EFFECT OF FISCAL POLICY ON ECONOMIC GROWTH IN NIGERIA: 2001-2021

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Abstract

The study examined the effect of fiscal policy on Nigeria's economy growth for the period 2001 to 2021. The government expenditure is on the increase with the accompanying high borrowings from both external and domestic sources but there seems not to be a commensurate growth in the economy. This study used gross domestic product (GDP) as dependent variable, while independent variables were total recurrent expenditure (TRE), total capital expenditure (TCE) and total government revenue (TGR). Data was sourced from the CBN statistical bulletin. The specific objectives of this study were: to determine the effect of TRE on the GDP; to evaluate the effect of TCE on the GDP; to examine the effect of TGR on the GDP. The study adopted ex-post facto research design and data were analyzed using OLS technique. The hypotheses were tested at 5% level of significance, while SPSS version 25 was used for analysis. The study revealed that: total recurrent expenditure had positive and significant effect on gross domestic product (prob. – 0.000); total capital expenditure had negative and non-significant effect on gross domestic product (prob. – 0.313); total government revenue had positive but non-significant effect on gross domestic product (prob. – 0.283) in Nigeria for the period reviewed. It was recommended that: (1) The Nigerian government should ensure that the recurrent expenditure is properly channeled (2) Government expenditures need to be properly channeled, monitored and evaluated to avoid wastages. (3) The Nigerian government should ensure that her revenue base is not only diversified but also boosted

Introduction

Fiscal policy could be explicated as the economic instrument or method through which the government of a country could enhance the economic growth of the country by controlling both the public expenses intensities and tax charges (Idebi & Adesina-Uthman, 2022). It can be referred to the use of government spending and tax policies to influence economic conditions, especially macroeconomic conditions. Put differently, fiscal policy is the use of government spending and taxation to influence the economy. It is known that governments usually use fiscal policies to promote strong and sustainable growth and reduce poverty in the economy. Fiscal policy as a macroeconomic tool is used by government to control the economy through its revenue and expenditure. The revenue arm includes tax revenue, trade surplus and foreign aid while on the side of expenditure arm includes recurrent and capital

expenditures. Fiscal policies therefore is government's deliberate action towards spending money and levying taxes aimed at influencing macroeconomic variables so as to achieve desired macroeconomic objectives.

According to Okedina *et al* (2019), fiscal policy is a macroeconomic tool or measure used by the government to stabilize the economy by influencing its revenue and expenditures. Government revenue refers to the different ways by which government generates income for funding such as tax, foreign aid, trade surplus. The major constituents of government expenditure are recurrent and capital expenditure. It has also been stated that fiscal policy is a technique of government management of the economy through fiscal policy instruments such as taxation, government expenditure and deficit financing in order to achieve macroeconomic objectives aimed at influencing macroeconomic activity so as to direct the economy towards achieving the policy goals of internal and external balance (Chukuwigwe & Alibi as cited in Okedina *et al*, 2019). Over the years, fiscal policy has been the most important tool influencing macroeconomic performance in Nigeria. Most research works have stated that an increase in government expenditure is necessary for economic growth in Nigeria.

The Nigerian economy has been seen to be affected from varying macroeconomic imbalances over the years. There have been issues around inappropriate government expenditure, revenue policies, large deficit in the public sector which experts have noted as being part of the macroeconomic problems in Nigeria. The fiscal policy can come as increase or decrease of taxes, government expenditure as well as public debt. In reality, it must be noted that government control of the economic growth requires a mixture of the use of fiscal and monetary policies.

Scholars have shown utmost interest in the different kinds of fiscal policies as the channel through which economic growth can be attained and sustained (Idebi & Adesina-Uthman, 2022). It is worthy of note that fiscal policy is aimed at improving the rate of investment by the public sector in the Nigerian economy. It can be used to discourage some investment while encouraging some that can stimulate the rate of growth.

The growth of the Nigerian economy hence has a root on the how government formulates and executes her fiscal policies. The fiscal policies need to be well developed in tune with reality and practicable so as to impact on the output of goods and services in Nigerian economy hence economic growth. The government fiscal policies if wrongly designed and implemented can also stifle economic growth, which will be detrimental to not just the Nigerian economy but as well as to Nigerians.

