

**REVENUE GENERATION AND DEVELOPMENT OF LOCAL
GOVERNMENT AREAS: A STUDY OF EGOR LOCAL GOVERNMENT
AREA**

BY

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CERTIFICATION

We the undersigned hereby, certify that this project work was carried out by Progress Imoniokena with matriculation number SSC1911700 in the Department of Public Administration, Faculty of Social Sciences, University of Benin, Benin City, Edo State, Nigeria.



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DEDICATION

This project is dedicated to God Almighty for his steadfast love towards me and family.

ACKNOWLEDGMENT

I wish to acknowledge Almighty God for giving me grace to run the race from beginning to the end throughout my years of study in the University of Benin.

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ABSTRACT

Revenue generation is the nucleus and the path to modern development. Thus, the aim of this study is to assess the impact of revenue generation on the development of Local Government Areas. The researcher used primary and secondary methods of data collection to generate the needed data. The data obtained through questionnaire was presented in tables and expressed in simple percentages. The following were some of the findings which included poor development of the areas, lack of basic social amenities to the rural people and lack of revenue to maintain the existing infrastructures. The researcher therefore recommended that the local government should provide basic amenities of high quality. By doing so, the people's interest would be geared towards giving their maximum support to the local government which would lead to the development of the rural area.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Local government plays a crucial role in the delivery of services to the citizenry. The success of any local government is its ability to utilize its human and material resources to achieve the desired objectives i.e. rendering needed services to the community. Local government is a government in which popular participation both in the choice of decision makers and in its recognition of a third tier of government. Prior to 1976, however, Nigerian local government has passed through various reforms. These reforms and reorganizations have affected the system financially, administratively, politically and functionally (Abba, 2008).

Ugwu, (2000) opined that, in a crusade and struggle to carryout development at all nooks and crannies of the society, the local government as the tier of government that is nearest to the people is saddled with the responsibility of direct development of the people to a certain level. Development is highly associated with fund, much revenue is needed to plan, execute and maintain infrastructures and facilities at the local government level. The needed revenue generated for such developmental projects. Like construction of accessible roads, building of public schools, health care centers, construction of bridges among others are soles generated from taxes, royalties, haulages, fines and grants from states, national and international governments (Okolie, 2004).

Thus, the Local government cannot embark, execute and possibly carryout the maintenance of these projects and other responsibilities without adequate revenue generation. This is the basic reason why development is skeletal at some Local Government councils in Nigeria. The issue of poor revenue generation is not exceptional to local government in Edo State. This has been one of the problems encountered by Egor Local Government.

This however pronouncedly affected development negatively in local government councils. In this research project, the issue to address is how far this poor revenue generation can affect development especially in Egor Local Government.

1.2 Statement of the Problem

The Local Government Council takes direct care of the grassroots people; that is the people in the rural areas. This group of people sometimes lacks essential facilities and condition of modern civilization. They lack pipe bore water to drink, do not have electricity, accessible roads, poor educational infrastructure and facilities to mention but a few.

This is one of the major reasons of rural – urban migration of movement. This has made our cities to be congested and increase in many criminal activities. Based on the above and foregoing assertions, it is obvious that the impact of poor revenue generation on the development of the rural area is a serious problem. This might be as a result of poor revenue generation. If Nigeria is to achieve her desired goal of vision 2020 and possibly

meet the millennium development goals (MDGS) target, the issue of revenue generation must be addressed squarely.

Hence the researcher is bothered to find out the impact of poor revenue generation on the lives of people at the rural area and how it has affected development in general especially in Egor Local Government Area.

1.3 Objectives of the Study

The aim of the research is to evaluate the impact created by poor revenue generation on the development of Egor in Edo State.

The objectives of this study include:

- i. To determine the level of modern social amenities available in Egor Local Government area.
- ii. To find out the level of poverty associated with the rural people as a result of poor development
- iii. To find out the degree of rural-urban migration.
- iv. To make useful suggestions to solve the problem of poor revenue generation as development depends on revenue generated.

1.4 Research Questions

- i. What are the impacts of poor revenue generation on the development of Egor Local Government Area?
- ii. Are there adequate modern social amenities in Egor Local Government Area?

- iii. Is the poverty level of the rural people high as a result of poor development?
- iv. Has poor revenue generation in Egor Local Government Area contributed to rural-urban migration?
- v. How can revenue generation in Egor Local Government Area be improved?

1.5 Significance of the Study

The significance of any human endeavour is measured by its relevance to solving human problems. The findings of this study would help Egor Local Government Area to identify the problems associated with revenue generation and its consequences on development.

1.6 Scope of Study

The study is focused on the impact of poor revenue generation and how it affects development of the local government areas. It will also involve the analysis of problems associated with revenue generation and its impact on the development of Egor Local Government Area.

1.7 Limitation of the Study

The researcher was constrained by time as time frame for the submission of this research was short for an expansive research.

The researcher equally encountered financial limitation as lack of sponsorship from corporate bodies thus; the researcher's little resources could not cover more areas.

The willingness of most local government staff to supply the needed data was another major problem.

1.8 Definition of Terms

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

Local government: According to Lawal (2000) Local Government as a political sub-division of a nation in Federal system which is constituted by law and has substantial control of local affairs which includes the power to impose taxes or exact labor for prescribed purpose.

