

Sources of Revenue in Developing Economy  
and its Importance Towards Rural  
Development  
(A Case Study of Dutse Municipality)

~~\_\_\_\_\_~~  
Mu

BY

P.T.B

Aminu Garba  
ND/08/M/208

~~\_\_\_\_\_~~  
P.T.B

2010  
20/10

**TITLE PAGE**

**SOURCES OF REVENUE IN DEVELOPING ECONOMY AND  
ITS IMPORTANCE TOWARDS RURAL DEVELOPMENT  
(A Case Study of Dutse Municipality)**

**BY**

**AMINU GARBA**  
*REG NO/ND/08/M/208*

**This Project is submitted to the Department of Accounting, College of  
Business and Management Studies, Dutse in Partial Fulfillment of the  
Requirement for the Award of National Diploma in Accountancy.**

**2009/2010**

## ABSTRACT

This research is an attempt to find out the sources of revenue in developing economy and its importance towards rural development with particular reference to Dutse Municipal, Jigawa State.

This project highlight viable areas of revenue generation to local government, in chapter one to five, the utilization of which is a challenge if the basic resources of the people are to be provided.

In conclusion, I would like list the main sources of revenue: statutory allocation, grant and subvention, local fees like development levies and licenses and rates.

## DEDICATION

This project work is dedicated to Almighty Allah who made it possible to complete my National Diploma in Accountancy successfully. And to my beloved father Garba Al-Hassan Chamo who sponsored my studies since from the beginning of my academic career up to this time.

## APPROVAL PAGE

This project has been read and approved by the Supervisor which I will mention below for the award of National Diploma in Accountancy, College of Business and Management Studies Dutse, Jigawa State Polytechnic.

\_\_\_\_\_  
SUPERVISOR  
MANSUR AHMED

\_\_\_\_\_  
Signature & Date

\_\_\_\_\_  
HEAD OF DEPARTMENT

\_\_\_\_\_  
Signature & Date

\_\_\_\_\_  
CHIEF EXAMINATION OFFICER

\_\_\_\_\_  
Signature & Date

A handwritten signature in blue ink, appearing to be 'Mansur Ahmed', written over a horizontal line. The signature is stylized with a large loop and a long horizontal stroke.

## ACKNOWLEDGEMENT

My first and foremost gratitude to Almighty Allah for giving me the guidance and moral courage of undertaking this project to a local conclusion; I pray for more of such as I intend venturing into many other similar projects in the future next. My sincere thank goes to my recommended Supervisor Mal. Mansur Ahmed and my Head of Department, the Director of the College and all staff of the College.

I would like to thank all my colleagues and classmates, friends for their positive influence to my studies, like ABUBAKAR UMAR MINYALA, TAYE SAYINBOLA, OLADIPO ADEKUNLE, ABDULLAHI ALIYU, ABUBAKAR SALEH (DELAY), MUKTAR MUSA.

And I also special thanks offers to my home friends like: ABUBAKAR ADAU, FARUK YUSUF, ZAHIRU SULE. ABDULLAHI YAKUBU, ABDURRASHID IBRAHIM etc. I will not forget my lecturer NURA ISAH CHAICHAI for this positive influence to my study.

I also thank all the students of FATIMA like ABBAS SUNUSI, KABIRU BADAMASI, HAFIZU BASHIR, ANNAFI UBAH, and DAHIRU HAMISU etc.

Eventually I would acknowledge to my brothers like ABDULRASHID GARBA, BASHIR GARBA, ISYAKU LIMAN AUJARA and all family of



## TABLE OF CONTENTS

<i>Title</i>	<i>Page</i>
Title Page:.....	i
Approval Page:.....	ii
Dedication: .....	iii
Acknowledgement:.....	iv
List of Tables:.....	v

### **CHAPTER ONE**

1.0	Introduction: .....	1
1.1	Background of the Study .....	2
1.2	Aims and Objectives.....	3
1.3	Delimitation or Scope of the Study.....	4
1.4	Limitation of the Study.....	4
1.5	Hypothesis.....	4
1.6	Purpose or Importance of the Project.....	5
1.7	Statement of the Problem.....	5
1.8	Definition of Key Words.....	5

### **CHAPTER TWO**

2.0	Introduction:.....	8
2.1	Sources of Local Government Revenue.....	8
2.2	Public Finance.....	11
2.3	Sources of Government Revenue.....	11
2.4	Taxation.....	13
2.5	Tax System and Income.....	15
2.6	Management Approach to Revenue Generation.....	16



2.7	Benefits of Sources of Revenue to Local Government.....	18
2.8	Economic development and its importance to the rural area...	20

**CHAPTER THREE**

3.0	Method of data collection.....	23
3.1	Population.....	23
3.2	Population size.....	23
3.3	Random sampling technique.....	24
3.4	Open-ended questions.....	24

**CHAPTER FOUR**

4.0	Data presentation and analysis.....	25
4.1	Test of Hypotheses.....	36

**CHAPTER FIVE**

5.1	Summary.....	38
5.2	Findings.....	39
5.3	Recommendation.....	39
5.4	Conclusion.....	40
	Appendix.....	41
	Bibliography.....	44

## CHAPTER ONE

### 1.0 INTRODUCTION

Revenue is important to Government and individual both in developing and developed countries. It therefore, demands a close analysis, in terms of the principles underlying its generation.

Revenue according to the Oxford Advanced Learners Dictionary by Hornsby (1991) is the income from the business activities or taxes. Another writer defined it as the government department, which collects money from the public funds.