Statement of Problem

The Nigerian economy faces the challenge of inflationary trend, inconsistent government fiscal policies, rising foreign exchange rates, the fall and rise of gross domestic product, unfavourable balances of payment as well as increasing unemployment rates which are all symptoms of growing macroeconomic instability. Also, the problem of huge fiscal, monetary and trade deficits abound which have led to continuous borrowing by the Nigerian government. The insufficient and nature of public goods such as infrastructure and utilities services hugely rely on the rate of government spending, which affect both the nature and condition of macroeconomic framework and fiscal sustainability in any small open economy (Adegboye *et al*, 2021). Ahmad (2017) posits that continuous show of fiscal deficit in Nigeria may be connected to over dependency on gains from oil coupled with external borrowings. Nigeria's economic growth and development seems not to be rising as expected due to the many economic challenges in recent times. The poor performance of the country's economy and rate of its fluctuation calls to question the effectiveness of the roles of fiscal policy in positively affecting the Nigeria economy.

Indeed, the economic relevance of fiscal policy is given credence for being able to ensure growth progression and this is being specifically emphasized in macroeconomics as a discipline and through the internally originated growth conception (Chugunoy & Pasichnyi as cited in Idebi & Adesina-Uthman, 2022).

The prices of goods and services, cost of production, exchange rate among other variables are skyrocketing. The need for the fiscal policies to have positive and significant effect on economic growth in Nigeria cannot be over emphasized, hence there is the need to assess the effect of the government fiscal policies on the growth of the Nigerian economy. This study therefore examined the effect of the fiscal policy on growth of Nigerian economy for the period 2001 to 2021 (21years).

Objectives of the Study

The broad objective of this study was to examine the effect of fiscal policy on Nigeria's economic growth for the period 2001 to 2021. The specific objectives were:

1. To examine the effect of total recurrent expenditure on the gross domestic product of Nigeria
2. To assess the effect of total capital expenditure on the gross domestic product of Nigeria
3. To evaluate the effect of total government revenue on the gross domestic product of Nigeria.

Hypotheses:

1. ***H0:*** Total recurrent expenditure has no significant effect on the gross domestic product of Nigeria.
2. ***H0:*** Total capital expenditure has no significant effect on the gross domestic product of Nigeria.

3. ***H0:*** Total government revenue has no significant effect on the gross domestic product of Nigeria.

The subsequent sections of this work include: conceptual review, theoretical review, empirical review, methodology, data presentation, descriptive analysis and discussion, model summary and explanation, regression result and discussion, conclusion and recommendations.

Review of Related Literature

Conceptual Review

Fiscal policy can be said to be concerned with deliberate actions which the government of a country take in the area spending money and or levying taxes with the objective of influencing macroeconomic variables; such as the level of national income or output, the employment level, aggregate demand level, the general level of prices among others in a desired direction. Different authors have noted that fiscal policy consists of steps and measures which the government takes both on the revenue and expenditure sides of its budget and that it is the aggregate effects of government expenditures and taxation on income, production and employment. Dwivedi (2009) stated that fiscal policy is government's programme of taxation, expenditure and other financial operations to achieve certain national goals. He posited that whatever the objectives and the order of priorities, the two basic instruments of fiscal policy used to achieve social goals are taxation and public expenditure.

Fiscal policy involves the use of government spending, taxation and borrowing to influence the pattern of economic activities and also the level and growth of aggregate demand, output and employment. Typically, the objective of fiscal policy is directed towards maintaining sound public finances. This invariably amounts to an unwavering commitment to the maintenance of balanced budget by restricting aggregate spending to the size of aggregate recurrent revenue and a sound public sector balance sheet is by implication achieved which is expected to help the economy.

Government tries to manipulate the fiscal policy instruments to stabilize the economy and achieve the desired level of economic growth. The fiscal policy is expected to lead to economic growth. Economic growth being the increase in the quantitative output of goods and services in an economy over a given period of time.

Theoretical review

Endogenous Growth Theory

The theoretical underpinning for this study is basically the endogenous growth theory. The endogenous growth theory advocates the stimulation of level and growth rate of per capita output from within the economic policies such as tax policies. The

endogenous growth theory posits that the driver of economic growth is fundamentally the result of endogenous factors and not external factors. The endogenous growth theory posits that the growth of the economy in the long-run primarily depends on policy measures which have grave implications on openness, competition, change and innovation. The endogenous growth theory further posits that economic growth is generated from within a system as a direct result of internal workings of the system. Specifically, the theory notes that the enhancement of a nation's human capital will lead to economic growth by means of the development of new forms of technology and efficient and effective means of production which are not disrupted by taxes. Proponents of endogenous growth theory argue that the productivity and economies of today's industrialized countries compared to the same countries in pre-industrialized eras are evidence that growth was created and sustained from within the economy.

