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Revenue generation in some selected rural markets in Maiha local government area, Adamawa State-Nigeria

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Abstract

The study investigated revenue generation in some selected rural markets in Maiha LGA, the primary function of the LGA has in recent times faced a lot of setback due to insufficient revenue emanating from the council liability to generate internal revenue from the local dwellers, the objective of this study is to investigate the level of revenue generation in Maiha LGA, the study employed primary method of data collection using structured questionnaire, two hundred questionnaires (200) were distributed in five (5) rural markets (Belel, Konkol, Koransa, Mayo Ngulli and Wuro Ladde) and one hundred and sixty (160) questionnaires were returned which represent 80% of the respondents in the study area. The result revealed that no specific sanction on any revenue officers in Maiha LGA that found his/her using local government funds for personal use, the revenue generated in the study area put toward financing some projects within the LGA, the rural markets was generating more than 70% of revenue received in Maiha LGA under review. Based on the following findings the following recommendations were made; local Government Council should rehabilitation of roads that link all the rural market since its generate more revenue to LGA, for easy accessibility, local Government Council should established law (punishment) on any revenue collector officers that divert the revenue generated for his personal use, Local Government Council should engage in more projects that is usually financing from the internal generated revenue within the Maiha LGA, also to adopt electronic method of revenue collection in order to avoid fraud since the rural Markets are yielding more revenue to the LGA.

Keywords: internal, generated revenue, local government

1. Introduction

Internally Generated Revenue (IGR) signifies the income that the government, state and local governments create inside their particular zones of ward (Abiola & Ehigiamusoe, 2014) ^[1]. IGR for State governments has moreover been depicted as incomes that are inferred inside the state from different sources such as charges (pay as you earn, coordinate appraisal, capital pick up charges, etc.) and engine vehicle permit, among others (Adenugba & Chike, 2013) ^[3]. Concurring to Asimiyu and Kizito (2014) ^[5], financial advancement and maintainability of states in Nigeria depend on the capacity of such states to produce income inside to supplement the income allocation from league account. In other words, government portions are not adequate to ensure financial advancement of states and local governments, consequently the accentuation on nearby era of incomes to maintain the economy of the country locally and at the government level.

Income, receipts of a government or a commerce. Governments raise income basically through tax collection, in arrange to pay for government use on capital and repetitive uses. Income era give the biggest single source of government incomes in most created and ^{creating} nations, counting Nigeria. The incomes created pay for a considerable portion of government operations and administrations to the open. In Nigeria, the Government, States, and the local governments create inner incomes. State and local governments produce bigger offers of their incomes from property charges and deals charges than from pay charges. Wage charges, and particularly person salary charges, are littler sources of income in most creating nations, such as numerous countries of Africa, Asia, and Latin America. A few creating nations, be that as it may, create an expansive parcel of government incomes from corporate salary charges. Governments exact salary charges on numerous sorts of profit, counting compensation and pay rates from work, rents (expenses for utilize of property), intrigued on reserve funds, shareholder profits from ventures in businesses, capital picks up

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(benefits made from the deal of budgetary resources), government remuneration programs, instructive awards and grants, and legitimate settlements. The nearby government framework depended intensely on two sources for its incomes: statutory part and locally produced incomes (charges on particular things, such as liquor, butcher slap, arrive, shops/kiosks etc), and property charges. (Jamala, Asongo, Mahai and Tarfena, 2013)^[9].

Local government board as third and final level of government is confronted with this essential work of bringing as near as conceivable the effect of government to individuals of a specific region impacts such as government administrative approaches government ensured benefit government advancement ventures e.g. street organize clinics school markets pipe borne water etc. This essential work of the local government has in later times confronted a parcel of mishap due to inadequately income emaciating from the committees risk to create (inside) income from the local tenants. This issue cannot be over accentuation because it has ended up a major concern to both the state and government. This study is hence, looked for to achieve the following objective; to investigate the level of revenue generation in rural markets in Maiha LGA.

2. Conceptual Clarification

Internal Generated Revenue (IGR)

Internally Generated Revenues (IGRs) are the type of revenues that are generated within the conferment of the local government council which at time peculiar and distinct. The fourth schedule of Nigeria 1999 constitution highlighted the various functions of local government and also implicitly mentioned the various sources of revenues available to local government. These are classified into externally and internally generated revenues (IGR). The externally generated revenues are statutory allocation from central and state government, grants and loans while the IGR in local government are taxes; rates; tolls, local licences, fees and fines; earnings from commercial undertakings; permits; charges; rent on local government property; and miscellaneous revenues.