Public Administration Law defines it as all the tolls, taxes, rates, fees, and penalties for defaults and all other receipt of government from whatever sources that arising over which the legislative has power and authorities of appropriation. In addition to that revenue can be used to finance its necessary obligation.

It is revenue that determines the economics power, influence and popularity of the government of a particular country. It is therefore, heritable for any nation or country to struggle and run its day to day activities so that government can service itself or would collapse. Revenue is the corner stone for development in any nation.

### REVENUE TO THE NIGERIAN ECONOMY

The need to mobilize resources include revenue to run any from government at any level is as ancient as when human beings organized themselves into

communities to achieve some communal goals such as security welfare etc. In this process revenue play prominent role because it is the key determinant of scale and scope of commitment staff, capital projects, other recurrent expenses etc.

Finance is seen by one writer as the nerve of an organization, for functional organization in any economy finance is a crucial prerequisite which enable an organization, public or private to maintain itself and effectively meet its commitment to individual and groups through its output of public goods and service.

Nigeria has three levels of government in line with the practice in federal counties; these are federal, state and local governments. Each of these levels of government has it spheres of influence and functional competence. The constitution has assigned source of revenue to these three levels of government. Revenue generation serves as the bedrock for any development. Nigeria can be tremendously affected by the sources of its revenue hence, the need for better management of the sources of revenue generated whether from local, state or federal government.

### **1.1 HISTORICAL BACKGROUND OF AREA OF STUDY**

“Dutse” meaning “Rock” or “Mountain” got its name from the hilly rocks which surrounded the town and cover an approximate area of about five miles (5miles). Dutse also stands in sand dunes (Jigawa singular, plural Jigayi). Because of the security offered by the rocks, one find a high concentration of

people around them.

The present Dutse town "Garu" was purposely chosen as the settlement because of the security aspects given to the populace. It is naturally surrounded by stone walls given the occupants the best opportunity of checking and dealing with in orders. Like many parts of Nigeria traditions, claims that inhabitants of the area now known as "Dutse Gadawur" as a resist of an incident during hunting expedition.

Dutse as a local government was created by Late General Murtala Muhammad in the year 1974. Dutse is among the important towns in Hausa land with long history dating to century before *Fulani-Jihad of Sheikh Othman Danfodio*. Dutse is situated between latitudes 11480 and 1100 and longitude 90045E.

## 1.2 AIMS AND OBJECTIVES OF THE PROJECT

The project of the study is to enlighten the people and organization especially on the sources of Revenue in Developing Economy in the urban and rural areas. As well as the work involved in the State and Local Government throughout the year, and to make aware of the sources of revenue in developing economy.

The central purpose of this study is to show the importance of revenue towards rural development. The study would carefully examine the followings:-

- (i.) The sources of government revenue in Nigeria,
- (ii.) To find out how revenue affect the life of the masses.

- (iii.) Improving tax administration at local government levels,
- (iv.) Possible new sources public revenue for the government.

### **1.3 DELIMITATION OR SCOPE OF THE STUDY**

The study of research project has covered areas of data collection (Dutse Municipal Council) and Internal Revenue government, Jigawa State at Jigawa State Capital. The project would focus mainly on sources of revenue and its importance towards rural development using Dutse Municipal case study.

### **1.4 LIMITATION OF THE STUDY**

Firstly, in the process of collecting data, the researcher encounters some difficulties due to the fact that the senior officers who should contact to provide one with some needed materials/data to be used are not in on have gone out to supervise their staff in Dutse Municipal area.

### **1.5 HYPOTHESIS**

Hypothesis according to the Oxford Advanced Learners' Dictionary by Hornsby (1991) is an idea or suggestion put forward as a standing point for the reasoning or explanation of the main topic of the researcher.

Hypothesis can be defined as the proposition that is stated in a testable form and it predicts a particular relationship between two or more variable. It can be positive or negative; this can be known after questionnaires are answer by respondent.

The followings are the two hypotheses designed for the research work:-

- (i.) H<sub>0</sub>- Revenue plays a vital role in developing economy and enhancing

rural development.

- (ii.) H<sub>0</sub>- Revenue neither plays a vital role in developing economy not enhancing rural development.

### **1.6 PURPOSE OR IMPORTANCE OF THE PROJECT**

The main purpose or importance of this research is to examine source of revenue in developing the economy and its importance towards rural development and see their effect on this research.

Another basic aims of this research is to make an attempt to describe in full the ability of the government to levy revenue and to what extent they accelerated the rural development of Dutse Municipal.

### **1.7 STATEMENT OF THE PROBLEM**

The problem of sources of revenue in developing economy will be on revenue generated from tax. This is because tax constitutes a significant proposition of the government revenue in such countries it consisted of:-

- (i.) Lack of general agreement as to what proposition of an individuals' income or property should be tax.
- (ii.) Lack of agreement on whether some rich people must bear the brunt of the government expenditure.

### **1.8 DEFINITION OF KEY WORDS**

Some terminology and concepts are frequently used for easy understanding as would be used through this research such concepts are follows:-

- (i.) Sources:- This can be defined as the origin or starting point of an event

or matter, simply put the origin of where an information comes from.