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

Generation: This is the process of sourcing revenue for the local government in carryout their aim and objectives.

Expenditure: Public expenditure refers to the expenses which the government incurs for its own maintenance, in the interest of the society and the economy in order to help other countries.

Tax: Tax can be defined as a compulsory levy by government on goods, services, income and wealth. It provides definite source of revenue for government expenditure. (Udeh, 2008).

It is the way by which government obtain extra money. It spent from income of individual and companies. Tax could be direct or indirect tax. A tax is a payment made by the taxpayers and used by the government for the benefits of all the citizens.

Tax evasion: Tax evasion means illegal reduction in one's tax liabilities, thereby paying less than the appropriate amounts and not paying at all.

Tax avoidance: Tax avoidance is the act of streamlining one's financial affairs within the law so as to minimize the tax liabilities.

Development: According to Ake (2001) Development is thus the process by which people create and recreate themselves and their life circumstances to realize higher levels of civilization in accordance with their own choice and values.

It also a type of social change in which new ideas are introduces into a social in order to produce higher per-capital income and levels of living through more modern production methods and improved social organization.

Non-Parametric: Underlying population does not have a pre-defined distribution (e.g. a normal distribution)

Ordinal Scale: Classification into ordered categories, but there is no information about the magnitude of differences between categories

Psychometric: Measurement of psychological variables such as attitudes, abilities, personality traits, etc.

Unidimensional: Measures only a single underlying trait

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0 Development of Local Government in Nigeria

The evolution of local government in Nigeria has undergone a lot of changes. These are all geared towards making the local government a system that could serve the purposes for which they are created, before the emergence of the British Colonial Administration; various communities in Nigeria were governed through the instrumentality of their traditional political Institutions. These institutions were anchored on the people's habits of thought, prestige and custom which are adapted to meet the new conditions for general development of their areas.

Local authorities were empowered to charge and collect developmental rates based on a certain percentage of the income of the rate payers. The council enjoyed the social autonomy of providing certain social services to the community, for instance the local government was vested with the responsibility of healthcare services delivery with the transfer of primary healthcare delivery system.

In the 1950s, election was introduced according to the British model in the western and eastern parts of the country with some measure of autonomy in financial, general administration and in personnel which gave rise to a tide of progress, growth and development experienced in the local government.

Prior to this period, the British introduced native courts chaired by Chiefs, native treasuries where taxes collected from people were paid in for use by the local government.

Native authorities were created with traditional rulers at the head of each authority. The traditional rulers continued to dominate local government's administration until the military took over power. In 1966, from then the powers of the traditional rulers, especially in the northern region, reduced gradually. The newly created states in the Northern region increased popular participation in local government administration. Larger local authorities were broken to smaller ones and native authorities were changed to local governments.

The local government reform of 1976 provided the guidelines for local governments in Nigeria. The reform created large-sized local government areas throughout the federation based on a certain minimum population requirement, these results in uniform local government areas. The federal government for the first time was involved in the funding of local governments. The local government gets statutory percentages share of Federation accounts and state revenue. The local government was made a third tier of government, which means the local government has its own powers. There were about 301 local government councils as at 1976.

In 1986, the Babangida Administration made local government an effective third tier of federal system, introduced reforms aimed at enhancing their autonomy and strengthening their administrative framework. All elected councilors now constitute legislative arm of the local government which the executive arm consists of the chairman and vice-chairman and supervisory councils.

The local government witnessed several reforms between 1991 to 1992. The reforms shows a fundamental implications for local government administration, especially

in regard to the reforms to the local government service. 589 local government areas were in existence as of 1991 local government reforms and there was establishment of the executive chairmanship of local government with functions firmly entrenched in schedule four of the constitution.

The federal government established the local government service commission aimed at preserving the independence of the local government staff. The federal government increased the local government share of the federation accounts to twenty percent. This increase in revenue base gave local government areas high degree of confidence and power to equip them for the challenging role, facing them.

According to 1999 constitution of Nigeria, not only recognizes, but also guarantees the existence of a more powerful and independent local government areas section 162 of the 1999 constitution guarantees the right of the local government to receive statutory allocation of the revenue from both the federation account and state resource. The fourth, schedule of the same constitution spells out the functions of the local government.

The federal government increased the local government share of the federation accounts to twenty-five percent. In the present local government administration, there are about 774 local government areas in Nigeria with the rights and power of providing certain social services to the communities, such social services like provision of healthcare centers, electrification, provision of pipe bore water and accessible roads etc.

2.1 Sources of revenue generation in Local Government

In an attempt to marshal out the functions of the local government, the fourth schedule of the constitution of the federal Republic of Nigeria 1999 implicitly specified some of these sources of revenue generation to the local government.

However, Ogunna (1996). Posited that generally the local government has eight main sources of revenue which includes rates, grants, statutory, allocations, fees and charges, fines, earnings and profits, loans and miscellaneous.

i. Rate

As one of the independent sources of revenue, people residing within a local government area pay some money to it in form of rates. Rate is, thus a local tax of the local government which is of three types namely property rate, special rate and capitation rate otherwise known as poll tax. Property rate is a fixed percentage amount of the current value of a private property levied on the owner of such a property. Capitation rate which is also a fixed amount of money levied on all rateable adults living in the local government. It is not only fixed but equal for every payer and like the property rate, it is paid annually.

