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# Impact of Agricultural Expenditures on the Economic Growth in Nigeria Using Lagos State Expenditures on Coconut Plantations As A Case Study.

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**ABSTRACT :** The study examines the impact of agricultural expenditures on the economic growth in Nigeria using Lagos State expenditures on coconut plantations as a case study. The empirical analysis begins with an investigate the statistically significant differences between Lagos State agricultural expenditures of coconut plantations and the economic growth in Nigeria and the examination of the significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria. Employing the ANOVA factorial design experiments to test for the significant differences between the coconut seedlings such as SWAT, IWAT, HYBRID and DWARF expenditures the result reveals that there is a significant difference existing between the Lagos state Agricultural expenditures on Coconut plantation and economic growth in Nigeria. Furthermore, the tests of significance effects of the parameter estimates were used to investigate if there is a significant effect of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria. The study shows that there is a significant effect of Agricultural expenditures of coconut plantation on the economic growth in Nigeria. The study by and large recommends that the proportion of government expenditure that goes into agricultural expenditures especially the Lagos State Agricultural expenditures on the coconut plantation should be increased since the component of the various Lagos state total agricultural expenditures on the SWAT, IWAT, HYBRID and DWARF coconut plantation exerts significant differences as well as significant effect on agricultural economic growth.

## I. INTRODUCTION

### 1.1 Background of the Study

This study is set to examine the Impact of Lagos State Agricultural Expenditures on the economic growth in Nigeria. Government expenditures on agricultural sector over the years have failed to translate into meaningful growth and development as there is high increase of absolute poverty, unemployment, and hunger in recent time in Nigeria.

The contribution of agricultural sector to the economy cannot be overemphasized when considering its building roles for sustainable development, in terms of employment potentials, export and financial impacts on the economy. Agriculture is an important sector of Nigerian economy. In the world today, agricultural sector acts as the catalyst that accelerates the pace of structural transformation and diversification of the economy, enabling the country to fully utilize its factor endowment, depending less on foreign supply of agricultural product or raw materials for its economic growth, development and sustainability.

Apart from laying solid foundation for the economy, it also serves as import substituting sector, providing ready market for raw materials band intermediates goods. The agricultural sector contributes significantly to the nation's economic development by: increasing government revenue through tax, improving the standard of living, infrastructural growth, contribution to Gross National Products (GNP), employment generation, enhance manpower development, source of food for man and animals by providing raw materials for the industrial sector, provision of employment and foreign exchange to the government, amongst others. Agriculture remains the most important single activity of the Nigerian economy, with 70% of the working population still engaged in it.

Despite the predominance of the Oil and gas sector in Nigeria, agricultural sector still remains source of economic resilience in the Nigerian economy. So far, it has been argued that the faster trend through which a nation can achieve sustainable economic growth and development is neither by the level of its endowed material resources, nor of its vast resources, but technological innovation, enterprise development (commercial farming of various types inclusive) and industrial capacity.

The Nigerian economy during the first decade after independence could be described as an agrarian economy because agriculture served as the engine of growth of the overall economy (Ogen, 2003). From the standpoint of occupational distribution and contribution to economic growth, agriculture was the leading sector. In the early 60s, contribution from this sector accounted for about 70% of the Gross Domestic Product (GDP). This was a period when we were not only virtually self-sufficient in production food crops to feed ourselves but also provided raw materials for industries and major crops for export (Ekerete, 2000).

Indeed, agriculture provided main stimulus to our national economic growth despite the small farm holdings and primitive productive systems. These contributions of agriculture to the nation overshadowed all other economic sectors in the early 1960s (Abayomi, 1997). During this period, Nigeria was the world largest producer of cocoa, largest exporter of kernel and largest producer and exporter of palm oil (Ogen, 2003). Nigeria was also a leading exporter of other major commodities such as cotton, groundnut, rubber and hide and skins (Lawal, 1997).

Despite the reliance of Nigerian peasant farmers on traditional tools and indigenous farming methods, these farmers produced 70% of Nigerian exports and 95% of its food needs (Lawal, 1997). However, the reverse was the case of the agricultural sector in the 70s when its share of the GDP declined to only 34% by 1974 (Ekerete, 2000). Ever since then, Nigeria has been witnessing extreme poverty and insufficiency of basic food items, the agricultural sector as at 1996 accounted for less than 5% of Nigeria's GDP (Olagbaju and Falola, 1996).

Over the past two or three decades, the dormant role of agriculture in the economy, especially in terms of ensuring food security, gave way for massive importation of basic food items such as rice, beans and wheat (Egbuna, 2003). This is a clear indication of the failure of the agricultural sector to keep pace with the demand for its products. The total neglect of agricultural sector and the attendant dependency of the economy bon a mono-cultural product (petroleum) have not augured well for the well-being of the economy as a whole.

In a bid to correct this anomaly, the government, from the year 1975 decided to directly participate in commercial production of food crops. Many large scales agricultural projects specializing in the production of grains, livestock, dairies, animals' feeds and others were established (Fasipe, 1990). Sugar factory were set up at Numan, Lafiagi and Sunti (Lawal, 1997). The Nigerian Agricultural and Corporative Bank (NACB) was also established in 1973 as part of government's efforts to channel oil fund into agriculture through the provision of credit facility to prop agriculture and agro-based ventures (Olagunju, 2000).

Various agricultural developmental programmes were also adopted as part of efforts to revitalize agricultural performance. These were backed up by substantial budgetary allocations, but agriculture output is still very low (Ojo, 1991). Take for instance, despite the huge amount invested in Fadama Rice programs, Nigeria is still spending huge amount on rice importation. This shows that the results were not adequate not only in relation to the committed financial resources, but also in relation to the nation's minimum needs of agricultural products.

It is in the light of the above challenges and importance of Agricultural sector that this study intends to evaluate the total expenditures of Agriculture on the economy of Nigeria using Lagos state as a case study.

**1.2 Statement of the Problem**

In recent time, over the years, several empirical evidence from scholars on the impact of agricultural expenditures on the economy of Nigeria did not support the claim that increasing government expenditure in agriculture may slowdown overall performance of the economy. Rather, studies such as (Landau, 2006) suggested that large government expenditures on the agricultural sector have negative impact on economic growth.

