of all these constraints, capital expenditure, recurrent expenditure, statutory transfer and debt servicing will face the risk of not being applied as contained in the approved budget.
Faletiand Myrick (2012) opined that for a public budget to effectively perform its obligations, it should be well designed, effectively and efficiently implemented, adequately monitored and ultimately its performance should be evaluated. The beauty of a budget lies not in its formulation or initiation but in its implementation as a well-implemented budget helps to translate government

policies and programmes into outcomes that have a direct and positive impact on people, such as the development of critical infrastructure, the provision of employment opportunities, reduction of poverty, and the supply of transport, health and educational facilities among others.

Budget is an important instrument of governance in any modern state as it exercises control over size and relationship of government revenue and payments which include capital expenditures, recurrent expenditure, subsidies, debt servicing and so on. A budget is a financial and or quantitative statement prepared and approved prior to a defined period of time for the purpose of attaining a given objective which is normally prepared for one year (ICAN 2019).Nigeria has witnessed low level of budget implementation since 1999 which has resulted to limitations to the executive arm's ability to effectively execute projects that would improve the living conditions of the citizenry (Ibrahim, 2011). In 2013, there was a delay by the National Assembly in the passage of the budget based on the disagreement over the oil price that should be used for budgeting purposes. The budget of 2016 was also faulted with issues like budget padding and misplaced budget.

Basically in Nigeria, budget process includes budget preparation by the executive, legislative approval and implementation by the different ministries, departments and parastatals of government. Over the years, the implementation of the annual budget has been a source of concern for successive governments in Nigeria which seems to have affected the economic growth. Budget implementation is the final stage of the budgeting process before the monitoring stage. This involves the actual usage or application of public funds in carrying out the activities and projects that have been enumerated in the budget.

The Nigerian economy is faced with series of imbalances in economic policy formulation and implementation which also affects the budget formulation and implementation. According to Ogujiuba and Ehigiamusoe (2013), opined that the budget ought to be the most important economic policy instrument; unfortunately, it is shrouded with a lot of myths and illusions and as such might not contribute to the economic growth and development of the country. The trends and growth of this figure have been attracting attention and it becomes imperative to study and research on the relationship between budget implementation and economic growth.

Budget as one important economic policy instrument at the disposal of Government is the key to the attainment of the economic prosperity of the people. However, the gap between its initiation and full implementation to achieve the desired result has been of serious concern to researchers and Nigerians alike. It is one thing to propose a budget and another to implement the proposed budget to achieve its goals of economic growth and development. In recent time, the focus on the budget has assumed greater prominence in view of increasing democratization, civil society participation and the desire to respond to developmental challenges of poverty. Defined problems faced in budget implementation are; Corruption and mismanagement, Nepotism and Tribalism, Unqualified Personnel**,** Poor Public Participation**,** Finance

When the expected outcome on the target beneficiaries is not realized, a budget implementation problem develops. Some scholars argue that the difficulty with budget execution in Nigeria's fourth republic is attributed to the country's monoculture economy, deficit budgeting, delayed budget passage by the legislature, and poor supervision by the National Assembly. Other reasons include late budget releases by key agencies such as the federal ministry of finance, the Office of the Accountant General of the Federation, and the central bank, as well as the issue of corruption.

There might be an implementation gap as a result of a variety of different variables, such as the budget implementers or the context in which the budget policy was developed. When the budget comes from the government rather than the target groups, the implementation gap develops from the budget itself. This indicates that the planning is done from the top down. As a result, the intended beneficiaries are not permitted to participate in the design of policies that impact their lives. The inability of policy - makers to incorporate social, political, economic, and administrative aspects while assessing and formulating budgets causes a large implementation gap. Nigeria's main challenge is corruption, which leads to a lack of implementation. When a large sum of money is set aside for a project, but the officials in charge of implementation embezzle that sum or a significant portion of the allocated funds, there is an implementation problem.

In recent past, the Federal Government has budgeted huge amount of funds without much evidence to show for it. The combined budgets of the 36 states and that of Federal Government in the last 3 years, it will be amounting to hundreds of trillions of naira. The challenge therefore becomes what we have to show for these trillions of naira budget in terms of critical infrastructure, debt reduction, employment opportunities, poverty reduction, and effective utilization of statutory transfers amongst others. It is against this background that this study was conceived.