- (ii.) Revenue: Revenue can be defined as the total income of government, it is the usual expectation of government funds and the funds are used to carry out vital development project and programmes of the government.
- (iii.) Developing economy: Developing economy all over the world is characterized by under development of human and material resources. This under development has made it expedient for the government of various developing economy to consciously pursue policies that will enhance effective and efficient public finance management. Thus, the entronement of a viable public finance becomes paramount and inevitable. Nigerian can be said to hear a developing economy, this is because most of the underdeveloped or developing countries of which Nigeria is among developing economy are characterizes by low income, lack of basic amenities, low level of employment, depending on other countries for aids, grants and loans, poor infrastructure facilities. Any countries that possess all the above mentioned characteristics are said to have a developing economy.
- (iv.) Development: This is a multi-dimensional process involving major change in social structures popular attitudes and national institutions as well as the acceleration of economy growth, the reduction in inequality and eradication of absolute poverty.
- (v.) Local Government: Local governments are semi-autonomous bodies

created by the central government to undertake certain functions within her localities. They are established by an act of parliament and the act states its power, the areas it will rule and its functions, it is popularly referred to as the "government as the grassroots".

- (vi.) Dutse Municipality: As the one bringing development closer to the rural communities, Dutse Municipality was created in 1976 and thus becomes one of the 27 Local Government Councils covering Jigawa State which came into existence before the creation of the State.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 INTRODUCTION

Pius C. A. (1984) defines revenue by following ways:-

**Revenue:** Can be defined as the income accruing from taxation to a government during a specified period of time, usually a year or a government department responsible for the collection of government revenue or the gross income from business enterprises.

Developing economy the writer of Government Finance Economics of the public sector, Friedlende A. F. (2002) said this is combined with many aspects; hence it is difficult to define precisely. It may be roughly defined as the process of changes in a society which leads to an improvement in the standard of living and welfare of the masses.

Revenue is the key to the determination of scale and scope of commitment like staff capital project, current and recurrent expenditure etc. Efficient management of revenue serves as the backbone for development of rural area. Every government functionaries or organization needs revenue to run its affairs and to prospect its daily activities, without adequate source of revenue the functional organization structure would be totally collapsed.

#### 2.1 SOURCES OF LOCAL GOVERNMENT REVENUES

Pius C. A. (1984) local government council anywhere in the world have two main sources of revenue grant from the central government and local sources

of revenue.

As the manner used to be in any federal system of government the source of revenue in Nigeria is in three levels i.e. federal, state and local government.

Revenue can be categorized into two or more kinds namely:-

- i. Recurrent Revenue, and
- ii. Capital Revenue- popularly referred to as capital receipts.

i.) **Recurrent Revenue**: In line with the pattern of the federal government, the revenue of local government may be classified into three broad categories namely:

1.) **Statutory Allocation**: These are revenue which are made available by the federal government to the state and local government on regular basis monthly. This is mostly given to as to enable the local governments to finance some of their capital projects.

2.) **Non Statutory Allocation**: This is another revenue by the local government, these constitute revenue made available by the federal government to the state and local governments to assist them in financing expenditure from emergency incidents or accident such as water flood, disaster, fire disaster, drought or special instance in 2008 when fire gulfed the Dutse central market, the state government gave a financial assistance to the local government to help to settle the victims. This allocation is not all time allocated, it is based on the time to time when the need for the assistance arises.

According to Olubunmi Feyemi (1991) she said that such allocation can be regarded as “emergency funds”.

ii.) **Internally Generated Revenue:** Decree No. 15 of 1989 not specifically listed the types of revenue. The local government may collect, however, the functions and scope of service stipulated in section 27 and 28 of the same decree 15 of 1989 indicate clearly the sources listed in the constitution may be:-

- 1.) rate of radio and television fees,
- 2.) property tenement rates,
- 3.) fee or charges for use of cemeteries and burial grounds,
- 4.) bicycles, trucks, canoes, wheel barrows licensing fees,
- 5.) fees charges for market sellers and motor parks,
- 6.) lands' registration and tax.

iii.) **Capital Receipts:** Capital receipts comprise receipt of funds raised for a specific capital project. Jibrin A. (1994) refers to capital receipt as “project intensive and targeted revenue”. He further said that the revenue collected by the local government are meant or targeted for a specific project. Sources of capital receipt include loans, or grants, from financial institutions, multinational organizations, federal or state government.

## 2.2 PUBLIC FINANCE

The study of public finance deals with the development design and analysis of such fiscal policies in government institutions. Fiscal policies are therefore, integral part of general public policy. It is more than simple relationship between government income and expenditure.

Although a study of public finance is a study of resources allocation, it is also preoccupied with the problem of economic growth, prices, home and employment, it is equally concerned with the analysis of the effect of different taxes on incentives to work, to save, and invest.

In modern societies, fiscal policy performs three basic functions:-

- i.) It influence resource allocation in the direction there they provide great satisfaction to the public. The task of fiscal policy, here is to maintain a proper balance. The benefit of these resources allocation to the public and the opportunity cost of withdrawing them from the private chance.
- ii.) Fiscal policy also provides a general guidance for the national economy in term of growth and stability. The task here essentially relates to the designing of measure that would facilitate the full utilization of the nation's human and materials resources.

## 2.3 SOURCES OF GOVERNMENT REVENUE

Government performs a number of important functions such as protecting the country from outside war and providing services in the country. To perform its functions effectively, it requires huge amount of money annually. The main

source of government revenue is taxation, which takes a number of different forms there other forms of revenues. These could be summarized as follows:-

- i.) Taxation: Income tax, property tax and profit tax are examples of taxes accrue to government. This usually the most important of all the sources of revenue to government. Taxation accounted for 68 percent and 66 percent of all federally collected revenue in Nigeria in 1982 and 1983 respectively.
- ii.) Borrowing like a private individual, the government borrows when these resources are inadequate to meet the current expenditure. It also borrows to finance major investments or during a period of emergency, such as civil war or economic problems, such as we now have in Nigeria and Ghana. A government may also borrow and settle previous debts; a government can borrow from individuals finance institutions like Insurance Company, Central Bank and from other countries or international organizations such as the World Bank.
- iii.) Fees and charges sometimes when a government provides some kinds of goods and services, it makes some charges. There include payment for various types of licenses (vehicle licenses, liquor license, and market fees) others include postage, toll gate fees, water, court fees etc.
- iv.) Rents Royalties Profit: Rent paid by users of public land- royalties are obtained from users of our mineral resources e.g. tin are profits are made public corporation and companies when their resources are put

together they are substantial.