Within the Nigerian context, inadequate funding of the agricultural sector has been re-echoed by several experts as an obstacle to increased agricultural output (Bernard, 2009). However, from a nominal point of view, it is evident that in Nigeria, government spending on agriculture continues to increase over the years while empirical evidence has revealed that the performance of the agricultural sector has been inadequate.

The Nigerian Agricultural sector over the years have been faced by several challenges such as the neglect of the government to adequately fund the sector which in recent time have affected the exportation of the various agricultural products in the international market. Furthermore government policies over the years have reflected unfavorable not only to the farms but as well as the entire nation. There has been inconsistent government policy such as interest rate which in most times discourages the private sector that engaged in the mechanized farming to borrow funds for further expansion of the sector.

In addition to the problems particular to the agricultural sector in Nigeria, Anyanwu (2004) noted that these problems include the excessive dependence on imports for consumption and capital goods, dysfunctional social and economic infrastructure, unprecedented fall in capacity and utilization rate in industry and neglect of the agricultural sector, among others. These have resulted in fallen incomes and devalued standards of living amongst Nigerians.

Presently, in Nigeria, there has been a conflicting view about spending on agriculture and if the performance of agricultural sector had fared better than it was before independence. It is on this background that the need to investigate the impact of government's expenditure on agriculture is important. It is in light of this that this research is designed to empirically evaluate the impact of agricultural expenditure on coconut plantation in Nigeria using Lagos State as the case study from 2002-2014.

### 1.3 Objectives of the Study

The primary objective of this study is to assess the impact of Agricultural expenditure of coconut plantation on the economic growth in Nigeria using Lagos. Specifically, this study intends to:

i) Investigate the statistically significant difference existing between Lagos State agricultural expenditures of coconut plantations and the economic growth in Nigeria.

ii) examine the effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria.

### 1.4 Relevant Research Question

i) Is there any statistically significant differences existing between Lagos State agricultural expenditures of coconut plantations on the economic growth in Nigeria?

ii) To what extent do the Lagos State Agricultural expenditures on coconut seedlings significantly impact the economic growth in Nigeria?

### 1.5 Relevant Research Hypotheses

1. $H_0$: There is no statistically significant difference existing between Lagos State Agricultural expenditures on coconut plantations and the economic growth in Nigeria.

$H_1$: There exists a statistically significant difference existing between Lagos State Agricultural expenditures on coconut plantations and the economic growth in Nigeria.

2. $H_0$: There are no significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria.

$H_1$: There exists a significant effect of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria.

### 1.6 Significance of the Study

First, since 1975 when we started talking about diversification of the Nigerian economy, expenditure on agriculture has been on the increase but then, food insecurity is on the increase, agricultural raw material is still limited in supply and importation of agricultural output is also on the increase. Hence there is need to evaluate what the government is spending and the outcome of that spending.

Secondly, according to Stewart, 2000, the agricultural sector has the potential to be the industrial and economic springboard from which a country's development can take off. Despite abundant resources in terms of land mass, rich soil and favorable climatic conditions for agriculture in Nigeria, total agricultural export is still recorded insufficient; hence there is need for this study.

Thirdly, despite the measures that have been taken to revamp agriculture through the various agricultural policies, the sector still depicts gloomy pictures. Performance is reflected in environmental degradation, mounting food deficits and decline in both gross domestic product and export earnings, while retail food prices and import bills have been increasing. Therefore, the study seeks to assess how far the agricultural expenditure has influence and to identify alternative measures in improving the sector. This study will be useful for academic purpose to validate the actual effect of Lagos State Agricultural expenditures and its impact on the economic growth in Nigeria.

### 1.7 Scope of the Study

The scope of this study will be limited to Lagos state Agricultural expenditures on the coconut plantation and its effect on the economic growth in Nigeria from 2002-2014.

### 1.8 Definition of Terms

**Agriculture**: Is the cultivation and breeding of animals, plants and fungi for food, fiber, biofuel, medicinal plants and other products used to sustain and enhance human life. Agriculture was the key development in the rise of sedentary human civilization, whereby farming of domesticated species created food surpluses that nurtured the development of civilization. The study of agriculture is known as agricultural science (Wikipedia).

**Development:** Amartya Sen (1999) described development as the removal of major sources of un-freedom, poverty , as well as tyranny, poor economic opportunities as well as systematic social deprivation , neglect of public facilities as well as intolerance or over activities of the state.

**Economic Development:** Todaro and Smith (2006).defined economic growth as a steady process by which the productive capacity of the economy is increased over time to bring about rising level of national output and income.

**Sustainable development:** Is defined in the Brundt land report as "development that meets the needs and aspirations of the present without compromising the ability of future generations to meet their own needs.

**Fiscal discipline**: is defined as the capacity of a government to maintain smooth financial operation and long-term fiscal health. It branches into (1) multi-year perspective on budgeting and (2) mechanisms to maintain fiscal health and stability over business cycles. The measure is a scale ranging from low to high-Hill.

## II. LITERATURE REVIEW

### 2.1 Preamble

The Impact of agricultural expenditures on the economic growth a study of Lagos State like other fields of human endeavor, has received various definitions and descriptions. Remarkable research effort has also been conducted on The Impact of agricultural expenditures on the economic growth in Nigeria. However, their findings, submissions and methodology adopted over the years have shown contradicting results. This is due to the fact human perceptions and the quality of data used in conducting such research tends to differ from each other. This section of the research study therefore is an attempt to provide a review of relevant theoretical and empirical literature on the subject matter with the aim to provide a good understanding on the impact of agricultural expenditures on the economic growth in Nigeria using Lagos state expenditures as the case study from 2002-2014.

### 2.2 Theoretical Review

This section of the study focuses on the various theories relating to government expenditures on agricultural sector and the impact on the economic growth in Nigeria using Lagos state expenditures on coconut plantation as the case study with the aim to provide theoretical justification for the need to re-examine the impact of government expenditures on agricultural on the economic growth in Nigeria. Theories relevant to this study therefore are explained below:

#### 2.2.1 Wagner's Law of Increasing Public Expenditure

Wagner's law is a principle propounded after the German economist Adolph Wagner (1835-1917). This theory is relevant to this study because, Wagner advanced his 'law of rising public expenditures' by analyzing trends in the growth of public expenditure and in the size of public sector (economic growth). The law postulates that:

(i) the extension of the functions of the states leads to an increase in public expenditure on administration and regulation of the economy.

