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# GOVERNMENT REVENUE AND ECONOMIC GROWTH IN NIGERIA

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***Abstract***

**This research examined government revenue and economic growth in Nigeria. The study spanned from 1991-2017 which is a period of 27 years. The independent variable is government revenue with proxy of petroleum profit tax, revenue from crude oil export, company income tax while the dependent variable is economic growth with proxy of gross domestic product and per capital income. Time series data were used which were obtained from CBN Statistical Bulletin 2017. The study applied multiple regression, the Ordinary Least Square (OLS), Diagnostic Test and Granger Causality regression estimation technique with the aid of econometric views (E-views) statistical package version 7.0. The result revealed that there is no significant relationship between Petroleum Profit Tax and Gross Domestic Product in Nigeria, There is no significant relationship between Petroleum Profit Tax and Per Capital Income in Nigeria, there is no significant relationship between Revenue from crude oil export and Gross Domestic Product in Nigeria, There is significant relationship between Revenue from crude oil export and Per Capital Income in Nigeria, There is significant relationship between Company Income Tax and Gross Domestic Product in Nigeria, There is no significant relationship between Company Income Tax and Per Capital Income in Nigeria. The study recommended that government should mobilize more revenue since internally generated revenue relates directly with infrastructural expenditure to enhance growth and the three tiers of government should discourage any fiscal policy that could cause a decline in revenue generation and allocation. Also for the economy to experience a steady growth, there should be an accountability and optimum utilization of tax funds by government agencies right from the government.**

# Chapter One

## Introduction

### Background to the Study

Economic growth, from the early period of economic history, engaged the attention of man and his governments. As far back as 17th and 18th centuries, writers like Adam Smith, David Ricardo, John Stuart Mill, as well as state theorist like Karl Marx, Friedrich List Karl Bucher, Rostow, and neo classical economists such as Lewis (1978) have all been preoccupied with the quest for unearthing the forces and processes that cause a change in the material progress of man. This is also applicable to successive governments and states in these modern times. In Nigeria for instance, the broad objective of the national economic policy has been the desire to promote sustainable economic growth for the vast majority of Nigerians through the adoption of various monetary and fiscal policies. Unfortunately, her economic growth performance has been characterized by fits and starts and the prospects of her rapid economic growth appear unachievable as reflected in her inability to realize sustainable full growth potentials and to significantly reduce the rate of poverty in the economy.

The term economic growth is described as the positive and sustained increase in aggregate goods and services produced in an economy within a given time period. When measured wit with the population of a given country, then economic growth can be stated in terms of per capita income according to which the aggregate production of goods and services in a given year is divided by the population of the country in the given period. Economic growth can also be stated in nominal or in real terms. Hence, when the increase in the aggregate level of goods and services is deflated by the rate of inflation, we have the real economic growth, otherwise when measured without deflating; it is called nominal economic growth.

Government Revenue generation simply refers to the prospective sources and application of all the sources available for government revenue as crucial and important source of fund mobilization in the Nigeria economy. Government revenue otherwise known as "public revenue" refers to the total amount of fund inflows of financial resources into the public sector in a given fiscal year (Otubala, 2011). The structure of government revenue in Nigeria is such that it comprises of all units that implement public policy by providing non-market services and transferring income; these are financed mainly by compulsory levies on other sectors. The central government includes all units representing the territorial jurisdiction of the central authority throughout a country.

In Nigeria, government sector includes all the three tiers of government: the federal, state and local government. All other agencies that provide public goods and services with funding from the public treasuries also come under government sector. The government sector is often referred to as a public sector given the characteristic of the type of goods and services supplied by the sector.

Central Bank of Nigeria (2000) describes public goods as 'goods possessing the basic characteristics of non-appropriability, non-rivalry and non-excludability in consumption'. Indeed public goods, are collectively and individually consumed while consumption by an individual does not reduce the amount available to others. Examples of these types of goods are roads and highways, defense and national security as well as other social infrastructures. It needs be said, that government is saddled with the responsibility of managing the economy. Government does this by formulating and implementing some economic policies

such as fiscal and monetary policies. Of course, fiscal policy is designed to achieve the objectives of price stability, economic growth, equilibrium of the balance of payments, and full employment. It is evident that these objectives have wielded strong influence on the economic policy design and development effort of Nigerian governments since independence.

Moreover, Structural Adjustment Programme (SAP) was adopted in 1986 and thereafter, three-year rolling plans followed, all in an attempt to achieve the desired level of economic growth and development and hence improve upon the living conditions of the people down to the grass-root. These objectives are vigorously pursued by the three-tiers of Nigerian government based on the available revenue. Each of the three tiers of government has responsibilities, which involves large capital expenditure. For instance, the federal government being the first tier of political administration in Nigeria has to provide infrastructure and other necessary social services as education and health facilities. It is also saddled with the primary responsibility of defending the nation's territorial integrity, ensuring security of lives and property, maintaining external relations as well as engaging in productive activities, which the private sector cannot conveniently provide given lack of profit or huge capital outlay.