Assumptions of the endogenous growth theory are:

i. Government to provides incentives and subsidies for businesses in the private sector who in turn will invest in research and development so they can continue to drive innovation.
ii. Investing in human capital through education or training programs can improve the quality of labour, which increases productivity.
iii. Government should enact policies that help entrepreneurs that create new businesses and jobs.
iv. Investments should be made to improve infrastructure and manufacturing processes in order to achieve innovation in production.

(Nwanne, 2014; Banton & Boyle, 2020).

Empirical Review

Idebi, and Adesina-Uthman (2022) investigated the implications of fiscal policy on economic growth in Nigeria for the period 1982 to 2020. The variables used were government expenditure, tax revenue, public debt, corruption and gross domestic product. Data was sourced from Central Bank of Nigeria (CBN) yearly statistical bulletin. The researchers used Augmented Dickey-Fuller (ADF) and Autoregressive Distributed Lag (ARDL) techniques to analyse the data. The empirical results showed that total government expenditure had a positive effect on economic growth, while total tax revenue, public debt and corruption had a negative effect on economic growth. Also, it was found out that corruption negatively affected the impact of government expenditure on economic growth, while total tax revenue and public debt are not affected by corruption.

Chinedu and Okafor (2022) examined the effect of fiscal policy's components on economic growth in Nigeria over a period of 1980 to 2017. This study made use of ex-post facto research design. The data was subjected to Augmented Dickey-Fuller Unit Root test statistic, Engle-Granger Co-integration test, error-correction mechanism, Heteroscedasticity White Test, Ramsey Reset and Durbin-Watson test.

The empirical result showed that the coefficient of government capital expenditure had 25% positive significant effect on Real GDP, government recurrent expenditure had 25% positive significant effect on Real GDP, Public external Debts had 6% negative significant effect on Real GDP and government Taxes revenue had 41% negative significant effect on Real GDP. Real GDP has long-run negative relationship with public external debts. Hence, the component of fiscal policy has long-run relationship with economic growth.

Adegboye *et al* (2021) examined the impact of fiscal, monetary and trade policies on Nigerian economic growth from 1985 to 2020. The study adopted endogenous growth model (AK model) as its theoretical framework. The independent variables were money supply, interest rate, public spending, public revenue and trade openness, while gross domestic product per capital was the dependent variable. The unit root test results revealed that there is mixed level of stationarity in the variables. The bound test result showed that the variables co-integrate. The ARDL long-run result showed that fiscal policies stimulate economic growth, while on the contrary, trade policies deter Nigerian economic growth. The short-run result showed that the fiscal policies had an inconsistent impact on Nigerian economic growth and thus differed from the long-run result; while government spending continues to drive economic growth in Nigeria, government revenues have no effect on the growth of the economy. The result of the impact of monetary policies shows that interest rate impels growth of the economy while money supply deters growth of Nigeria's economy; lastly, the trade policies maintain her negative influence on the economy in both the long run and short run.

Aluthge *et al* (2021) investigated the impact of Nigerian government expenditure (disaggregated into capital and recurrent) on economic growth using time series data for the period 1970-2019. The study employed Autoregressive Distributed Lag (ARDL) model, unit root test and the co-integration analysis. The researchers found out that that capital expenditure had positive and significant impact on economic growth both in the short-run and long-run, while recurrent expenditure does not have significant impact on economic growth both in the short-run and long-run.

Cookey and Okorie (2020) examined the relationship between Fiscal policy instrument and economic growth in Nigerian economy from 1980 to 2017. The variables used were real gross domestic product growth as the dependent variable, while government capital expenditure, recurrent expenditure, budget deficit and none-oil tax revenue were the independent variables. Unit root test, Engle-Granger Error Correction model analysis and multiple regression were used to analyse the data. The unit root test result revealed that all the variables were stationary at level order one, while the Johansen co-integration test showed that there is long-run relationship between fiscal policy instruments and economic growth. Analysis of the error correction model revealed that government expenditure, both capital and recurrent, had positive and significant impact on economic growth; while budget

deficit and non-oil tax had negative and significant impact on economic growth. Finally, the fiscal policy instruments accounted for 85% variation in the level of economic growth during the period reviewed.