(ii) the development of modern industrial society would give rise to increasing political pressure for social progress and call for increased allowance for social consideration in the conduct of industry.

(iii) The rise in public expenditure will be more than proportional increase in the national income (income elastic wants) and will thus result in a relative expansion of the public sector.

According to this theory, it means that the extension of the functions of the states leads to an increase in public expenditures on administration and regulation of the economy. The development of modern industrial society would give rise to increasing political pressures for social progress and call for increased allowance for social considerations in the conduct of industry history. The rise in public expenditures will be bring more proportional in increased in the national income and will results in relative expansion of the economy.

Since the theory states that there is an inherent tendency for the activities or expenditures of the different layers of government to both intensively and extensively increase, it implies that the government needs to spend in other to be able to meet its need. The theory is also relevant to this study because it relates how government expenditures affect the growth of the economy overtime. It focuses on the size of the economy and as well size of public sector development through the provision of goods and services and postulates that public-sector grows at a faster pace than economy growth through the process of industrialization and urbanization, it reflects the increasing expenditures of the government in areas such as enforcing, contracts and regulatory activities which bring about a higher demand for government intervention in an economy.

Wagner made an in-depth study relating to increase in government expenditures and economic growth, As the economy develop overtime, the activities and functions of the government also increases. The implication of this theory is that as progressive nations industrialize, the share of the public sector in the national economy grows rapidly, this lead consequently to an increased in state expenditures because of the demand for social activities of the state administrative, protective and welfare functions. The state social functions expand over time, retirement, insurance, natural disaster aid either internal or external, and environmental protection programs among others.

Further implication of this theory to this study is that, the increased division of labour would be accompanied by development of new technological process which would lead to growth of monopolies in the private sector. Private sector monopolies would not adequately take into account of the social needs of the people as a whole and would need to be replaced by public corporations.

#### 2.2.2 Linear-Stages Theory

This theory viewed the process of development as a series of successive stages of economic growth; mixture of saving, investment and foreign aid are necessary for economic development. It emphasized the role of accelerated capital accumulation in economic development. A representative strand of linear-stage growth is Bill Rostow's five stages of development model.

According to Rowstow there 5 stages of economic development the traditional society, the preconditions for take-off, the take-off, the drive maturity, the age of high mass consumption.

**The traditional society**

The traditional society is characterized by subsistence agriculture or hunting & gathering; almost wholly a "primary" sector economy Limited technology; A static or 'rigid' society: lack of class or individual economic mobility, with stability prioritized and change seen negatively.

**The preconditions for take-off**

At this stage the society is characterized by change in social attitude, expectations, structure and value system. According to Rostow there are radical changes that must take place in three non-industrial sectors. Transport expands to enlarge market, to find out natural resources and for state to rule effectively. Agriculture undergoes a technological revolution and productivity increases to meet the need of the rising population. Imports expand financed by efficient production and market of natural resources for export. In his own words Rowstow says 'the essence of the transition can be described legitimately as a rise in the rate of investment to a level which regularly substantially and perceptibly outstrips population growth'.

**The take-off Stage**

In the take off stages, there are three conditions that characterize these stages namely: A rise in the rate of productive investment development of one or more of substantial manufacturing sectors with a high rate of growth. Existence of cultural framework that exploits expansion at this stage increase in per capita output should go ahead of the growth of population to maintain a high level of per capita income in the economy. According to Rowstow three sectors of the economy have to develop at this stage:

Primary growth sectors- possibilities of innovation or of exploiting new or unexplored resources tend to be a higher growth rate that in the rest of the economy. Supplementary growth sectors-due to development in primary growth sectors, rapid growth takes place with the development of railways, other supplementary growth sectors grow as well e.g. iron, coal and steel industry.

Derived growth sector- production of food, houses and other sectors grow to meet the demand of growing population.

Larger saving must be made to raise effective demand for the manufactured products and to create external economies through the expansion of the leading sector. In this way, take-off is initiated by a sharp stimulus as the development of a leading sector or political revolution that brings an outgoing change in the production process.

**The Drive to Maturity**

According to Rowstow, drive to maturity is a period when a society has effectively applied a range of (then) modern technologies to the bulk of its resources. Old techniques give way to new ones and the rate of investment is higher than 10% of the national income. The economy is strong enough to cope with unexpected events.

When a country reaches the stage of technology maturity three changes are visible: -

a) Working forces have change in character- they are skilled, city dwellers with rising real wages and organize themselves to gain more economic and social security

b) Enterprise ship changes- refined and polite managers in place of rugged and hardworking masters.

**The age of high mass consumption**

High mass production is expressed through migration of rural inhabitants as workers, greater use of automobiles, durable consumer goods and households. There are three forces that lead to welfare increase: the pursuit of national interest to increase power and influence beyond the national frontiers. A more equitable distribution of national income through progressive taxation, increased social security and leisure to working class, the linear stages theory is relevant to this study because for any economy to develop it must pass through these stages. Adequate investment in the agricultural sector will bring about expansion in the output performance there by bringing about positive externalities to other sector of the economy which will further bring about reduction of poverty in Nigeria (Walt Rostow 1960)

**2.2.2 Wiseman and Peacock Hypothesis**

The second thesis dealing with the growth of public expenditure was put forth by Wiseman and Peacock in their study of public expenditure in UK for the period 1890-1955. The main thrust of this thesis is that public expenditure does not increase in a smooth and continuous way but that it changes like fashion; this is because at times, some social or other disturbance takes place thereby creating a need for increased public expenditure which the existing public revenue cannot meet. It should be noted that the earlier insufficiency pressure for public expenditure introduces a constraint on revenue which results to restraining and/or expansion in public expenditure which in turn results to increased public expenditure and thereby make the inadequacy of the present revenue quite clear to everyone. Hence, the movement from the older level of expenditure and taxation to a new and higher level which is known as the Displacement Effect. Hence, the government and the people review the revenue position and the need to find a solution to the important problems that have come up and agree to the required adjustments to finance the increased expenditure.

Considering the foregoing, they now attain a new level of tax tolerance which makes them to be ready to tolerate a greater burden of taxation and as a result the general level of expenditure and revenue goes up. In this way, the public expenditure and revenue get stabilized at a new level till another disturbance occurs to cause a displacement effect.