- v.) Grant with the country, grants are made from the federal government or national government to the states and local governments. These grants are the main sources of revenue to most states and local governments. The national government, on its own, may sometime received grants from another friendly government; this may be in the form of aids.

## 2.4 TAXATION

Taxation:- by definition involves compensation. The tax payers are required to make certain payment regardless of their feeling on willingness. Once the taxes have been levied, no individual has the choice of paying or not paying unless of course doing it illegally like tax evasion.

Taxation, as an instrument of fiscal policy performs four economic roles:-

- i. It helps to allocate resources from private to public needs.
- ii. Taxation is very often used as part of the general public policy instrument to control inflation.
- iii. Taxation can be seen as a promoter of economic growth in cost of the less by redistributing wealth and income, through varying systems of taxes and subsidies a country can promote a more egalitarian society.

### DIFFERENT TYPES OF TAXES

There are two main types of taxes:-

- (A.) Direct Taxes
- (B.) Indirect Taxes

(A.) Direct Taxes: The basis of one's income or wealth such taxes are paid directly by the tax payer to the government. In most cases, paid employees have their employers who paid the sums collected to the government such an arrangement is collected through PAYE – (Pay-As-You-Earn). Examples of direct taxes include income tax surtax, corporation tax, death duties, profit and poll tax.

(B.) Indirect Taxes: Indirect tax are taxes which are placed on goods or services and are paid when such goods and services are bought, examples are taxes put on imported goods, excise duties place on locally produced goods and purchase taxes placed on entertainment in all these case, the taxes are paid for the payment for the goods and service or for a permit to do something, often the tax payers do not realize the proportion of the price of those goods and services which represents tax.

#### Advantages of Direct Taxes:

- i. Direct taxes are more progressive and therefore more equitable.
- ii. Direct taxes lend themselves to a more equitable distribution of income.

#### Disadvantages of Direct Taxes:

- i. Certain taxes may discourage investment, such as corporation tax and profit tax.
- ii. It is easier for people to avoid payment of taxes.

### Advantages of Indirect Taxes:

- i. Indirect taxes are difficult to avoid, since we do not know how much of the price we pay with form of tax.
- ii. Indirect taxes generally do not discourage work.

### Disadvantages of Indirect Taxes:

- i. Indirect taxes are regressive.
- ii. Indirect taxes, on goods and services will reduce the 'real' income of workers when they succeed in asking for increases in their wages, it may lead to inflation.

## **2.5 TAX SYSTEM AND INCOME**

Most people will probably agree that payment of taxes is important since revenue from taxes constitutes a significant proportion of the government revenue. However, there seem to be on general agreement as to what portion of an individuals' income or property, should be paid as tax. There is also no agreement whether some people rich must be made up bear the three basis approaches to this issues:

- i.) Proportional Taxes
- ii.) Progressive Taxes
- iii.) Regressive Taxes



## 2.6 MANAGEMENT APPROACH TO REVENUE GENERATION

The assessment, collection and enforcement of tax and rates have been largely administrative. By this emphasis has not been on goal attainment become in action fact no goals are set by internal revenue department at state and local government level are preoccupied with the carrying out of instructions that have been laid down.

Ndekwo O. (1988) asserts that initiatives are generally leading while decision making to highly centralized at the top thereby leading to lack of adequate incentives for effective and efficient performance to improve the administration of taxes and revenue generation in local government.

Edozien N. (1991) suggests the following management approach:

- i.) The Revenue generation department of the local government should be recognized as that units or bodies that are in (business to make money) for their local government should be largely based on management practices. According to Edozien N., there is usually no group of goods in the current practice of revenue administration.
- ii.) The revenue administration should see themselves as management who are oriented first and foremost toward making decisions rather than performing the actions personally. The decision should be related to how revenue should be continuously increased, thereby increasing individual and group productivity in revenue generation.
- iii.) The approach proposes that the current institutional arrangement for

assessment, collection and enforcement be arranged into organizational structure. He stressed that the composition of the board of revenue collectors in the local government should include other members than public servants as well as members of professional bodies in taxation, accountancy, commerce and industry.

## **SOURCES OF LOCAL GOVERNMENT REVENUE**

Local governments derive their revenue from two bond sources: internal or local sources, and external sources. According to Haladu A. (1982) published local government and its administration in Nigeria. He explained the two above sources.

### **A.) Internal Sources:**

The internal sources are those areas on activities powered local government, statutory empowered to legislate upon. These include: community taxes and rate cattle tax (Jangali) property tax or tenement taxes, ground rent, bicycle licenses, hawkers, permits forestry and fuel exploitation fees and user charges like market and motor parks fees.

### **B.) External Revenue:**

There are revenue that accrues to the local government from sources like the federation account, statutory contribution of state government and variety of specific and general grant from both the federal and state government. By for the most significant among these external sources is the statutory allocation from the federation account from which most local

governments in the country derive the back of their recurrent revenue.

C.) Statutory Allocation:

The constitutional recognition of local government as the third tier of government accessioned by the 1976 reforms brought the country local government into the mainstream of inter-government fiscal relations in the federal.

