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INTERNALLY GENERATED REVENUE AND NIGERIA'S ECONOMIC PERFORMANCE

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ABSTRACT

The study examines the impact of internally generated revenue (IGR) of the three tiers of government oneconomic performance in Nigeria. Inability of the various levels of the government to exploit IGR sources and over dependence on allocations from the federation account has affected economic performance in Nigeria. The specific objectives of the study are basically to establish the influence of internally generated revenue of the federal, state and local governments on per capita income in Nigeria. Therefore, the study made use of annual time series data which spanned from 1981-2016 and were obtained from CBN Statistical Bulletin, CBN Annual Reports and World Bank website. The data were collected on Per Capita Income(PCI), Federal Government Independent Revenue (FGIR), State Government Internally Generated Revenue (SIGR) and Local government Internally Generated Revenue (LIGR). Ordinary Least Squares (OLS) method was employed to carry out the multi-regression analysis with the aid of e-views version 9. The result indicated that FGIR has insignificant positive impact on PCI while SGIR and LGIR have significant positive impact on PCI. Based on these findings, the study suggests that government at all levels should put more efforts in taking advantage of all IGR sources within their domain in order to achieve the desired economic goals in the country.

Key Words: **Internally generated revenue, per capita income, economic performance, government, Nigeria**

INTRODUCTION

Economic performance in every nation is enhanced through adequate revenue generation at all levels of the government. In Nigeria there are three tiers of government charged with the responsibility to generate revenue internally to supplement the allocation from the federation account. The statutory allocation from the federation account in Nigeria is not sufficient to achieve the overall economic performance targeted in the nation at large, therefore, it is the responsibility of government at all levels to devise strategies to exploit revenue opportunities in their jurisdiction.

The inability of many state governments in the country to generate sufficient revenue internally has been a big obstacle to their economic development. The misuse of the IGR for political settlements is also a big challenge in Nigerian States. For this period of 36 years under review, statistics have it that the IGR accruing to the Federal, States and LGAs are N2,927.80, N6,827.69 billion and N405.22 billion respectively (CBN Statistical Bulletin, 2016). Apart from Lagos and Rivers States that have huge IGR, many other states depend so much on the federation account. This undue dependence on federal allocation has hindered economic development in various States in Nigeria.

In the light of these problems, the study seeks to determine the impact of internally generated revenue (IGR) of the three tier of the government on the economic performance of the country.

Objective of the study

The major objective of the study is to examine the impact of IGR on Nigeria's economic performance. The study specifically seeks to:

1. Investigate the impact of Federal Government Independent Revenue (FGIR) on Per Capita Income (PCI).
2. Establish the influence of State Governments Internally Generated Revenue (SIGR) on PCI.
3. Evaluate the effect of Local Governments Internally Generated Revenue (LIGR) on PCI.

Hypotheses

Ho1: FGIR does significantly influence PCI in Nigeria.

Ho2: SIGR does not have significant impact on PCI in Nigeria.

H03: LIGR does not significantly affect PCI in Nigeria.

Conceptual review
Concept of internally generated revenue and economic development

Abiola and Ehigiamusoe (2014) defined IGR as the revenue that the Federal government, State governments and Local government Councils generate within the areas of their jurisdiction. IGR for State governments has also been described as revenues that are derived within the state from various sources such as taxes (pay as you earn, direct assessment, capital gain taxes, etc.) and motor vehicle license, among others (Adenugba&Chike, 2013). Internally generated refers to the creation of either tangible or intangible results within the confines of one entity. Therefore, internally generated funds are those funds that are realized through the effort or operations of the entity itself. That is, the funds were not borrowed or realized through other external means (Venture Line, 2017). Internally generated revenue are revenues generated by states within the Nigerian federation, independent of their share of revenue from the federation account (Delloite, 2016). It can therefore be said that IGR refers to all constitutionally approved revenues accruing to the state and local governments but do not include federation account allocation, loans and funds from external sources. According to Asimiyu and Kizito (2014), economic development and sustainability of states in Nigeria depends on the ability of such states to generate revenue internally to supplement the revenue allocation from federation account. IGR is the primary source of local government sustenance. It is also seen as the live wire of a local government (Ola &Tonwe, 2003). This is because, they have control over it and that makes economic development possible and faster. However, the capacity of a local government to raise IGR is one of the criteria and critical consideration for the creation of a local government (Olusola&Siyanbola, 2014). Looking at the theoretical and empirical evidences on how state governments could increase IGR capable of absorbing increasing recurrent and capital expenditures of states, Ekankumo and Braye (2011) submitted that economic development and viability of states in Nigeria depend on the ability of a state to boost IGR which is not only dependent on tax, but through entrepreneurial options which will help to complement the revenue from statutory account. Kiabel and Nwokah (2009) in their investigation on what could help states generate more IGR argued that the use of External Tax Consultant provides the solution since states could collect more tax through their efforts and initiatives. With the persistent economic situation globally and locally, there have been urgent need for Nigerian

