

# **The Effect of Transport and Communications Expenditure on Economic Growth in Nigeria**

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## **Abstract**

Adequate investment in transport and communications sector is vital for sustainable economic growth and development of any nation including Nigeria. Therefore, this paper investigated the influence of transport and communications expenditure on economic growth in Nigeria from 1980 to 2020. To achieve this objective, secondary data on real gross domestic product, government capital expenditure on transport and communication sector, government recurrent expenditure on transport and communication sector, interest rate and inflation rate were sourced from the statistical bulletin of Nigeria's apex bank. The Autoregressive Distributed Lag (ARDL) technique was used as the main analytical tool. The ARDL Bounds test revealed the existence of long run association among the variables. The results revealed that in the long run, both capital and recurrent expenditure on transport and communications sector have positive and insignificant relationship with economic growth. At the same time, interest rate exhibited negative and insignificant relationship with economic growth; while inflation rate displayed a negative and significant relationship with economic growth. In the short run, capital expenditure on transport and communications sector, as well as inflation rate have positive and significant relationship with economic growth. Also, recurrent expenditure on transport and communications sector, as well as interest rate have negative and insignificant relationship with economic growth. The study concluded that it is only the capital expenditure on transport and communications sector that has meaningfully contributed to increase in economic growth in Nigeria during the period of study. Therefore, the study recommended that government should ensure adequate funding of transport and communications sector and the fiscal responsibility laws put in place be implemented without delay to ensure better accountability and prudence in the management of funds allocated to the sector so that the services of telecom operators will be enhanced, likewise, some of our roads, railways and airports that are in bad conditions will be reconstructed. This will reduce the cost of moving products and services from producers

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to consumers, which in turn will increase economic growth, reduce cost of goods and services, accident as well as loss of lives and property in the country.

**Keywords:** Economic Growth, Expenditure, ARDL, Transport and communications