According to Bello B. (1972) Education Books (Nigeria) plc in association with Institute for Research in Africa said that, there are five distinct sources of revenue for local governments. These are financial transfer, local tax, which goes by the names of community tax or poll tax in local government property tax or rates, users' fees and charge and loans.

## 2.7 BENEFITS OF REVENUE TO LOCAL GOVERNMENT

The role of revenue tenating to local government is very paramount and importance, According to Olubumi A. (1992) an economist stated that the absence of revenue generation in any government means the collapse or ruin of such government. The benefits of sources of revenue cannot be overlooked but rather should be given adequate attention. The following are sources of the benefits enumerated and discussed in a paper presented by Mr. Yusuf A. (1999).

- 1.) Fund Revenue and Management:- The benefit of revenue to the local government is to helps the local government to raised revenue to carry out its numerous and various activities as well as helped to manage the

fund generated. Since revenue generation is all about fund raising activities to meet up their various needs, it is the duty of the government to ensure that funds are properly managed. Mr. Yusuf O. asserts that for efficiency and management of funds in local government can better manage the revenue generated through what he called lost benefits. Analysis (CBN) he also defines it as a systematic enumeration of all benefits to measure associated with proposal expenditure of project.

- 2.) Capital Intensive Project:- It is through revenue from federal government or multi-national institutions that the local government is able to carry out capital intensive projects such as construction of roads, building of schools, provision of electricity to the rural areas. The local government has been able to embrace big capital projects because of the revenue they received from international financial institutions, for instance, the UNDP helped Fagoji Town to construct a borehole project in 2010.
- 3.) Increase in Standard of Living:- Through the main sources of revenue the local government had been able to improve and increase the standard of living of its people.
- 4.) Control of Unforeseen Disaster:- The local government have been able to tackle the problem of unforeseen disaster such as flood, fire and other natural disaster with relief and materials aids.

- 5.) Provision of Social Amenities:- It is through the revenue generated that certain basic amenities are provided to the amenities like roads, schools, dispensaries, health centres, motor parks, etc are provided through the revenue generated by the local government.
- 6.) Provision of Employment:- It is the duty of local government to provide employment for us citizens and this only be realized when the local government can establish cottage industries like bakery industries, catering service, business centres, etc so as to raise their revenue as well as better life of the citizens of the local government.

In conclusion, the benefits of sources of revenue to local government are numerous and uncountable; the aims for betterment of its community and citizens.

## 2.8 ECONOMIC DEVELOPMENT AND ITS IMPORTANCE TO THE RURAL AREA

- a) Development:- This is a complex phenomenon with many aspects hence, it is difficult to define precisely however, it can be roughly defined as the process of change in a society which leads to an improvement in the standard of living and welfare of the masses of the people. And according to Fagana F. and Akafa E.O. (2000) spokes that economic development is combined with economic growth with other changes in society such as changes in the structure of economy, in the levels of poverty and unemployment and in the degree of income

inequality. A country may have economic growth without economic development. This will be the cause, for example, if it achieves in the per capita income but this is accompanied by increased unemployment, poverty and more unequal distribution of income and wealth.

Some countries are economically developed while others remain underdeveloped, the above writer pointed out the determinants of economic development which includes the followings:-

- 1.) Availability of Natural Resources: All things being equal, country is well endowed with natural resources will have a better prospect for growth and economic development than a country which lacks of natural resources.
- 2.) Quantity and Quality of the Labour Force: Economic growth and economic development of a country depend on among other things; the quantity and the quality of the labour force. The quality of labour force can be improved through education and training better health nutrition. In many developing countries including Nigeria the achievement of rapid economic development has been indeed not only by the shortage of skilled manpower but also by the poor health also nutrition of the labour force.
- 3.) Technical Progress: An important determinant of economic growth and development is technical progress. Improvement in technology and innovation of different kinds of technical progress has been a

major factor in the high level of economic development achieved by the industrialized countries.

- 4.) Institutional and Social Factors: The institutional or ways of doing things in a society may assist or under mind the process of its economic growth and development, for example, the land tenure and the extended family system are of the institutions which are alleged to have been lending economic development in our traditional societies. Attitudes and values work ethics, entrepreneurship, religious beliefs, materialism etc can save as a stimulus or obstacle to economic growth and development.
- 5.) Political Factors: Promotion of economic growth and development required a stable and efficient political system. In many developing countries political instability and efficient and corrupt administrations are powerful obstacles to economic growth and development.

## CHAPTER THREE

### 3.0 RESEARCH METHODOLOGY

Research is a purposeful and planned activities aimed at investigation and subsequently discovering fact, relationships or problems, which characterized by a given phenomena. It requires proper study so as to meet the necessary requirement of the studying. There are various methods of conduction research, in order to get the required information in a research work; it further needs to be analyzed and arranged in systematic way, in research work, some methods were taken to obtain the necessary information such as library research, which facilitates the use of various book essentially in the field of the source of revenue in development economy.

### 3.1 POPULATION

To find out everybody's view would be terribly expensive and complicated to do in order to find opinions and get information, I have rely upon taking an accurate cross-section of people known as sample and hope that the opinions of this sample under study.

### 3.2 SAMPLE SIZE

The population areas of the study which consist of the revenue officers of Treasury Department, Secretary himself and some staff were being asked and each group was given an equal chance. Sample size of employees from the population was chosen with each group adequately represented.



### 3.3 RANDOM SAMPLING TECHNIQUE

Random sampling is the best known probability sampling procedure, in this method every member of the population has an equal chance of being included in the sample. And the selection of any member or item is independent of any other choice. By employing the method the researcher would choose at random some members of the population to represent the entire population.