Local Government

Local government is sole to economic growth and development of a country. As indicated by Adedokun (2004)^[4] local government is answerable for the control, organization and administration of no less than 70% of Nigeria populace, accordingly, local government go about as the nearest government that rapidly reacts to the quick requirements of individuals inside the area by setting up the vital procedures for the arrangement of labor and products, and better prosperity of the local residents. The current type of local government framework in Nigeria transformed from the local power framework presented by the British pioneer organization in 1921. This local position framework was in activity in Nigeria until 1950's the point at which the authoritative framework type of participatory administration initiated. The local power framework in the northern part of the nation prompts the presentation of round about principle framework in 1900 by Lord Lugard. In 1953, the western area's local government law of Macpherson constitution supported native and local organization.

Rural Market

Rural market covers all marketing activities ascertain the demand, product planning, distribution and facilitating the entire marketing process, with aim of satisfaction of rural consumer. Rural market includes all business activities which involved in flow of goods and services from producers to rural consumers. Rural market offers growth opportunities as the urban markets are increasingly becoming competitive and in many products even getting saturated. Now income level and standard of living is increasing rapidly in rural areas. The demand of branded products is also increasing and is made up of two broad components; the market for consumer goods which includes both durable and non-durable goods and the market for agricultural inputs (fertilizers, pesticides, seeds, etc.) and other investment goods.

Forms of Revenue collected by the Local Government

Taxes and demands to be collected by the nearby government incorporate: Shops and Booths rates, Apartment rates, On and Off alcohol permit charges, Butcher slap charges, Marriage, birth and passing enlistment charges, Naming of road enrolment charges, Right of occupancy charges on arrive in country regions and Advertise charges, (Alabede, 2001). One of the major challenges of income era in Nigeria is that of compliance of the assess payers and the organization of charge. Most frequently there's deficiency of well prepared and qualified staff which assumed to serve as instrument for income era at the nearby government level, indeed the few accessible are not legitimately prepared and productive in budgetary and monetary administration frameworks. At the same time the motivating forces given to the income collectors is regularly low and at the conclusion of the taxpaying prepare, ineffectively paid revenue collectors are all as well effortlessly enticed by bribes and the entire handle process corrupted in Maiha Local Government Area of Adamawa State, Northern Senatorial District.

History of Revenue Generation

Administrators in England attempted to collect the first true income tax, a tax on wages, in 1404, but the public quickly demanded its repeal, and all tax records were burned. Modern forms of tax collection date to a British income tax levied in 1799, this tax raised revenues for the Napoleonic Wars against France, which Britain and a coalition of other European nations won in 1815. By popular demand, the British repealed a second income tax in 1816. All of these tax records were also burned. In 1842 Britain introduced another income tax that was less burdensome. This tax survived, and within a few decades, income taxes provided significant revenues to the British government. By the end of the 19th century, Germany, the Netherlands, Sweden, Switzerland, Canada, and several other countries had enacted income taxes. The development of income tax in Nigeria has been great influenced by the provision of the 1954 constitution, which related to the sharing of income tax among tiers of government. Three tiers of government namely, the Federal, the State and the Local Government are charged with tax administration in Nigeria, (Alabede, 2001).

Revenue Allocation from the Federal Allocation Committee to Maiha LGA from 2016 to 2020

The revenue received from Federal Account Allocation Committee to Maiha LGA for the period of 5 years from 2016-2020, and the researchers pick one month from each year, 2016 (December), 2017 (April), 2018 (August), 2019 (February) and 2020 (December). Within this period in 2018 allocation from the State to Maiha Local Government as the study area received the highest in the sum of one hundred and forty five million, five hundred and fifty five thousand, eight hundred naira and twenty nine kobo (N145,555,800.29), the study area received less for the month of December in 2016 in the sum of eighty five million, nine hundred and twenty three thousand, four hundred and forty one naira and fifty four kobo (N85,923,440.54) in Below table.

	Months	Allocation Received from the Federal Account Allocation Committee
2016	December	N85,923,440.54
2017	April	N 101,088,441.53
2018	August	N 145,555,800.29
2019	February	N 143,868,985.88
2020	February	N 139,764,392.11

Source: (Federal Account Allocation Committee (FAAC))

Local Government Source of Revenue

The 1999 of the Federal Republic of Nigeria constitution in second schedule part 2- titled Exclusive legislative powers empowered the local government to source revenue through external and internal.

