



Government Revenue Profile and Economic Growth in Nigeria (1981 - 2015)

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Abstract: The study ascertained the extent the accrued revenue generation has enhanced economic growth in Nigeria from 1981 to 2015. Secondary data sourced from Central Bank of Nigeria (CBN)'s Statistical Bulletin and National Bureau of Statistics (NBS) on such variables like real gross domestic product; oil revenue; non-oil revenue; labour force; social and economic services expenditure during the period were made use of. The collected data were analyzed using appropriate descriptive and inferential statistics like regression analysis and time series using E-views 9 statistical package. The Autoregressive Distributed Lag (ARDL) Model approach was adopted to consider the long run elasticity as well as the short dynamics among the variables of interest. The result of the analysis showed that labour force has a positive impact on economic growth in Nigeria during the time and there exist a significant positive relationship between oil revenue and economic growth in Nigeria. The gross fixed capital formation was found to be positively related to economic growth and the social and community services expenditure has a positive effect on the Nigerian economy. The non-oil revenue that was found to be negatively related to economic growth but not statistically significant implied possible leakages during the period. The study found that a positive relationship existed between oil revenue and economic growth in Nigeria while it was negative for the non-oil revenue between 1981 and 2015. Therefore, the study concluded that the accrued revenue had positive significant impact on economic growth of Nigeria.

Keywords: economic growth; developing countries; human development index; human poverty index; infrastructure; non-oil revenue; poverty trap; public revenues

INTRODUCTION

Administration and governance of a state require resources to execute the primary functions through which the rulers can fulfill their constitutional responsibilities. The primary responsibilities of governments are the provisions of security coupled with the infrastructural development of the state. In fact, a successful state can be determined by the level of human and other physical infrastructural developments that are available in that state. These would easily create conducive atmospheres for investment and commercial activities. The actualizations of these functions are anchored on the availability of revenue accrued to the government [1].

Government revenue is an important tool of fiscal policy of the government in generating funds and resources that are used to facilitate and enhance economic growth and development. The sources of government revenues vary from one country to another and changes with time depending on the dynamics of the economies. For instance, in most developed countries, taxes and export of manufactured goods and services have been the major driving force that accounted for the bulk of government revenue. The reverse is the case for most developing countries that are solely dependent on natural resources export and foreign investment with less attention on taxes levied on income, wealth of individual and organizations as well as Value Added Tax (VAT) [2]. It also includes not only taxes on the goods and services produced but exports and imports, capital receipts in the form of external loans and debts from international financial

institutions. Governments usually have agencies or departments that are responsible for collection of government revenue from companies and individuals. Nigeria as a country falls under the category that solely depends on natural resources most especially the oil and gas exports and proceeds for the management and financing of her budgets and economy over the years.

Revenues generated by government are spent in the provision of public amenities such as infrastructure, education, health, law and order, housing, environment, rural and urban development for the benefits of the Nigerian populace and promote economic growth [3].

The transitional era of the Nigeria revenue was initially agriculture (i.e. proceeds from sales of cocoa, rubber, palm trees, groundnut, cotton and timber) in the 70's but changed to oil and gas as a result of the prominence of oil in Nigerian economy from the 80's till date [4]. This has made Nigeria economy vulnerable to commodities and prices volatility over the years that might have compromised the level of economic growth and development. In addition, the continuous decline in the prices of crude oil at the international market has eaten deeply into the financing and execution of fiscal budget in Nigeria and has promoted the economy into recession [5].

In 2013, the oil and gas constituted about 85 to 90 percent of foreign exchange earnings in terms of revenue and about 75 percent in terms of export. In recent times, this contribution has continued to decline to about 65 and 55 for foreign exchange earnings and export respectively and has gotten Nigeria too exposed to dwindling happenings in the international oil market shocks [6,7, NBS, 2016]. The several attempts made by different governments in diversifying the Nigerian economy have been seen more as political propaganda than economic independence for the betterment of the development of the common man in Nigeria. The revenue generated in Nigeria has rewritten not only her history and growth path over the years but it has attracted its own curse such as the environmental degradation, pipeline vandalism, oil theft and low standard of living with high number of people still living below the poverty line of less than \$1 per day [8]. This problem is accompanied by instability in electricity that has forced most manufacturing companies and organizations to relocate to neighboring countries.