### 3.4 OPEN-ENDED QUESTIONS

- i. Open Guided Questions:- Are questions that give the respondents the opportunity to air their view freely.
- ii. Dichotomous Questions:- Are the second set of questions that the researcher provided to the respondents with two alternative answers that is by using yes or no.
- iii. Third Method:- The researcher also use multiple choice question to respondents so as to enable him to choose the one he/she like.

## CHAPTER FOUR

### DATA PRESENTATION AND ANALYSIS

#### 4.0 INTRODUCTION

Data analysis and interpretation is an important aspect in any project, assignment, because it is such as the main body of the entire work, it is in this chapter that issue raised and data collected are brought to light. The main purpose of this is to interpret and analyze the data collected according to the government under study. Dutse interview from the local government under study Dutse Municipal Council; the researcher made use of questionnaire. The questions on the questionnaire are structured type of questionnaire constructed in simple English.

As started in the last chapter the project was prepared in order to find out the following hypothesis regarded with the method of sources of revenue generation in Dutse Municipal Council.

The data collected are presented and discussed; the presentation is in accordance with the variable administered on the questionnaire. Each variable is discussed separately and a table is drawn showing the summary of responses made. The presentation will be done on percentages.

#### SEX

Which indicates the sex of respondents, it has 90% of the respondents are male while only 10% were female. This is because the majority of the staff of the local government. Indigenous were females, were not allowed to be seen in

public places.

This is due to the culture and religion dominating the State. The few female staff in the local government are corps members who were non indigenous and come to serve in the local government.

TABLE 1: SEX

Statement Sex of the Respondents	Responses	Percentage (%)
Male	45	90
Female	5	10
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

#### EDUCATIONAL QUALIFICATION

Which shows the majority of the respondents that attended higher institution which represent 60% while 28% of them attended secondary school and primary schools and other institution have 6% each. From this table below, it shows that the local government has a good number of trained personnel that can successfully manage the affairs of the council to some appreciable level.

TABLE 2: EDUCATIONAL QUALIFICATION

Educational Qualification	Responses	Percentage (%)
Primary Education	3	6
Secondary Education	14	28
University and other institution	30	60
Others	3	6
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

## AGE

Age which shows that 20-25 years have 10% and those between the age of 26-30 years have 30% while 31-36 years have 40% and those between 37 and above.

TABLE 3: AGE

Age of the Respondents	Responses	Percentage (%)
20 – 25 years	5	10
26 – 30 years	15	30
31 – 36 years	20	40
37 and above	10	20
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

## MARITAL STATUS

Marital status which shows clearly that 26% of the staff are single, while 74% of the staff are married. From this table, one should expect responsible people at the helms of affairs of the council. This therefore means that means will be a high level of effectiveness in the output performance of the council.

TABLE 4: MARITAL STATUS

Marital Status of the Respondents	Responses	Percentage (%)
Single	13	26
Married	37	74
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

Table 4 above shows clearly that 26% of the staff are single while 74% of the staff are married. From this table one should expect responsible people at the helms of affairs of the council. This therefore means that there will be high level of effectiveness and efficiency in the output of performance of the council.

TABLE 5: RELIGION

Religion of the Respondents	Responses	Percentage (%)
Islam	45	90
Christianity	5	10
<b>Total</b>	<b>50</b>	<b>100%</b>

*Sources: Survey data 2010*

#### RELIGION

Which indicate that 90% of the staff practices Islam while 10% practices Christianity. This is due to the fact that Islam is the dominant religion in the area even the 10% are corps members who are non indigenes who came for national assignment.

#### WORK EXPERIENCE

This point out that those who have been working for 11 years and above represent 20%. The percentage of experience looks equal between the 6-10 years and above.

TABLE 6: WORKING EXPERIENCE

Work Experience	Responses	Percentage (%)
Below 5 years	10	20
6-10 years	20	40
11 years and above	20	40
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

### ADEQUATE FUNDS

This reveals that 92% of the respondents are of the view that they are not receiving enough funds from the State and Federal government, while 80% of respondents agreed that the problem lack of funds but utilizing the funds appropriately.

TABLE 7: ADEQUATE FUND

Adequate Fund	Responses	Percentage (%)
Yes	4	8
No	46	92
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

### DID THE REVENUE PLAY A VITAL ROLE IN DEVELOPING ECONOMY AND ENHANCING RURAL DEVELOPMENT?

From the table below 90% of the respondents agreed that the revenue plays a vital role in developing economy and enhancing rural development. In the

local government is good while 10% of the respondents agreed that the revenue play vital role which are little compared to the development project ahead of the council.

TABLE 8: ROLES OF REVENUE

<b>Roles of Revenue</b>	<b>Responses</b>	<b>Percentage (%)</b>
Yes	45	90
No	5	10
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

#### TRAINING OF REVENUE OFFICERS

The table below reveals that 80% of the respondents support the fact that the revenue officers should undergo training programme in order to make them efficient and effective in collecting revenue for the council while 20% of the respondents were of the opinion that many of the revenue officers did not need any training as they have been in the system for long. As some of them have argued that experience is the best teacher all the revenue officers need is just encouragement and welfare and that with this they will perform better.

#### LEVEL OF DEVELOPMENT

From the table below 14% respondents argued that the level of development in the local government is bad while 24% of the respondents agreed that the level of development is good considering the fact that the municipal council major sources of revenue is derived from statutory allocation from the federal and

state government while 62% of the respondents agreed that the level of development is average.