government to divert attention from oil and gas and look into other areas of the economy. Regrettably, Nigeria's reliance on the oil sector is too critical and the adverse effect of Nigeria's declining oil revenue has had such a negative impacts that the federal government can no longer handle. State governments who solely depend on the allocations from the federation account are finding it difficult to meet up with their obligations such as payment of salaries, provision of public goods and services such as education and healthcare services. One of the major challenges the present administration encountered on assumption of office was the non-payment of salaries by some states to their workforce. The federal government managed the situation through granting of bailout funds to the affected states to settle payroll costs and other recurrent expenditure (Delloite, 2016). Balogun (2015) had put it that Nigeria's revenue in the 1970s was majorly from Agricultural sector. The four regions that made up Nigeria (North, East, West and the Mid-West) were giants in exporting agricultural products. The North was known for its grandnut, cotton, hides and skin; the East for its palm produce and coal; the West for its Cocoa and the Mid-West for its rubber and timber. The individual regions made use of the revenues to develop their areas while revenue balance is remitted to the Federal Government. Unfortunately, this rich source of IGR in the Nigerian regions providing unlimited economic development has been sacrificed at the 'altar of oil' which is now dwindling. The undue dependence on statutory allocations has become a major constraint while most Nigeria States cannot perform basic functions (Balogun, 2015). Nnanseh and Akpan (2013) believes that IGR is capable of providing adequate basic infrastructures in a state as in the case of

AkwaIbom State where IGR contributed so much in the provision of water, roads and electricity. Oseni (2013) posit that revenues from IGR are mainly used to offset the high cost of governance by the third tiers of government. Therefore, mismanagement of IGR by political leaders and local government officials remains a serious challenge as it affects the economic development in local government areas. It is no doubt that IGR collection in the Nigerian states and local governments have gone through a lot of challenges and difficulties, thereby making the efforts futile and often times unproductive since expenditures on them are more than the revenues actually collected [Nigerian Governors Forum (NGF), 2015].

These challenges as identified during the Nigerian Governors Forum in 2015 are as follows (NGF, 2015):

- Lack of data integrity. Lack of data integrity noticed across the states may be partly due to weak IGR coordination and also poor data management and dissemination. Sometimes, the data available to the Joint Tax Board and that of the state will significantly differ in figures. Even within the states, different official documents will carry different figures on tax revenue.

- Use of tax consultants. Despite the fact that every state has a functional Board of Internal Revenue, yet almost all states choose to use agents for the actual revenue collection. Perhaps as part of political settlement and patronage. These agents make use of touts and community boys who go about harassing people to pay rents, fencing permits, environmental sanitation fees and all others. Their mode of operation often paints the government

black before the tax payers. Most often they have their own printed receipts which they issue to tax payers thereby causing leakages to the government.

- Administrative cost. The cost of administering and enforcing compliance is also very high and is capable of eroding the meagre revenue collected.

- Weak civil education on the issue of IGR linked to services from government.

- Inadequate training and preparation of tax inspectors. Most tax officials tend to be poorly educated and lack the basic knowledge and techniques to communicate. Many tax inspectors tend to be aggressive, thereby putting the tax payer on the defense.

- Complexity of the tax system and a lack of explanation with respect to tax obligations by the Nigerian government. Most taxpayers do not understand what is required of them. Many taxpayers cannot distinguish between PAYE, Withholding Tax and Value Added Tax. This is the case even among the elites coupled with the difficulty associated with the computation of tax liabilities.

- Lack of Uniformity in the incidence of taxation. Most taxpayers believe that they are unfairly levied. There are no standard structures and modalities for tax assessment in Nigeria, and the problem has created distrust between collectors and payers.

- Lack of adequate information on taxpayers. Taxpayers can easily avoid reporting their income to the state.

