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The Impact of Federal Government Agricultural Expenditure on Agricultural Output in Nigeria

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ABSTRACT Every industrialized country today passed through the agrarian era. In fact, the industrial sector takes its roots from the agricultural sector. In a developing nation, government fiscal responsibility is very central to all facets of development including agriculture. In view of this, the study examines the effect of Federal government agricultural expenditure on the value of agricultural output. In the process, other determinants of agricultural output were examined. This includes total commercial credits to agriculture, consumer price index, annual average rainfall, population growth rate, food importation and GDP growth rate. The Cobb Douglas Growth Model, Descriptive Statistics and Econometrics Model were used to analyze the data. Co-integration and Error Correction methodology were employed to draw out both long-run and short- run dynamic impacts of these variables on the value of agricultural output. Federal government capital expenditure was found to be positively related to agricultural output. With a one-year lag period, it shows that the impact of government expenditure on agriculture is not instantaneous. The policy import of the study is that investment in the agricultural sector is very imperative and this should be complemented with monitored credit facilities. River basins and irrigation facilities should be provided to have all-year round agricultural product food importation should be banned to encourage local producer and population control should be intensified in the rural setting to avoid the Malthusian Prediction of pestilence and strife.