Thus, each major disturbance leads to the government assents a larger proportion of the total national activity. In other words, there is a concentration effect. The concentration effect can also be referred to as the apparent tendency for central government economic activities to grow faster than that of the state and local level government as opined by (Adesoye et al, 2010).

### 2.2.3 Unlimited Supply of Labor Theory by Lewis

According to Lewis the theory of unlimited supply of labor is tenable for economic development. He believed that under developing countries have unlimited supply of labor at subsistence wage. He relates the theory to a situation where there are two sector economies i.e. the subsistence agriculture and the capitalist sector. Capital accumulation takes place if the surplus labor is withdrawn from subsistence sector to capitalist sector.

Capitalist sector is that part of the economy which uses reproducible capital and pays capitalists for its use. It employs labor for earning profits. The subsistence sector is that part of economy which does not use reproducible capital. In the subsistence sector output per head is lower than in the capitalist sector.

According to the unlimited supply of Labor theory by Lewis, supply of labor is fully elastic at subsistence wage in underdeveloped countries. The theory believed that these countries are overpopulated compared to capital and natural resources. The marginal productivity of labor is negative, zero or negligible. As the labor supply is unlimited, new industries spring up or existing ones are expanded without limit at the current wage at subsistence level.

The Lewis theory shows that if unlimited supply of labor is available at a constant real wage and if any part of profit is reinvested in productive capacity, profits will grow continuously relative to the national income. However, the process cannot go on indefinitely, it has to stop at some point.

According to Lewis, end of growth occurs if: No surplus labor is left. The capitalist sector expands so rapidly that it reduces the population in the subsistence sector and the average productivity and labor rises in the subsistence sector as there are few persons to share the product and so the capitalist wage rises in the former sector. As a result of the expansion of the capitalist sector relative to the subsistence sector, the terms of trade turn against the capitalist sector with rising prices of raw materials and food, the capitalists have to pay higher wages to the workers. The subsistence sector adopts new techniques of production; real wages rise in the capitalist sector and so reduce the capitalist surplus.

Lewis identified that 'the central problem in the theory of economic development is to understand the process by which a community which was previously saving and investing 5% of its national income or less converts itself into an economy where voluntary saving is running at about 15% of national income or more. This is the central problem because the central fact of economic development is rapid capital accumulation. The dominant classes of landlords, traders, money lenders, priests, soldiers, princes spend more on consumption and not on production. So, the state capitalist and indigenous private capitalists who create capital out of profits earned.

The theory is relevant to this study because it exposes the fact that underdeveloped countries (Nigeria) have national resources more in idleness and due to shortage of capital. The surplus labor if engaged and paid through credit money in Agricultural economic activities will boost Agricultural output performance thereby reducing the poverty level in most rural communities in Nigeria through improvement in the quality of life and the material well-being of the people.

## 2.3 Empirical Review

This section of the study will focus on the various empirical reviews of the previous work done in the area of study with the aim to provide the appropriate methodology to adopt for this study.

For instance, Eze (2017) investigated the contribution of agricultural sector output to the growth of domestic economy in Nigeria for the period 1980-2014. Specifically, the study examined the causality between agricultural sector and economic growth, as well as the impact of the sector on the growth of the Nigerian domestic economy. Cointegration test, Vector Error Correction Model (VECM) and Granger causality test were utilized in the analysis. The variables employed in the investigation include real gross domestic product (RGDP), value of agricultural output (VAO), foreign private investment (FPI) and financial development (FD). A stationarity test was conducted through the application of the Augmented Dickey-Fuller (ADF) stationarity test, and the result showed that all the variables except RGDP were non-stationary at level; however, the variables such as VAO, FPI and FD became stationary after first differencing. The cointegration result indicated long run equilibrium relationship among the variables under study. The VECM result on the other hand, showed that value of agricultural output (VAO) has positive and insignificant contribution to real GDP. Thus, it is estimated on average that 1% increase in the value of agricultural sector output (VAO) would lead to 1.9% increase in real GDP.

Furthermore, the Pairwise Granger causality result showed that significant causality exists between the two variables, with causality running from agricultural output to RGDP. It therefore, implies that agricultural sector output contributed positively and insignificantly to the growth of Nigerian domestic economy. Therefore, the study recommends that government should increase its budgetary allocation on agriculture in order to boost the growth performance of the sector. Similarly, the study recommends that government should strengthen agricultural credit agencies to enable them monitor and ensure efficient disbursement of fund disbursed to farmers in the country. In that, diversion and mismanagement of agricultural sector fund in Nigeria would be discouraged, and hence, agricultural output would improve.

Kemal(2017) investigated the impact of Agricultural output on economic growth in Nigeria. The Ordinary Least Square regression method is used to analyze the data. The results reveal that a positive and significant relationship exists between gross domestic product (GDP) and agricultural output in Nigeria. Agricultural sector is estimated to contribute 2.247 percent variation in gross domestic product (GDP) from 1981 to 2014 in Nigeria. The Agricultural sector suffers neglect during the hey-days of the oil boom in the 1970s. In order to improve agriculture, government should ensure special incentives to farmers, provide adequate funding, and also provide infrastructural facilities such as good roads, pipe borne water and electricity.

Ewetan, Facile, Urhie and Oduntan (2017) examined the long run relationship between agricultural output and economic growth in Nigeria for the period 1981 to 2014 using time series data. Results from Johansen maximum likelihood co-integration approach and Vector error correction model support evidence of long run relationship between agricultural output and economic growth in Nigeria. Granger causality test also confirms the co-integration results indicating the existence of causality between agricultural output and economic growth in Nigeria. The nature of the causality however depends on the variable used to measure Agricultural output. The paper therefore recommends that the government should further strengthen agricultural policies in the area of funding, storage facilities, and market access to enhance agricultural production. Policy Strategies that will make agriculture more profitable and attractive, less laborious with improved technology should be adopted and promoted to attract investors and the youths back to agriculture.

Ekpebu (2006) reviews that the performance of the agricultural sector has been in satisfying over the years due to insufficient funding or credit facilities, inadequate infrastructural facilities, low technology base, high cost of farm input and inadequate extension services.