- Lack of cooperation from the taxpayers. Sometimes, many Nigerians do not feel obligated to the government, partly because they do not consider paying tax as a civic responsibility, and on the other hand the government's failure to provide public goods and services. They feel it is of no benefit paying taxes to a government that do not care for the citizens.

IGR collection in Nigerian states has not been an easy task. Some states virtually depend on federation account allocation for survival. However, there are lessons to learn from the Lagos State IGR success story. Therefore that has led to the recommendation of the following measures in IGR collection:

- Reviewing and reforming tax laws to conform to current realities. Some states have already done this while others are in the process. Publish list and rates of approved and authorized taxes and levies collectible by state and local governments. Enlighten and engage the public on payment procedures and the benefits of compliance.

- Deepen the automation of the entire tax administration and processes with a view to eliminating leakages and ensuring ease of revenue collection and payment.

- Improve tax audit, investigation and compliance.

- Create tax database through tax payer enumeration and registration. Continue to enrich this database through all interactions with potential taxpayers.

- Improving taxpayer tax authority relationship through public private dialogue forum (e.g. town hall meetings and other public forums).

- Improving taxpayer service and education and creating friendly service environment, including settlement mechanism.

- Improve operations of the Board of

Internal Revenue through training and retraining of revenue officers; improved funding; better remuneration; welfare packages; and by improving administrative machinery to eliminate bottlenecks and bureaucracy in process flows. It is also recommended that a holistic approach of implementation of the recommended measures will be better than piecemeal approach in many states (Nigerian Governors Forum, 2015).

The principal idea behind IGR is to collect the proper amount of tax revenue at least cost in a manner that guarantee the highest degree of public confidence in state governments' integrity, efficiency and fairness. If this is achieved, then it will spur the highest degree of voluntary compliance with the provision of tax laws and regulations (Jimoh, 2011).

Per Capita Income

According to WorldBank (2017) Per Capita GDP is gross domestic product divided by midyear population (that is population as of 1 July for the same year). It means GDP per person. It is an important indicator of economic performance and shows an average living standards and economic wellbeing of a country (Focus Economics, 2017). A rise in per capita GDP signals growth in the economy and tends to reflect an increase in productivity. A higher per capita GDP is equal to a higher standard of living (Investopedia, 2017). Olaoye and Adedeji (2017) described per capita income as the amount of money earned per person in a country. It measures the standard of living and quality of life of individual person in a country. Per capita income is the total national income (GDP) divided by the number of people in the nation (Farlex, 2018). Gross National Income (GNI) per capita is a GNI divided by mid-year population. GNI is the sum of value added

by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad (WorldBank, 2017). Therefore, it is believed that economic growth of a nation should be truly reflected in the increase in per capita income of individual persons in the country (Olaoye and Adedeji, 2017). In a nutshell, per capita income measures the income earned per person in a given area (city, region, county etc) in a specified year. It is calculated for a country by dividing the country's total national income (GDP) by its total population. It includes children and non-working population which serves as an indicator of a country's living standards (Business Dictionary, 2017).

Theoretical review

The study hinges on endogenous economic growth theory propounded by Romer (1994). The theory holds that economic growth depends on investment in human capital, innovation and knowledge management which represent the key ingredients of a healthy and performing economy. Endogenous growth theory tries to go beyond the limitations of all other economic growth theories to establish that long run economic growth primarily depends on policy measures within an economy. The policy measures include government policies that enable the various levels of the government to pursue income generation through all internal sources allowed by the constitution and within the ambit of the law.

Empirical review

Yulindra (2012) examined the effect of fiscal decentralization on Local economic growth of Sumatera Barat Province in Indonesia. The problem and importance of devolution of fiscal power from higher level government to the lower level government needed to be evaluated through a

research that could establish the effect of fiscal decentralization on economic growth of specific regions in Indonesia. The paper adopted a descriptive research design using Pooled Ordinary Least Squares Method, fixed effect and random effect methods. The study made use of a sample of 15 local regions which consisted of 9 regencies and 6 cities in province of Sumatera Bara. The secondary data which spanned from 2001 to 2010 comprised data on Gross Regional Domestic Product (GRDP), Local government revenues and expenditures, population, employment and education for each city and regency were collected from BPS Statistics Indonsia. However, the data on local government revenues and expenditures at district level are obtained from the Ministry of Finance. The dependent variable was GRDP per capita while controlling variables were the population, employment and education. The results obtained from the analysis indicated a positive relationship between fiscal decentralization and local economic growth in Sumatera Barat. Other determinants of economic growth also showed significant positive influence on local economic growth. The study therefore, provided evidence that fiscal decentralization could enhance economic growth in the local government areas in Indonesia.