However, the essence of governance is to provide security, health care services, education and infrastructural facilities with the revenue available. The increase in revenue is expected to have a corresponding positive effect in development in respect of the high standard of living; access to good and affordable health care, rural, and urban development. The sales of crude oil are mainly the sources of public revenue in Nigeria as well as Algeria, Libya, Angola and Equatorial Guinea. This is in contrast to public revenue in Kenya, South Africa and Mauritania which have balanced mixes of revenues from all sources [9]. This had raised a fundamental concern for the utilization of the revenue generated in driving economic growth in Nigeria as state government and government institutions cannot afford to pay the workers' salaries as and when due.

Globally, as the oil and gas prices started fluctuating, the impact on the world economies and most especially on countries that depend on natural resources export such as Saudi Arabia, Iran, Iraq, Algeria, Russia and United States among others are significant. These impacts have been both negative and positive in nature depending on the countries' stands on the energy stake. For economy that uses more of oil and gas as sources of energy, the prices that fluctuate between \$48 to \$55 per barrel in recent times compared to its price of \$105 per barrel in 2012 through 2014, the challenges and threat are real [5]. To the major oil and gas exporting countries and in particular Nigeria, the impact has been negative which has threatened the survival, implementation and sustainability of fiscal budgets of such economies. This had affected the economic growth as the gross domestic product (GDP) had been nose-diving.

The present economic recession had caused many states to default in payment of salaries to the civil servants. Many states are in arrears of up to 14 months while others had agreement with their workers for a negotiated percentage of payments. Pensioners were not exempted from effect of paucity of funds caused by the economic recession. Schools and colleges were shut down due to nonpayment of wages and salaries.

For more than three decades, Nigeria had depended on oil and gas as its main source of revenue. To what extent had these revenues generated enhanced economic growth in Nigeria during the period? The objective of this study is to determine the extent the accrued revenue generated has enhanced the economic

growth of Nigeria from 1981 to 2015. Finding answers to these questions are the focus of this paper. The paper is hereafter segmented into four sections after this introductory part. The second section is on conceptual framework and literature review while section three is on research methodology. Findings and discussions are in section four. Section five is on summary, conclusion and recommendations.

2.0 CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

2.1 Conceptual framework

2.1.1 Development

Over time, 'development' has carried quite a number of definitions. As earlier economic theories on development were silent on issues of post-World War II, classic political economists, from Ricardo to Marx, viewed that similar problems on economic development were being addressed despite the fact that the word 'development' was not used. The rivalry between communism and capitalism in the cold year produced two competing development strategies that were western development economics and central planning (Soviet, Chinese or Cuban varieties).

Development in England in the nineteenth century as argued by Cowen & Shenton [10] was all about remedies for the shortcomings and maladies of progress that rest on population and urban squalor.

The economists in the 1990s had a unanimous recognition that the quality of life often determines whether people are from developing countries or poor countries. Diseases, malnourishment and death happen in the everyday lives of those people from the developing countries than that of developed countries. The situations in the developing countries often contributed to the shifts of development goals set by governments to cover wider objectives like improvements in income distribution, environment, education and health [11].

Modern development economics came after colonial economics, which was partly controlled by chartered companies engaging in plantations and mining activities. The management of the economy was taken over by the colonial powers solely to satisfy the native interest in providing jobs and supplying raw materials to the industries at home. The objectives of colonial economics were to make the colonies cost effective and then to manage economic resources with a view to national independence. It was not directed towards industrialization of the colonies as cultivation of raw materials were encouraged which were then exported to the manufacturing industries in Europe [12].

A clear distinction has to be made between growth and development. The two are interrelated as income (revenue) determines the level of growth and development. An upward movement (increase) over time in a country's real output of goods and services (GNP) or real output per capita income is often termed to be economic growth while economic development usually implies an upward movement of the entire social system in terms of income, savings and investment along with progressive changes in socioeconomic structure of country.

Indices for measuring economic development are qualitative. (e.g. HDI - Human Development Index; gender-related index; Human poverty index; infant mortality; literacy rate; etc. while that of economic growth is quantitative (e.g. GDP).