International Food Policy Research Institute (2008) wrote on public spending on agriculture in Nigeria (2001-2005). An empirical analysis was employed. Findings revealed that public spending on agriculture was exceedingly low. Less than 2% of total Federal expenditure was allotted to agriculture during 2001-2005, far lower than spending in other key sectors such as education, health and water. This spending contrasts dramatically with the sector's importance in the Nigerian economy and the policy emphasizing on diversifying away from oil and falls well below 10% goal set by African leaders in the 2003 Maputo agreement. Nigeria also is far behind in agricultural expenditures by international standards, even when accounting for the relationship between agricultural expenditures and national income. The spending that is extant is highly concentrated in a few areas. They recommended that there is an urgent need to improve internal systems for tracking, recording and disseminating information about public spending in the agriculture sector.

Okezie, Nwosu and Njoku (2011) analyze the relationship between Nigerian Government expenditure on the agricultural sector and its contribution to economic growth. The study used time series data from 1980-2011. It was reused that agriculture contribution to GDP and total government expenditure on Agriculture are cointegrated. The study concluded that a very weak causality exists between agriculture contribution to GDP and total government expenditure on agriculture. It was implied that any reduction in government expenditure on agriculture should have negative repercussion on economic growth in Nigeria.

Ishola, Olaleye, Ajayi and Edun (2011) also made analysis between government expenditure on agriculture and contribution of agriculture to Nigeria's GDP. The study also used time series data from 1981-2010, sourced from central bank of Nigeria. In the research, it was discovered that a significant relationship exists between government expenditure in the agricultural sector and the contribution of agricultural sector to GDP.

Oyinbo, Zakari and Rekwot (2011) investigate the link between agricultural budgetary allocation and its contribution to Nigeria's GDP. The results of the investigation show that the relationship between agriculture budgetary allocation and its contribution to Nigeria GDP is positive but not significant in the long run. This observation is due to low budgetary allocation to agriculture over the years in Nigeria. The implication for this is that there is need for significant increase in budgetary allocation to agriculture in order to ensure that the agricultural sector plays a pivotal role in transformation of Nigeria.

Iganiga and Unemihlin (2011) examined the effect of federal government expenditure on the value of agricultural output. The Cobb-Douglas growth model, descriptive statistics and econometric models were used to analyze the data. Federal government expenditure was found to be positively related to agricultural output. It showed that the impact of government expenditure on agriculture is not instantaneous. The recommendation of the study is that investment on agricultural sector should be done seriously which should be complemented with monitored credit facilities, river basins and irrigation facilities should also be provided to have all year-round agricultural product.

Ebere, Chidinma, Osundina (2012) examined the impact of government expenditure on agriculture on economic growth in Nigeria. A time series data of 33 years was sourced from the central bank of Nigeria. The evaluation method used to evaluate the secondary data was ordinary lest square. Economic growth was measured using GDP, while agricultural output and government expenditure on agriculture were used as indicators of government expenditure on agriculture. From the findings, agricultural output, government expenditure and GDP are positively related. Also, the findings showed that a significant relationship exist between government expenditure in agricultural sector and the economic growth in Nigeria. The findings also revealed that the sector is still faced with some challenges which include inadequate financing, poor infrastructure, high level of illiteracy etc. Therefore, the study recommends that it is imperative for the country to develop its agricultural sector through sufficient government spending.

Omorogbe Omorogiuwa , Jelena Zivkovic and Fatima Ademoh (2014) studied the role of agriculture in the Economic development of Nigeria. The paper uses trend analysis in terms of a historical and current perspective and various descriptive methods to analyze the development of Nigeria through each decade since its independence in 1960 and examines the factors that have had an impact on its agricultural productivity. This will aid in describing and predicting the performance of the agricultural sector in Nigeria and as a result, the overall economic development of the country in the coming decade. This paper proves that in-depth research on the development of the agricultural sector is essential to the progress of the country. Also, it is important to find out what has not worked previously and why, before taking any steps to develop the agriculture or the economy. The basis of this development should start with the empowerment of the poor.

Ojeka. G. Ofana, Effiong. C. Efefiom and Eko. E. Omini (2016) investigated the constraints to agricultural development in Nigeria using time series data spanning the period 1970 – 2010 and contemporary econometric methods of unit root test, co-integration and error-correction mechanism. Empirical findings reveal that rainfall, exchange rate and food export (lag one) are the most significant positive determinants of agricultural output in Nigeria. However, food imports, diversion of funds meant for agricultural purposes and low technology diffusion in agriculture are among the factors identified as constraints to agricultural development in Nigeria. The study recommends among others, maintenance of stable and favourable exchange rate regime, and the pursuance of programmes that will bolster partnerships between research institutions and other stake holders in agriculture as a route to facilitating agricultural development and hence, economic development in Nigeria.

This study therefore is an improvement to the existing literatures by updating the research to 2002 to 2014 and augmenting the study with other variables that were not captured in the previous studies.

## III. RESEARCH METHODOLOGY

### 3.1 Preamble

This section of the study focuses on the model specification, description and measurement of variables to be used for data analysis and the techniques for data analysis. The study uses factorial design experiment to investigate the statistical significant difference existing between Lagos State agricultural expenditures of coconut plantations and the economic growth in Nigeria and examine the significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria.

### 3.2 Model Specification

From the theoretical framework reviewed in chapter two of this study and using the adapted approach to model specification, the model specification is formed and. In an attempt to capture the aim and objectives of this study, the model using the adapted approach was adapted based on the various Lagos state government expenditures on coco nut seedlings from 2002-2014.

The functional relationship between the expenditures on coconut seedlings can therefore be written as follows:

$$COCONUT = f(SWAT, IWAT, HYBRID, DWARF) \quad \text{---------- 1}$$

Econometrically this functional relationship can be written in the equation form as

$$COCONUT = \beta_0 + \beta_1 SWAT + \beta_2 IWAT + \beta_3 HYBRID + \beta_4 DWARF + \mu \quad \text{--------2}$$

Where:

COCONUT = Total Lagos state government expenditures on coconut plantation.

SWAT = Government expenditures on SWAT coconut seedlings.

IWAT = Government expenditures on IWAT coconut seedlings.

HYBRID = Government expenditures on HYBRID coconut seedlings.

DWARF = Government expenditures on DWARF coconut seedlings.

$\beta_0 - \beta_4$ = Parameter estimate

$\mu$ = Error term.