LITERATURE REVIEW

The concept of budgeting originated from the United Kingdom's central government. Following the revolution of 1688, the UK parliament granted the Crown, the authority to authorize expenditure and taxation aside from items on the sovereign's civil list, which was subsequently decreased until it only covered the royal family's personal expenses (Bendlebury,2005).According to California Department of Finance(1998), the power and responsibility of the parliament was extended to setting the overall amount of government spending and prescribing or appropriating the amount to be spent for legislative purposes.

Budget is a financial plan for a defined period of time which may include planned sales volumes and revenues, resource quantities, costs and expenses, assets, liabilities and cash flows (Chartered Institute of Management Accounting, 2013). It expresses strategic plans of business units, and an organization activities or events in measurable terms. A budget is a framework for revenue and expenditure outlays over a specified period usually one year (Olurankise, 2012). It is an instrument stipulating policies and programmes aimed at realizing the development objectives of a government. Meigs and Meigs, (2004) defined budget as a comprehensive financial plan, setting forth the expected route for achieving the financial and operational goals of an organization. Budget implementation is the final stage of the budgeting process before the monitoring stage. This involves the actual usage or application of public funds in carrying out the activities and projects that have been enumerated in the budget. The officers that have been entrusted with these funds now have to properly channel such monies to the right places. Contracts will be given out, commitments would be made and results should be expected.

Capital Expenditure Implementation

Capital expenditure is centered on creating or acquiring noncurrent assets which may be tangible or intangible assets. In any one year, the amount of funding for cultural activities can be affected by high levels of one-off capital expenditure (Australian bureau of Statistics 2010). A good example would be building of schools, hospitals or roads. Capital expenditure implementation in Nigeria may be germane in maintaining and sustaining economic growth in Nigeria and it is glaring

that proposing, presenting and approval of budget estimates does not always translate to implementation.

Recurrent Expenditure Implementation

Recurrent expenditure is expenditure that is not centered in the creation or acquisition of noncurrent assets and consists mainly of expenditure on wages, salaries and supplements, purchases of goods and services. It refers mainly to expenditure on operations, wages and salaries, purchases of goods and services, and current grants and subsidies (Australian bureau of Statistics 2010). The 2012, the recurrent budget was not expansionary with regard to fiscal consolidation. The projected level of recurrent expenditures was ₦3,357.22 billion—or 0.6% higher than the 2011 budgeted recurrent expenditures of ₦3,337.99 billion. Generally, there was slight over-performance in the actual level of recurrent expenditures, which was ₦3,143 billion (representing 105.3% of the appropriated figure of ₦2,984 billion, with a difference of ₦159 billion). A further breakdown of recurrent expenditures shows that capital budget releases for personnel costs, overhead costs, and statutory transfers accounted for ₦1,974 billion (representing 109% of appropriated figure of ₦1,799 billion), ₦491 billion (representing 128% of appropriated figure of ₦381 billion), and ₦678 billion (representing 111.7% of appropriated figure of ₦607 billion), respectively, of recurrent expenditures. This analysis shows that there was a general over-performance of recurrent expenditures (105.3% of appropriated funds).

Debt Servicing Implementation

Funding is critical for any country and the most populous way to acquire it is through borrowing money which is not always an easy task. The lender, whether a bank, lending institution, or investor; there must be a feeling that the borrower will be able to repay the loan before extending one. Hence debt servicing capacity is a key indicator of trust worthiness of a company.

