

1 Revenue Generation: It's Impact on Government Developmental  
2 Effort (A Study of Selected Local Council in Kogi East  
3 Senatorial District)

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8 **Abstract**

9 Local government is faced with varieties of difficulties to source adequate revenue from federal  
10 government, state government and internally generated revenue; such problems are cogwheel  
11 to the smooth running of local government administration. Thus, the objective of the research  
12 was to analyze the extent to which revenue generation had affected the development of the  
13 selected local Governments. The researcher used both primary and secondary methods of data  
14 collection to generate the needed data. The data obtained through secondary data were  
15 analyzed using simple least square regression method (spss version17). The following were  
16 some of the findings which included the following; there is a significant relationship between  
17 revenue generated and developmental effort of government, poor development of the areas,  
18 lack of basic social amenities to the rural people and lack of revenue to maintain the existing  
19 infrastructures. The researcher therefore recommended that the local government should  
20 provide basic amenities of high quality. By doing so, the people's interest would be geared  
21 towards giving their maximum support to the local government which would lead to the  
22 development of the rural area?

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24 **Index terms**— development, projects, revenue, generation, government.

25 **1 Introduction a) Background to the Study**

26 Revenue generation in Nigeria local governments is principally derived from tax. Tax is a compulsory levy  
27 imposed by government on individuals and companies for the various legitimate function of the state ??Olaoye,  
28 2008). Tax is a necessary ingredient for civilization. The history of man has shown that man has to pay tax in  
29 one form or the other that is either in cash or in kind, initially to his chieftain and later on a form of organized  
30 government . No system or rules can be effective whether foreign or nature unless it enjoys some measures of  
31 financial independence.

32 Local governments in Nigeria have developed over a number of years. Historically, the development of direct  
33 taxation in local government in Nigeria can be traced the British pre-colonial period Under this period, community  
34 taxes were levied on communities (Rabi, 2004) recently the revenue that accrues to local government is derived  
35 from two broad sources, viz the external sources and the internal source An effective Local Government system  
36 rests majorly on the availability of human and material resources which the nation could mobilize and harness  
37 for local governments development. In 1976, the Federal Military Government then issued guidelines on local  
38 governments reforms. The reforms which gave recognition to local governments as the third tier of government  
39 whereby government activities at the local level were taken care of. In 1988, another reform of local government  
40 was established. This gave a substantial and unprecedented reform of autonomy to the local governments in  
41 the country. With this autonomy, greater responsibilities devolved on the local government therefore, became a

## **6 F) SCOPE OF THE STUDY**

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42 common knowledge that most of the local government are finding it difficult to cope with the present level of  
43 responsibilities. The principal aims of creating local governments were as follows: 1. To serve as the third tier  
44 of government through which appropriate services and development are made in response to the wishes of local  
45 community through their representatives. 2. To serve as an intermediary between government at the center and  
46 local communities. 3. To mobilize and utilize both human and material resources by engaging the people at the  
47 local level in the government activities. 4. To facilitate the exercise of democratic selfgovernment closer to the  
48 grass root of the society and to exchange initiative and leadership potential.

49 Mostly, all local governments in Nigeria do no longer perform their responsibilities simply because of poor  
50 finances arises from adequate revenue generation drive. The bad financial situation is further aggravated by the  
51 prevailing inflationary situation in this country which erodes the value of funds available to render essential social  
52 services to the people. Development is highly associated with fund, much revenue is needed to plan, execute  
53 and maintain infrastructures and facilities at the local government level. The needed revenue generated for  
54 such developmental projects like construction of accessible roads, building of public schools, health care centers,  
55 construction of bridges among others are sources generated from taxes, royalties, haulages, fines and grants from  
56 states, national and international governments. Thus, the Local government cannot embark, execute and possibly  
57 carryout the maintenance of these projects and other responsibilities without adequate revenue generation. This  
58 is the basic reason why development is skeletal at some Local Government councils in Nigeria. The generation  
59 is not exceptional to Kogi East Senatorial District. This has been one of the problems encountered by Local  
60 Government in Kogi State.

### **61 2 b) Statement of the Problem**

62 The local government is faced with myriads of problems ranging from corruption and embezzlement, poor  
63 financing, mismanagement of funds to poor leadership. This has deterred the development of local government in  
64 Nigeria. The major issues are; what has contributed to the non-performance; is it because of total dependence on  
65 federal and state statutory allocation? Is it as a result of poor internally generated revenue drive? Is it because  
66 of ineffective utilization of available scarce resources or mismanagement by public office holder? Among others,  
67 certain percentage of the statutory allocation has always been deducted by the state government thereby causing  
68 the local government to underperform which includes; i. Dilapidated infrastructural facilities ii. Unavailability  
69 of social services to rural populace. iii. Underdevelopment of local communities.