Nigeria is a mono revenue country (i.e. oil revenue source) due to over-dependence on one source of revenue. Prior to the discovery of oil in Nigeria, the major sources of revenue for the government were agricultural sector and other natural resources and taxation on local consumptions and/or earnings. During this period, agriculture was the main stay of Nigeria economy, covering about 95% to her foreign exchange earnings and became the most significant part of government revenue and this was evident in rise in economic activities all over the country, and the special attention paid to agriculture by the government and citizens of Nigeria. As stated in the study of Ogbonna, Uwajumogu, Chijioke and Agu (2013), although this is not to say that attention was not given to other major sources of government revenue in the country. Apart from agricultural exports and exports of other resources, the country also experienced high internally generated revenue which was not too low compared to the externally generated revenues.

However, as time passed and oil was discovered in Nigeria, things began to change and emphases were shifted from other major and sustainable sources of government revenue to oil revenue (Akujuru, 2015). The over-dependence on oil revenue has completely discouraged the need for sourcing of funds from other non-oil means by the government. For example, as a result of huge oil revenue flows; developing countries like Nigeria have de-emphasized other sources of government revenue including non-oil exports and taxation. Nigeria has been one of the slowest developing countries in terms of generation of government revenue, owing to weak standard of good governance apart from the aforementioned (Osuala and Jones, 2014, p. 204). In recent years, the biggest problem responsible for the downslide of the Nigerian economy is the over-dependence on only one source of revenue; ignoring other sources of government revenue, and this source of revenue have failed to drive meaning economic growth in the country because it has become insufficient to manage.

**Statement of the Problem**

The issue of government revenue generation and effective utilization towards ensuring economic growth has been the major objective of government in all countries of the world and Nigeria is not an exception. Prior to the discovery of oil in Nigeria, agricultural

sector was the main stay of Nigeria economy, contributing about 95% to her foreign exchange earnings, generating over 60% of her employment capacity and approximately 56% to her gross domestic earnings (World Bank, 2013).

The major exportable crops were cocoa, palm products, cotton, ground nut, timber and rubber, with these products constituting most of Nigeria's export; Agriculture was the leading growth sector of the Nigerian economy while oil export was very poor. Available literature on the Nigerian economy has it that Nigeria was primarily an agrarian economy, whose revenue generation was based on agriculture; statistics from the federal Bureau of statistic indicates that between 1958 and 1969, the contribution of petroleum to (GDP) at current factor was just 0.007 percent. While agriculture formed the mainstay of the country's economy accounting for almost 99% of Gross Domestic Product (GDP).

However, as time passed and oil was discovered, emphases were shifted from other major and sustainable sources of government revenue to oil. Since then oil has remained a major source of energy and income in Nigeria. After the discovery of oil in commercial quantity, petroleum industry in Nigeria became the largest industry. Oil provided approximately 90 percent of foreign exchange earnings and about 80 percent of Federal revenue and contributes to the growth rate of Gross domestic product (GDP) of the Nigerian economy.

This is because oil is a very versatile and flexible, non-reproductive depleting, natural resource which forms a fundamental input into modern economic activities, providing for about 50% of total energy demand in the world, excluding the former centrally planned economies. This has made oil exporting countries of the developing world including Nigeria depend heavily on Oil revenue for foreign exchange earnings and for the government expenditures towards ensuring economic growth. It is no doubt, an established fact that since the discovery of oil in Nigeria, the petroleum industry has played significant role towards the development of Nigerian economy; this impact in one hand is negative and in other hand, is positive. Nevertheless, it is important to note that this may be as a result of the complete shift of emphases from non-oil sources to complete oil revenue resources in Nigeria.

The over-dependence on huge oil revenue have completely distorted, de-emphasized and discouraged the need for sourcing of funds from other non-oil means by the government, also mismanagement of oil revenue, non-remittance of the total oil revenue by Nigeria National Petroleum Corporation to Federal Government. However, in Nigeria today, the once celebrated huge oil revenue has become inadequate for sustaining government expenditures and ensuring economic growth.

However, in spite of these efforts by the government, the Nigerian economy has continued to crawl this is why this study is set to determine the relationship between Government revenue and economic growth in Nigeria.

**Aim and Objectives of the Study**

The main aim of this study is to examine Government revenue and economic growth in Nigeria. Other specific objectives include the following, to:

1. Determine the relationship of Petroleum Profit Tax and Gross Domestic Product in Nigeria.
2. Examine the effect of Petroleum Profit Tax on Per Capital Income in Nigeria.

3. Determine if Revenue from crude oil export significantly affect Gross Domestic Product in Nigeria.
4. Evaluate the effect of revenue from crude Oil on Per Capital Income in Nigeria.
5. Access the relationship between Company Income Tax and Gross Domestic Product in Nigeria.
6. Examine the effect of Company Income Tax on Per Capital Income in Nigeria.