As a flat rate, it is generally low so that the low income people can conveniently pay.

Special rate is a fixed amount meant to be paid by all rateable adults residing in the local government area. Special rate is usually levied for specific and priority projects like Education, water supply and rural electrification which the local government has inadequate fund for its provision.

ii. Statutory Allocation

As the third tier of government, the local government receives statutory allocation from the federation account just like the state and federal government. This share of revenue is as fixed by law, part of it also comes from the state government total internally generated revenue based on percentage formula because it is fixed by law, it is not voluntary but mandatory and does not depend on the whims and caprices through a legitimate process of change of the law that provides it. Statutory allocation is definite and certain.

iii. Fines

These are penalties imposed by the customary courts on individuals for the contravention of the bye-laws of the local government to regulate and control services allocated to them within their areas of jurisdiction. Note that revenue accruing to the local government through this source is relatively very insignificant.

iv. Earning and profits

These are profits, interests and premiums accruable to the local government from its investment of funds in private or public economic ventures.

In other words, they are money realized by the local government from commercial ventures and industrial establishments such ventures includes mass transit services, soap industry, bakery, Agricultural farms, shares owned in companies. If such business is effectively managed with minimum local government interference and political influences, the higher revenue could be realized.

v. Fees and charges

Revenue is generated through payments for the services which the local government provides such fees are in some cases designed to regulate and in other cases to maintain these services.

Fees and charges are imposed and revenue realized from the issuance of various types of licenses like bicycle, wheelbarrow, canoe and cart licenses, others are charges on bakeries, sale of liquor in restaurant and public places, erecting of sign-boards registration of births and marriages, motor parks and markets, personal identification, public urinary and toilets etc.

The imposition of fees and charges on these services by the local government always requires enabling laws for them to be lawful.

vi. Grants

The federal and state government give grants often called grants-in-aid, to the local government to enable it discharge its functions effectively particularly in the area of the provision and maintenance of certain basic amenities for the people such basic amenities like water and electricity supply, building of educational and health facilities. The maintenance of roads attract grants four main types of grants which includes general or block grant, specific grants, equalization grant and matching grant.

Local governments are expected and are indeed meant to embark on certain development projects that are listed as priorities of government. Consequently any local

government of that embarks on such priority projects is given a matching grants which is designed to simulate and encourage development.

vii. Loan

Local governments are empowered to obtain loans from the federal, state and other local government. They are also allowed to raise loans from financial institutions like bank and from individuals. They raise loans for incurring capital development projects that are within their statutory functions.

Educational, Agricultural and Industrial development Projects, drainage schemes, health and market development are good examples of developmental projects for which loan can be raised.

The fact is that no local government can make any reasonable giant stride in rapid community development without borrowing. It is however important to note loans are necessity provided that they are prudently applied on capital projects for which they are obtained, on capital projects which are expected to be of immense benefits to the people including the coming generation which incidentally are reasonably expected to pay for such loans in future, out of the rates and other forms of taxes they will pay.

viii. Miscellaneous

Revenue can be generated from the payment of levies like developmental and educational levies. Money can also be realized from rents paid for using any land or building belonging to a local government. Gifts and donations from individuals, philanthropists and corporate bodies also form sources of revenue of the local government.

In conclusion, local governments are empowered to generate revenue to enable them carryout their statutory and permissive functions. It is therefore necessary to enhance revenue generation of the local government to enable them, carryout their duties.

2.2 The Need for Revenue Generation in the Development of Local Government Areas.

According to Abba (2008) the need for revenue generation can't be overemphasized, the management of revenue generated in the local government constitutes the crucial and central component in the Administrative process of the local government. This is largely so because finance determines the services rendered by the local government.

The following gave rise to the need for revenue generation in the local government:-

i. To solve diverse functions allocated to the local government

In the same way, where the local government is allocated diverse functions, as it now has in Nigeria, some of which are large in scope like education, health, water supply and rural electrification. The revenue sources to be provided should correspondingly be large in scope, viable and rich in content to match the diverse functions.

ii. To be able to pay their highly skilled personnel.

Related to the above is a wide variety and meningitides of functions require a large body of high skilled, professionally trained and technically competent staff that must also

be regularly motivated. The employment of such staff would necessitate the purchase of a lot of costly equipment and materials for use in the discharge of their duties.

iii. To tackle large territorial landmass and population of the local government area.

Most local government in Nigeria are very large both in terms of territorial and population sizes, in such a circumstance, a greater need for revenue arises to enable such a local government cope with the developmental problems of such a large area and at the same time be able to meet satisfactorily the diverse needs of the large population.

Adedji (1979) capped it all when he declared that the success or the failure of the local government depend on the financial resources available to the individual local government and the way those resources are utilized. This fact is further recognized and emphasized in the guideline for local government reforms of 1976 which stated that it must be recognized that if meaningful local government is to be expected in Nigeria, much larger financial resources are needed in the development of such local government area.