70 Based on the above stated problems, it has become necessary to conduct an analysis on revenue generation in  
71 the Kogi East Senatorial District, Kogi State.

### **72 3 c) Objectives of the Study**

73 The broad objective of this research is to evaluate the relationship between the total revenue generation by the  
74 local government and rural development.

### **75 4 The specific objectives are;**

76 ? To examine the relationship between statutory allocation to the local government and government developed  
77 effort. From the outlook, there is need for the local government to improve their performance. However, the  
78 research is significantly considering the closeness of local government to the grassroots' people and the need  
79 to utilize substantial revenue for its various sources in addition to federal and state statutory allocation for  
80 developmental purpose. The study will help to identifying some means of generating revenue that has been  
81 neglected over years. It will also be beneficial to the grassroots because improved revenue generation means  
82 improved standard of living in form of provision of social amenities such as road, hospital, park, drinkable water,  
83 rural electrification etc. The study will be educative as it will be a reference point for researchers.

### **84 5 e) Research Hypotheses**

85 A hypothesis is a theoretical conceptualization or an idea or guess regarding how researcher thinks the result of  
86 his study will look. It consists of a set of assumptions accepted previously as a basis of investigation. It is a  
87 proposition that is yet to be tested for its validity. For the purpose of this research study, four null hypotheses  
88 were formulated.

89 ? H0 1 : There is no significant relationship between statutory allocation to the Local Government and  
90 developmental effort.

### **91 6 f) Scope of the Study**

92 The study would appraise the revenue generation for the period of five years (2006-2010) in three local governments  
93 in the Kogi East Senatorial District. The research is intended to be carried out using secondary data. Secondary  
94 data will be obtained from the monthly allocation from the office of Accountant General of Kogi State.

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## 95 7 g) Limitation of the Study

96 This study has some limitations most especially in the area of data collection which is to be covered and has  
97 time duration of five years (i.e. 2006-2010). Financial constraints as well as time available for the completion of  
98 the study are among other factors that would limit the scope of the study.

## 99 8 h) Operational Definition of Terms

100 Some concepts require proper explanations to enhance our understanding of the theme where necessary opinion  
101 of scholars will be cited to explain the terms. The researcher will also give some fundamental definition of terms.

## 102 9 i. Local Government

103 According to ??awal (2000) Local Government as a political sub-division of a nation in Federal system which is  
104 constituted by law and has substantial control of local affairs which includes the power to impose taxes or exact  
105 labor for prescribed purpose. According to William Robson (2006) Defined Local Government as involving the  
106 conception of territorial, non-sovereign community possessing the legal right and the necessary organization to  
107 regulate its own affairs.

108 ii. Revenue Public revenue could be defined as the funds generated by the government to finance its activities.  
109 In other words revenue is the total fund generated by government (Federal, state, local government/ to meet  
110 their expenditure for a fiscal year. This refers also to the grand total of money of income received from the source  
111 of which expenses are incurred. Revenue could be internal or external revenue.

112 iii. Generation This is the process of sourcing revenue for the local government in carryout their aim and  
113 objectives. iv. Expenditure Public expenditure refers to the expenses which the government incurs for its own  
114 maintenance, in the interest of the society and the economy in order to help other countries.

## 115 10 v. Tax

116 Tax can be defined as a compulsory levy by government on goods, services, income and wealth. It provides  
117 definite source of revenue for government expenditure. (Udeh 2008). It is the way by which government obtain  
118 extra money. It spent from income of individual and companies. Tax could be direct or indirect tax. A tax is a  
119 payment made by the taxpayers and used by the government for the benefits of all the citizens.

## 120 11 vi. Tax Evasion

121 Tax evasion means illegal reduction in one's tax liabilities, thereby paying less than the appropriate amounts and  
122 not paying at all. vii. Tax Avoidance Tax avoidance is the act of streamlining one's financial affairs within the  
123 law so as to minimize the tax liabilities.

## 124 12 viii. Development

125 According to Ake (2001) Development is thus the process by which people create and recreate themselves and  
126 their life circumstances to realize higher levels of civilization in accordance with their own choice and values. It  
127 also a type of social change in which new ideas are introduced into a social in order to produce higher per-capital  
128 income and levels of living through more modern production methods and improved social organization.

129 describe fixed asset as an asset which is expected to last more than one year and it is for future benefit, the  
130 current asset as it is defined by Etuk-udo (1973) means those assets that last for less than a year and can be  
131 converted to cash immediately.

132 The Longman dictionary of contemporary English (1995), defined revenue as money that a business or an  
133 organization receives over a period of time especially from selling goods or services. It also described revenue as  
134 money that government received from tax.