**Research Questions**

The following research questions were formulated:

1. How does Petroleum Profit Tax relate to Gross Domestic Product in Nigeria?
2. How does Petroleum Profit Tax relate to Per Capital Income in Nigeria?
3. How does Revenue from crude oil export relate to Gross Domestic Product in Nigeria?
4. How does Revenue from crude oil export affect Per Capital Income in Nigeria?
5. How does Company Income tax affect Gross Domestic Product in Nigeria?
6. How does Company Income tax affect Per Capital Income in Nigeria?

**Research Hypotheses**

The following formulated hypotheses were tested in the course of the study;

**$H0_1$:** There is no significant relationship between Petroleum Profit Tax and Gross Domestic Product in Nigeria.

**$H0_2$:** There is no significant relationship between Petroleum Profit Tax and Per Capital Income in Nigeria.

**$H0_3$:** There is no significant relationship between Revenue from crude oil export and Gross Domestic Product in Nigeria.

**$H0_4$:** There is no significant relationship between Revenue from crude oil export and Per Capital Income in Nigeria.

**$H0_5$:** There is no significant relationship between Company Income Tax and Gross Domestic Product in Nigeria.

**$H0_6$:** There is no significant relationship between Company Income Tax and Per Capital Income in Nigeria.

**Significance of the Study**

The study is of significance to government and researchers. Additionally:

1. This study is a valuable contribution to the existing literature on the relationship between government revenue and economic growth because it duly emphasizes the importance of various government revenue sources (i.e. oil and non-oil external or internal revenue).
2. Furthermore, this study provide guidance for the government, policy makers and development partners on how government revenue can be enhanced to meet the increasing government expenditure and to sustain meaningful economic growth in Nigeria.
3. This study helps the researchers who will like to study the contribution of government revenue and economic growth in Nigeria.
4. The study is beneficiary to students who wants to carry out research.

**Scope of the Study**

The content scope of this study revolved round the effect of Government revenue and economic growth in Nigeria. Hence, to achieve this, the researcher considered revenue generation using petroleum profit tax, oil revenue, company income tax and personal

income tax as proxy to measure government revenue, gross domestic product and per capital income as proxy to measure economic growth in Nigeria. The study focused on Nigeria as the geographical scope; also it covered twenty seven (27) years spread over 1991 to 2017.

**Limitations of the Study**

The major limitations of this study however may lie in the inconsistencies of the data generated from different agencies, problem in the data integrity such as market prices, factor cost and period as a result of the secretive, bureaucratic and poor record keeping nature of the Nigerian public sector. However, the researcher was able to gather necessary data for the study.

**Organization of the Study**

The organization of the study highlights the content of each chapter as follows:
Chapter one contained the introduction to the study, statement of the problem, aim and objectives of the study, research question, research hypotheses, significance of the study, scope of the study, limitations of the study and organization of the study.

Chapter two generally houses the literature review but was broken down into the theoretical framework, conceptual review, empirical framework and literature gap.

Chapter three contained the research methodology and is sub divided into research design, target population for the study, sample and sampling techniques, nature and source of data, methods of data collection, method of data analysis, model specification.

Chapter four focused on results and discussion, which is further broken down into presentation of data, data analysis and discussion of findings.

Chapter five comprised of summary, conclusion and recommendations, which further is broken down into summary, conclusion, recommendations and contribution to knowledge.

## Chapter Two

### Review of Related Literature

### Theoretical Framework

This study presented empirical evidences on the relationship between government revenue and economic growth in Nigeria; and to this end, we would establish through this section of the study, a theoretical foundation which is expected to provide possible explanations relating the findings to the hypotheses formulated earlier. There are many theories underpinning the importance of government revenue as have been proposed and reviewed by scholars over the years. However, for the purpose of this study, we make reference to several theories such as the Resource Curse Theory or Paradox of plenty, Benign Perspective and the Theory of Absolute Advantage.

**Theory of Resource Curse or Paradox of Plenty**

This study is anchored on the resource curse theory. A paradox is said to exist when countries and regions with abundance of natural resources specifically non-renewable resources like minerals and fuels, tend to have less economic growth and worse development outcomes than countries with fewer natural resources (Akujuru, 2015). This theory otherwise known as the resource curse theory or paradox of plenty takes it root in the works of (Przeworski1991). Przeworski argues that this happens as a result of neglect of other economic sectors thereby causing a decline in the competitiveness of these sectors.

This decline in competiveness of other sector he attributes to an appreciation of the real exchange rate of the revenue from this sole resource often leading to volatility of revenues caused by market swings, mismanagement by government's corrupt and unstable institutions and agencies.

