

GOVERNMENT EXPENDITURE ON AGRICULTURE AND ECONOMIC GROWTH IN NIGERIA (1985-2015)

Dr. Cletus Usman Idoko & Sunday Mary Jatto

Department of Economics
Kogi State University, Anyigba, NIGERIA

ABSTRACT

Agricultural sector over two decades or more in Nigeria has received low boost in terms of financing despite its contribution to livelihood. This is because of the country over dependence on petroleum product which yielded over 90% of the country's export earnings. This study therefore examines the relationship between government expenditure on agriculture and economic growth in Nigeria (1985- 2015). The research was guided by two research questions and two objectives. The test of the hypotheses was done using multiple regression analysis and Johansen co-integration test. The multiple regression results of the study revealed that there exists a positive and significant relationship between government expenditure on agriculture and economic growth in Nigeria. The Johansen co-integration test result shows that the trace test statistics and max-eigen value test indicates five co-integrating equations respectively at 5% level, on the conclusion there exists a long-run relationship among the variables. The insignificant nature of domestic savings estimates was implicative on fact that the domestic savings in the country did not contribute to economic growth, and there is need for it to be encouraged to prevent difficulties among small scale famers in accessing soft loans, and purchasing adequate and mechanized farming tools. Based on the result of the findings, recommendations such as government should formulate policies aiming at promoting government expenditure and domestic savings across the country to promote economic growth among others were made.

Keywords: Agriculture, Government Expenditure, Domestic Savings, Economic growth, Nigeria.