2.3 The Problems of Revenue Generation

Local government in Nigeria enjoyed improved revenue from 1976 till date due to reforms introduced by different regimes all aimed at making local government effective and efficient in discharging statutory responsibilities to the people. This was achieved through increased sources of revenue generation; this problems is multifarious ranging from over-dependency of local government on statutory allocation of federal and state government, low borrowing capacity, corruption, mismanagement and misappropriation of

local government funds, ineffective strategies for enhancing internally generally generated revenue, lack of skilled and technical personnel.

i. Mismanagement and misappropriation of Local Government funds

This is one of the major problems of revenue generation in local government; in most cases the local government funds have been mismanaged. Tax collectors that are charged with the responsibility to collect all the revenue sources does not adequately use their freedom to collect them and exploit other sources of revenue available to the local government. Many local government officials embezzle local government funds through all sorts of manner like inflating contracts or embezzling on white elephant projects or outright siphoning of funds which has affected the developmental process of local government areas.

ii. Corruption

The internally generated revenue which hoped that will accelerate the finance of the local government is bedeviled by corrupt practices on the part of revenue collectors. It has been observed that these revenue collectors have in the possession unofficial receipts, this enables them to divert local government funds into private use.

Corruption is the locust that has eaten local government revenue, this manifested in the distorting of revenue return receipts, embezzlement and misappropriation of funds.

These human related factors no doubt negatively effected development at the local government level which is the bedrock for genuine national development.

vii. State Governors Impunity (State Government taking over Local Government functions)

For instance, the monthly allocations that are expected to be given to local government are been diverted and sometimes mismanaged by the so called 'democratically' elected Governors (Togun, 2010). Reinforcing this practice, Ajeh (2009) and Sesan (2004) remark that the idea of joint account is not entirely bad, but the manner of spending monies from such joint account exclusively by the Governors is condemnable. As a trajectory reference to the practice, between 1999 and 2012, there have been accusations against most State Governors that the policies priorities of some of them are sometimes at variance with, and do not always take into consideration the peculiar needs of local governments under them

2.4 Tax as a Major Source of Revenue

Tax can be defined as a compulsory levy by government on goods, services, income and wealth, primarily to obtain revenue. In other word, it is levy or dues on the income of person and companies. Udeh (2008) it provides definite source of revenue of person for government expenditure. It is the way by which government obtain extra money it spends from the income of individuals or companies.

According to Olaoye (2008). Tax is a compulsory levy imposed by government to individuals and companies for the various legitimate functions of the state.

There are basically two types of taxes, direct and indirect tax, Udeh (2008).

Direct tax is that which is levied on and really paid by the person/establishment (firms) on whom, it is legally imposed. It can also be said to be that tax which demanded from the very person or company that is intended should pay it. The burden of a direct tax is wholly borne by the payer.

Indirect tax is a tax imposed on an item or product usually at the point of production which oftentimes, is shifted from the originator of the item or product to another who ultimately consume the product.

Indirect tax is levied on the production (sale) or purchase of a product (goods and services) other than personnel services. It therefore follows that an indirect tax can partly or wholly paid by another, other than the person on whom was originally levied.

2.5 The Purpose of Tax

The primary purpose of taxation is to raise revenue for government especially the local government, which is needed for the provision of essential services and execution of other activities of the local government.

i. To Regulate the Production of Certain Commodities or Services:

The government imposes taxes in order to control the production of certain commodities which are considered harmful to human health.

ii. To Control Monopoly Powers

Certain taxes are levied in order to curb monopoly powers, such as excess profit tax.

iii. To Protect Infant and Domestic Industries

Very high import duties can be used to discourage the importation and consumption of foreign goods which usually out-compete the locally produced ones.

iv. To Regulate Business Activities

The form and direction of business activities can be regulated through taxation. A tax may discourage or encourage a given line of business. A high rate of taxation will discourage business activities while a subsidy (negative tax) encourages the same.

v. To Curb Inflation

Certain forms of taxes may be used to reduce the level of inflation. A high rate of taxation without a corresponding increase in government expenditure will reduce the disposable income of the consumer. This will help to reduce prices.

2.6 Problems associated with tax collection in Egor Local Government Area

The council's source of revenue is grossly inadequate to meet the numerous constitutionally provided functions. The grants by both state and federal government cannot meet the day-to-day responsibilities of the council due to an increase in the problem of tax collection machinery which is ineffective.

i. Inadequate Staff

There are lack of adequate staff and manpower to carryout the assignment efficiently. The headquarter of board of internal revenue in Egor Local Government Area has division of units with staffs in each of them but their staffs are mostly junior officials, who are not educated to the extent that they finds it difficult to apply tax laws. The skeletal number of experienced officials are mostly found in the urban areas. These few are loaded with jobs as the available staff is not sufficient. The lack of experienced tax officials in Edo State have created opportunities for tax evaders. Tax evaders can reduce their accounts and even direct the ill-equipped, half-backed junior tax officers on what he or she ought to pay. This result in loss of appropriate revenue that ought to be realized when properly assessed.

ii. Inadequate Facilities

The facilities like motor vehicle and motorcycle to carry out their assignment effectively are inadequate. A visit to the tax office headquarter in Edo State shows that the office, lack basic facilities. The office is not well equipped either, to the extent that files are scattered everywhere, documents are not given adequate security as a result of the nature of the office.