Baskaran and Hessami (2012) investigated the effect of fiscal decentralization on budgetary stability. The empirical study covered 23 OECD countries. It employed descriptive research design and statistics to establish the consequences of decentralization for budgetary stability during and in the immediate aftermath of reform periods. The analysis depended on the time series data collected from OECD website for the 23 countries which covered the period of 1975 to 2007. The economic control variables used for the study were per capita GDP growth, inflation rate, gross financial liabilities, population growth, unemployment rate, the ideology of the central government, and the degree of party fractionalization. The analysis summarized the model into two dummy variables. The first was used to depict the state of a country during reform and the second one was used to reflect the effect of decentralization after reform. In the dummy model, the dependent variable was the primary deficit to GDP ratio while decentralization and centralization (during and after reform) served as the independent variables. Ordinary least squares technique was used for the analysis. The analysis established the average deficit to GDP ratio for periods in which countries reform their public sector toward more centralization and decentralization. The result revealed that tax (revenue) decentralization was harmful for budgetary stability both during and in the immediate aftermath of a reform. The expenditure decentralization was found to be harmful also, though the effect was less robust. Tax and expenditure centralization reforms had neutral effect on the primary deficit to GDP ratio. The results suggested that decentralization should be handled with caution and that countries with fiscal challenges should avoid it for better economic performance.

Ogbonna and Ebimobowei (2012) employed survey research design to investigate the impact of petroleum revenue on the economy of Nigeria for the period spanning from 1970 to 2009. The study was carried out in Nigeria with the aid of both primary and secondary data. The secondary data were obtained from the CBN statistical bulletin in line with the dependent variables representing the economy (GDP, per capita income and inflation rate) and the independent variable (Petroleum revenue). The primary data were sourced by using

a structured questionnaire administered to 240 respondents which include accountants, financial managers/controllers, management staff and chief executives of major oil and gas industry in Rivers and Bayelsa States. The study adopted descriptive statistics, Pearson product moment correlation coefficient and ordinary least square regression with the aid of statistical package for social sciences for the analysis. The result revealed among others that oil revenue does not significantly affect inflation (0.412 > 0.05). The findings also showed a weak relationship (r=0.33) between oil revenue and inflation. Furthermore, the study revealed a strong correlation (r=0.839) between petroleum revenue and GDP. The t-test revealed that petroleum revenue significantly affects GDP (that is 0.000<0.05) at 5% level of significance. Similarly, the findings also indicated a positive relationship (r=0.908) between Per Capita Income (PCI) and the oil revenue. The t-test indicated a significant positive impact of oil revenue on PCI. The study therefore suggested that the Nigerian government should invest major part of the oil revenue on the economy which will help to reduce inflation, as well as improve the value of GDP and Per Capita Income.

Muriithi (2013) examined the relationship between government revenue and economic growth in Kenya. The study was conducted in Kenya and in the year 2013. Descriptive research design was adopted while the time series data from 2003 to 2011 were collected from Central Bank of Kenya (CBK), Kenya National Bureau of Statistics (KNBS) and Ministry of Finance Kenya. The independent variables studied were import duty, excise duty, income tax, Value Added Tax and Non Tax Revenue all representing government revenue. The dependent variable used was the economic growth. Both the dependent and independent variable were all expressed in Million of Kenya Shillings. The data were presented in table and graphs and then analyzed with the aid of Statistical Package for Social Sciences (SPSS) using Multi-regression analysis. From the results that emerged, economic growth had a strong relationship with the independent variables. The study further revealed a significant negative impact of import and excise duties on the economic growth while income tax, Value Added Tax and none tax revenue showed a positive and significant impact on the economic growth. The study therefore suggested that policy makers should take keen interest in ensuring that both import and excise duties imposed promote the economic growth in Kenya.