Oseni and Okwu (2020) examined recession and the challenges of sustainable economic growth in Nigeria: An evaluation of macroeconomic policies. Based on relevant variables of datasets from 1981 to 2016, the researchers employed error correction mechanism on log-linear regression model to evaluate macroeconomic policies being implemented to stabilise and restore the economy on the path of sustainable growth. The variables were surrogates of fiscal, monetary, exchange rate and supply-side policies. The results showed that the respective macroeconomic policies had mixed effects, but jointly had significant growth-retarding effect on the country's economy. The researchers concluded that macroeconomic policies had heterogeneous effects and emphasized the need for appropriate mix of macroeconomic policies to be implemented to sustain and move the economy out of the recession trap.

Onyema and Onuoha (2019) examined the relationship between fiscal policy and economic growth in Nigeria between the periods 1981 to 2017 using time series data. The study employed a disaggregate analysis of various components of government expenditure while taxes and other sources of revenue proxied by government revenue are employed as a measure of fiscal policy. Estimation techniques used were unit root test, co-integration test, multiple regression and error correction model. Their findings revealed that government expenditure on economic, social services and tax had a positive and significant relationship with gross domestic product, while government expenditure on administration and fiscal deficit had a negative relationship with economic growth in Nigeria. The study thus concluded that fiscal policy over the years has significantly promoted economic growth in Nigeria.

Bosco and Umeokwobi. (2019) did an empirical study of the effect of fiscal operations on the growth of the Nigerian economy. Federal Government Expenditure on Administration (FGEA), Federal Government Expenditure on Economics Service (FGEES), Federal Government Expenditure on Social and Community Service (FGESCS) are taken as the independent variables in this study, while real gross domestic product (RGDP) was the dependent variable. Ordinary least square was used for the analysis. They found out that government expenditure had significant impact on economic growth in Nigeria. The Johanson Cointegration test showed the presence of one co-integrating equation among the variables at 5% level of significance. This guaranteed the study to estimate the ECM (Error Correction Model). The restricted Error Correction Model showed that FGEES had a negative but insignificant impact on economic growth in Nigeria, while FGEA and FGESCS had positive but insignificant impact on economic growth in Nigeria at 5% level of significance.

Okedina *et al* (2019) examined the relationship between fiscal policy and economic growth in Nigeria using annual time series data for the period of 1980-2017. Data was sourced from the CBN Statistical Bulletins, World Bank Indicators and the National Bureau of Statistic. The results using the Phillip-Perron test revealed that all the variables are integrated of order 1. The Non-linear Autoregressive Distributed Lag (NARDL) estimation co-integration framework was employed to investigate the expansionary and/or contractionary effect of fiscal policy on economic growth. It was found out that there is a long-run relationship between fiscal policy and economic growth in Nigeria and that an expansionary fiscal policy is growth promoting while a contractionary fiscal policy is growth diminishing for the period reviewed.

Ubesie (2016) investigated the effect of fiscal policy on economic growth in Nigeria for the period 1985 to 2015. The study used secondary data which were obtained from the Statistical Bulletin of the Central Bank of Nigeria (CBN) covering the period from 1985 to 2015. Descriptive statistics and the ordinary least square (OLS) multiple regression analytical method was used for the data analysis after ensuring data stationarity. The results revealed that total government expenditure was significantly and positively related to government revenue, with expenditures climaxing faster than revenue. Investment expenditures were much lower than recurrent expenditures evidencing the poor growth in the country's economy.

Methodology

Research Design

This study adopted *"ex-post facto"* and analytical research design. This type of research design utilizes existing data on past events (Onwumere as cited in Ohadoma, 2018). The data for the study are already in existence and are not manipulated. This design is being adopted because the study seeks to use secondary data to explore the effect of total recurrent expenditure, total capital expenditure and total government revenue on gross domestic product in Nigeria's economy. This study was carried out in Nigeria. The data for this study was quantitative time series annual data obtained from Central Bank of Nigeria statistical bulletin. These secondary data covered the period 2001 to 2021.