A country that is perpetually underdeveloped is often caught in a vicious circle, which is referred to as poverty trap.

2.1.2 Revenue

Government revenue, which is also called public revenues, is made up of revenue from administrative activities like fines, fees, gifts and grants. Direct and indirect taxes are sources of revenue both at the federal and state levels. Taxes are made up of direct and indirect taxes. The direct taxes include corporate tax, personal income tax, capital gain tax and wealth tax while indirect taxes are made up of Custom duty, Central excise duty, Value Added Tax (VAT) and Service tax [13]. According to Ihendinihu, Ebieri, and Amaps [14], there are two main sources of federal government revenue, which are oil, and non-oil revenue. Oil revenue that is more important than non-oil revenue consists of revenue from crude oil and gas exports, receipts from petroleum profits tax and royalties.

Oil is the major source of revenue in Nigeria and it is the backbone of the economy [15]. Akintoye and Tashie [16] were of the opinion that provision of infrastructural amenities was found to influence the willingness to pay tax.

According to Odularu [17], in shaping the economic and political destiny of the country, the oil plays a vital role. This role became prominent after the end of the civil war that engulfed the country between 1967 and 1970. Oil revenue in Nigeria comprises the total amount of income derived from the sale of crude oil in the economy. It is the source of the economy upon which budgets and other fiscal policies are based [6].

Literature Review

For modern civilization, development is a necessary tool and it is the responsibility of the government to spread development to all nooks and crannies under its jurisdiction. Without funds, development will be nearly impossible and these funds are being generated from taxes, fines, royalties, haulages, and grants from the states, national and international governments. In the study conducted on the effect of Internal Revenue Generation on Infrastructural Development in Lagos state, it was concluded that the infrastructural development in Lagos state is as a result of adequate generated revenue and that revenue generation supports infrastructural development [18].

Oye [19], was of the opinion that development is the transformation of community into socially, politically, economically, educationally, orderly, and materially desirable conditions. The aim improves the quality of life of the people. The conceptualization of development consists of uniform distribution of resources and integration of the people into the national economy.

In the view of Nwanegbo and Odigbo [20], development is the process of empowering people in order to maximize their potentials. They further defined development as a process of improving the quality of human lives and ability to surmount daily challenges. Development is a process of societal advancement where improvement in the well-being of people is generated through strong partnerships between all sectors, corporate bodies and other groups in the society. It should not be a matter of giving less privileged people money during festivities or when the election is around the corner. Development should ensure increased production which will lead to increased income and eventually leading to improved standard of living.

Because of massive destruction caused during the World War II, development became significant when the devastated territories are to be rebuilt. The theatre of war, mainly the Europeans and the Japanese territories lay wasted in ruins. The destruction of Nagasaki and Hiroshima made the territories inhabitable for human beings. As a result of rebuilding these shattered regions, institutions like International Bank for Reconstruction and Development (which soon came to be known as the World Bank) were formed.

The focus of the underdeveloped countries then was to catch up with the developing and developed countries. One of the surest ways to achieve this was through industrialization. The barometer of measuring development then was industrialization of nations. The objective of development was raising the standard of living where poor people have access to good living conditions.

As most African countries that got their independence from the colonial masters were poor, the desire of the nationalists were to speed up development of the newly independent nations by providing better lives for their people [21].

Many theories have been used in the analysis of revenue and development in developed and developing nations. The analysis involved here are to be used to form the theoretical review. Since there are many issues involved in development and revenue, there will be a sizeable number of theories that will be used in the study.

The big push theory asserts that in an underdeveloped country a large amount of investment is required to overcome the problems of backwardness. A program that is not done wholly will not have any significant impact on the process of growth and will only lead to dissipation of resources.

Nevertheless, the Big Push Theory is being criticized by economists on a number of grounds. It fails to put into consideration that the amount of resources in underdeveloped countries is very limited. So also, serious difficulties may be encountered by the governments of underdeveloped in executing various projects according to a planned time-table. The big push theory only suggests large-scale industrialization without any mention of agricultural sector. Economic development with only industrialization as the main focus without agricultural sector will be difficult to achieve. Also, the theory became unpopular when centrally planned economy collapsed and there was little improvement in industrialization in the underdeveloped countries [22].