### 3.3 Types and Sources of Data

This study makes use of secondary data from the Lagos state ministry of Agriculture on the various types of coconut seedlings expenditures such as SWAT, IWAT, HYBRID, and DWARF from 2002 -2014

### 3.4 Methodology

This study makes use of factorial design experiment to investigate the statistically significant difference existing between Lagos state agricultural expenditures on coconut plantations and the economic growth in Nigeria using the factorial design experiment ANOVA (Analysis of Variance). It is a statistical technique that identifies factors that significantly affect the experimental results. ANOVA consist of summing squares for distributions of all characteristic values (experimental data); unbiased variance; decomposing this total sum into the sums of squares for all factors used in the experiment; calculating unbiased variances through the sums of squares for all factors over their degree of freedom.

## IV. DATA PRESENTATION AND ANALYSIS

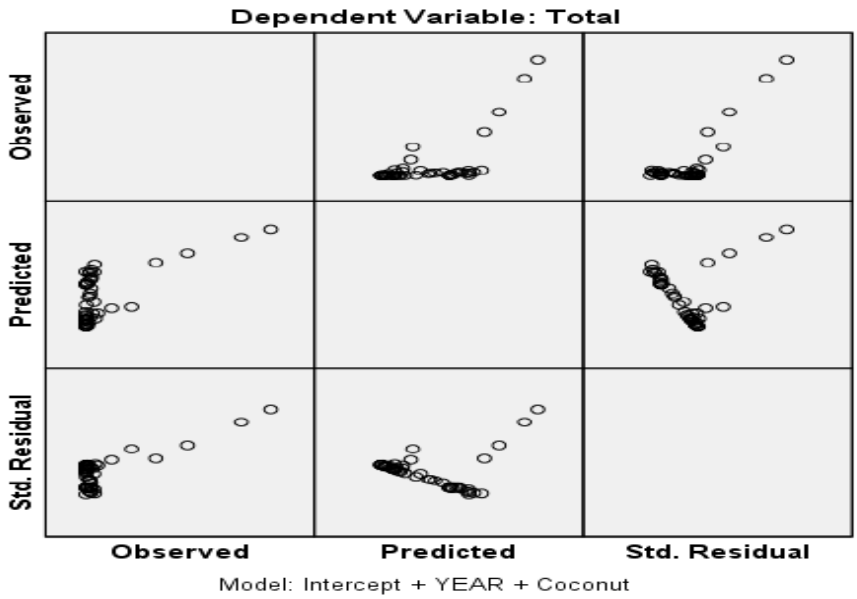
### 4.1 Preamble

This section presents a quantitative analysis and interpretation of the secondary data collected in the course of the study. The data was collected from 2002 -2014 on the impact of Agricultural coconut seedlings expenditures on the economic growth using Lagos state coconut plantations as the study. The data collected from the ministry of Agriculture in Alausa Ikeja area of Lagos State will be used to test the stated hypotheses formulated in chapter one of the study and inferences will be made accordingly.

### 4.2 Presentation and Analysis of Data

The presentation of the secondary data gotten from the ministry of Agriculture based on the model specification of the study, DWARF, HYBRID, IWAT and SWAT will be presented on the appendix section of this study.

#### 4.2.1 Trend Analysis




The scatter plot graph represented above represent the gross total Lagos government expenditures on coconut plantation such as IWAT, SWAT, HYBRID and DWARF coconut seedlings from 2002 -2014 that the scope of the study covered. Based on the times series data gotten from above, the scattered plot revealed that there exist differences existing between the actual variables, predicted variables and the standard residual over the period of time. The scatter plot also revealed that the actual, predicted and standard error or residual lack some of the desirable properties of best linear unbiased estimator.

### 4.3 Test of Hypotheses

**Hypothesis I**

$H_0$: There is no statistically significant difference existing between Lagos State Agricultural expenditures on coconut plantations and the economic growth in Nigeria.

$H_1$: There exists a statistically significant difference existing between Lagos State Agricultural expenditures on coconut plantations and the economic growth in Nigeria.

### 4.3.1 Presentation of Analysis of Variance (ANOVA) Tests of Between-Subjects Effects and Interpretation

Dependen Variable: Total

| Source | Type III Sum of Squares | Df | Mean Square | F | Sig. | Partial Eta Squared | Noncent. Parameter | Observed Power[b] |
|---|---|---|---|---|---|---|---|---|
| Corrected Model | 3786061498.019[a] | 15 | 252404099.868 | 1.631 | .114 | .405 | 24.469 | .777 |
| Intercept | 1293139076.327 | 1 | 1293139076.327 | 8.357 | .006 | .188 | 8.357 | .803 |
| YEAR | 2000130902.423 | 12 | 166677575.202 | 1.077 | .407 | .264 | 12.927 | .502 |
| Coconut | 1785930595.596 | 3 | 595310198.532 | 3.847 | .017 | .243 | 11.542 | .777 |
| Error | 5570300924.654 | 36 | 154730581.240 | | | | | |
| Total | 10649501499.000 | 52 | | | | | | |
| Corrected Total | 9356362422.673 | 51 | | | | | | |

a. R Squared = .405 (Adjusted R Squared = .157)

b. Computed using alpha = .05

**Sources Author's Computation SPSS Result**

Table 2 above reflects the test of significant differences existing between Lagos State Agricultural expenditures on the total coconut plantation over the years from 2002-2014 that the scope of this study covered. It displays the between-subjects factorial ANOVA results. The $F$ – statistics ratio is expressed as a main effect of Year as, $F(12, 36) = 8.357$, mean square error MSE = 166677575.202, $p = .407$ at $\alpha = 0.05$ or 5% error level; where 12 is the between-groups degrees of freedom from the row labeled with Year . The 36 is the within-groups degrees of freedom from the row labeled Error. The .407 is the $F$ –test value from the row labeled with year. 166677575.202 is the mean square error MSE from the row labeled Error, while $p = .407$ is the $p$ – test (Significant column) from the row labeled with year.

Furthermore, The $F$ – statistics ratio shows a main effect of Coconut as $F(3,36) = 3.847$ MSE = 154730581.240 , $p = .017$ at $\alpha = 0.05$ or 5% error level; where 3 is the between-groups degrees of freedom from the row labeled with coconut . The 36 is the within-groups degrees of freedom from the row labeled Error, while the 3.847 is the $F$ –test from the row labeled within coconut.