135 Advance learning dictionary of current English (1992), defined revenue as the total annual income of the state  
136 collected for public use. It further described it as income, derived from taxation. Oladimeji (1985), described  
137 revenue as the total income generated from federal, state and local government. He stated further that what  
138 makes local government as constitutional matters is the revenue sharing perspectives. Hepworth (1976) described  
139 revenue as an income or funds raised to meet the expenditure. He added further that revenue is a raising  
140 resources needed to provide government services. He also stated that there are two aspect of finance -Income and  
141 Expenditure. In other words, the sources of fund and utilization. Fayemi (1991) defined revenue as all tools of  
142 income to government such as taxes, rates, fees, fines, duties, penalties, rents, dues, proceeds and other receipt  
143 of government to which the legislature has the power of appropriation. He further classified government revenue  
144 into two kinds -recurrent revenue and capital revenue.

## 145 13 b) Theoretical Framework

146 Local government system in Nigeria needs a moderate amount of financial autonomy to be able to discharge  
147 its responsibilities effectively. Public revenue in a federal system assumes that there are benefits to be derived  
148 from decentralization. Public revenue decentralization occurs when lower tiers of government have statutory  
149 power to raise taxes and carry out spending activities within specified legal criteria. This is referred to as the

150 Overlapping Authority Model propounded by ??right (1978) on Intergovernmental relationships. Public revenue  
151 decentralization occurs when much of the money is raised centrally but part of it is allocated to lower levels of  
152 government through some revenue-sharing formula otherwise known as administrative decentralization.

### 153 14 Literature Review a) Introduction

154 Etuk-udo (1973), defined revenue as an income from both the fixed asset and current asset. He further The main  
155 reason for decentralization is anchored on allocation sharing or efficiency grounds so it is possible to advance  
156 argument for decentralization in Nigeria where there are many ethnic groups. Oates (1993) contends that "there  
157 are surely reasons, in principle to believe that policies formulated for the provision of infrastructure and even  
158 human capital that A are sensitive to regional of local conditions are likely to be more effective in encouraging  
159 economic development than centrally determined policies that ignore these geographical differences" There is  
160 a great relationship between decentralization and economic growth and behaviour for economic fundamentals  
161 within the decentralized jurisdiction is a matter that remains an empirical issue and discussions must be country  
162 specific. ??im (1995) quoted in Oates (1996) has shown that in his mode of explaining rates of economic growth,  
163 revenue decentralization that are positive and statistical significant change, using a sample of countries. His  
164 results also shows that, other things being equal, more public revenue decentralization was associated with more  
165 rapid growth in GDP per capita during 1974-1989 period. Prud'homme (1995) on the other hand, argues that  
166 decentralization can increase disparities jeopardize stability, undermine efficiency and encourage corruption. He  
167 maintains that local authorities, for example, have few incentives to undertake economic stabilization policies.  
168 The instrument of monetary and public revenue policies are better handled by the central government. Oates  
169 (1993) opines a contrary view that the principles of centralization is costly because it leads the government to  
170 provide public goods that diverge from the preferences of the citizens in particular areas (regions, provinces,  
171 states, local governments). He also argues that "when these preferences vary among geographical area, a uniform  
172 package chosen by a nation's government is likely to force some localities to consume more of less than they  
173 would like to consume.

174 According to Tanzi (1995) the interpretation of both Oates and Prud'homme assumes that subnational  
175 government levels already exist, hence the crucial problem becomes which of the existing government levels  
176 ought to be responsible for particular forms of spending. The function of government can be divided into three-  
177 allocation, distribution and stabilization function (Musgrave 1959). Using this stratification, stabilization and  
178 distribution functions are expected to be under the periphery of the central government while lower government  
179 undertakes allocative functions. Hence, any spending and taxing decisions that will affect the rate of inflation,  
180 level of unemployment, etc. are better handled at the centre, while other activities that will affect social welfare  
181 are more efficient if undertaken by sub national governments. Theoretically, the scope of benefit is the basis  
182 for allocating responsibilities governments. Public goods and services delivery, be assigned to lower levels of  
183 government. Vincent (2001), Studies on tax and public revenue mobilization in Nigeria have shown a high degree  
184 of centralization. According to Emenuga (1993), the allocation of revenue to the tiers of government has no adhere  
185 strictly to the expenditure requirements of each tier, thus the federal government has become a surplusspending  
186 unit while other functions, he proposes the determination of a tier's share through the aggregation of its basic  
187 expenditure needs. To reduce the gap between tax power ad responsibilities, two types of revenue sources are  
188 allocated to each tier. These are independent revenue sources and direct allocation from the federation to which  
189 centrally collectable revenues are paid. Local government also receives allocations from state Internal Revenues.  
190 An agreed formula for vertical revenue sharing is used in sharing funds from the federation account.