iii. Lack of Voluntary Compliance from the Tax Payers

This attitude of tax payers causes tax avoidance and evasion. Tax avoidance is the act of streamlining one's financial affairs within the law so as to minimize the tax liabilities that is exploiting the legal loopholes in the tax law to one's unpatriotic advantage reducing the tax burden on him or an organization. Tax evasion means illegal reduction in one's tax liabilities, thereby paying less than the appropriate amount of the tax base like profit or income. This lack of voluntary compliance from tax payers in Egor Local Government Area could be considered as a serious problem associated with tax collection.

iv. Lack of Enlightenment Programmes

The generality of the people in the rural areas are not well informed as to why it is necessary to pay tax or other fees. Many illiterate people see tax payment as a form of victimization, low income and economic depression which have crippled many finance of the local government.

v. Bribery and Corruption

In this day, tax collector's personal interest has override their official interest in the performance of their duties, consequently affects tax collection. The internally generated revenue in Egor Local Government Area which was hoped to increase the revenue generation base is bedeviled by corrupt practices on the part of revenue collectors. I observed that these tax collectors have in their possession unofficial receipts, this enables them to divert local government money into private use

vi. Mismanagement of Tax Collected

This is another major problem associated with tax collection in Egor Local Government Area, where tax collected were not been utilized for the purpose for which it was collected. Many local government funds are embezzled by tax officials through all sorts of manner like inflated contracts, embarking on white elephant projects or outright siphoning of funds which have affected the progress of development in Egor Local Government Area. .

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The methodology adopted for conducting this research is aimed at finding out the impact of poor revenue generation on the development of local government areas with references to Egor Local Government Area in Edo State.

Research design aimed at showing the various methods and procedures of the research work. The methodology adopted for this work reflects the researcher's sense of originality and power of mental enquiring. The method of enquiring data collection, questionnaire design and data analysis technique will substantiate this fact.

3.1 Research Design

Research design according to Osuala (2001) is the blue print or plans which determine the nature and scope of study carried out or proposed.

The research design used in this project is descriptive design which seek to describe the existing status of what is being investigated and it will also help the researcher to know where the variable are gotten and how the objectives could be achieved.

This descriptive approach involves the normal gathering analysis and interpretations or a set of data so as to explain the underling factors that surround the problems that triggered of the research.

3.2 Area of Study

This study centres on the impact of poor revenue generation on the development of local government areas. It covers only Egor Local Government Area in Edo State.

3.3 Population Size

Population is the number of respondents, the researcher is investigating. This also known as the universe. The population under study consists of 654 staff of Egor Local Government Area.

3.4 Sample Size and Sampling Techniques

We study a sample because it would be virtually impossible to study the entire population due to constraints of time and costs.

However, the sample must be representative of the population from which it is draw. In other to determine the sample size, the researcher used a 5% level of significance, the sample size was derived using Yaro Yamnane formula

$$n = \frac{N}{1 + N(e)^2}$$

Where

n = sample size (number of respondents)

N = Population of the study

e = level of significance/Error estimate at 5%

1 = Constant

$$n = \frac{N}{1 + N(e)^2} = \frac{654}{1 + 654(0.0025)^2} = 400$$

3.5 Sample Size and Sampling Techniques

The sample size of the study as determined from the population is 400, therefore the sample size = 400. The researcher used simple random sampling technique to select the sample from the population.

3.6 Instrument for Data Collection

The researcher will make use of the most appropriate and suitable instruments for data collection. The instrument is questionnaire and direct interview the questionnaire will be generated in line with the research questions in a simple and clear grammar to enable the respondent understand and respond to the research questions.

In this study, the researcher will also employ other instruments for data collection like personal observation and interview.

3.7 Sources of Data Collection

The researcher used two basic sources of data collection in the process of conducting the research, the researcher used both primary and secondary sources of data collection.

i. Primary source of data collection

Primary source of data collection are information that are generated specifically for the purpose of this research work. In this study, data were got from personal observation, interview and responses on the questionnaire.

The questionnaire is a well structured one, which permit the respondents to answer (yes or no). The questions are designed in the closed ended manner in order to ensure accurate statistical evaluation.

ii. Secondary source of data collection

The secondary sources of data were gotten from existing information that are already written, published and unpublished that are related to the topic which includes textbooks, journals newspaper, international financial publication towards development.

3.8 Method of data analysis

The data collected is going to be presented in a tabulated form with focus on the major research questions in other to enable the researcher determine the results. Data collected were analyzed by use of simple percentage analysis. The following formula was applied.

$$\text{Percentage} = \frac{f}{n} \times 100$$

Where f = frequency of response
 n = number of respondents

Decision Rule: All positive respondents to any item are recognized as factors.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.0 Presentation of Data

This chapter deals with the presentation of data collected in the course of the study. In analyzing the data collected, tables were used in the presentation of data. The simple statistical method of frequencies and percentage were applied. The research questions were also analyzed.

Table 4.1: The distribution of the questionnaires

No of questionnaire distributed	400
No of questionnaire returned	220
No of questionnaire not returned	180

Source: Research Data, 2022

For the analysis, the researcher will be making use of the number of questionnaires returned which is 220.

4.1 Analysis of Data

4.1.1 Research question seven

Are there source of revenue available in Egor Local Government?

The question was designed to find out if there is existence of revenue generation in Egor Local Government Area.

The responses are presented in Table 4.2.