Arguably and rightly so is the idea that Nigeria's rich natural resource of oil has been more of a curse than a blessing. This is evident in the fact that despite the huge revenues that have accrued over the years from this resource, it has not been feasible to develop the other non-oil productive sector; consequently, the nation has been unable to transform the accrued rich oil revenue into real term sustained development and growth. A larger proportion of its populace still grapples with poverty with attendant high level of unemployment, corruption and gross mismanagement of government funds.

**The Benign Perspective; Natural Resource Abundance Beneficial to Growth**

In the early works of Przeworski, (1991), the benign perspective or hypothesis views natural resources as elements that are expected to be converted into monetary resources by the government or those in authority, in order to facilitate economic growth. This hypothesis states that every country is endowed with certain resources (physical and/or non-physical) which if properly harnessed and convertible into monetary value is expected to provide the platform form for economic growth; provided that the revenues generated are properly disseminated and/or utilized.

As established in the works of Ude and Agodi (2014), Baghebo (2012) and Rosser (2006), the argument between researchers on the importance of government revenue to the economy before the late 80s was that government revenue generated from the trade of natural resources had positive effect on economic development. This view was shared in common consensus among early development theorists and neo-liberal economists until the resurgence of new view in the 80s that claimed that natural resource abundant was not a blessing to the developing countries.

Although the basic argument of the benign hypothesis is that assumption that natural resource endowments would assist the developing countries to transit from the stage of underdevelopment to that of industrial 'take-off', as has been obtained in such developed countries as Britain, the United States and Australia (Rosser, 2006). This theory focuses on revenues generated from the natural endowments of a country and hence, excludes all forms of revenue derived by means of imposition by the government of a country e.g. tax and other forms of revenue in that category.

In Nigeria, there are many natural resources that have formed an integral part of government revenue over the years (Akwe, 2014). These natural resources range from crude oil to other non-oil resources like agricultural products, limestone, bitumen and coal among others. Furthermore, prior researchers have also established that there are various means through which the abundance of natural resources like oil and agriculture could contribute to the economies of the oil producers have been identified in the literature (Bimbola, 2010). This is explained in two dimensions, on one dimension, the revenues generated from these resources enables the governments of these countries to spend and invest massively with or without recourse to taxation, as the case may be. For example, Adesoji and Sotubo (2013, p. 404) establishes that for oil-producing countries like Nigeria, the revenue generated from oil, if properly utilized, could serve as a "big push" for economic development.

This is because the huge foreign exchange earnings from oil exports, apart from being used for importing raw material, intermediate and capital goods for production in the non-oil sectors could equally assist in boosting the foreign reserves of the oil exporting countries (Ude and Agodi, 2014). While on the other dimension, the revenues generated from natural resources oil in the case of oil-producing countries can be used to develop other non-oil sectors which is expected to contribute more to government revenue and also improve the country's gross domestic product (GDP) overtime. Hence, with reference to this hypothesis, we expect a positive relationship between government revenue and economic growth in Nigeria.

**The Theory of Absolute Advantage**

In 1776, Adam Smith propounded the theory of absolute advantage in his publication "*An Inquiry into the Nature and Causes of the Wealth of Nations*". This theory explains the relationship between government revenue and economic growth through an indirect perspective. In this theory, it is assumed that there are two countries involved in the trading of two commodities and using only two factors of production; labour and capital. The theory says that a country should export products in which it is more productive than other countries: that is, goods for which it can produce more output per unit of input than others can, while in return, importing those goods where it is less productive than other countries. This theory encourages the government to utilize her resources effectively to ensure revenue generation and provision of other resources that are necessary for pursuing economic development in the country (Opera, 2010).

According to this theory, a favourable balance of payment is expected because both countries involved will benefit from the trade. Thus, a nation need not gain at the expense of other nations, as all nations could gain simultaneously (Sylvester and Aiyelabola, 2012). In the case of Nigeria, it is believed that there are certain resources which are critical to economic development and are not necessarily available to achieve such objectives. Therefore, the government can engage in exchange relationships between one or more countries, for the exportation of local resources in exchange for revenue (in currency or other resources) that can be utilized to ensure economic growth. Therefore, following the theory absolute advantage, government revenue from exports can be directly used to import resources from other countries; resources that are critical to economic growth and human capital development in Nigeria.

**Conceptual Framework**

**The Concept of Government Revenue**

Government Revenue implies the inflows of financial resources or monies into the public sector from other economic units/sectors (Jegede 2014). In other words, public revenues consists of revenue receipts and non-repayable receipts and grants, and this is divided into current and capital receipts: while current receipts comprises of oil and non-oil receipts within a given period, capital receipts are receipts from non-financial assets used in production process for more than one year. In Nigeria, these revenues have been used by the federal government and their functional equivalents to carry out many functions of government such as administrative services, social and community services, economic services, transfer services through sectorial allocation.

Government revenue simply refers to all the money received by a government from external and internal sources such as export, taxes, net refunds and other correcting

transactions, proceeds from issuance of debt, the sale of investments, agency or private trust transactions, and intra-governmental transfers (Ahmed, 2010). It refers to the financial resources of government that are money-related and are mobilized or generated from within or outside the economy (Obiechina, 2010).