191 Another key issue in the practice of public revenue mobilization in Nigeria is how to distribute the bloc share  
192 from the federation account among the constituent units of each tier i.e. among the 36 states and the 774 local  
193 governments. This is called horizontal revenue sharing. In Nigeria, there are four categories in the vertical  
194 allocation list -federal, state, local governments, and the special fund. The allocation to the Federal Capital  
195 Territory (FCT) is accounted for under the special fund which is administered by the federal government.

196 Public revenue mobilization is one of the most keenly contested issues in Nigeria. A comprehensive review  
197 of the reports of the various commissions and government policies from the 1946 Philipsons commission to the  
198 activities of the National Revenue Mobilisation, allocation and fiscal commission established in 1989 could be  
199 found in Kayode (1993), Emenuga (1993) and Ekpo (1994). Local governments in Nigeria receive statutory  
200 allocations from the two higher tiers of government (federal and states). At the present, revenue sharing formula,  
201 local governments receive 20 per cent from the federation account. They are also statutorily entitled to 10 per  
202 cent of states' internally generated revenue. As regards to Value Added Tax, local governments receive 30 percent  
203 in 1998. This was shared to local governments, on the following basis: equality (50 per cent): population (30  
204 percent) and derivation (20 per cent). In 1999, local governments received 35 per cent of the VAT proceeds.  
205 The federal government controls all the major sources of revenue like import and Excise duties, mining rents and  
206 royalties, Hofer and Schedal (1978), described strategy as a game plan through which aims and objectives of an  
207 organizations are achieved. They further defined strategy as revenue generation as the fundamental pattern of  
208 present and planned resources department, and environmental interaction that indicate how the organization will  
209 achieve its aims and objectives. They added further that it is the skill employed in managing any affairs, which  
210 includes the local government affairs especially in the means of generating revenue.

211 According to Hofer and Schedal (1978), depicted that strategy of revenue generation must aim on the following:

212 i. Ensuring the survival of local government as it relates to determine priorities and decision making. ii.  
213 Enhancing the viability of local government objectives. iii. De-emphasizing on federal and statutory allocation.  
214 iv. Tapping all available opportunities in their areas. v. Ensuring effective and efficient management of financial  
215 resources. vi. Maximizing revenue while minimizing the cost of collection. However, for effective revenue  
216 generation, Hofer and Schedal (1978), suggested the following strategies:

217 i. Introduction of additional sources of revenue.  
218 ii. Providing an incentive for extra efforts of the revenue generation staffs. iii. Tapping all available  
219 opportunities in the areas. iv. Periodic raiding by officer of the revenue generation. v. Efficient and effective  
220 collection of existing taxes. vi. Taking advantages of business or commercial opportunities in their local areas.

221 adequately to the changing in the needs of their communities, decides the relative priorities, articulate plan  
222 and programmes, set target and standard, monitoring measures and mobilize financial resources with emphasis  
223 on those generated internally to accomplish agreed goals. He concluded that the failure of strategy of revenue  
224 generation would be blamed on the following: i. That the caliber of people employed for the task in terms  
225 of their education, status, mentality, knowledge, sincerity honest and experience. ii. The type of training and  
226 orientation given to the people on field of revenue generation. iii. Remuneration or reward and other benefit  
227 enjoyed by the staffs. iv. How committed are the people to taxes, fees and other dues, because some of the tax  
228 payer sees government facilities as free goods to be enjoyed by all at no cost rate, while other people believed  
229 that government should provide those sequestration basic amenities before asking people to pay for such services.  
230 v. The actual remittance of revenue generated to the local government account. This is because not all revenue  
231 generated will be remitted to the account of local government. vi. Doubts the people on whether the payment  
232 are actually go into government purse or not, because there are several fraudulent practice by revenue officials.