Alexander (2015) employed least square multiple regression to investigate the relationship between GDP (the dependent variable) and the tax revenue which comprised Direct Taxes, Indirect Taxes and taxes collected by the Customs Division in Ghana. The time series data collected spanned from 1999 to 2014. The GDP deflator was used to get variables in real form and the use of logarithms were made to form the equations. The E-views 7 Statistical Software was employed for the computation of all the variables. The findings revealed a positive relationship between tax revenues and economic development. The test for the individual explanatory variables showed that direct taxes had a negative impact on GDP but not significant. Meanwhile, both the indirect tax and revenue from Custom Division had a significant positive impact on economic development. The study recommended more efforts to be made to ensure tax transparency and information sharing between Ghana and other Countries. This will help the Ghana Revenue Authority to prevent tax evasion and avoidance by companies and individual taxpayers whose business operations

extend beyond Ghana.

Olaoye and Adedeji (2017) carried out a study on the performance benchmarking of selected Southwest States in Nigeria. The study specifically examined the effect of IGR, revenue allocation from the federation account and Value Added Tax on State economic growth (using per capita income as proxy for economic growth). The three (3) Southwest States randomly selected for the study were Lagos, Oyo and Ogun. Time series data from 2011 to 2016 were obtained from Federal Bureau of Statistics and Annual Financial Reports of selected states. The study adopted descriptive research design while ANOVA test was conducted with the aid of Statistical Package for Social Sciences. The dependent variable used was per capita income (PCI) while the independent variables comprise IGR, Federal Government Allocation (FGA) and Value Added Tax (VAT). The study which was carried out in Nigeria and in 2017 revealed that FGA, VAT and IGR had significant positive impact (p=0.001, 0.008 & 0.007 respectively) on Lagos State PCI at 5% level of significance. On the contrary, the result of the study revealed that FGA has a negative impact but not significant, while VAT and IGR showed lack of impact on the PCI of Oyo State. The study also indicated that VAT had a negative impact on PCI though not significant, whereas FGA and IGR portrayed no impact on PCI of Ogun State. The study suggested that other state should emulate Lagos State in maximizing their IGR opportunities and by putting all revenues into proper use. The study also suggested that the Federal Government should consider it wise to increase allocations in Ogun and Oyo States since they have little revenue sources. These will help to improve per capita income.

Gap in Literature

Fiscal decentralization refers to division of revenue and expenditure responsibilities among the various levels of government in a country. Foreign studies mentioned above provided empirical evidences that its adoption has positive impact on the economy (Yunlindra, 2012; Alexander, 2015) while the findings of other Scholars like (Baskaran&Hessani, 2012; Muriithi, 2013) indicated that, the effect is not favourable to an economy. Local studies examined also had both positive and negative findings on the subject matter. However, the present study covers a period from 1981-2016 and included among the independent variables federal government independent revenue (FGIR) which represents the internally generated revenue of the federal government in Nigeria. This variable has not been observed in similar studies, therefore this is also part of the gaps filled by this present study.

METHODOLOGY

The study made use of ex-post facto and descriptive research designs. The reasons underlying the adoption of these two research designs are that the research data are all historical in nature which implies that they were already in existence as at the time of this study (ex-post facto). The descriptive research design availed the opportunity to numerically collect the data and statistically analyzed them to arrive at the results which serve as empirical evidences in this field of study. All data on PCI (dependent variable) were obtained from the World Bank website, FGIR data were gathered from the Central Bank of Nigeria annual reports, SIGR and LIGR (independent variables) were gathered from the CBN Statistical Bulletin, 2016 edition. The study made use of Augmented Dickey Fuller Unit root testing to establish stationarity of data to avoid spurious regression result. Ordinary Least Squares (OLS) method was used to perform the multi-regression analysis with the aid of e-views version 9.

The model adopted for the study is specified below:

$$Y = \propto + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \mu i$$

Where:

Y = PCI (Per capita income)

X = Determinant of economic development

X1 = FGIR (Federal Government Independent Revenue)

X2 = SIGR (State Government Internally Generated Revenue)

X3 = LIGR (Local Government Internally Generated Revenue)

And the dependent or Gradient/slope of the regression measuring

The amount of the change in Y associated with a unit change in X.

μi = normally distributed error term.

Data analysis and interpretation of result

Dependent variable: Per Capita Income (PCI).

Independent variables: FGIR, SIGR, and LIGR.

