Impact of Federal Government revenue on Capital Expenditure of selected public works in Nigeria (1999 - 2014)

John Ebhohimen Idiake¹, Usman Muhammad Danjuma², Saidu Ibrahim³ and Anthony Ikechukwu Anunobi⁴

¹Department of Quantity Surveying, Federal University of Technology, Minna, Nigeria
²Department of Quantity Surveying, Federal Polytechnic Bida, Nigeria
³Department of Quantity Surveying, Federal University of Technology, Minna, Nigeria
⁴Department of Architecture, Federal University of Technology, Minna, Nigeria

Abstract
Nigeria is the sixth largest producer of oil and gas in the world and one of the major censures facing Nigeria today is the growing rate of poor public work infrastructures, like power supply, water, roads, hospitals and schools. The aim of the study is to evaluate the impact of Federal Government’s revenue on capital expenditure of public works in Nigeria (1999 – 2014). Annualized archival data for this study were sourced from the Central Bank of Nigeria (CBN) statistical bulletins and analysed using descriptive and inferential statistical tools. The result showed that significant relationship exists between Federal Government revenue and capital expenditure on public works. The $R^2$ of 56.55% variations in revenue is explained by capital expenditure on public works. Significant relationship exists between Federal Government revenue and recurrent expenditure on public works. The $R^2$ of 88.54% variations in revenue is explained by recurrent expenditure on public works. The result also showed that there is no significant relationship between total expenditure on public works and the Nigerian Gross Domestic Product (GDP) as only the $R^2$ of 5.71% variations in total expenditure on public works is explained by the GDP. This shows that budget in Nigeria is less concerned with the provision of basic infrastructures for the long run growth of Nigeria. Most of the revenue derived by the government is spent on recurrent expenditure and total expenditure on public works over the years has not actually contributed to GDP. One of the major recommendations from the research findings was that policy makers should examine the existing laws, removing the bottlenecks and look for new ways of increasing capital allocations for public works with effective and efficient management.

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