In investigating the long-run equilibrium relationships among the international factors and economic growth in Nigeria using multivariate cointegration technique, Awolusi [23] was of the opinion that the variables in Nigeria models have long-run equilibrium relationship with one another and were adjusting in the short-run. However, in a research conducted by Akinlo [24], he affirmed that there is insignificant impact on economic growth by both private and foreign capital.

Ajide [25] posited that some countries grow faster than others due to social, economic, cultural, political and more recently, institutional factors. His findings show that variables like life expectancy, labour, degree of openness and economic freedom are factors affecting the level of economic growth at different conventional levels in Nigeria.

When a modeling technique that made use of cointegration and structural analysis was applied in the study conducted by Ezeabasili, Tsegba and Ezi-Herbert [26] on Economic Growth and Fiscal Deficits, the results indicated that fiscal deficit affects economic growth negatively with an adjustment lag in the system and there is a strong negative association between government consumption, expenditure and economic growth.

With the study conducted on Determinants of Economic Growth in Nigeria by Udejaja and Onyebuchi [27], it was found out that there is a long run relationship among domestic savings, expenditures on education and health, openness to trade, Foreign Direct Investment (FDI) and public infrastructure with growth of real GDP per capita. According to the findings of the study, while FDI and public infrastructure do not drive economic growth in Nigeria, domestic savings, expenditure on education, openness, and financial depth are positive determinants of economic growth. So also, it was found out that expenditures on health had negative effects on economic growth.

When the impact of indirect tax revenue on economic growth in Nigeria was examined using value added tax revenue and custom and excise duty revenue as independent variables and economic growth as proxy, it was found out by Akhor, Atu and Ekundayo [28] that custom and excise duty had a negative and weakly significant impact on real gross domestic product. Worlu and Emeka [29] concluded through a research conducted that tax revenue stimulates economic growth through infrastructural development.

In their contributions on different measures of human capital development to economic growth in Nigeria, it was found by Isola and Alani [30] that little commitment had been accorded health compared to education. The empirical analysis conducted showed that both education and health components of human capital development are crucial to economic growth in Nigeria. One of the major ways of improving the quality of human resources that lead to economic growth is the provision of education and health services to people.

A fundamental requisite to economic development is economic growth. This justifies the reason why growth continuously dominates the main policy thrust of government's development objectives. According to Ismaila and Imoughele [31], economic growth is associated with policies aimed at transforming and restructuring the real economic sectors. In their work on determinants of economic growth in Nigeria, time series was used for data obtained from CBN for a period of 27 years that is 1986 to 2012. When Augmented Dickey-Fuller (ADF) test was used for the unit root test and Johansen's co-integration test was also conducted to establish short and long run relationships between economic growth and its macroeconomics determinants, the results show the existence of long run relationship among the variables.

The economic growth of a country is influenced by a host of domestic policies which are not taken into account such as monetary, fiscal and external policies. It is the opinion of Olayiwola and Okodua [32] that

in the export-led growth hypothesis, exports are the main determinant of overall economic growth. This may be because of the export sector generating positive externalities on non-export sectors through more efficient management styles and improved production techniques.

Diejomaoh [33] posits that National Development Planning in the modern era dates as far back as 1917 when Soviet Union established Communism in 1917.

Development planning started in Nigeria with the Ten-Year Plan of Development and Welfare in 1945. Thereafter, there was The Second Pre-Independence National Development Plan (1955 - 1960). In the post-independence development plans, agriculture, water supply, housing and health sectors were given priority [34].

By 2004, when it became obvious that strategies of the past in battling poverty had not yielded any positive impact to the development of the nation, it became imperative for the federal government to introduce the National Economic Empowerment and Development Strategy (NEEDS). NEEDS is regarded as Nigeria's home-grown poverty reduction strategy programme (PRSP).

Research methodology

Technique of Analysis

The paper made use of secondary data that originated from Central Bank of Nigeria (CBN)'s bullions, economic and financial reviews of the past years, including the CBN's Annual Reports, Annual Abstract of Statistics of National Bureau of Statistics (NBS). The longitudinal data was applied in this study as it considered data over an extended period. The time horizon considered in this study was between the periods of 1981 to 2015.

In the efforts of the researchers to make the research objectives achievable, the paper tested one hypothesis.