233 ??deosun (1991) described the strategy of revenue generation as the bed-rock of any local government. The  
234 viability of any local government to the level at which the services are rendered and the quality of those services  
235 are inextricably linked with the financial resources available to them. He equally believed that if there is fund,  
236 then the ability of local government to perform will depend on the quality of staffs and equipment need to be  
237 recognized as the third tier of government -as the one which is closer to the people, therefore things at the local  
238 level can be easily noticed and perhaps has some impact on the people. If this idea is constantly brought, the  
239 consciousness of officer and members of the local government council, then there is tendency for them to act more  
240 responsibly and feel accountable to the public. vii. Public enlightenment and campaign that will educate the tax  
241 payer on the importance of prompt payment. According to ??deosun (1991), stated that strategy to generate  
242 more revenue should be given an adequate attention in local government system. This is because the federal and  
243 state statutory allocations are prone to external influence. He finally stated that the local government should  
244 respond promptly and However, for local government to perform their statutory functions both the executive  
245 and the legislative arms of the local government have to meet and share ideas, opinions, set goals and objectives  
246 through which strategies to revenue are developed and enduring the implementation of such strategies so that the  
247 targeted revenue are achieved. According to Oladeji (1995), stated that the main sources of government revenue  
248 could be broadly classified as follows:

249 Petroleum Profit Tax: This form the major source of revenue to the Nigeria government. It is the revenue  
250 or income derived from crude oil which represent more that 75% of the source of revenue to the government of  
251 recent time, the excess proceed from crude oil were been shared between the three tiers of government.

252 Taxation: This is also one of the important sources of government revenue. In a capitalist world like Europe,  
253 tax is the major source of their revenue. Unlike the developing countries like Nigeria, Ghana, Gambia where tax  
254 evasion and tax avoidance prevail. Therefore, tax does not form the major source of revenue to government. The  
255 tax includes -direct and indirect taxes.

256 Rent, Royalties and Profit: These are income derived from the use of government properties, profit from  
257 government business enterprises and income from mining right.

258 Fees, Fines And Specific Charges: These are incomes derived from payment for the use of government services  
259 like vehicle licenses, water rates, stamp duties, tax clearance etc. It is income generated by federal Inland Revenue  
260 department (FIRD).

261 Grants: These are income received in form of aid from other countries or from international organizations like  
262 the World Bank, IMF etc. Within a country, government may also receive grant from another government e.g.  
263 local government council receives grants from federal and state government.

264 LOANS: These are incomes generated by borrowing from private individuals or from foreign countries to  
265 finance projects.

266 The local government in Nigeria was established for the purpose of rendering services and supplying amenities  
267 to the people in both rural and urban area according to the document establishing the local government reforms  
268 1976.

269 Federal government cannot perform all the activities of the rural areas by themselves, but this can only be  
270 done 4w the people elected in that, does not prevent or stop the federal government from implementing their  
271 roles by providing all the social amenities. Such as construction of roads, provision of pipe borne water, hospitals,  
272 good education for the youth, stadium, electricity and museum etc. All these are not really independent because  
273 they require government authorization before they can be collected No local authorities can increase the rate of

274 local tax (community tax). Independently there must be legal provisions for local fees and all these are approved  
275 by government before inclusion in the estimates. ??hereas ??Olaoye, 2008).

**276 15 ii. Impacts of Internally Generated Revenue in Local  
277 Government**

278 There are a lot of benefits people enjoy from the internally generated revenue of the local government;  
279 ? Provision of clean water for the people in the local government area. ? Construction of good roads for easy  
280 movement of transportation.  
281 ? Provision of a well-equipped health centre in the community to reduce the death rate of the people. ?  
282 Provision of free education in the community to reduce the level of illiteracy in the society. ? Stability of  
283 electricity in the community.

**284 16 iii. Ways of Improving Local Government Revenue Genera-  
285 tion**

286 Many of the problems facing the generation of revenue in the local governments are those that can be corrected  
287 to improve their generation.

288 According to Herbert, a dependable tax base for the local authorities is essential shortage of framed valuation  
289 staff will make taxes on real property difficult to assess for sometime to come. The system of graduated tax has  
290 been in unjustifiable dispute in recent years Olaoye (2008) also suggested the possibility of a Native Authorities'  
291 Loan Authority (NALA) as an agency to provide capital loan for the local government. However, some of the  
292 strategies for improvements are; iv. Good Infrastructure A location with good road net work will have every  
293 access to the coming and going out of the local government's cars and people, if they get to the local government  
294 and see good wads, pipe-borne water, social amenities are made available from the revenue generated from the  
295 people. Moreover, a lot has been written and said on the finances of local government in Nigeria. Most of the  
296 contributors identified inadequate finance as a major problem hindering the efficient performance of the functions  
297 of local government in Nigeria . In fact, the so called independent sources of revenue hospitals, schools etc. they  
298 may decide to stay . This will increase the number of people and business that will be paying tax and that will  
299 definitely increase the revenue generation because more people will be paying tax, if the government can provide  
300 good infrastructure for the local government, there will be more business and people will see reasons to pay tax.  
301 According to Henry Fayol, there are fourteen principles of management of which motivation is among the list  
302 Henry Fayol however defined motivation as a driving force which stimulate a worker in action workers should  
303 be encouraged so that they can put in their maximum services and when this is done, there may be increase or  
304 solid improvements in revenue collection. Training of workers for knowledge enhancement should be one of such  
305 motivational factors (Adebisi, 2005). It is fervently hoped that when the above suggestions are fully implemented,  
306 the local government will not only improve internally but also with the outside world.