TABLE 9: LEVEL OF DEVELOPMENT

Responses of the Respondents	Responses	Percentage (%)
Bad	7	14
Average	31	62
Good	12	24
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

TABLE 10:

Responses of the Respondents	Responses	Percentage (%)
Yes	40	80
No	10	20
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

DOES THE REVENUE NEITHER PLAY A VITAL ROLE IN DEVELOPING ECONOMY NOR ENHANCING RURAL DEVELOPMENT?

From the table below 20% of the respondents agreed that the revenue neither play a vital role in developing economy nor enhancing rural development in the local government.



TABLE 11:

Responses of the Respondents	Responses	Percentage (%)
Yes	40	80
No	10	20
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

### ASSESSMENT OF REVENUE OFFICERS' PERFORMANCE

40% of the revenue officers are good in their job while 60% of the respondents argued that they perform very poor, this they traced to lack of proper training insufficient material, lack of motivation, etc that hinders the effectiveness and performance of the revenue officers.

TABLE 12:

Responses Sex of the Respondents	Responses	Percentage (%)
Poor	30	60
Good	20	40
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

### SOURCES OF LOCAL GOVERNMENT REVENUE

The respondents were asked which of the sources of the local government they preferred 60% of the respondents were of the opinion that it is high time for local government being to generate revenue internally instead of waiting and depending on statutory allocation from federal, state or other international bodies. They argued that they will prefer for local government to generate

revenue internally while 40% of the respondents are of the opinion that statutory allocation should be given and if possible be measured to the local government as most of the local government in the country has no means of generating revenue internally.

TABLE 13:

Responses of the Respondents	Responses	Percentage (%)
Statutory allocation	20	40
Internal revenue	30	60
<b>Total</b>	<b>50</b>	<b>100%</b>

*Sources: Survey data 2010*

### FUNDING RAISING ACTIVITIES

Most of the 60% of the respondents were in support of local government embarking on fund raising activities to carry out their developmental programmes and generate more revenue for the council, while 40% of the respondents believe that there is no need for any fund raising activity as many of the people living in the local government are peasants and farmers who will see fund raising activities as a burden to them.

TABLE 14:

Responses of the Respondents	Responses	Percentage (%)
Yes	30	60
No	20	40
<b>Total</b>	<b>50</b>	<b>100%</b>

*Sources: Survey data 2010*

## POSSIBLE NEW SOURCES OF REVENUE

From the table below 80% of the respondents the fact that the local government should start thinking on possible new sources of revenue to boost their economics power while 20% of the respondents were of the opinion that no need of such possible new sources of revenue as the problem is not the sources of revenue, but the inability of the local government to judiciously utilize and manage the existing revenue.

TABLE 15:

<b>Responses of the Respondents</b>	<b>Responses</b>	<b>Percentage (%)</b>
Yes	40	80
No	10	20
<b>Total</b>	<b>50</b>	<b>100%</b>

Sources: Survey data 2010

## ESTABLISHING SMALL SCALE INDUSTRIES

This reveals that 76% of the respondents are in support of local government to establish small scale industries so as to be able to generate more funds while 24% were of the opinion that there is no need of the establishing of small scale industries. They argued that, the local government should concentrate on existing one and look for how to maintain it and make it more profitable to their people. They further argued that some of the existing small scale industries established does not bring any profit for the local government. In short, some of the project have become unprofitable and the local government lack managerial ability.

TABLE 16:

<b>Responses of the Respondents</b>	<b>Responses</b>	<b>Percentage (%)</b>
Yes		
No	28	76
<b>Total</b>	12	24
	<b>50</b>	<b>100%</b>

*Sources: Survey data 2010*

### RELEVANT SOURCES OF REVENUE TO THE LOCAL GOVERNMENT

From the table below, the whole respondents are of the opinion that the sources of revenue to local government are relevant. They believed that the sources of revenue are the corner stone for any development in any society.

TABLE 17:

<b>Responses of the Respondents</b>	<b>Responses</b>	<b>Percentage (%)</b>
Yes	50	100
No	0	0
<b>Total</b>	<b>50</b>	<b>100%</b>

*Sources: Survey data 2010*

#### 4.1 TEST OF HYPOTHESIS

To ascertain the accuracy of hypothesis or research question that have been formulated in chapter one, there is absolute need to test them analyzed, interpret and then present them. Therefore, the formulated hypothesis will now be presented and tested below.

##### HYPOTHESIS ONE:

This hypothesis has been tested whereby question two (2) out of the general question in the questionnaire is used which asks "Did the revenue plays vital role in developing economy and enhancing rural development?" In order to test this hypothesis table eight (8) of chapter four (4) show that out of fifty (50) total number of the respondents, forty five (45) stated that revenue play a role in developing economy and enhancing rural development with 90% as against five (5) people whose stated that it has no effect whose the percentage is 10%. Based on this finding out the alternative hypothesis is accepted while the null hypothesis is rejected.

##### HYPOTHESIS TWO:

With regard to hypothesis two, question four (4) in the general question in the questionnaire distributed in chapter four (4) table eleven (11) and it has been founded that, out of 50 respondents 40 accepted the question with 80% and 10 people rejected with 20%. Based on this hypothesis we also accepted alternative and rejected the null hypothesis.

### HYPOTHESIS THREE:

This is the final hypothesis that have been formulated and tested and been presented, question seven (7) in the general question in the questionnaire were used in the process of testing this hypothesis, the result were obtain clearly and been presented in the chapter four table thirteen (13) and the researcher founded that 30 out of the 50 respondents accepted the hypothesis, while remaining 20 people rejected the hypothesis. Therefore, our alternative hypotheses have been accepted.