H₀: The accrued revenue generated in Nigeria between 1981 and 2015 had no significant impact on the economic growth of the country.

H₁: The accrued revenue generated in Nigeria between 1981 and 2015 had significant impact on the economic growth of the country.

Model specification:

$$\text{Log}(Q) = \beta_0 + \beta_1 \text{Log}L + \beta_2 \text{Log}K + \beta_3 \text{Log}OREV + \beta_4 \text{Log}NOREV + \varepsilon_t \dots \dots \dots 4$$

Where,

Q - Real Gross Domestic Product

L- Labour force

K- Gross fixed capital formation

OREV- Oil revenue

NOREV – Non-Oil revenue

All these variables are measured in millions of naira in explaining the revenue and economic growth nexus in Nigeria. The study examined how the independent variables have impacted on the dependent variable.

Real GDP is represented by Q. It is the total monetary value of goods and services produced in Nigeria over a specified period of time which is usually a year. The real GDP is measured by GDP at constant prices in million naira. This helps to take care of inflation.

L is represented by Labour force and measured as the total number of labour employed by both public and private sector in Nigeria. It is measured in million naira.

K is denoted by Gross fixed Capital Formation. It is the payment for acquiring land, buildings and other non-financial assets that are used for more than one year in the production process which include transfers of capital assets.

NOREV means the total monetary value non-oil revenue that is accrued to the federal government within a defined time, which is usually a year, based on the Central Bank of Nigeria classification. It is measured in million naira. This is due to the data availability in that classification. OREV means the total monetary value of oil revenue that accrued to the federal government during the period under study and is being measured in million naira.

Findings and discussions

The study covered the period between 1981 and 2015. The mean value of the Log (SCE) is 10.238 which is the highest followed by log (RGDP) with 10.194, then Log (OREV) with 5.974. Other mean values of the remaining variables were 4.853, 4.618 and -3.297 for Log (NOREV), Log (GFCF) and log (LF) respectively. Also, the analysis considered the skewness and kurtosis values. The symmetry of the histogram is referred to as Skewness while kurtosis measures the tail shape of the histogram. How close the variable is to zero is the benchmark for measuring symmetric distribution of skewness. In the context of this study, Log (RDGP) and Log (GFCF) were positively skewed while other variables were negatively skewed. Kurtosis is classified into three such that the one whose value is equal to 3 is called mesokurtic but values less than 3 is called platykurtic [36]. Platykurtic implies that the distribution of the values does not have any outliers which hold for all the variables in this study except for Log (GFCF).

Table 1: Summary of Statistics of the variables used in the regression analysis

	LOG(RGDP)	LOG(LF)	LOG(GFCF)	LOG(OREV)	LOG(NOREV)	LOG(SCE)
Mean	10.194	-3.297	4.618	5.974	4.853	10.238
Median	10.014	-3.286	3.712	6.033	5.112	10.461
Maximum	11.142	-2.852	9.272	9.091	8.094	13.954
Minimum	9.531	-3.725	1.846	1.981	1.093	6.107
Std. Dev.	0.520	0.264	2.183	2.493	2.409	2.398
Skewness	0.493	-0.020	1.411	-0.355	-0.223	-0.082
Kurtosis	1.862	1.833	3.574	1.684	1.605	1.610
Jarque-Bera	3.304	1.989	12.102	3.262	3.130	2.859
Probability	0.192	0.370	0.002	0.196	0.209	0.239
Sum	356.805	-115.382	161.632	209.091	169.859	358.321
Sum Sq. Dev.	9.192	2.366	162.021	211.344	197.279	195.450
Observations	35	35	35	35	35	35

Source: Author's computation, 2017.

Where,

LOG (RGDP) is the natural log of real gross domestic product

LOG (LF) is the natural log of Labour force

LOG (GFCF) is the natural log of Gross fixed capital formation

LOG (OREV) is the natural log of oil revenue

LOG (NOREV) is the natural log of Non-oil revenue

LOG (SCE) is the natural log of social and community services expenditure

Note: All these variables are in millions of naira and sourced in CBN statistical bulletin of several years.