Debt servicing refers to the cash required to pay back interest and principal on debt obligations. A country may be required to hold debt service reserve account to reassure lenders. The Federal Government made a total of ₦3.25tn in 2020, according to a review of the budget performance of the 2020 Appropriation Act. The review also showed that the Federal Government spent a total of ₦2.34tn on debt servicing within the year which implied that 72 per cent of the government's revenue was spent on debt servicing and also puts the government's debt servicing to revenue ratio at 72 per cent. In 2019, Federal Government made total revenue of ₦3.86tn. Within the year, debt servicing gulped ₦2.11tn. This puts the Federal Government's debt servicing to revenue ratio in 2019 at 54.66 per cent. Although the Federal Government consistently argues that its debt to Gross Domestic Product is low, economists and experts say that it is better to use the debt servicing to revenue ratio to measure a country's indebtedness (Utomi, 2011). This is because the debt servicing to revenue ratio measures a country's capacity to repay its loans. The Federal Government had projected revenue of ₦5.84tn for 2020, actual revenue was ₦3.25tn. It also projected to spend ₦2.68tn on debt servicing. In 2019, Nigeria made ₦3.86tn as revenue. Oil revenue contributed ₦1.620tn; non-oil revenue contributed ₦1.69tn, while independent funding contributed ₦547.270bn. The Federal Government spent ₦2.37tn on overhead and personnel cost within the year and ₦1.17tn on capital expenditure. Total debt servicing gulped ₦2.11tn of government revenue. Total expenditure for the year was ₦8.29tn, and total borrowing was ₦912.82bn.

Empirical Review

Olatunji, et al. (2017) investigated the impact of capital budget implementation on economic growth in Nigeria. The aim of the study was to assess the impact of the implementation of capital expenditure on administrative, economic services and socio-community services on the growth of Nigerian economy. The secondary data used for the study were obtained from Central Bank of Nigeria (CBN), Statistical Bulletin. Using Augmented Dicker-Fuller unit root test, co-integration test and Error Correlation Model (ECR) for analysis, it was found that capital expenditure implementation is germane in maintaining and sustaining economic growth in Nigeria. It was recommended that government should ensure adequate implementation of capital expenditure in the country.

Olaoye, et al (2017) investigated the impact of capital budget expenditure implementation on economic growth in Nigeria. Specifically the study assessed the impact of implementation of capital expenditure on administration, economic services, socio-community services on the growth of Nigerian economy. Secondary data used in the study were collated from Central Bank of Nigeria (CBN) statistical bulletins, and analyzed with the use of Augmented Dickey-Fuller unit root test, co-integration test and error correction model (ECM) analysis. The long run normalized estimation reported coefficient values of -387, 2292, 69.05, 184.17 for capital expenditure on administration, economic services and socio-community services respectively, while the short run parsimonious ECM estimation reported coefficient estimates and probability value of 27.20(p=0.11), -27.82(p=0.001), -17.23(p=0.49) respectively. Thus, it was concluded that capital expenditure implementation is germane in maintaining and sustaining economic growth in Nigeria. Hence, it was recommended that government should ensure adequate implementation of capital expenditure in the country especially in areas of economic and socio-community services and also overhaul ministries, government agencies and parastatals to curb and curtail loopholes impeding effective and efficient implementation of capital budget in the country.

Innocent and Christopher (2017) examined budget evaluation and government performance on Nigerian economy. Data for the study were obtained from secondary sources such as financial and economic reports of Nigeria. The data were analyzed both descriptively and empirically. The parameter for assessing budget credibility was the international threshold and prescribed limit for budget deficit/GDP, a minimum of 50% score performance rating for regression economic performance. The findings indicated, ranks Nigeria's fiscal performance as sub-optimal but fairly satisfactory.

Jimoh,Ejabenaand Pibowei (2020) investigated the effect of budgetary allocation on capital expenditure management of local government councils in Nigeria.. The population of study was 774 local government areas of Nigeria with a budget history of 28years from 1993 to 2020, while the sample size was a period of 10 years from 2010 to 2019. This study used secondary data from the Central Bank of Nigeria and the State & Local Government Affairs Office. The study adopted OLS model, F-test, T-test, pre-estimation techniques and post estimation techniques. Findings show that there is a significant relationship between GFA, SGA, VAT, Grant and capital expenditure at p-values 0.008, 0.006, 0.006 and 0.006; while there is no significant relationship between IGR and capital expenditure at p-value of 0.269. The researchers concluded that gross federation allocation, state government allocation, value added taxes, and external grants & aids were adequate to finance capital expenditure; however internally generated revenue were not adequate to finance capital expenditure for implementing critical infrastructure projects at local

level. They recommended that revenue authorities should promote retained earnings from government allocations as well as automate the revenue generation with technology.

