Hindrances of investment in Nigeria

* Definition of investment
* How investment can brings about growth
* Listing the points
* Low population of middle class in Nigeria

1. Definition of middle class
2. Statistics of middle class in Nigeria
3. How it affects investment in Nigeria

* Poor infrastructure in Nigeria
  + Listing the examples of those infrastructure
  + Giving examples of

Crowding out effect

To investment

African Development Bank defined the middle class as those with daily consumption of $2-$20. However, the percentage of Nigerians that attained the requirement of the middle class are 22% which is 8.1 million of the Nigeria population.

Economic theory has supported that consumption needs to be sufficient to dispose the current output of industry in order to make new investment profitable.  
Sufficient overall levels of consumption are needed for the private sector to make those investments and this can only happen if there is high level of middle class in the economy. The importance of the middle class is to create sufficient demand to attract investors into the economy.

The wealthy in unequal societies simply do not consume enough to drive a modern economy. The wealthy save more than the middle class and they consume less.

In order to spur investment in an economy, the middle class needs to be able to consume. And to do that, government needs to empower the middle class by increasing their income.

Corruption makes investment to face less uncertainty and higher expected rates of return

According to Transparency International, Nigeria rank 136 out of 175 countries

According to talkin business, Corruption implies secrecy and illegality, the misuse of public power for private benefit and can take various forms across different economic activities.

* It introduces inherent instability into the political process thereby distorting the economic and financial environment: Investment cannot grow where there is political instability
* Corruption increases cost for operations
* Corruption can affect every sector and level of the government which reduces its efficiency.
* Corruption poses a threat to all sectors and institution within a country.
* Diversion of limited public goods

Mauro(1997) and Johnston observed that high rate of corruption creates a situation where investment returns are difficult to predict.

Corruption wastes the limited resources of an economy, increases the costs of doing business thus signaling inflation, hence radically reduce revenues accruing to the state.

Corruption reduces the population of middle class in an economy.

Poor infrastructure facilities in Nigeria has caused capital flight out of the economy.

Infrastructure is defined as electricity, gas, telecoms, transport and water supply, sanitation and sewerage by Antonio Estache and Grégoire Garsous(2012).

Good infrasturcure facilities improves labour productivity and reduces cost of production

Poor infrastructure reduces labour productivity and increase the cost of production in the economy which retards investment.

In this context, investment is the building of a factory used to produce goods

Investment is the purchase of asset with the hope that it will generate income or appreciate in the future.

In economics investment does not mean saving money in a bank, it simply means an increase in capital spending.

Investment helps in increasing the productive capacity of an economy. Investment in new technology and capital can bring about economic growth.