Table 2: ARDL Long run elasticity

Variable	Coefficient	T-Statistic	Prob.
D(Log(LF))	1.2912	2.5291	0.0171
D(Log(GFCF))	0.0559	4.4243	0.0001
D(Log(OREV))	0.0232	6.0053	0.0430*
D(Log(NOREV))	-0.0534	-0.8493	0.4026
D(Log(SCE))	0.0682	1.7926	0.0835
C	13.6148	6.6593	0.0000
R-Squared	0.9732		
Adjusted R-Squared	0.9686		
S.E of regression	0.092		
ECM (-1)	-0.1122		0.0000

Source: Author's computation, 2017.

Note: *, **, *** significant at 1 %, 5% and 10% respectively.

From Table 2, the overall coefficient of determination (R^2) is 0.97(about 97%). That is, the independent variables explained about 97% variation in the dependent variable while the adjusted R^2 is 96%. All the variables are in natural logarithms and are explained in elasticity form. The variables are discussed one after the other with respect to a prior expectation.

Firstly, the labour forces have a positive relationship with economic growth and found to be statistically significant at 5% as expected which conforms to a prior expectation. Intuitively, it means that as labour force increases, it tends to have a positive reaction and impact on economic growth. The result means that 1% change in labour force will lead to 1.3% change in real GDP. It can be inferred that labour forces are active and tend to contribute more in their first year and begin to shark. The labour forces have contributed to economic growth in Nigeria. Hence, this is similar to the findings of Odularu [17].

In addition, the gross fixed capital formation that is used to capture investment is found to be positively related to economic growth and statistically significant. This conforms to a prior expectation, thereby re-affirming the link between investment and growth. It implies that 1% increase in GFCF will result in 0.05% increase in GDP. Investment is seen as an integral that play a significant role in determining economic growth in Nigeria. It conforms to what was obtained by Osinubi and Amaghionyeodiwe [36].

Furthermore, oil revenue is found to be positively related to economic growth although it has been on decline since the last three years as shown in figure 4.1. The result conforms to a priori expectation that revenue that is used to finance government spending is crucial in facilitating economic growth which is true in Nigerian context. Intuitively, the decline in oil revenue will significantly affect government spending and will trickle down on the economic activity which is the reality on ground in Nigeria context. Due to decline in crude oil price, it has negatively reduced the oil revenue accrued to the government both at the centre and states level that most states could not afford to pay their workers' salaries and engage in capital expenditure.

Summary, conclusions and recommendations

This work examined the impact of revenue on Nigeria economy between the periods of 1981 and 2015. Specifically, it investigated the extent to which the accrued revenue generation has enhanced economic growth in Nigeria. The study used secondary data that were mainly sourced from Central Bank of Nigeria (CBN)'s bullions, economic and financial reviews of the past years, including the CBN's Annual Reports,

Annual Abstract of Statistics of National Bureau of Statistics (NBS). Data collected were analyzed using appropriate descriptive and inferential statistics. This study adopted the Autoregressive Distributed Lag (ARDL) approach to consider the long run elasticity as well as the short dynamics among the variables of interest. After analyzing the data collected for the work, the empirical result of the research work showed that labour force has a positive impact on economic growth in Nigeria over time and there exist a significant positive relationship between oil revenue and economic growth in Nigeria. The gross fixed capital formation was found to be positively related to economic growth in Nigeria and the social and community services expenditure has a positive effect on the Nigerian economy[37].

In addition, it was established that there exists a significant negative relationship between non-oil revenue and economic growth in Nigeria. Furthermore, this work showed that the gross fixed capital formation that was used to capture investment was found to be positively related to economic growth and statistically significant. Lastly, the oil revenue was found to be positively related to economic growth although it has been on decline since the last three years.

The computed F-statistic value of (i.e. 4.015441) showed that there existed a long run relationship among the series of study; hence there was a long run relationship among Real GDP, labour force, gross fixed capital formation, social and community services expenditure, oil revenue and non-oil revenue in Nigeria.

Based on the data collected and analyzed, the researchers have been able to provide answers to the research questions raised in examining the extent the accrued revenue generation has enhanced the economic growth of Nigeria from 1981 to 2015. In addition, labour force, investment, and social and community expenditure have positive effects on economic activities that have trickled down to enhance economic growth in Nigeria. The government needs to channel more funds into non-oil sector that has higher multiplier effects on employment, infrastructure and output in order to facilitates more economic activities.