It has become evident to present some working definition as prescribed by some researchers such as Soyode and Kajola (2006) explains that although there are usually many options available to governments for generating revenue that can help facilitate fiscal expenditures that are geared towards economic growth. These revenues however are either generated from government taxes and profits from local business activities (i.e. internally generated) or revenues from international trade (i.e. exports). This therefore indicates that revenue sources are not only limited to oil and non-oil sources but other means available to government in raising fund to financing their activities.

Otubala (2011) states exclusively that government also referred to as “public revenue” can be demystified based on two different perspectives; including the broad perspective and the narrow perspective. An insight into the broad perspective, government revenue includes all income and receipts (irrespective of their sources and nature) which the government obtains throughout a given fiscal year, while in the from the narrow perspective, government revenue can the perceived to include the various sources of income available to the government and which can be described as revenue resources to the government. Furthermore, the broad perspective of government revenue also includes loans which the government raises under the term pubic revenue or more properly public income. The point of departure here is the narrow perspective limits government revenue to money used strictly for maintaining government borrowings or loan repayments; while the broad perspective considers all income or receipts of the government whether or not subject to future paybacks.

However, according to Ihendinihu, Ebieri and AmapsIbanichuka, (2014) and Otuabala (2011), there have been two major natures of federal government revenue existing in Nigeria and they include the oil and non-oil revenue. Oil revenue consists of government revenue from activities that are oil-related and this can be from internal sources or external sources; while non-oil revenue consists of revenue from non-oil related activities which may be from internal source or external source respectively. The revenue from crude oil and other oil-related activities is the most important source of revenue to the federal government in Nigeria. In the case of oil revenue, this value is made up of revenue from crude oil and gas exports, receipts from petroleum profits tax and royalties and revenue from domestic crude oil sales, while non-oil revenue this is the second category of government revenue and is made up of taxes, revenue from administrative activities like fines, fees, gifts and grants (Ihendinihu et al, 2014; Otuabala, 2011).

Furthermore on this debate, Illyas and Siddiqi (2010) assert that government revenue can be classified into two including: tax and non-tax revenue. Taxes are the first and foremost sources of public revenue. Taxes on one hand are compulsory payments made to the government without expecting any direct benefit or return. These taxes are either paid by individuals or business entities, and they are paid directly e.g. corporate tax, personal income tax capital gain tax and wealth tax or indirectly e.g. custom duty, central excise duty, Value Added Tax (VAT) and service tax (Chaudhry and Munir, 2010). While Illyas and Siddiqi (2010) also classified government revenue into the Non-tax revenue i.e. revenue obtained by the government from non-tax related sources such as fees, fines and penalties,

surplus from public enterprises, special assessment of betterment levy, grants and gifts and deficit financing among others.

**Functions of Government Institutions**

The function of government can be divided into three (1) allocation function (2) distribution function (3) stabilization function (Musgrave 1959). Using this stratification, stabilization and distribution functions are expected tobe under the periphery of the central government while lower government undertakes allocative functions. Hence, any spending and taxing decisions that will affect the rate of inflation, level of unemployment, etc. Are better handled at the centre, while other activities that will affect social welfare are more efficient if undertaken by sub national governments. Vincent (2001), Studies on tax and public revenue mobilization in Nigeria have shown a high degree of centralization.

According to Emenuga (1993), the allocation of revenue to the tiers of government has no adhere strictly to the expenditure requirements of each tier, thus the federal government has become a surplus pending unit while other functions, he proposes the determination of a tier's share through the aggregation of its basic expenditure needs. To reduce the gap between tax power ad responsibilities, two types of revenue sources are allocated to each tier. These are independent revenue sources and direct allocation from the federation to which centrally collectable revenues are paid. Government also receives allocations from state Internal Revenues. An agreed formula for vertical revenue sharing is used in sharing funds from the federation account.

Another key issue in the practice of public revenue mobilization in Nigeria is how to distribute the bloc share from the federation account among the constituent units of each tier i.e. among the 36 states. This is called horizontal revenue sharing. In Nigeria, there are four categories in the vertical allocation list –federal, state, local governments, and the special fund. The allocation to then Federal Capital Territory (FCT) is accounted for under the special fund which is administered by the federal government. Public revenue mobilization is one of the most keenly contested issues in Nigeria.

A comprehensive review of the reports of the various commissions and government policies from the 1946 Philip sons commission to the activities of the National Revenue Mobilization, allocation and fiscal commission established in 1989 could be found in Kayode (1993), Emenuga (1993) and Ekpo (1994).Governments in Nigeria receive statutory allocations from the two higher tiers of government (federal and states).At the present, revenue sharing formula, governments receive 20 per cent from the federation account. They are also statutorily entitled to 10 per cent of states 'internally generated revenue. As regards to Value Added Tax, governments receive 30 percent in 1998. This was shared to governments, on the following basis: equality (50 per cent): population (30 percent) and derivation (20 per cent). In 1999, governments received 35 per cent of the VAT proceeds.