The primary national conference on local government statute in Nigeria (1976) pointed out that the victory or disappointment of any local government council must in last analysis depend on the financial resources available to the individual local authorities and how this resources are been utilized the conference went fourth to stipulate some guideline for local government financing which include:

i). External Source

- a. Federal Allocation
- b. State Allocation from the initially generated funds
- c. Local government share of value added tax (VAT)
- d. Special grants.

ii). Internal Source

- a. the establishment maintenance and regulation of slaughter houses slaughter slabs market motors parks and public conveniences
- b. the construction and maintenance of roads streets sheet lighting drains and other public highways, parks garden open space or such public facilities as may be prescribe from time to time by the house of Assembly of the state.
- c. naming of road and streets and numbering of houses
- d. the provision and maintenance of public convenience sewage and refuse disposal
- e. Registration of all births death and marriages
- f. Assessment of privately owned houses or tenements for the purposes of leaving such rates as many be prescribed by the house of assembly of a state.

Local Government Reforms

The Nigerian government has prepared a lot to ensure that the Local government is conferred responsibility and detail in the committee of institution in the country through so many reforms which were properly outlined. The 1976 Local government reform which is generally seen as the reform that gave teeth to the organization and gave rural dwellers a sense of belonging was packaged by the Murtala/Obasanjo administration. The reform for the first time commended that the Local government be seen as a tier of government and equally provided for constitutional allocation for the Local government from the federation account. According to Ogunna (1996) ^[120], this reform marked a turning point in the history of Local government in Nigeria for so many reasons, namely; it was the first reform in the land which took all the Local government in the country into consideration, a uniform system of Local government was for the first time introduced for all states of the federation, the federal government started for the first time to give statutory allocations to the local government, the Local government were declared as and started to be recognised as “third tier government” with attendant implications. The reform shows that the local government was granted financial autonomy which made them receive their allocation from share of federal revenue and gave it a status as third tier government thereby granting it autonomy with representatives who are elected by the local dwellers. The reform also conveyed uniformity of government which allowed all the Local governments in the country to practice the presidential system of government. Regrettably, this reform was short 273 lived and was never implemented to the fullest despite the fact that it was enshrined in the 1979 constitution.

Problems of Revenue Generation

A. 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 collections that are charged with the responsibility to collect all the revenue sources do 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.

B. 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.

C. Low Borrowing Capacity of Local Government

Every local government borrows money from commercial financial institution to finance projects. The local government finds it difficult to pay their debts and as such equally difficult to borrow at cheap rates or attract sufficient

private investment.

Theoretical Framework

Local government system in Nigeria needs a moderate amount of financial autonomy to be to discharge its responsibilities effectively. Public revenue in a federal system assumes that there are benefits to be derived from decentralization. Public revenue decentralization occurs lower tiers of government have statutory power to raise taxes and carry out spending within specified legal criteria. This is referred to as the Overlapping Authority Model propounded by (1978) on Intergovernmental relationships. Public revenue decentralization occurs when of the money is raised centrally but part of it is allocated to lower levels of government through revenue-sharing formula otherwise known as administrative decentralization.

The main reason for decentralization is anchored on allocation sharing or efficiency grounds it is possible to advance argument for decentralization in Nigeria where there are many ethnic groups. Oates (1993) contends that “there are surely reasons, in principle to believe that formulated for the provision of infrastructure and even human capital that are sensitive to regional of are likely to be more effective in encouraging economic development than centrally determined policies that ignore these geographical differences” There is great relationship between decentralization and economic growth and behaviour for economic fundamentals within the decentralized jurisdiction is a matter that remains an empirical issue and discussions must be country specific.

Empirical Literature

A number of studies have also been conducted on internally generated revenue (IGR) on local government in Nigeria. Kiabel and Nwokah (2009) ^[10] in their study on Boosting internally generated revenue by state governments in Nigeria and submitted that IGR execution was horrifyingly destitute some time recently the presentation of Outside Assess Specialists in Nigeria. He subsequently pushed for the maintenance and effective utilize of the Outside Charge Specialists in arrange to extend the inside produced income of the states. Citing Waterways state as a case consider, the creators found that wise utilize of Outside Charge Specialists definitely expanded her IGR from N204,750,800 in 1991 to N7,657,340,922 in 1998. This cosmic increment was as a result of the advancement brought into the charge framework by the Outside Charge expert.

