

Problems and Prospects of Local Government
Internally Generated Revenue in Oyo
State, Nigeria.

Adegboye, Michael Babatope

Ph.D. Public Administration

Department of Public Administration
Obafemi Awolowo University, Ile Ife, Nigeria

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Abstract:

This thesis examined the efforts of 6 urban and 10 rural local governments at internal revenue generation in Oyo State. This was based on the premise that the ability of local governments in urban areas to generate revenue internally is much higher than those in rural areas due to the existence of industries and commercial activities.

Parametric and non-parametric statistics were used to determine not only the disparity between rural and urban local government grouping efforts but also to ascertain the strength of the variables affecting revenue generation.

The study sustained the hypothesis that the ability of urban local governments to generate revenue internally is greater than that of the rural local governments. It also revealed that there had been a noticeable trend towards improved revenue generation in urban and rural local governments in Oyo State and that population per se is not a decisive factor in generating revenue.

The study however revealed that the most recurrent constraint to revenue generation relates to collection rather than to the size of the local government. It therefore suggested a periodic collection of revenue by revenue collectors trained in book-keeping and accounting.

The study concluded that increasing the share granted local government in the Federation Account from 10% to 20% in addition to increasing local government share of personal income tax will improve the financial positions of local governments in Nigeria.

Keywords: Revenue generation/ federation account/ book keeping/accounting/local government

Supervisor: Oladimeji Aborisade

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