One of the limitations to this work, which must be pointed out, was that data on revenue were not well reported as they were disaggregated into two, which restricted the researchers to further disaggregate the revenue into more components. The components of revenue were not well articulated into sectoral units of oil and non-oil revenue.

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APPENDICES
APPENDIX I

Descriptive Statistics

	LOG(RGDP)	LOG(LF)	LOG(GFCF)	LOG(OREV)	LOG(NOREV)	LOG(SCE)
Mean	10.194	-3.297	4.618	5.974	4.853	10.238
Median	10.014	-3.286	3.712	6.033	5.112	10.461
Maximum	11.142	-2.852	9.272	9.091	8.094	13.954
Minimum	9.531	-3.725	1.846	1.981	1.093	6.107
Std. Dev.	0.520	0.264	2.183	2.493	2.409	2.398
Skewness	0.493	-0.020	1.411	-0.355	-0.223	-0.082
Kurtosis	1.862	1.833	3.574	1.684	1.605	1.610
Jarque-Bera	3.304	1.989	12.102	3.262	3.130	2.859
Probability	0.192	0.370	0.002	0.196	0.209	0.239
Sum	356.805	-115.382	161.632	209.091	169.859	358.321
Sum Sq. Dev.	9.192	2.366	162.021	211.344	197.279	195.450
Observations	35	35	35	35	35	35

Null Hypothesis: LOG(OREV) has a unit root

Exogenous: Constant

Lag Length: 0 (Automatic - based on SIC, maxlag=8)

	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic	-1.319553	0.6091
Test critical values:		
1% level	-3.639407	
5% level	-2.951125	
10% level	-2.614300	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation

Dependent Variable: D(LOG(OREV))

Method: Least Squares

Date: 02/13/17 Time: 18:55

Sample (adjusted): 1982 2015

Included observations: 34 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(OREV(-1))	-0.036638	0.027765	-1.319553	0.1963
C	0.395923	0.177682	2.228269	0.0330
R-squared	0.051605	Mean dependent var		0.179501

Adjusted R-squared	0.021968	S.D. dependent var	0.402966
S.E. of regression	0.398515	Akaike info criterion	1.054881
Sum squared resid	5.082063	Schwarz criterion	1.144667
Log likelihood	-15.93298	Hannan-Quinn criter.	1.085501
F-statistic	1.741221	Durbin-Watson stat	2.103767
Prob (F-statistic)	0.196348		

Null Hypothesis: LOG(NOREV) has a unit root

Exogenous: Constant

Lag Length: 1 (Automatic - based on SIC, maxlag=8)

	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic	-0.734031	0.8242
Test critical values:		
1% level	-3.646342	
5% level	-2.954021	
10% level	-2.615817	

*MacKinnon (1996) one-sided p-values.

Augmented Dickey-Fuller Test Equation

Dependent Variable: D(LOG(NOREV))

Method: Least Squares

Date: 02/13/17 Time: 20:11

Sample (adjusted): 1983 2015

Included observations: 33 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(NOREV(-1))	-0.019701	0.026840	-0.734031	0.4686
D(LOG(NOREV(-1)))	-0.232723	0.172876	-1.346189	0.1883
C	0.346276	0.145417	2.381256	0.0238

R-squared	0.078565	Mean dependent var	0.204464
Adjusted R-squared	0.017136	S.D. dependent var	0.357868
S.E. of regression	0.354789	Akaike info criterion	0.851920
Sum squared resid	3.776253	Schwarz criterion	0.987966
Log likelihood	-11.05668	Hannan-Quinn criter.	0.897695
F-statistic	1.278955	Durbin-Watson stat	2.032284
Prob(F-statistic)	0.293070		

ARDL Bounds Test for Co-integration

Test Statistic	Value	K	N
F-Statistics	4.015441	5	33
Critical Value Bounds			
Significance	I(0) Bound	I(1) Bound	
10%	2.08	3.00	

5%	2.39	3.38
2.50%	2.7	3.73
1%	3.06	4.15

Source: Author's computation, 2017.

Note: The critical value according to Narayan (2005) (Case III: Unrestricted intercept and on trend) *, (**), (***) , (****) significant at 1 %, 2.5%, 5% and 10% respectively.