Table 4.2: Distribution of question seven

Options	Frequency	Percentages (%)
Yes	190	86.4
No	30	13.6
Total	220	100

Source: Research Data, 2022

From Table 4.2, it can be seen that out of 220 respondents, 190 (86.4%) of them said yes that there are sources of revenue available in Egor Local Government while 30 (13.6%) of the respondents said no that there are no sources of revenue available in Egor Local Government.

4.1.2 Research Question Eight

What is the major revenue source of Egor local government area?

The question was designed to find out the major revenue source of Egor local government.

Table 4.3: Distribution of question eight

	Options	Strongly Agree (percentage e)	Agree (percentage e)	Neither Agree nor Disagree (percentage e)	Disagree (percentage e)	Strongly Disagree (percentage e)	Total number	Total percentage
A	Federal govt. allocation	112 (50.9)	72(32.8)	20 (9.1)	8(3.7)	8 (3.7)	220	100
B	State govt. allocation	90(40.9)	90(40.9)	40 (18.2)	0	0	220	100
C	Special grants from state and federal govt.	49(22.3)	110 (50)	40 (18.2)	15 (6.8)	6 (2.7)	220	100
D	Loan from financial houses (banks)	70(31.8)	55(25.0)	55 (25.0)	20(9.1)	20(9.1)	220	100
E	Fines, rates, license fees taxes	107(48.6)	113(51.4)	0	0	0	220	100
F	Donation	112(50.9)	70(31.8)	27(12.3)	6(2.7)	5(2.3)	220	100

Source: Research Data, 2015

Table 4.3 above shows that out of 220 respondents in the option of federal government allocation, 112 or 50.9 % respondents strongly agree that federal government allocation is the major revenue source of Egor local government, 72 (32.8%) of the respondents agree, 20 or 9.2% respondents neither agree nor disagree, 8 or 3.7% of the

respondents disagree and 8 or 3.7% of the respondents strongly disagree. In the options of state government allocation, 90 (40.9) of the respondents out of 220 respondents strongly agree, 90 or 40.9% agree, 40 or 18.2 respondents neither agree nor disagree, none disagree or strongly disagree. In the option of special grants from state and federal government, 49 or 22.3% out of 220 respondents strongly agree, 110 or 50% agree 40 or 18.2% of the respondents neither agree nor disagree, 15 or 6.8% of the respondents disagree, 6 or 2.7% of the respondents strongly disagree. In the option of loan from financial houses 70 or 31.8% of out of 220 respondents strongly agree, 55 or 25.0% of the respondents agree, 55 or 25.0% neither agree nor disagree, 20 or 9.1% of them disagree, 20 or 9.1% strongly disagree. In the option of fines, rates, licensing fees, taxes out of the 220 respondents, 107 or 48.6% strongly agree, 113 or 51.4% of the respondents agree, non neither agree nor disagree, non disagree and strongly disagree. In the option of donation 112 or 50.9% respondents strongly agree, 70 or 3.8% agree, 27 or 12.3% neither agree nor disagree, 6 or 2.7% disagree, 5 or 2.3% respondents strongly disagree.

4.1.3 Research Question Nine

What are the methods adopted for prompt collection of revenue generation?

The responses of the respondents are presented in Table 4.4.

while none strongly disagree. In the option of reduction in tariff policy to encourage local industries, 90 or 40.9% respondents out of the 220 strongly agree, 50 or 22.7% of the respondents agree, 40 or 18.2% of them neither agree nor disagree, 20 or 9.1% of the respondents out of the 220 respondents disagree, 20 or 9.1% of them strongly disagree. In the option of computerization of tax system, 49 or 22.3% out of the 220 respondents strongly agree, 110 or 50.0% of the respondents agrees, 40 or 18.2% of them neither agree nor disagree, 15 or 6.8% disagree, 6 or 2.7% of them strongly disagree. In the option of effective tax collectors, 110 or 50.0% out of the 220 respondents strongly agree, 70 or 31.8% of the respondents agree, 29 or 13.2% of them neither agree nor disagree, 6. or 2.7% disagree while 5 or 2.3% of the respondents strongly disagree.

4.1.4 Research Question Ten

Are there problems of revenue generation in Egor local government area?

The question was to find out if there is existence of problems associated with revenue generation in Egor local government area.

Table 4.5: Distribution of question ten

Options	Frequency	Percentages (%)
Yes	147	66.8
No	73	33.2
Total	220	100

Source: Research Data, 2022

Table 4.5, out of 220 respondents, 147 or 66.8% said yes that there are existence of problem associated with revenue generation in Egor local government while 73 or 33.2% respondents said no that there are no existence of problems associated with revenue generation in Egor local government.

4.1.5 Research Question Eleven

Which of the following do you consider as problem to revenue generation in Egor local government?

The question was structured to find out the problems associated with revenue generation in Egor local government.