## CHAPTER FIVE

### SUMMARY, FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 SUMMARY

In summary the finding made up the research project one must bear in mind that the project intends to make sources of revenue in Dutse Local Government of Jigawa State. Furthermore, the research work intends to show the effect of revenue in local government.

Already in chapter one, the project shows a brief history of Local Government creation in general, and later on with particular reference to Dutse Local Government and the geographical location. Also under chapter one the problems and purpose associated with the various sources of revenue had been taken care, all factors that hinders the smooth and effective writing of the research project and maximum area covered by the project had been discussed under delimitation and limitation all in chapter one.

The second chapter presents the review of sources of revenue in local government, internal and external sources of revenue was also discussed under the chapter.

The third chapter of this project is the methodology data collection through questionnaire, circulars and existing writing records.

The chapter four interprets and analyses the data collected.

Chapter five which is the last one of this project contains summary, finding and recommendations.

## 5.2 FINDINGS

In the ways of my research, it was found out that government does not identify the objectives which it undertake to get from the sources of revenue generating of the local government in another way people do not know the exact amount government gain from the sources of revenue generated. In another way government are supposed to spend its revenue the way people like, while some rural communities and people are in need of social amenities in order to survive.

The government deceive people and in most cases, temper with amount generated from different sources of revenue. These are some findings that were discovered at the time of my research project.

## 5.3 RECOMMENDATIONS

The following recommendations are made:-

- 1.) There should be mutual understanding, cooperative work and healthy work relationship between the political officer holders and the career officers in order to promote effective management of the local government revenue.
- 2.) Local government must be involved in establishing small scale industries such as bakery industries, agricultural farm, guest houses, tourist centres, and settlements business centres and other inhabitants of the various communities residing in the local government, bring development and raise revenue for the local government.
- 3.) There should be constant planning (looking ahead) so as to avoid running



into financial crisis and more attention given to internally generated revenue and not solely depending on statutory grant from federal and state governments.

- 4.) Finally, attention should be given to the capital project that will enhance development and stop the rural-urban migration. Such projects which include building of schools, hospitals, road construction, electricity etc.

#### 5.4 CONCLUSION

In conclusion, there are five distinct sources of revenue for Local Governments.

These are financial transfer, local tax which goes by the names of community tax or poll tax in Nigeria. Property tax or rates, users fees and charges and loans. Whereas financial transfer and loans are external to local Government, the other are internal to it. We shall examine these two distinct categories one after the other.

## APPENDIX

This questionnaire is intended to solicit for your opinion on which would be treated with high confidentiality. Furthermore, the responses will be strictly used for research purposes only.

Please, feel free to express your belief and feeling with all sincerity and honesty, and on your filling the questionnaire, please don't write name or anything related to your nicknames and you should tick the correct responses strictly.

### A. PERSONAL DATA

#### 1.) Sex

a.) Male { }

b.) Female { }

#### 2.) Educational Qualification

a.) Primary Education { }

b.) Secondary Education { }

c.) University & other Higher Education { }

#### 3.) Age

a.) 20-25 years { }

b.) 26-30 years { }

c.) 31-36 years { }

d.) 37 and above { }

#### 4.) Marital Status

a.) Single { }

b.) Married { }

c.) Divorced/widow { }

5.) Religion

a.) Islam { }

b.) Christian { }

6.) Work experience

a.) Below 5 years { }

b.) 6-10 years { }

c.) 11 years and above { }

B. GENERAL QUESTIONS

1.) How do you assess the performance of revenue officers?

a.) Poor { }

b.) Good { }

2.) Did the revenue play a vital role in developing economy and enhancing rural development?

a.) Yes { }

b.) No { }

3.) What do you think is the level of development in your local government?

a.) Bad { }

b.) Average { }

c.) Good { }

4.) Does the revenue neither play a vital role in developing economy nor enhancing rural development?

a.) Yes { }

b.) No { }

5.) Is the training of revenue officers necessary?

a.) Yes { }

b.) No { }

6.) What are the sources of local government revenue do you prefer?

a.) Statutory allocation { }

b.) Internally generated revenue { }

7.) Do you support fund raising activities in local government?

a.) Yes { }

b.) No { }

8.) Do you support new sources of revenue for local government?

a.) Yes { }

b.) No { }

9.) Do you want local government to embark on establishment of small scale industries?

a.) Yes { }

b.) No { }

10.) Are the sources of revenue relevant to local government?

a.) Yes { }

b.) No { }

## BIBLIOGRAPHY

- 1.) Adeniy, J.O. (1996). The Role of an Administrator in a Local Government Organization.
- 2.) Aminu, J. (1994). Intensive and Targeted Revenue of Local Government, Ibadan University Press, Nig Ltd.
- 3.) Anthony, A. (1995). A Seminar paper by Federal Ministry of Finance (Lagos) publication.
- 4.) Dandago, K.I. (2000). Taxation and Tax Administration in Nigeria, printed and published by Commercial Service Department, Triumph Publishing Company Ltd (TPCL), Kano.
- 5.) Hornsby, A.S. (1991). Advance Learners Dictionary of Current English, Oxford University press, New York.
- 6.) Jack, A. M. (1993). Financing State and Local Government, Spectrum publication.
- 7.) Ojomo, M. (1991). Tax Administration in Nigeria, Nigerian Institute of Advanced Legal Studies.
- 8.) Ochu, A.Y. (1998). Effective Management of Local Government in Finances in perspective.
- 9.) Olubunmi, F. (1991). Principal of Local Government Publication.