The federal government controls all the major sources of revenue like import and Excise duties, mining rents and royalties, which are national in nature (foreign affairs, environment, immigration and defense) should be provided by the central government while those whose benefits are mainly localized should be assigned to the lower levels of government. Quasi-private goods or intermediate goods and services such as administration, health and welfare services should on account of efficiency petroleum sales tax, petroleum profit tax and companies income tax among other revenues sources.

Government taxes are minimal hence this limits their ability to raise independent revenue and so they depend solely on allocation from the federation account.

Much of the revenue collected by the federal government and distributed among the different tiers of government using the vertical revenue allocation formula is from the federation account. But the federal government seems to exercise too much control over its distribution. So many deductions are made from the total revenue collected before the rest is distributed according to the sharing formula. The federal allocation showed steady increases during the periods. In nominal terms, the allocation which stood at N100 million in 1976jumped to N352.6 million in 1980, reflecting a compound growth rate of almost 29%. During the structural adjustments programme (SAP), federal allocation to governments increased remarkably by45.7%. This jump could be as a result of the increase in the number of governments.

Jegede (2014) described strategy as a game plan through which aims and objectives of organizations are achieved. They further defined strategy as revenue generation as the fundamental pattern of present and planned resources department, and environmental interaction that indicate how the organization will achieve its aims and objectives. They added further that it is the skill employed in managing any affairs, which includes the government affairs especially in the means of generating revenue. Jegede (2014) depicted that strategy of revenue generation must aim on the following:

i. Ensuring the survival of government as it relates to determine priorities and decision making.
ii. Enhancing the viability of government objectives.
iii. De-emphasizing on federal and statutory allocation.
iv. Tapping all available opportunities in their areas.
v. Ensuring effective and efficient management of financial resources.
vi. Maximizing revenue while minimizing the cost of collection.

However, for effective revenue generation, Jegede (2014) suggested the following strategies:

i. Introduction of additional sources of revenue.
ii. Providing an incentive for extra efforts of the revenue generation staffs.
iii. Tapping all available opportunities in the areas.
iv. Periodic raiding by officer of the revenue generation.
v. Efficient and effective collection of existing taxes.
vi. Taking advantages of business or commercial opportunities in their local areas, adequately to the changing in the needs of their communities, decides the relative priorities, articulate plan and programmes, set target and standard, monitoring measures and mobilize financial resources with emphasis on those generated internally to accomplish agreed goals.

He concluded that the failure of strategy of revenue generation would be blamed on the following:

i. That the caliber of people employed for the task in terms of their education, status, mentality, knowledge, sincerity honest and experience.
ii. The type of training and orientation given to the people on field of revenue generation.
iii. Remuneration or reward and other benefit enjoyed by the staffs.

iv. How committed are the people to taxes, fees and other dues, because some of the tax payer sees government facilities as free goods to be enjoyed by all at no cost rate, while other people believed that government should provide those sequestration basic amenities before asking people to pay for such services.
v. The actual remittance of revenue generated to the government account. This is because not all revenue generated will be remitted to the account of government.
vi. Doubts the people on whether the payment are actually go into government purse or not, because there are several fraudulent practice by revenue officials.
vii. Public enlightenment and campaign that will educate the tax payer on the importance of prompt payment.

Asher (2012) described the strategy of revenue generation as the bed-rock of any government. The viability of any government to the level at which the services are rendered and the quality of those services are inextricably linked with the financial resources available to them. He equally believed that if there is fund, then the ability of government toper form will depend on the quality of staffs and equipment need to be recognized as the third tier of government –as the one which is closer to the people, therefore things at the local level can be easily noticed and perhaps has some impact on the people. If this idea is constantly brought to the consciousness of officer and members of the government council, then there is tendency for them to act more responsibly and feel accountable to the public. Asher (2012) stated that strategy to generate more revenue should be given an adequate attention in government system. This is because the federal and state statutory allocations are prone to external influence. According to Oladeji (1995), stated that the main sources of government revenue could be broadly classified as follows:

**Petroleum Profit Tax**

Petroleum Profit Tax forms the major source of revenue to the Nigeria government. It is there venue or income derived from crude oil which represents more than 75% of the source of revenue to the government of recent time, the excess proceed from crude oil were been shared between the three tiers of government.

**Taxation**

This is also one of the important sources of government revenue. In a capitalist world like Europe, tax is the major source of their revenue, unlike the developing countries like Nigeria, Ghana, and Gambia etc. where tax evasion and tax avoidance prevail. Therefore, tax does not form the major source of revenue to government. The tax includes – direct and indirect taxes.

**Rent, Royalties and Profit**

These are income derived from the use of government properties, profit from government business enterprises and income from mining right.