Onoh,(2020) Investigated the impact of budget evaluation on economic development tin Nigeria which was the broad objective. The motivation was series of imbalances in budget formulation and implementation faced by Nigerian economy over several years. The design adopted for this study was *ex-post-facto*; data used for analysis were elicited from Central Bank Statistical Bulletin and Federal Ministry of Finance. A model was formulated based on empirical and theoretical reviews. The model used was Human Development Index (HDI) as the dependent variable while government's capital budget, recurrent budget and the rate of implementation of annual budgets were the independent variables in the model. This study employed Auto Regressive Distributed Lag (ARDL) Model to analyze data, other diagnostic tests such as; test of Normality, Auto correlation test and Heteroskedasticity test and they confirmed the validity and reliability of the model employed; the inferential results suggested that budget evaluationhad positive and significant impact on economic development in Nigeria. The study recommends that government of Nigeria should endeavor to increasecapital and recurrent expenditure in her annual budget, since both had significant impact on economic development. Finally, the government should also try to put in place effective budget monitoring and evaluation machinery that will enhance high budget implementation rate and also should ensure the strict adherence to due process.

Elias, (2020).The major aim of this study was to determine how budget implementation by Nigeria affected her economic development during the period from 2000 to 2016. Specifically, the study sought to examine the effects of public capital and recurrent expenditures on Nigeria's real gross domestic product. Using the variables' data retrieved from the Central Bank of Nigeria Statistical Bulletin 2017, the study employed the ex post facto research design. The E-Views statistical software was employed to carry out multiple linear regressions of the time series data. The results of the study showed that government capital and recurrent expenditures during the period had negative and non - significant effects on Nigeria's real gross domestic product. These results suggest that due process was compromised at the budget implementation stage. The study recommends that government should ensure the strict adherence to due process in the implementation of its annual budgets. Future studies can be centered on assessing how the established linkages can be complemented with other policy variables so as to engender positive outcomes on economic growth.

Theoretical Framework

This research work was anchored on the theory of increasing state activities.

Theory of Increasing State Activities

Wagner's law is a principle named after the German economist Adolph Wagner (1835-1917). Wagner advanced his law of rising public expenditures by analyzing trends in the growth of public expenditure and in the size of public sector. Ezirim (2006) accepted that reduction in public sector growth would require a slowdown of economic growth and it is expected that a continuous expansion of the government sector and its expenditure would occur. Tsauni (2007) expresses the view that public expenditure can be treated as an outcome or an endogenous factor of the growth of economy and also state the opposite view of Keynes which regards public expenditure as an exogenous factor which can be utilized as a policy instrument to stimulate economic growth.

Assumptions of the theory:

(i) The extension of the functions of the states leads to an increase in public expenditure on administration and regulation of the economy.

(ii) 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.

(iii) The rise in public expenditure will be more than proportional increase in the national income (income elastic wants) and will thus result in a relative expansion of the public sector.

METHODOLOGY

The *Ex-Post Facto* research design was adopted in this study. The data for this study were sourced secondarily as the study involves a time series data analysis and the data were sourced from CBN statistical bulletin and various annual budgets of the Federation for the period 1999 through 2020. The model adopted follows the work of Crespo, Polokangas and Tarasyev(2013) which establishes a relationship among variables.

The Model is captured in a schematic form as follows:

$EG = \alpha + \beta1CEX + \beta2REX + \beta3DEB + \beta3STT+\mu$ ………1

Where: EG = Economic Growth,

CEX= Capital Expenditure, DEB = Debt Servicing,

REX= Recurrent Expenditure, STT = Statutory Transfers,

α =Intersect or Constant,

β = Slope of the regression line with respect to the independent variables,

μ=Error Terms.

Economic growth was represented by Real GDP. Substituting this in equation 1, it becomes;

$RGDP = \alpha + \beta1CEX + \beta2DEB + \beta3REX + \beta3STT+\mu$ ……2

The above equation was used for the hypothesis test. The vector Error Correction (VEC) technique was utilized to examine the correlation and significance between the variations of other variables, the technique includes the test for stationarity, cointegration, vector error correction model, variance decomposition, impulse response and for the Granger causality test.