Ekankumo and Braye (2011) ^[8] inspected how to fortify internal revenue by state governments in Nigeria. They submitted that the reliance on tax collection as the major source of inner income may not be the way out of expanding income to meet the reliably expanding capital and repetitive consumptions of the state governments. They found the disappointment of the utilize of tax collection as the major source of inside income but returned to the entrepreneurial alternative as the as it were practical implies to feasible advancement, annihilation of destitution and progressing the battle against unemployment. To extend inner income within the states the creators therefore recommended the require for human capacity advancement within the regions of enterprise, orderly sensitization handle through useful

preparing and retraining of government authorities and advancement of agribusiness.

Olusola (2011) ^[13] in his ponder “boosting internally generated revenue in Ogun state” found that the abandon from IGR of the state was destitute. The creator went encourage distinguishing the taking after as a few characteristic variables capable for the low result of IGR: permeable sources, carelessness, human asset issues, non-settlement of salary collected, destitute inside control measures, need of responsibility, etc. He subsequently prescribed that income sources that are found to be noteworthy ought to be re-structured and re-engineered through expanded open mindfulness, keeping of exact information and deliberate way of collection. From the above review of literature is that the performance of state governments IGR in Nigeria is poor, and there is the need to stimulate internal revenue. The revenue from internal sources from both urban and rural states cannot meet their consistently increasing capital and recurrent expenditures. The focus at present is on the growth rate of the IGR of urban and rural states and whether states IGR can finance their recurrent expenditures. This study intends to contribute to knowledge in such a way that the people will pay revenue to the local government, because in the study area many projects are done with the revenue generated from both the urban and rural markets to tackle internal security under the present administration.

3. Methodology

Maiha local government area of Adamawa State with administrative headquarters in Maiha Town. The LGA is situated in the northern senatorial district of the State, otherwise known as Adamawa Northern Senatorial Zone alongside Madagali, Michika, Mubi North and Mubi South local government areas.

Maiha local government area also forms a federal constituency alongside Mubi North and Mubi South local government areas. Maiha local government area has an area of 109.3 km². According to National Population Commission of Nigeria (Web) 2016 population projection was 147, 200. The local government area is bounded to the north by Mubi North and Mubi South local government areas, to the east by the Republic of Cameroon, to the south by Fufore local government area, and to the west by Hong and Song local government areas.

Sampling Techniques

Two hundred (200) respondents were selected from the study area using random sampling from the five (5) rural markets and out of 160 questionnaires were successfully filled and return for the analysis.

Source of Data Collection

The respondents are from Belel, Konkol, Koransa, Mayo-Nguli and Wuro Ladde, the population of the study covered the entire rural markets in the study area of Maiha LGA, the markets were operate from Monday to Saturday; Belel (Monday), Konkol (Wednesday), Koransa (Thursday), Mayo-Nguli (Friday), Wuro-Ladde (Saturday).

Data Analysis

In order to analyse the data collected effectively and efficiently simple percentage method was used.

Table 1: Distributions of questionnaires

Markets in Maiha LGA	No. of questionnaires administered	No. of questionnaires returned	Percentage returned (%)
Belel	40	30	18.7
Konkol	40	32	20
Koransa	30	25	15.6
Mayo-Ngulli	40	31	19.4
Wuro-Ladde	50	42	26.3
Total	200	160	100

Source: Field Survey, 2020

Table 2: Demographic of the respondent

Gender	Frequency	Percent (%)
Male	152	95
Female	8	5
Total	160	100
Age Group	Frequency	Percent (%)
20-30 years	70	43.8
31- 40 years	40	25
41-50 years	30	18.8
51-60 years	20	12.5
Total	160	100
Academic Qualification	Frequency	Percent (%)
School Certificate	82	51.3
NCE/OND/Diploma	10	6.3
First Degree	1	0.63
MA/M.ed/M.Sc	0	0
Others	67	41.9
Total	160	100
Marital Status	Frequency	Percent (%)
Single	86	53.8
Married	73	45.6
Divorce	1	0.63
Total	160	100

Source: Field Survey, 2020

4. Result and Presentation

Did Internal Generated Revenue (IGR) in some selected rural market in Maiha accommodates the running cost of the local government?