**307 17 vi. Establishment of Projects**

308 The local government should embark on the establishment of some minimize industries, which will provide  
309 employment opportunities to the people. It is happy to note that Lipakala farm industry has helped to solve  
310 some of the employment problems within the community. There should also be development and improvement  
311 in agricultural ventures like crop farming etc. the participation in agriculture will encourage the inhabitants of  
312 this local government are to improve their standard of living.

**313 18 vii. Revenue Management**

314 There is a general trend going about most governmental establishment, there are mismanagement and  
315 embezzlement. The revenue so collected are mismanaged by the officer thereby not making the revenue to  
316 have any effect on the general populace of the local government.

317 This can be reduced by the centralization of the collection department and rotation of jobs and assignments.  
318 If a worker is occupying a particular position for a long time he tends to have all the ways by which he can fraud  
319 the department.

**320 19 viii. Loyalty of Tax Payers**

321 If people can change their attitude of tax evasion, more revenue will be generated. The number of people that  
322 pay up their dues (tax) as at when due are very small compare to the number of people that are suppose to pay.  
323 If the orientation can change, it will go a long way in increasing the amount of revenue that will be generated in  
324 the local government.

325 Oladeji (1995), stated the major sources of revenue to local governments; these are as follows: They are the  
326 dishonesty on the part of officers collecting the revenues, such as cases of printing receipts by the officers had  
327 been the major problem in releasing the expected revenues.

328 The machinery put in place for collection of revenue is inadequate hence, most of the government money is  
329 not collected and this is in case of the internally generated funds.

330 Meanwhile, as government is the means by which the common problems and needs of a community constituting  
331 a country are economically catered for, so as local community revolves jointly those common problems and needs,  
332 which could have been difficult to solve individually.

333 The very objective of having local representation is in order that those who have an interest in body of their  
334 countrymen may manage that joint interest by themselves. This is why every state finds it desirable to create  
335 local government councils to provide and deliver local public goods and services hasten development (Olaoye,  
336 2006) and bring government closer to the people.

## 337 **20 d) Functions of Local Government**

338 According to Oke (2004), the basic responsibilities of local governments are classified into two -exclusive functions  
339 and concurrent functions. The exclusive functions are task attached to the local government. These functions  
340 are as follows:

- 341 ? Sanitary inspection, refuse and night soil disposal.
- 342 ? Registration of births, deaths and marriage acts.
- 343 ? Maintenance of laws and orders.
- 344 ? Control of water and atmospheric pollution.
- 345 ? Information and public enlightenment.
- 346 ? Building and maintenance of health; and maternity centres. ? Provision of scholarship and bursary awards.
- 347 ? Nursery, primary and adult education.
- 348 ? Provision of homes for destitute, in firms and orphans. ? Control of beggars or prostitution and repatriation  
349 of destitute.

## 350 **21 e) Utilization of Revenue Generated By Local Government**

351 Since there are revenue coming to the local government, there must be expenditure on which these revenue would  
352 be expended.

353 Oke ( ??004), considered local government expenditure under two major headings:

354 ? Recurrent expenditures and ? Capital expenditures Oke ( ??004), added further that the expenditure of  
355 local government can be considered from the point of its functions. The local government spent money in carrying  
356 out its functions, be it the function in the exclusive list or the functions in the concurrent legislative list.

357 Oke (2004) noted further that the recurrent expenditures of the local government are money spend on:

358 ? Salaries and allowances of its workers, it is the duty of local governments to pay the salaries and allowances  
359 of its workers both administrative and political appointees.

360 ? Each department in the local government are given imprest for its day to day running i.e. administration  
361 and general, treasury, education, medical and health, town planning and estate developments.

362 Oke (2004) stated that under capital utilization of local government revenue, the local government spends  
363 money on the execution of new projects for the development of the local government areas. Examples of such  
364 project includes building of new primary school, maternities and health centers, new feeder roads, culverts,  
365 boreholes and wells, new markets and motor parks etc.

366 ? Building of markets and motor parks.

367 ? Naming of streets roads, and numbering of plots and buildings. ? Collection of vehicle parking charges,  
368 collection of properties charges and other rates.

369 The concurrent functions on the other hand are those tasks which are concurrently combine the federal, state  
370 and local governments. These functions are as follows:

## 371 **22 f) Problems of Local Governments**

372 The reason for establishing local governments cannot be over emphasized, but the extent to which they have  
373 justified the above assertion is left to be desired. Ordinarily, party politics should be an umbrella under which  
374 people can discuss development. But the Nigerian experience is far from the issue. Rather party politics is used  
375 as an instrument to create acrimony.