Results and Discussion

Table 1: Unit Root Test Result

Variable	ADF-stat @level	P-value	Order	Remark
RGDP	4.503546	0.0106	1(0)	stationary
CEX	4.065347	0.0232	1(0)	stationary
REX	5.151275	0.0068	1(0)	stationary
STT	3.905190	0.0218	1(0)	stationary
DEBT	6.590500	0.0000	1(0)	stationary

Source: Author's computation, 2022 (E-views 10)

Tabe 2: Descriptive Statistics

	RGDP	CEX	REX	STT	DEBT
Mean	50613.96	859.2812	2875.445	1194.877	5675.635
Std. Dev.	16739.11	511.3715	2135.725	1038.305	4954.399
Skewness	0.213937	1.111224	0.871063	1.392777	0.731526
Kurtosis	1.566332	4.020688	3.069966	4.419580	2.173035
Observations	22	22	22	22	22

Source: Author's Computation 2022 (E-view version 10)

Correlation Matrix

	RGDP	CEX	REX	STT	DEBT
RGDP	1.000000				
CEX	0.861900	1.000000			
REX	0.695906	0.879737	1.000000		
STT	0.617255	0.824910	0.976271	1.000000	
DEBT	0.502393	0.816125	0.972417	0.959971	1.000000

Source: Author's Computation,2022 (Eviews10)

: Regression Result

Dependent Variable: RGDP
Method: Least Squares
Date: 07/04/22 Time: 16:30
Sample: 1999 2020
Included observations: 22

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CEX	16.00762	15.69086	3.020187	0.0212
REX	25.86926	12.39708	2.086722	0.0514
STT	38.70942	16.95521	2.283040	0.0348
DEBT	-0.319131	-3.357960	-3.095037	0.0053
R-squared	0.643989			

Source: Author's computation,2022 (E-views 10)

Test of Research Hypotheses

In this study, the decision making on the statistical significance of the results obtained for each of the research hypotheses rests on the probability values and the level/ direction of the coefficient. Thus, in testing the first, second, third, fourth and fifth hypotheses, the P-values of the t-statistics in table 4 was used.

Test of Hypothesis One

Research hypothesis one, assesses the impact of capital expenditure on economic growth in Nigeria.

Step 1: Restatement of the null Research Hypothesis

$HA_{1:}$ Capital expenditure implementation has no significant effect on economic growth in Nigeria

Step 2: Decision Rules

Decision Rule 1: Accept the alternate hypothesis and reject the null hypothesis if the P-value is less than the chosen level of significance (0.05). It implies that the estimated variable has significant impact on the dependent variable.

Decision Rule 2: Accept the null hypothesis and reject the alternate hypothesis if the P-value is greater than the chosen level of significance (0.05). It implies that the estimated variable has insignificant impact on the dependent variable.

Step 3: Decision

Based on the regression result presented in table 4, the coefficient of capital expenditure (CEX) is positive and significant in influencing economic growth performance, as confirmed by its P-value. Since 5% (0.05) level of significance is greater than the P-value [0.0341], the null hypothesis was rejected and the study concludes that capital expenditure implementation has significant positive impact on economic growth in Nigeria.

Test of Hypothesis Two

Research hypothesis two, examined the effect of recurrent expenditure implementation has significant effect on economic growth in Nigeria.

Step 1: Restatement of the null Research Hypothesis

HA_2: Recurrent expenditure implementation has no significant effect on economic growth in Nigeria.

Step 2: Decision Rules

Decision Rule 1: Accept the alternate hypothesis and reject the null hypothesis if the P-value is less than the chosen level of significance (0.05). It implies that the estimated variable has significant impact on the dependent variable.

Decision Rule 2: Accept the null hypothesis and reject the alternate hypothesis if the P-value is greater than the chosen level of significance (0.05). It implies that the estimated variable has insignificant impact on the dependent variable.

Step 3: Decision

Based on the regression result presented, the coefficient of recurrent expenditure (REX) is 25.86926 whereas its P-value is [0.314]. Hence, the variable has significant positive influence on (RGDP) as confirmed by its P-value. Following the decision rule, the study rejects the null hypothesis and accepts the alternative hypothesis.