Table 4.6: Distribution of question eleven

	Options	Strongly Agree (percentage)	Agree (percentage)	Neither Agree nor Disagree (percentage)	Disagree (percentage)	Strongly Disagree (percentage)	Total number	Total percentage
A	Embezzlement of fund by those entrusted with council fund	120(54.5)	40(18.2)	40 (18.2)	20(9.1)	0	220	100
B	Lack of facilities for internal generation of revenue	90(40.9)	120(54.5)	10 (4.6)	0	0	220	100
C	General laxity on the part of revenue collectors	110(50.0)	70 (31.8)	30 (13.6)	6 (2.7)	4 (1.8)	220	100
D	Revenue staff not property educated	99(45.0)	21(55.0)	0	0	0	220	100
E	Delay	130(59.1)	73(33.2)	17(7.7)	0	0	220	100

	remitting federal and state allocation							
F	Poor banking facilities	140(63.6)	40(18.2)	40(18.2)	0	0	220	100
G	Undue encroachment of local government revenue base by state government	211(95.9)	9(4.1)	0	0	0	220	100

Source: Research Data, 2022

Table 4.6 shows that out of 220 respondents in the option of embezzlement of fund by those entrusted with council fund, 120 or 54.5% of the respondents strongly agree that embezzlement of fund by those entrusted with council fund is the main problem of revenue generation, 40 or 18.2% agree, 40 or 18.2% neither agree nor disagree, 20 or 9.1% disagree, none strongly disagree. In the option of lack of facilities for internal generation of revenue, out of 220 respondents, 90 or 40.9% strongly agree, 120 or 54.5% agree, 10 or 4.6% neither agree nor disagree, none disagree and none strongly disagree. In the option of general laxity on the part of revenue collectors, out of 220 respondents, 110 or 50.0%

strongly agree, 70 or 31.8% agree, 30 or 13.6% neither agree nor disagree, 6 or 2.7% disagree, 4 or 1.8% strongly disagree. In the option of revenue staff not properly educated, out of 220 respondents, 99 or 45.0% strongly agree, 121 or 55.0% agree, none neither agree nor disagree, none disagree or none strongly disagree. In the option of delay in remitting federal state allocation, out of 220 respondents, 130 or 59.1 respondents strongly agree, 73 or 33.2% agree, 17 or 7.7% neither agree nor disagree, none disagree and none strongly disagree. In the option of poor banking facilities, out of the 220 respondents, 140 or 63.6% strongly agree, 40 or 18.2% agree, 40 or 18.2% neither agree nor disagree, none disagree or strongly disagree.

In the option of undue encroachment of local government revenue base by state government, out of the 220 respondents, 211 or 95.9% strongly agree, 9 or 4.1% agree, none neither agree nor disagree, none disagree or strongly disagree.

4.1.6 Research Question Twelve

How can you rate the impact of revenue generation on the development of Egor local government? This question sought to find out the impact of revenue generation on the development of the local government.

Table 4.7: Distribution of question twelve

Options	Frequency	Percentages (%)
Above average	10	4.5
Average	50	22.7
Below Average	160	72.8
Total	220	100

Source: Research Data, 2022

From Table 4.7, it can be seen that out of 220 respondents, 160 or 72.8% of them said that the impact of revenue generation on the development of the local government area could be rated below average, 50 or 22.7% of the respondents rated the impact of revenue generation on the development of Egor Local Government Area on average level, 10 or 4.5% of them, rated the impact of revenue generation on the development of Egor Local Government Area above average.

4.1.7 Research Question Thirteen

Is revenue generated adequate for the provision of basic modern social amenities in Egor Local Government Area?

The question was designed to find out if the revenue generated are adequate for the provision of basic modern social amenities.

Table 4.8: Distribution of question thirteen

Options	Frequency	Percentages (%)
Yes	90	40.9
No	130	59.1
Total	220	100

Source: Research Data, 2022

Table 4.8 shows that out of 220 respondents 130 or 59.1% of the respondents said no that revenue generated are not adequate for the provision of basic social amenities in Egor Local Government Area while 90 or 40.9% of them said yes that the revenue generated are adequate for the provision of social amenities within the local government.

4.1.8 Research Question Fourteen

How can you rate the level of poverty among the rural people as a result of poor development?

The question was structured to find out the level of poverty among the rural people as a result of poor development within the local government.

Table 4.9: Distribution of question fourteen

Options	Frequency	Percentages (%)
Very high	60	27.3
High	100	45.5
Low	40	18.2
Very low	20	9.0
Total	220	100

Source: Research Data, 2022

Table 4.9 shows that out of 220 respondents 60 or 27.3% said that the level of poverty among the rural people as a result of poor development could be rated very high, 100 or 45.5% of the respondents could be rated the level of poverty high, 40 or 18.2% respondents rated the level of poverty low while 20 or 9.0% of them rated the level of poverty among the rural people as very low as a result of poor development.

4.1.9 Research Question Fifteen

Has poor revenue generation contributing to rural-urban migration?

The question seeks to find out if poor revenue generation has contributed to rural-urban migration in Egor Local Government Area.

Table 4.10: Distribution of question fifteen

Options	Frequency	Percentages (%)
Yes	150	68.2
No	70	31.8
Total	220	100

Source: Research Data, 2022

Table 4.10, it shows that out of 220 respondents, 150 or 68.2% of the respondents said yes that poor revenue generated have contributed to rural-urban migration while 70 or 31.8% of the respondents said no that poor revenue generation have not contributed to rural-urban migration within the local government.

4.11 Research of Question Sixteen

How can revenue generation be improved?

The question was constructed to find out ways by which revenue generation could be improved within the local government.