It was obvious that Internal Generated Revenue (IGR) in Maiha local government cater the running cost in a month based on the response from the respondents, 80(50%) strongly agree, 50(31.3%) agree, 25(15.6%) disagree and 5(3.1%) undecided. This indicates that internal generated revenue accommodates running cost of the month of Maiha local government area.

Are they revenue generated in the rural market in Maiha LGA are made to provide social amenities?

This result revealed that the revenue generated shows that 90(56.3%) strongly agree, 10(6.3%) agree, 40(25%) and 20(12.5%), this indicates that the highest response from the respondents which accounted (56%) strongly agree that revenue generated from the rural market in Maiha LGA are made to provide social amenities within the LGA.

What is the average level of revenue generation in some selected market in Maiha LGA per month?

The study depicts that the average revenue generated in some selected rural market, 15(9.4%) generated revenue of N500,000 per month, 82(51.3%) generate revenue of

N500,000 and above, 53(33.1%) generated revenue of N1,000,000 and 10(6.3%) generate revenue of N1,000,000 and above. The result indicates that 51.3% agree that the revenue generated per month were more than N500,000 and above in Maiha LGA.

Is there any punishment attached to officers who found one thing or the other in diverting revenue to his/her personal use?

It is obvious that the response from the respondents shows that 30(18.8%) say YES there is a punishment to those that diverted revenue fund, 130(81.2%) say NO. This means that the highest numbers of the respondent who constitute 81.2% confirm that there is no punishment attached to any revenue officer.

Does the Rural Market is generated revenue more than the urban Market in Maiha LGA?

The study revealed that revenue generated from the Rural Market shows that 100(62.5%) strongly agree, 40(25%) agree, 20(12.5%) disagree and no response from undecided. These shows that 62% of the respondents strongly agree that the revenue generated from rural markets are yielding revenue.

What is the average revenue generated from some selected rural markets on weekly basis?

The study show that the revenue generated from the rural market on weekly basis are; 72(45%) is N300,000, 25(15.6%) is N350,000, 53(33.1%) 400,000, 10(6.3%) N500,000 and above. This indicates that the rural market general revenue of N300,000 as weekly return to the Maiha LGA treasury based on the percentage received from each option.

How internal revenue generated in some selected rural markets financing their projects?

The study depicts that 84(52.5%) very good, 18(11.3%) partially, 18(23.8%) fair and 20(12.5%) not at all. This indicate that the revenue generated from the entire LGA financing the project up to 52.5% based on the percentage of the response from the respondents in the study area.

How many per cent of projects in Maiha LGA financing with their revenue generated from the rural markets?

The result revealed that the number of project finance with the internal generated revenue are; 15(9.4%) is 5%, 84(52.5%) is 10%, 40(25%) is 20% and 21(13.1%) is 30% and above. This indicates that Maiha LGA financing project with the internal generated revenue within the LGA up 10% based on the response from the respondents in the study area.

Did the Internal Revenue Generated in Maiha Local Government is remitted fully to the LGA Account?

The result revealed that the internal revenue generated in Maiha LGA is remitted fully to the LGA are; 14(8.8%) strongly agree, 21(13.1%) agree, 120(75%) disagree and 5(3.1%) undecided. This indicates that the 75% of the respondent disagree that the internal revenue generated is remitted fully to the LGA Account.

Is there any record of misappropriation of internal generated revenue in Maiha LGA?

The study revealed that there is no record of misappropriation of internal generated revenue received in Maiha LGA are; 83(51.9%) strongly agree, 48(30%) agree, 20(12.5%) and 9(5.6%) undecided. This indicated that there is serious misappropriation of internal revenue generated, 51.9% strongly agreed that there is misappropriation of revenue.

5. Conclusion and Recommendation

In conclusion, this study posits that revenue generation in some selected markets in Maiha LGA and enlightens all the populace of Maiha on the important of paying revenue to the LGA for their benefits through provision of social amenities and construction of roads within the LGA area. The source of internal generated revenue of Maiha local government were pointed out with the following recommendations; local government council should rehabilitate all the roads that links the rural markets since it's generate more revenue to LGA for easy accessibility, local government council should established law (punishment) on any revenue collector officers who divert the revenue generated for his personal use, local government council should engage in more projects that is usually financing with the internal revenue generated, since the revenue is yielding more funds for the LGA and also adopt the electronic system of revenue collection to avoid fraud.

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