Test of Hypothesis Three

Research hypothesis three examined the debt servicing implementation on economic growth in Nigeria.

Step 1: Restatement of the null Research Hypothesis

HA_3: Debt servicing implementation has no significant effect on economic growth in Nigeria.

Step 2: Decision Rules

Decision Rule 1: Accept the alternate hypothesis and reject the null hypothesis if the P-value is less than the chosen level of significance (0.05). It implies that the estimated variable has significant impact on the dependent variable.

Decision Rule 2: Accept the null hypothesis and reject the alternate hypothesis if the P-value is greater than the chosen level of significance (0.05). It implies that the estimated variable has insignificant impact on the dependent variable.

Step 3: Decision

Based on the regression result presented, the coefficient of the debt servicing implementation (CSTT) is -0.319131 with a p-value [0.0053]. The debt servicing variable is negatively signed.

Following the decision rule, the study rejects the null hypothesis. The alternative hypothesis is accepted, debt servicing implementation has significant negative effect on economic growth in Nigeria.

Test of Hypothesis Four

Research hypothesis four, examined the effect of statutory transfer on economic growth in Nigeria.

Step 1: Restatement of the null Research Hypothesis

HA_4: Statutory transfer implementation has no significant effect on economic growth in Nigeria

Step 2: Decision Rules

Decision Rule 1: Accept the alternate hypothesis and reject the null hypothesis if the P-value is less than the chosen level of significance (0.05). It implies that the estimated variable has significant impact on the dependent variable.

Decision Rule 2: Accept the null hypothesis and reject the alternate hypothesis if the P-value is greater than the chosen level of significance (0.05). It implies that the estimated variable has insignificant impact on the dependent variable.

Step 3: Decision

Following the result (table 4 above), the coefficient of the statutory transfer implementation (STT) is 38.70942 with a p-value [0.0348]. The variable is positively signed and the population parameter is significant. Hence, following the decision rule, the study rejects the null hypothesis. The alternative hypothesis is accepted, statutory transfer implementation has significant positive effect on economic growth in Nigeria.

DISCUSSION OF RESULTS

Impact of Government Capital Expenditure on Budget Implementation in Nigeria

The researcher also found that government capital expenditure (GCAPEX) variable bears a positive sign (+). This result is also presented on table 5 above. Given the probability value of the estimated coefficient (coefficient of capital expenditure – 16.00762, the p-value is 0.0212), this means that government expenditure implementation produced positive outcome on the aggregate economic output. This was because such expenditures served as additions that increased economic activities of businesses and other activities. Onoh et al (2020) and Olatunji et al (2017) also found that there is a positive significant impact of capital budget implementation on economic growth. This further enhances the empirical evidence of the impact of budget implementation on the overall economy.

The findings of this study may be aligned to Wagners law which prescribes that government expenditure activities have the capacity to generate economic growth. Wagner's law postulates that: (i) the extension of the functions of the states leads to an increase in public expenditure on administration and regulation of the economy; (ii) 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 (iii) the rise in public expenditure will be more than proportional increase in the national income (income elastic wants) and will thus result in a relative expansion of the public sector. Musgrave and Musgrave (1988), in support of Wagner's law, opined that as progressive nations industrialize, the share of the public sector in the national economy grows continually.

Impact of Government Recurrent Expenditure Implementation on Economic Growth in Nigeria

It could be observed also from the regression result as presented in table 5 above, that government recurrent expenditure variable appeared with positive sign (+). The coefficient of the government recurrent expenditure variable is 25.86926 while the 5% significance p-value is 0.0314;

this shows that the impact of recurrent expenditure implementation has significant positive impact on the economic growth of Nigeria. this result agreed with the findings of Chikelu and Okoro (2016) that recurrent expenditure implementation improves the economy. When the recurrent expenditure of the budget is judiciously implemented, the stream of effects on the economy is that all the sectors of the economy which require the product and services produced through such implementation will have their businesses improved and by extension the aggregate economy will improve. The implication of this is that the spending on recurrent activities by government increases the aggregate economic output in Nigeria, hence, policy actions on the implementation of the recurrent budget component provides growth generating economic and social services which are necessary to grow the economy