Table 4.11: Distribution of question sixteen

	Options	Strongly Agree (percentage)	Agree (percentage)	Neither Agree nor Disagree (percentage)	Disagree (percentage)	Strongly Disagree (percentage)	Total number	Total percentage
A	Increase in federal and state allocation	110(50.0)	70(31.8)	40 (18.2)	0	0	220	100
B	Exploitation of local raw materials for small scale enterprises	74(33.6)	66(30.0)	40 (18.2)	40(18.2)	0	220	100
C	Enlightenment of the citizens	105(47.7)	55(25.0)	40 (18.2)	20 (9.1)	0	220	100
D	Special grants from the state and federal government	130(59.1)	90(40.9)	0	0	0	220	100

Source: Research Data, 2022

Table 4.11 shows that out of 220 respondents, 110 or 50.0% of the respondents strongly agree that increase in federal and state allocation to the local government is appropriate way to improve revenue generation, 70 or 31.8% agree, 40 or 18.2% neither agree nor disagree, none disagrees or strongly disagree. In the option of exploitation of local of local raw materials for small scale enterprises, 74 or 33.6% of the respondents strongly agree, 66 or 30.0% agree, 40 or 18.2% neither agree nor disagree, 40 or 18.2% disagree, none of the respondents strongly disagree. In the option of enlightenment of the citizens on the need for prompt payment of taxes 105 or 47.7% of the respondents strongly agree, 55 or 25.0% agree, 40 or 18.2% of them neither agree nor disagree, 20 or 9.1% of the respondents disagree, none strongly disagree. In the option of special grants from the state and federal government, out of 220 respondents, 130 or 59.1% of the respondents strongly agree 90 or 40.9% of the respondents agree, none neither agree nor disagree, none disagree or strongly disagree.

4.2 Interpretation of Data

In analysis the data collected from the tables presented above, the six major research questions will be analyzed.

From question eleven, it can be deduced from Table 4.6 that the major problem of revenue generation in Egor local government is the undue encroachment of local government revenue base by state government.

From question twelve, it can be deduced from Table 4.7 that the impact of revenue generation on the development of the local government areas could be rated below average.

From question thirteen, it was proved that the revenue generated within the local government is inadequate for the provision of basic social amenities.

From question fourteen in Table 4.9; it was proved that the level of poverty among the rural people as a result of poor development is "very high".

In question fifteen in Table 4.10, it has been proved that poor revenue generation has contributed to rural-urban migration within the local government areas.

From question sixteen in Table 4.11, it has been proved that the following are ways by which revenue generation can be improved, through increase in federal and state allocation to the local government, exploitation of local raw materials for small scale enterprises, enlightenment of the citizens on the need for prompt payment of taxes special grants from the state and federal government.

CHAPTER FIVE

SUMMARY OF FINDING, RECOMMENDATION AND CONCLUSION

In this chapter, the research presents the summary findings based on the analysis of the data collected, base on the result of findings, recommendations are made which leads to conclusion.

5.1 Summary of Findings

The researcher discovered that the impact of revenue generation on the development of the local government areas could be rated below average which has resulted to poor development of the rural areas.

The researcher also found out that the revenue generation within Egor local government area was grossly inadequate for the provision of modern social amenities.

Due to poor revenue generated to provide basic social amenities, such as accessible road, schools, portable pipe-bore water, electricity among others it was impossible for rural people to sell the agricultural crops, drink portable water, pay school fees. Thus the poverty is very high.

The researcher also discovered that due to poor revenue generation to provide basic social amenities especially in the rural areas. There was exodus of rural dwellers to the urban centres.

Included in the researchers findings was that the major method to be adopted by the local government in order to improve revenue generation base should be the enlightenment of the citizens on the need and important of regular payment of taxes.

5.2 Recommendations

Based on the findings, the following recommendations have been made.

The efforts of local government should not only be directed toward the revenue yielding alone but also to the provision of social amenities such as basic health facilities, accessible roads, town halls, electricity and water supply which will help to improve the socio-economic of life of the rural people.

These facilities provided by Egor Local government should be of high quality by doing this; the people's interest will be geared towards giving their maximum support to the government which will lead to the development of the area.

There should be constant campaign and awareness programme within Egor local Government to enlighten the rural peoples on the benefits of prompt payment of taxes to the government as when due, it will go a long way in improving the revenue generation.

The local government should embark on the establishment of small scale industries which will provide employment opportunities for the youths in the rural area to tackle the problem of rural-urban migration.

There should be improvement and development with agricultural sector, such improvement will encourage participation of the rural people within Egor Local Government which will improve their standard of living of the people.

5.3 Conclusion

In the research, it is clear that poor revenue generation by local government in Nigeria have affected the spread of development to all the nooks and crannies of the country. Thus local government councils and their management should strategically plan on proper measures to generate revenue as to meet with their functions as provided by the constitution of the country. This will enhance their financial ability to implement their constitutional functions or responsibilities to the rural peoples.

The major problem of Local Government in Edo State (and perhaps in the entire Nigeria federation) is that, the State Government has decided to be grossly irresponsible to its responsibility as spelt out in the 1999 constitution, whereby they fail to give/share 10% of their internally generated revenue to the Local Governments. Moreover, the same State Government has aggressively be involved in the collection of the revenue base of the Local Governments stripping them of their very important revenue generation potentials, thus making the Local Governments to be unproductive.

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