## 376 **23 g) Strategies Adopted in Curtailing Revenue Generation 377 Problems**

378 There have been many debates, seminars and workshop put together to improve revenue generation. 7. Enactment  
379 of clearly defined bye-laws. 8. Establishment of proper internal control and check of curtail fraud.

380 III.

## 381 **24 Research Methodology a) Introduction**

382 This chapter attempts to provide information on general method and procedure for data collection, research  
383 design, instrument used, sample selection, administration and method of data analysis.

## 31 C) RECOMMENDATIONS

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### 384 25 b) Research Design

385 The research design used in this thesis is descriptive design which seek to describe the existing status of what is  
386 being investigated and it will also help the researcher to know where the variable are gotten and how the objectives  
387 could be achieved. The research design includes the research population, research sample plan, method of data  
388 collection, procedure for data collection and technique of data processing and analysis.

### 389 26 c) Population of the Study

390 The targeted population for this research work was the entire nine local governments that made up the Kogi  
391 East Senatorial District.

### 392 27 f) Method of Data Analysis

393 The model adopted for this study is the Ordinary Least Square (OLS) Method to test all the research the  
394 regression analysis was used, that is simple regression where the revenue generated and the total capital  
395 expenditure were related.

## 396 28 IV. Data Presentation and Analysis

397 This chapter deals with the presentation of data collected in the course of the study. In analyzing the data  
398 collected, tables were used in the presentation of data and simple statistical method of frequencies and percentage  
399 were applied in analysis of the table and simple least square in analyzing the data presented. V.

## 400 29 Summary, Conclusion and Recommendations a) Summary

401 This research on the revenue generation in the local council and rural development in the kogi East Senatorial  
402 District is opened with an introduction; it is followed by the statement of the problems, purpose and significance  
403 of the study and some relevant terms as used in the study. The importance of revenue to the overall development  
404 of the local government in Nigeria cannot be over emphasized. The study indicated that there is a relationship  
405 between revenue and developmental effort of the local government. It also showed that government could generate  
406 more internally generated revenue if monitoring is put in place.

### 407 30 b) Conclusion

408 This study has examined local governments' tax mobilization and utilization in Nigeria. Local Governments in  
409 Nigeria receive statutory allocation from both the federal and state governments. They also generate internal  
410 revenues through taxes and fees, etc. It is opined that expenditure assignment should match with revenue  
411 generating powers in order for local governments to discharge their functions effectively. In essence, revenue  
412 and expenditure decentralization must support local government public revenue profile. Local government's  
413 revenue generation in Nigeria needs restructuring so that taxing powers be given to local authorities and also she  
414 should be allowed to share major tax bases with other levels of government to enable enough independent funds  
415 for development Local governments should strive towards improving internally generated revenue and instill  
416 transparency and accountability in their management structure. This can be effectively carried out through  
417 community participation in their various activities. Need to carry people along in the execution of the projects  
418 would encourage administrative openness and accountability. Local governments which constitute the areas  
419 mostly endowed with natural resources should be allowed to woo foreign investors for the development of their  
420 abundant resources. This will improve their revenue generation base and create job opportunities for the people.

## 421 31 c) Recommendations

422 The Local Government as the tiers of government constituted by law has certain obligation to offer to the people  
423 at the grass root level. In order to fulfill such obligation the 1999 constitution has made Essentially worthy of  
424 note in the result is that there is generally significant positive relationship between all the independent variables  
425 and the development efforts in all the sampled local governments as indicated by t-statistics deductively, most of  
426 the development efforts in the local governments are purely a function of all this important variables. Hence all  
427 the null hypotheses are thus rejected while the alternative stands accepted. : This will encourage and boost their  
428 morale in discharging their duties. Also, there is need for adequate training of revenue staff so as to know how  
429 to manage public funds. xi. The management need to establish a good internal control system to monitor and  
430 control the activities of the organization. This will also ensure that all money collected are accounted for and  
431 all money are expended for the purpose which it meant to serve. xii. The management should also exploit all  
432 revenue sources to the local government. xiii. There should be periodic monitoring of project so as to ensure that  
433 contractors do what is expected of them. And also, political consideration in the allocation of contracts should be  
434 discouraged. xiv. Local government should embark on meaningful project so as to improve the standard of living  
435 of the community level or the local populace. This can be done through the provision of bore-hole, portable water,  
436 health services, schools and libraries e.t.c. xv. The local government can also parties with big manufacturing  
437 companies to establish factories, this not only in increasing it revenue drive but provide employment opportunities

438 for the indigenes of the local government. xvi. Financial regulations, financial instructions and procedures should  
439 be kept as simple as possible.

