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GOVERNMENT BONDS AND CAPITAL MARKET DEVELOPMENT: THE NIGERIA EXPERIENCE

ABSTRACT

The perennial debt overhang of most developing countries have brought to the fore the need to develop domestic capital markets. However, in most developing countries, domestic capital markets have so far fallen short of expectations in spite of the great potential for financing development. The objective of this paper is therefore to empirically evaluate the impact of government bonds on the growth and development of the Nigerian capital market. The ordinary least square regression (OLS) was used to measure the impact of government bonds on the capital market from 1970 to 2003. The study found out that the level of current prospects and benefits of the Nigerian capital market can be improved upon to attain yet greater height within the framework of this study.