Table 4.1: IGR AND PCI DESCRIPTIVE STATISTICS

	PCIAT1STDIFFERENCE	FGIRAT1STDIFFERENCE	SIGRATLEVEL	LIGRAT1STDIFFERENCE
Mean	252403.4	83.60286	194.9860	11.57771
Median	214460.7	20.70000	34.11000	4.680000
Maximum	385227.6	458.1000	801.2900	36.49000
Minimum	173011.9	0.400000	0.040000	0.000000
Std. Dev.	72389.87	119.2059	275.1152	12.49602
Skewness	0.683526	1.495758	1.175970	0.485542
Kurtosis	1.866373	4.327301	2.770823	1.570993
Jarque-Bera	4.599501	15.62005	8.143538	4.353222
Probability	0.100284	0.000406	0.017047	0.113425
Sum	8834118.	2926.100	6824.510	405.2200
Sum Sq. Dev.	1.78E+11	483141.8	2573405.	5309.114
Observations	35	35	35	35

Source: Researcher's Computation, 2018.

The descriptive statistics on table 4.1 above indicates that standard deviation for PCI is below the mean value while the other variables (FGIR, SIGR and LIGR) are above the mean value representing a wider spread of a data set. The kurtosis for PCI and LIGR are below the normal distribution value of 3 while FGIR is above 3 but SIGR is approximately 3. The result revealed that all data sets are moderately and positively skewed.

Table 4.2: IGR AND PCI REGRESSION RESULT

Dependent Variable: PCIAT1STDIFFERENCE				
Method: Least Squares				
Date: 06/20/18 Time: 14:33				
Sample: 1981 2016				
Included observations: 35				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
FGIRAT1STDIFFERENCE	24.03215	69.55536	0.345511	0.7320
SIGRATLEVEL	148.2462	35.87306	4.132520	0.0003
LIGRAT1STDIFFERENCE	2220.271	671.9683	3.304130	0.0024
C	195782.6	5416.700	36.14427	0.0000
R-squared	0.907422	Mean dependent var		252403.4
Adjusted R-squared	0.898463	S.D. dependent var		72389.87
S.E. of regression	23066.97	Akaike info criterion		23.03740
Sum squared resid	1.65E+10	Schwarz criterion		23.21516
Log likelihood	-399.1545	Hannan-Quinn criter.		23.09876
F-statistic	101.2841	Durbin-Watson stat		0.739414
Prob(F-statistic)	0.000000			

Source: Researcher's Computation, 2018.

From table 4.2, the R is 95.26% which indicates a very strong relationship between the PCI and the explanatory variables. The R^2 of 90.74% is the degree to which all the independent variables captured in the model could explain the variations in the PCI. Therefore, only 9.26% could be attributable to other factors not accounted for by the model. From table 4.2, the regression result shows that F-statistics is 101.2841 with the p-value of $0.000 < 0.05$. This is a confirmation that all the independent variables jointly impact on PCI significantly and positively. This regression result provides evidence that the model is a good fit and statistically significant.

Test of hypothesis

The t-statistics revealed that LIGR and SIGR have significant positive impact (p-values = 0.0003 & 0.0024 respectively) on PCI. Thus, Ho2 and Ho3 have been rejected and the alternatives accepted. The result is consistent with the findings of Ogbonna and Ebimobowei (2012) whose study found evidence that oil revenue had positive impact on PCI, but disagrees with the findings of Olaoye and Adedeju (2017). The result further agrees with the findings of (Yulindra, 2012; Alexander, 2015) but conflicts with the empirical evidences of (Baskaran&Hassani, 2012; Muriithi, 2013).

However, the FGIR has insignificant positive impact on PCI. Therefore, Ho1 has been accepted and the alternative rejected. This could be attributed to the fact that states and local governments are closer to the people than the federal government. This result agrees with the findings of Olaoye and Adedeju (2017) whose study revealed that apart from Lagos State, the IGR of Oyo and Ogun State did not have positive and significant impact on PCI.

CONCLUSION AND RECOMMENDATION

From the result of this study, federal government independent revenue has not met the desired economic goals hence the lack of impact on PCI for this number of years. Though the SIGR and LIGR have in a way met a prior economic expectation by exerting significant positive impact on PCI, yet more are expected. Therefore, the study is suggesting that government at all levels should put more effort to achieve the desired economic goals through devising strategies to harness IGR sources within their various territories. All state budgets should be based on IGR expected within a period, while allocations from the federation account should be regarded as an added advantage. With this mindset, the government at the local levels will fight harder to meet the budgeted revenue or even exceed it. Then, the undue over dependence on allocations from the federation account will be curtailed.

Acknowledgement

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