**Fees, Fines and Specific Charges**

These are incomes derived from payment for the use of government services like vehicle licenses, water rates, stamp duties, tax clearance etc. It is income generated by federal Inland Revenue department (FIRD).

**Grants**

These are income received in form of aid from other countries or from international organizations like the World Bank, IMF etc. Within a country, government may also receive grant from another government e.g. government council receives grants from federal and state government.

**Loans**

These are incomes generated by borrowing from private individuals or from foreign countries to finance projects.

The government in Nigeria was established for the purpose of rendering services and supplying amenities to the people in both rural and urban area according to the document establishing the government reforms 1976.Federal government cannot perform all the activities of the rural areas by themselves, but this can only be done by the people elected in that rural areas but that does not prevent or stop the federal government from implementing their roles by providing all the social amenities such as construction of roads, provision of pipe borne water, hospitals, good education for the youth, stadium, electricity and museum etc. All these are not really independent because they require government authorization before they can be collected. No local authorities can increase the rate of local tax (community tax).

Independently there must be legal provisions for local fees and all these are approved by government before inclusion in the estimates. Whereas, the following responsibilities are assigned to government in Nigeria: Economic Planning and Development, Health Services, Land use, Control and Regulation of Advertisements, Pets, Small business Markets, Public Conveniences, Social Welfare Sewage and Refuse Disposal, Registration of Births, Deaths, Marriages, Primary, Adult, Vocational Education, Development of Agriculture and Natural Resources (Olaoye, 2008).

**Impact of Internally Generated Revenue in the Government Institutions**

There are a lot of benefits people enjoy from the internally generated revenue of government. They include the followings:

1. Provision of clean water for the people in the government area.
2. Construction of good roads for easy movement of transportation.
3. Provision of a well-equipped health centre in the community to reduce the death rate of the people.
4. Provision of free education in the community to reduce the level of illiteracy in the society.
5. Stability of electricity in the community.

**Ways of Improving Government Revenue Generation**

Many of the problems facing the generation of revenue in governments are those that can be corrected to improve their generation. According to Herbert, a dependable tax base for the local authorities is essential shortage of framed valuation staff will make taxes on real property difficult to assess for some time to come. The system of graduated tax has been in unjustifiable dispute in recent years Olaoye (2008) also suggested the possibility of a Native Authorities' Loan Authority (NALA) as an agency to provide capital loan for the government. However, some of the strategies for improvements are;

**Good Infrastructure**

A location with good road network will have every access to the coming and going out of the government's cars and people, if they get to the government and see good wads,

pipe-borne water, hospitals, schools etc. they may decide to stay (Aderinto, 2005). This will increase the number of people and business that will be paying tax and that will definitely increase the revenue generation because more people will be paying tax, if the government can provide good infrastructure for the government, there will be more business and people will see reasons to pay tax.

**Staff Motivation**

According to Henry Fayol, there are fourteen principles of management of which motivation is among the list. Henry Fayol however defined motivation as a driving force which stimulates worker in-actions. Workers should be encouraged so that they can put in their maximum services and when this is done, there may be increase or solid improvements in revenue collection. Training of workers for knowledge enhancement should be one of such motivational factors (Adebisi, 2005). It is fervently hoped that when the above suggestions are fully implemented, the government will not only improve internally but also with the outside world.

**Establishment of Projects**

The government should embark on the establishment of some minimize industries, which will provide employment opportunities to the people. It is happy to note that Lipakala farm industry has helped to solve some of the employment problems within the community. There should also be development and improvement in agricultural ventures like crop farming and other agriculture ventures. The participation in agriculture will encourage the inhabitants of this government to improve their standard of living.

**Revenue Management**

There is a general trend going about most governmental establishment, there are mismanagement and embezzlement. The revenue so collected is mismanaged by the officer thereby not making the revenue to have any effect on the general populace of the government. This can be reduced by the centralization of the collection department and rotation of jobs and assignments. If a worker is occupying a particular position for a long time he tends to have all the ways by which he can fraud the department.

**Loyalty of Tax Payers**

If people can change their attitude of tax evasion, more revenue will be generated. The number of people that pay up their dues (tax) as at when due are very small compare to the number of people that are supposed to pay. If the orientation can change, it will go a long way in increasing the amount of revenue that will be generated in the government.
Oladeji (1995) stated the major sources of revenue to governments; these are as follows:

**20% of Federal Government statutory allocation**

**Market Sources**

Market Stall fees, Shop charges, Hawking fees, Motor parks charges etc.

**Social Sources**

Registration of social organization, Street naming registration fees and Entertainment permit fees such as night and day parties etc.

**Health Sources**

Birth and death registration fees, Dispensary and Maternity fees, Burial fees, Toilet fees, Slaughter fees etc.