Model Specification and Modification

The multiple regression model was adopted in this study. It measures the association between a given dependent variable and two or more independent variables in a given regression function. The relationship can be expressed as:

$Y_t = b_0+b_1X_1+b_2X_2+b_3X_3 \ldots + bnXn + e$

Where: Y = dependent variable
b_0 = intercept term
b_1, b_2, b_3 = parameters or coefficients of the model
X_1, X_2, X_3 = independent or explanatory variables.
e = error term

The functional relationship of effect of fiscal policy on Nigeria's economic growth can be specified in the following model:

GDP = f(TRE, TCE, TGR)

The model was explicitly defined as follows:

$GDP_t = b_0+b_1 TRE_t+b_2TCE_t+b_3TGRt+e_t$

Where:
GDP = Gross domestic product
TRE = Total recurrent expenditure
TCE = Total capital expenditure
TGR = Total government revenue

Description of Variables in the Model

This study used total recurrent expenditure, total capital expenditure and total government revenue as independent variables to proxy fiscal policy, while gross domestic product was used to proxy economic growth.

(i) Total recurrent expenditure (TRE): This is total payments made by the Nigerian government other than for capital assets, including on goods and services, wages and salaries, interest payments, subsidies and transfers.

(ii) Total capital expenditure (TCE): This is the total of the money spent by the Nigerian government on the development of machinery, equipment, building, health facilities, education as well as acquisition of fixed assets like land and investment.

(iii) Total government revenue (TGR): This is the total money received by the Nigerian government from the taxes and non-tax sources to enable it to undertake public expenditure.

(iv) Gross domestic product (GDP): This is the total output of goods and services produced in the Nigerian economy for a given period of time usually one year.

Technique of Data Analysis

Descriptive statistics and Ordinary least square regression were used to analyse the data. The hypotheses were tested at 5% level of significance. The processing software used to analyse the data was SPSS version 25.

Data Presentation

TABLE: Dependent variable - gross domestic product (GDP), independent variables - total recurrent expenditure (TRE), total capital expenditure (TCE) and total government revenue (TGR).

YEAR	TRE (₦'B)	TCE (₦'B)	TGR (₦'B)	GDP (₦'B)
2001	579.30	438.70	2231.60	8234.49
2002	696.80	321.38	1731.84	11501.45
2003	984.30	241.69	2575.10	13556.97
2004	1110.80	351.25	3920.50	18124.06
2005	1321.30	519.47	5547.50	23121.88
2006	1390.20	552.39	5965.10	30375.18
2007	1589.27	759.28	5727.51	34675.94
2008	2117.36	960.89	7866.60	39954.21
2009	2127.97	1152.80	4844.59	43461.46
2010	3109.44	883.87	7303.67	55469.35
2011	3314.51	918.55	11116.85	63713.36
2012	3325.16	874.70	10654.75	72599.63
2013	3689.10	1108.39	9759.79	81009.96
2014	3426.94	783.12	10068.85	90136.98
2015	3831.95	818.35	6912.50	95177.74
2016	4160.11	653.61	5616.40	102575.42
2017	4779.99	1242.30	7444.82	114899.25
2018	5675.20	1682.10	9551.67	129086.91
2019	6997.20	2289.00	10262.32	145639.14
2020	8188.81	1614.89	9276.07	154252.32
2021	9145.16	2522.47	10755.41	173527.66

Source: CBN statistical bulletin

Data Analysis

Descriptive Statistics

	Mean	Std. Deviation	N
GROSS DOMESTIC PRODUCT	71480.6362	50603.65357	21
TOTAL RECURRENT EXPENDITURE	3407.6605	2430.50422	21
TOTAL CAPITAL EXPENDITURE	985.2000	608.68977	21
TOTAL GOVERNMENT REVENUE	7101.5924	2962.46206	21

The descriptive statistics shows a mean value of 71,480.64; 3,407.66; 985.20 and 7,101.59 for gross domestic product, total recurrent expenditure, total capital expenditure and total government revenue respectively. The standard deviation shows 50,603.65; 2,430.50; 608.69 and 2,962.46 for gross domestic product, total

recurrent expenditure, total capital expenditure and total government revenue respectively. The data used was for a period of 21years.

Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.982[a]	.965	.959	10267.81184	.965	156.259	3	17	.000	.681

a. Predictors: (Constant), TOTAL GOVERNMENT REVENUE, TOTAL CAPITAL EXPENDITURE, TOTAL RECURRENT EXPENDITURE
b. Dependent Variable: GROSS DOMESTIC PRODUCT

The analysis showed the R-squared of 0.965 which implies that 96.5% changes in the dependent variable (gross domestic product) are explained or influenced by the independent variables (total recurrent expenditure, total capital expenditure and total government revenue). The same is the explanation for the adjusted R-square. The F value of 0.000 showed that the independent variables are jointly significant to gross domestic product. The F-statistic regression value is 156.259.