Since the $p$ – value ($p = .017$) is less than $\alpha = 0.05$ ($p < 0.05$), there is therefore a substantial evidence to empirically reject the null hypothesis that there are significant differences existing between Lagos State Agricultural expenditures on coconut plantation and the economic growth in Nigeria. Hence, the alternate hypothesis that there exists a significant differences existing between Lagos State Agricultural expenditures on coconut plantation on the economic growth in Nigeria is accepted.

### 4.3.2 Presentation and Analysis of the Tests of Significance Effects of the Parameter Estimates

**Hypothesis II**

$H_0$: There are no significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria.

$H_1$: There exists a significant effect of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria.

Dependent Variable: Total

| Parameter | B | Std. Error | T | Sig. | 95% Confidence Interval | | Partial Eta Squared | Noncent. Parameter | Observed Power[b] |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Lower Bound | Upper Bound | | | |
| Intercept | 14334.019 | 6899.957 | 2.077 | .045 | 340.257 | 28327.781 | .107 | 2.077 | .525 |
| [YEAR=2002] | -16824.500 | 8795.754 | -1.913 | .064 | -34663.116 | 1014.116 | .092 | 1.913 | .461 |
| [YEAR=2003] | -18441.750 | 8795.754 | -2.097 | .043 | -36280.366 | -603.134 | .109 | 2.097 | .532 |
| [YEAR=2004] | -18761.000 | 8795.754 | -2.133 | .040 | -36599.616 | -922.384 | .112 | 2.133 | .546 |
| [YEAR=2005] | -18814.000 | 8795.754 | -2.139 | .039 | -36652.616 | -975.384 | .113 | 2.139 | .548 |
| [YEAR=2006] | -18822.500 | 8795.754 | -2.140 | .039 | -36661.116 | -983.884 | .113 | 2.140 | .549 |
| [YEAR=2007] | -18819.250 | 8795.754 | -2.140 | .039 | -36657.866 | -980.634 | .113 | 2.140 | .549 |
| [YEAR=2008] | -18078.250 | 8795.754 | -2.055 | .047 | -35916.866 | -239.634 | .105 | 2.055 | .516 |
| [YEAR=2009] | -15067.750 | 8795.754 | -1.713 | .095 | -32906.366 | 2770.866 | .075 | 1.713 | .385 |
| [YEAR=2010] | -14629.500 | 8795.754 | -1.663 | .105 | -32468.116 | 3209.116 | .071 | 1.663 | .367 |
| [YEAR=2011] | -11329.750 | 8795.754 | -1.288 | .206 | -29168.366 | 6508.866 | .044 | 1.288 | .241 |
| [YEAR=2012] | -8214.250 | 8795.754 | -.934 | .357 | -26052.866 | 9624.366 | .024 | .934 | .149 |
| [YEAR=2013] | -2802.750 | 8795.754 | -.319 | .752 | -20641.366 | 15035.866 | .003 | .319 | .061 |
| [YEAR=2014] | 0[a] | . | . | . | . | . | . | . | . |
| [Coconut=1] | 14563.692 | 4879.007 | 2.985 | .005 | 4668.608 | 24458.776 | .198 | 2.985 | .828 |
| [Coconut=2] | 2639.154 | 4879.007 | .541 | .592 | -7255.930 | 12534.238 | .008 | .541 | .082 |
| [Coconut=3] | 979.077 | 4879.007 | .201 | .842 | -8916.007 | 10874.161 | .001 | .201 | .054 |
| [Coconut=4] | 0[a] | . | . | . | . | . | . | . | . |

a. This parameter is set to zero because it is redundant.

b. Computed using alpha = .05

**Sources Author's Computation SPSS Results**

Table 3 above analyzes the significant effects of Lagos State Agricultural expenditures of coconut plantation on the economic growth in Nigeria. Based on the results obtained from above , it shows that the intercept 14334.019 Parameter estimate with standard error 6899.957 at $\alpha = 0.05$ or 5% error level or significant level .045 which is less than 0.05 is statistically significant , Also over the years, the test results on the Lagos State Agricultural expenditures indicate that year 2003 expenditures with 0.043 probability level at 0.05 significant level, 2004 at 0.040 probability , 2005 - 2007 at 0.039 probability level respectively,2008 at 0.047, probability level are all significant while 2009 ,2011, 2012,2013, 2014 expenditures indicate that the Lagos State Agricultural expenditures on coconut are insignificant over the years.

On the part of coconut, the result shows that there is a significant effect of Agricultural expenditures on coconut plantation. Since the computed P-values are less than 0.05 for both Years of Agricultural expenditures and coconut plantation, the null hypothesis of there are no significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria result is rejected, indicative of statistically a significant effect of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria.

### 4.3.4 Tukey Post Hoc Tests Multiple Comparisons Analysis

Dependent Variable: Total_Tukey HSD

| (I) Coconut | (J) Coconut | Mean Difference (I-J) | Std. Error | Sig. | 95% Confidence Interval | |
|---|---|---|---|---|---|---|
| | | | | | Lower Bound | Upper Bound |
| SWAT | IWAT | 11924.54 | 4879.007 | .087 | -1215.73 | 25064.81 |
| | HYBRID | 13584.62* | 4879.007 | .040 | 444.34 | 26724.89 |
| | DWARF | 14563.69* | 4879.007 | .025 | 1423.42 | 27703.97 |
| IWAT | SWAT | -11924.54 | 4879.007 | .087 | -25064.81 | 1215.73 |
| | HYBRID | 1660.08 | 4879.007 | .986 | -11480.20 | 14800.35 |
| | DWARF | 2639.15 | 4879.007 | .948 | -10501.12 | 15779.43 |
| HYBRID | SWAT | -13584.62* | 4879.007 | .040 | -26724.89 | -444.34 |
| | IWAT | -1660.08 | 4879.007 | .986 | -14800.35 | 11480.20 |
| | DWARF | 979.08 | 4879.007 | .997 | -12161.20 | 14119.35 |
| DWARF | SWAT | -14563.69* | 4879.007 | .025 | -27703.97 | -1423.42 |
| | IWAT | -2639.15 | 4879.007 | .948 | -15779.43 | 10501.12 |
| | HYBRID | -979.08 | 4879.007 | .997 | -14119.35 | 12161.20 |

Based on observed means.
The error term is Mean Square(Error) = 154730581.240.