APPENDIX II

Federal Government Capital Expenditure (N' Billion) 1981 -2015

Year	Admin- istration	% of Total	Social				Transfers	% of Total	Total	% of GDP
			Economic Services	% of Total	Community Services	% of Total				
1981	0.72	10.97	3.63	55.27	1.30	19.78	0.92	13.99	6.57	6.96
1982	0.39	6.01	2.54	39.62	0.97	15.09	2.52	39.29	6.42	6.35
1983	1.10	22.48	2.29	46.89	1.03	21.01	0.47	9.63	4.89	4.44
1984	0.26	6.41	0.66	16.01	0.24	5.79	2.94	71.79	4.10	3.53
1985	0.46	8.41	0.89	16.34	1.15	21.12	2.96	54.14	5.46	4.06
1986	0.26	3.11	1.10	12.90	0.66	7.69	6.51	76.31	8.53	6.33
1987	1.82	28.50	2.16	33.89	0.62	9.72	1.78	27.89	6.37	3.30
1988	1.90	22.76	2.13	25.52	1.73	20.70	2.59	31.02	8.34	3.17
1989	2.62	17.41	3.93	26.12	1.84	12.27	6.65	44.20	15.03	3.93
1990	2.92	12.14	3.49	14.49	2.10	8.72	15.55	64.65	24.05	5.09
1991	3.35	11.80	3.15	11.10	1.49	5.26	20.36	71.84	28.34	5.19
1992	5.12	12.87	2.34	5.88	2.13	5.36	30.18	75.89	39.76	4.54
1993	8.08	14.83	18.34	33.66	3.58	6.56	24.50	44.95	54.50	5.00
1994	8.79	12.39	27.10	38.22	4.99	7.04	30.04	42.35	70.92	5.07
1995	13.34	11.01	43.15	35.62	9.22	7.61	55.44	45.76	121.14	4.17
1996	14.86	6.98	117.83	55.34	8.66	4.07	71.58	33.62	212.93	5.28
1997	49.55	18.38	169.61	62.90	6.90	2.56	43.59	16.16	269.65	6.44
1998	35.27	11.41	200.86	65.00	23.37	7.56	49.52	16.02	309.02	7.75
1999	42.74	8.58	323.58	64.97	17.25	3.46	114.46	22.98	498.03	10.64
2000	53.28	22.25	111.51	46.57	27.97	11.68	46.70	19.50	239.45	3.57
2001	49.25	11.23	259.76	59.21	53.34	12.16	76.35	17.40	438.70	6.36
2002	73.58	22.89	215.33	67.00	32.47	10.10	0.00	0.00	321.38	4.12
2003	87.96	36.39	97.98	40.54	55.74	23.06	0.01	0.00	241.69	2.44
2004	137.77	39.22	167.72	47.75	30.03	8.56	15.73	4.48	351.25	3.08
2005	171.57	33.03	265.03	51.02	71.36	13.74	11.50	2.21	519.47	3.56
2006	185.22	33.53	262.21	47.47	78.68	14.24	26.27	4.76	552.39	2.98
2007	226.97	29.89	358.38	47.20	150.90	19.87	23.04	3.03	759.28	3.68
2008	287.10	29.88	504.29	52.48	152.17	15.84	17.33	1.80	960.89	3.95
2009	291.66	25.30	506.01	43.89	144.93	12.57	210.20	18.23	1,152.80	4.65
2010	260.20	29.44	412.20	46.64	151.77	17.17	59.70	6.75	883.87	1.63
2011 ¹	231.80	25.24	386.40	42.07	92.85	10.11	207.50	22.59	918.55	1.44
2012 ¹	190.50	21.78	320.90	36.69	97.40	11.14	265.90	30.40	874.70	1.20
2013 ¹	283.65	25.59	505.77	45.63	154.71	13.96	164.27	14.82	1,108.39	1.37
2014 ¹	229.63	29.32	393.45	50.24	111.29	14.21	48.75	6.23	783.12	0.87
2015 ²	226.81	27.71	348.75	42.62	82.98	10.14	159.82	19.53	818.35	0.86

Sources: Federal Ministry of Finance, Office of the Accountant-General of the Federation