Regression output and interpretation:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1223.292	6169.202		-.198	.845
	TOTAL RECURRENT EXPENDITURE	21.457	2.364	1.031	9.078	.000
	TOTAL CAPITAL EXPENDITURE	-9.476	9.115	-.114	-1.040	.313
	TOTAL GOVERNMENT REVENUE	1.256	1.134	.074	1.108	.283

a. Dependent Variable: GROSS DOMESTIC PRODUCT.
Source: SPSS version 25.

The analysis showed that the constant coefficients of B and standard error were -1223.292 and 6,169.202 respectively. In view of the model used for this study:

$GDP_t = b_0 + b_1TRE_t + b_2TCE + b_3TGR + e_t$

The summary of the linear regression result obtained from the study can be stated as:

GDP = -1,223.292 + 21.457TRE - 9.476TCE + 1.256TGR

The regression model above showed the effect of fiscal policy on economic growth of Nigeria. GDP averages -1,223.292 over time. Keeping all other variables constant except total recurrent expenditure, a unit change in total recurrent expenditure will result to a 21.457 increase in gross domestic product. Barring all other variables constant except total capital expenditure, a unit change in total capital expenditure will result to a 9.476 decrease in gross domestic product. Also, keeping all other variables constant except total government revenue, a unit change in total government revenue will result to a 1.256 increase in gross domestic product.

Test of Hypotheses:

Decision rule: Accept the null hypothesis if the significance probability value is greater than the level of significance (5%), otherwise reject.

Hypothesis One: H0: Total recurrent expenditure has no significant effect on gross domestic product in Nigeria.

The outcome of the analysis showed that the calculated t-statistic probability is 0.000 which is lower than the 0.05 level of significance hence we reject the null hypothesis and accept the alternate hypothesis. We therefore conclude that total recurrent expenditure has significant effect on gross domestic product in Nigeria for the period reviewed.

Hypothesis Two: H0: Total capital expenditure has no significant effect on gross domestic product in Nigeria.

The outcome of the analysis shows that the calculated t-statistic probability is 0.313 which is higher than the 0.05 level of significance hence we accept the null hypothesis and reject the alternate hypothesis. We therefore conclude that total capital expenditure has no significant effect on gross domestic product in Nigeria for the period reviewed.

Hypothesis Three: H0: Total government revenue has no significant effect on gross domestic product in Nigeria.

The outcome of the analysis shows that the calculated t-statistic probability is 0.283 which is higher than the 0.05 level of significance hence we accept the null hypothesis and reject the alternate hypothesis. We therefore conclude that total government revenue has no significant effect on gross domestic product in Nigeria for the period reviewed.

Summary of Findings:

1) The study revealed that total recurrent expenditure has a positive coefficient of 21.457 and probability value of 0.000. Hence, total recurrent expenditure has positive and significant effect on gross domestic product in Nigeria for the period reviewed.
2) The study revealed that total capital expenditure has a negative coefficient of -9.476 and probability value of 0.313. Hence, total capital expenditure has negative and non-significant effect on gross domestic product in Nigeria for the period reviewed.
3) The study revealed that total government revenue has a positive coefficient of 1.256 and probability value of 0.283. Hence, total government revenue has positive and non-significant effect on gross domestic product in Nigeria for the period reviewed.

Conclusion

This study examined the effect of fiscal policy on economic growth of Nigerian for the period 2001 to 2021. On the overall assessment, the fiscal policy variables used in this study are good indices for measuring economic growth of the Nigerian economy.

Recommendations

1) The Nigerian government should ensure that the recurrent expenditure is properly used to continue its positive and significant effect on the economy.
2) The Nigerian government should ensure proper channeling of her capital expenditures to sectors that will trigger production of goods and services hence stimulating economic growth. Capital expenditures therefore need to be properly monitored, evaluated before approval to avoid wastages.
3) The Nigerian government should ensure that her revenue base is not only diversified but also boosted. This will enhance her recurrent expenditure and capital expenditure and as such help achieve economic growth in Nigeria.
4) Government should pursue policies that are anti-inflationary in nature to ensure attainment of her fiscal policy objectives.

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