440 xvii. Finally, state government should however adopt policies of consciously involving more budgetary power  
441 and responsibilities to local authority and develop a sense of political control of the local people by making  
442 them aware of the important of local prudent financial management and their welfare. With these numerous  
443 suggestions and recommendations, the researcher believes that the performance of local government can be highly  
444 improved and this will go a long way to contribute to the economic development of the country.

445 As an interim measure, a massive and short duration training packages designs for the various cadres within  
446 the hierarchy and aimed at improving knowledge base and enhancing performance at higher level should be  
provided. <sup>1 2 3 4</sup>



Figure 1:

447

<sup>1</sup>Revenue Generation: It's Impact on Government Developmental Effort (A Study of Selected Local Council in Kogi East Senatorial District) II.

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<sup>3</sup>Revenue Generation: It's Impact on Government Developmental Effort (A Study of Selected Local Council in Kogi East Senatorial District)

<sup>4</sup>Revenue Generation: It's Impact on Government Developmental Effort (A Study of Selected Local Council in Kogi East Senatorial District) © 2013 Global Journals Inc. (US)

using the vertical revenue allocation formula is from the federation account. But the federal government seems to exercise too much control over its distribution. So many deductions are made from the total revenue collected before the rest is distributed according to the sharing formula.

The federal allocation to local governments for the period 1976 to 1997. The federal allocation showed steady increases during the periods. In nominal terms, the allocation which stood at N100 million in 1976 jumped to N352.6 million in 1980, reflecting a compound growth rate of almost 29%. During the 2013 structural adjustments programme (SAP), federal allocation to local governments increased remarkably by 45.7%. This jump could be as a result of the increase in the number of local governments.

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*[Note: which are national in nature (foreign affairs, environment, immigration and defense) should be provided by the central government while those whose benefits are mainly localized should be assigned to the lower levels of government. Quasi-private goods or intermediate goods and services such as administration, health and welfare services should on account of efficiency petroleum sales tax, petroleum profit tax and companies income tax among other revenues sources. Local Government taxes are minimal hence this limits their ability to raise independent revenue and so they depend solely on allocation from the federation account. Much of the revenue collected by the federal government and distributed among the different tiers of government]*

Figure 2:

Figure 3:

Figure 4:

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## Revenue Generation: It's Impact on Government Developmental Effort (A Study of Selected Local Council in Kogi East Senatorial District)

Market Sources:  
? Market Stall fees  
? Shop charges  
? Hawking fees  
? Motor parks charges

Social Sources:  
? Registration of social organization  
? Street naming registration fees  
? Entertainment permit fees such as night and day parties.

Health Sources:  
? Birth and death registration fees ? Dispensary and Maternity fees  
? Burial fees  
? Toilet fees  
? Slaughter fees

Economic Sources:  
? Traders' fees ? General Contractor registration fees ? Trade license fees ? Hotel registration fees  
? Internally generated revenue ?  
VAT -value added tax ?  
Loans and Advances ?  
Special capital grants  
? Proceeds from Investment  
? Financial aid and assistant from individual and organization.

The internally generated revenue are further grouped into the following headings:-

[Note: A]

Figure 5:

Scholars have suggested some useful strategies, which include the following: Okwoli (1983). 1. Retraining already employed personnel. 2. Selection of competent revenue collectors. 3. Undertaking in properly development. 4. Up word review of the share of the federation account. 5. Establishment of revenue monitoring committee and task force.

6. Procurement of modern communication gadgets, vehicles motor cycles and boats.

hypotheses formulated. The SPSS package version 17 was employed. The formula for the method is  $Y = a + bx$  Where  $Y$  = dependent variables  $A$  = the vertical intercept of the line.  $B$  = variable unit of activities  $X$  = independent variables.

Figure 6:

**4**

1 : Statutory Allocations (2006 -2010)

Figure 7: Table 4 .

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1.5 : Capital Project Undertaken By The Below Local Government Between (2006 -2010) PROJECT DEKIL

Provision of water Electricity.

3 borehole drilled 7 villages electrified. Trans

Scholarship Training of employee Source : Field Survey, 2012 b) Data Analyses This section is concerned wi

Variable	Dependent variable: Y
	Coefficient
SRA	0.919050.013800
EXCESS	1.201850.058925
IGR	71.975831.547486
VAT	11.10879.785830

Figure 8: Table 4 .

Figure 9:

x. PROVISION OF GOOD INCENTIVE AND REMUNERATION TO WORKERS

Figure 10:

### **31 C) RECOMMENDATIONS**

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