Impact of Statutory Transfers on Budget Implementation in Nigeria

Similarly, from the result, the statutory transfer's variable (STT) is positively signed (+). The coefficient for the statutory transfer variable is 38.70942 while the 5% significance level p-value is 0.0348. This means that transfer payments made to the other statutory bodies/appendages of the government have positive impact on the economy as it provides more funds to finance critical expenditure plans thereby increasing aggregate demand. The increase in aggregate demand means that businesses also have to finance new investments that will cover for the gap created through increasing aggregate demand (consumption), thereby increasing economic activities.

Keynesian economic postulations also support the view that increasing public expenditure activities generates more growth. Of all economists who discussed the relation between public expenditures and economic growth, 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 growth. From the Keynesian thought, public expenditure can contribute positively to economic growth. Hence, an increase in the government consumption 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.

Impact of Debt Servicing on Budget Implementation in Nigeria

It could be observed also from the result that the debt servicing (DEBS) variable has a negative impact on the aggregate economic output in Nigeria. The implication of this finding is that overall servicing of indebtedness by government exerts significant negative impact. The national debt level has been a significant subject of controversy for the Nigerian domestic policy. Given the amount of fiscal stimulus pumped into the economy over the past couple of years, it is easy to understand why many people are starting to pay close attention to this issue. Unfortunately, the manner in which the debt level is conveyed to the general public is usually very obscure. Debt has been a part of this country's operations since its economic founding. However, the level of national debt has spiked up significantly. From a public policy standpoint, the issuance of debt is typically accepted by the public so long as the proceeds are used to stimulate the growth of the economy in a manner that will lead to the country's long-term prosperity. When debt is used to fund economic expansion, current and future generations stand to reap the rewards.

Excessive amounts of foreign debt will hinder countries' capacity to invest in their financial prospects, whether through education, infrastructure, or health care, because their small income is spent on repayment of loans. It is a challenge to economic development in the long term. Ineffective debt management, coupled with shocks such as a fall in oil prices or an extreme economic recession, may also cause a debt crisis. This is also compounded by the fact that foreign debt is generally denominated in the currency of the nation of the issuer, not that of the

borrower. This means that if the economy of the borrowing country weakens, it becomes even harder to pay off such debts. Foreign debt refers to the money that a government, an organization, or a household borrows from the government or private lenders of another country. The obligations to organizations such as the World Bank and the Asian Development Bank (ADB) are also categorized as foreign debt. The short-term debt can be used in combination with long-term debt to form foreign debt.

SUMMARY, CONCLUSION & RECOMMENDATION

Summary of Findings

The study examined the effects of government expenditure on economic growth in Nigeria, related conceptual and empirical literatures were reviewed, and a theoretical framework established. The findings from the empirical analysis conducted with relevant data suggest that:

1. Capital expenditure has significant positive impact on the real gross domestic product in Nigeria, (coefficient 16.01, p-value 0.0212).
2. Recurrent expenditure has significant positive impact on the gross domestic product in Nigeria (coefficient 25.87, p-value 0.0314).
3. Debt servicing has significant negative effect on the economic growth in Nigeria (coefficient = -0319131, p-value = 0.0053)
4. There is significant impact of government statutory transfers on the gross domestic product in Nigeria (coefficient = 3.905190, p-value = 0.0218).

Conclusion & Recommendations

Based on the findings made, this study hereby makes the following recommendations:

1. That Government should prioritize capital expenditure in order to provide the critical economic infrastructures that help to generate growth, since they positively impact significantly on the gross domestic project.
2. That there is need for the government to continue adequately to implement recurrent expenditure as contained in the budget in order to continue to influence the gross domestic product.
3. That government should reconsider random borrowing of money as greater percentage of the budget is spent servicing debts and that every debt should be project linked, also anti-graft agencies should be allowed to independently discharge their duties.
4. There is need for the government to further adopt vigorous implementation strategy for the budget and also ensure statutory transfers are handled properly as and when due in the budget.

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