*. The mean difference is significant at the .05 level.

**Sources Author's Computation SPSS Results**

The Tukey post hoc tests multiple comparisons analysis displayed in table 3 above show the significant level, standard error, lower bound and upper bound of the respective types of coconut plant used in the study. Based on the results obtained from the post hoc test for the one – way ANOVAs tests using the main effects the results indicated that the effect of SWAT ( I ) Coconut relationship with J (coconut ) IWAT is statistically insignificant , the with mean difference (I-J) 11924.54, standard error 4879.007, and probability level .087 at 0.05 level of significant and lower bound of -1215.73 and 25064.81 upper bound . SWAT with HYBRID show a significant effect at 0.040 at 0.05 level of significant, with mean difference 13584.62*, Standard error 4879.007, lower bound 444.34 and upper bound 26724.89. SWAT and DWARF indicates that there is significant effects with .025 significant at 0.05 level of significant, and mean difference 14563.69*, lower bound 1423.42 and 27703.97 upper bound. For the multiple comparison of IWAT against IWAT it shows a significant effect, HYBRID against IWAT also indicates significant effect and a significant effect respectively.

### 4. 4. Discussion of Findings

In this chapter, Secondary data from the Lagos State Ministry of Agriculture as shown in the appendix of this study was used to carried out quantitative analysis and inferences were drawn according to the stated tested hypotheses, the study employs the use of factorial experiment design ANNOVA method to examine statistical significant difference existing between Lagos State Agricultural expenditures on coconut plantations and the economic growth in Nigeria and the significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria. According to the results obtained from above, the results of the analysis of Variance indicates that there is a statistical significant differences existing between Lagos State Agricultural expenditures on coconut plantations and the economic growth in Nigeria and the significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria the Null hypothesis that there is no statistical significant difference existing between Lagos State agricultural expenditures

on coconut plantations and the economic growth in Nigeria due to the substantial evidence on the empirical analysis was rejected and the alternate hypothesis that there exists a statistical significant difference existing between Lagos State Agricultural expenditures on coconut plantations and the economic growth in Nigeria was accepted.

Furthermore, the tests of significance effects of the parameter estimates was used to investigate if there is a significant effect of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria. Based on the hypothesis two of the research, the result obtained revealed that over the years there is a significant effect of Agricultural expenditures of coconut plantation on the economic growth in Nigeria. The null hypothesis that there are no significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria was also rejected and the alternate hypothesis was accepted that there exists a significant effect of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria.

The Tukey post hoc tests multiple comparisons analysis show the significant level, standard error, lower bound and upper bound of the respective types of coconut plant used in the study. Based on the results obtained from the post hoc test for the one – way ANOVAs tests using the main effects the results indicated that the effect of SWAT ( I ) Coconut relationship with J (coconut ) IWAT is statistically insignificant , the with mean difference (I-J) 11924.54, standard error 4879.007, and probability level .087 at 0.05 level of significant and lower bound of -1215.73 and 25064.81 upper bound . SWAT with HYBRID show a significant effects at 0.040 at 0.05 level of significant, with mean difference $13584.62^{*,}$ Standard error 4879.007, lower bound 444.34 and upper bound 26724.89. SWAT and DWARF indicates that there is significant effects with .025 significant at 0.05 level of significant, and mean difference $14563.69^{*}$, lower bound 1423.42 and 27703.97 upper bound. For the multiple comparison of IWAT against IWAT it shows a significant effect, HYBRID against IWAT also indicates significant effect and a significant effect respectively.

The implication of the above scenario holistically is that Government over the years has not lived up to expectation in efficiently managing public expenditures on Agricultural sector. There is therefore the need to channel more funds to the sector as this will trigger more growth in the economy.

## V. SUMMARY CONCLUSIONS AND RECOMMENDATION

### 5.1 Summary

Based on the research findings done in this study, the empirical analysis according to the results obtained from above, the results of the analysis of Variance indicates that there is a statistical significant differences existing between Lagos State Agricultural expenditures on coconut plantations and the economic growth in Nigeria and the significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria the null hypothesis that there is no statistical significant difference existing between Lagos State agricultural expenditures on coconut plantations and the economic growth in Nigeria due to the substantial evidence on the empirical analysis was rejected and the alternate hypothesis that there exists a statistical significant difference existing between Lagos State Agricultural expenditures on coconut plantations and the economic growth in Nigeria was accepted.

Furthermore, the tests of significance effects of the parameter estimates to investigate if there is a significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria. Based on the hypothesis two of the research, the result obtained revealed that over the years there is a significant effect of Agricultural expenditures of coconut plantation on the economic growth in Nigeria. The null hypothesis that there are no significant effects of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria was also rejected and the alternate hypothesis was accepted that there exists a significant effect of Lagos State Agricultural expenditures of coconut seedlings on the economic growth in Nigeria.

### 5.2 Conclusion

This study investigated the impact of agricultural expenditures on the economic growth in Nigeria using Lagos state agricultural expenditures on coconut seedlings such as SWAT, IWAT, HYBRID, and DWARF coconut, Using the factorial ANOVA design experiment, the result reveals and concludes that there is a significant differences between the various types of coconut plantation of Lagos state expenditures on the economic growth in Nigeria from 2002 -2014. To conclude, this research shows that agriculture, if properly funded could bring about sustainable economic growth and a reduction in agricultural expenditures by the government would have negative repercussions on agricultural economic growth in Nigeria.

### 5.3 Recommendation

The study therefore recommends that the proportion of government expenditure that goes into agricultural expenditures especially the Lagos State Agricultural expenditures on the coconut plantation that this study focuses on financing should be increased since the component of the various Lagos state total agricultural expenditures on the SWAT, IWAT, HYBRID and DWARF coconut plantation exerts significant differences as well as significant effect on agricultural economic growth.

Furthermore, there is need for the re-orientation of government attitude towards the expenditures on Agricultural sector in other to boost agricultural productivity and output performance. Also the government need to create an enabling environment such as the provision of subsidies, fertilizers, credits and loans to small farm owner in other to encourage the agricultural sector in Nigeria.

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