**Economic Sources**

Traders' fees, General Contractor registration fees, Trade license fees, Hotel registration fees, Business Centre registration fees, Bakery house fees, Head tax, Cattle tax, Advertisement permit fees, Restaurant registration fees, Association registration fees, Survey fees, Barbing Salon license fees etc.

**Education sources**

Primary, Secondary and Tertiary.

Internally generated source of finance includes for the government are: Local rates, markets taxes and levies excluding any market where state finance is involved, Bicycle, truck canoe, wheelbarrow and cart fees, other than a mechanical propelled truck, Permits and fines charged by Customary Courts Government Business Investment, Tenement Rate Fees from schools established by the governments Shops and kiosks, Internally Generated Revenue, VAT – value added tax, Loans and Advances, Special capital grants, Proceeds from Investment, Financial aid and assistant from individual and organization.

The internally generated revenue is further grouped into the followings: Rate, on and off Liquor License fees, Slaughter slab fees, Marriage, birth and death registration fees, Naming of street registration fee, excluding any street in the state capital, Right of occupancy fees onlandsin the rural areas, excluding those collectable by the federal and state governments excluding the state capital, Cattle tax payable by cattle farmers only, Merriment and road closure levy, Religious places establishment permit fees, Signboard and advertisement permit fees, Radio and Television license fees (other than radio and television transmitter), Vehicle radio license fees (to be imposed by the government of the state in which the car is registered), Wrong parking charges, Public convenience, sewage and refuse disposal fees, customary burial ground permits fees. Fees collected from amusement centers established and operated by the local authority and that of Tourist centers and Tourist attractions, Rents, Fees on Private Institution, Motor park levies, Domestic and license fees etc.

In spite of the above sources of revenues, government is faced with varieties of difficulties to source adequate revenue from federal government, state government and the internally generated revenue, such problems is cogwheel to the smooth running of government administration. They are the dishonesty on the part of officers collecting the revenues, such as cases of printing receipts by the officers had been the major problem in releasing the expected revenues. The machinery put in place for collection of revenue is inadequate hence, most of the government money is not collected and this is in case of the internally generated funds. Meanwhile, as government is the means by which the common problems and needs of a community constituting a country are economically catered for, so as local community revolves jointly those common problems and needs, which could have been difficulty to solve individually.

**Functions of Government Revenue**

The concurrent functions of government are those tasks which concurrently combine the federal, state and governments. These functions are as follows:

1. Maintenance of laws and orders.
2. Control of water and atmospheric pollution.
3. Information and public enlightenment.
4. Building and maintenance of health; and maternity centers.
5. Provision of scholarship and bursary awards.

6. Nursery, primary and adult education.
7. Provision of homes for destitute, in firms and orphans.
8. Control of beggars or prostitution and repatriation of destitute.
9. Sanitary inspection, refuse and night soil disposal.
10. Registration of births, deaths and marriage acts.
11. Maintenance of laws and orders.
12. Control of water and atmospheric pollution.
13. Information and public enlightenment.
14. Building and maintenance of health; and maternity centers.
15. Provision of scholarship and bursary awards.
16. Nursery, primary and adult education.
17. Provision of homes for destitute, in firms and orphans.
18. Control of beggars or prostitution and repatriation of destitute.

**Utilization of Revenue Generated By Government**

Since there is revenue coming to the government, there must be expenditure on which this revenue would be expended. Oke (2004), considered government expenditure under two major headings:

- Recurrent expenditures and
- Capital expenditures

Oke (2004) added further that the expenditure of government can be considered from the point of its functions. The government spent money in carrying out its functions, be it the function in the exclusive list or the functions in the concurrent legislative list. Oke (2004) noted further that the recurrent expenditures of the government are money spend on:

1. Salaries and allowances of its workers, it is the duty of governments to pay the salaries and allowances of its workers both administrative and political appointees.
2. Each department in the government is given imprest for its day to day running i.e. administration and general, treasury, education, medical and health, town planning and estate developments.

Oke (2004) stated that under capital utilization of government revenue, the government spends money on the execution of new projects for the development of the government areas. Examples of such project includes building of new primary school, maternities and health centers, new feeder roads, culverts, boreholes and wells, new markets and motor parks etc., Building of markets and motor parks, Naming of streets roads, and numbering of plots and buildings, Collection of vehicle parking charges, collection of properties charges and other rates.

**Problems of Generating Government Revenue**

The reason for establishing governments cannot be over emphasized, but the extent to which they have justified the above assertion is left to be desired. Ordinarily, party politics should be an umbrella under which people can discuss development. But the Nigerian experience is far from the issue. Rather party politics is used as an instrument to create acrimony.

1. Weak financial base due to lack of independent sources of fund.
2. Embezzlement of funds, contracts and improper keeping of books of account.

3. Bribery and corruption are the scene of the day in some local councils and misappropriation of funds.
4. Poor leadership of local councils or absence of good leadership also constitutes problems.
5. Dilapidated infrastructural facilities such as road, water, rural electrification etc.
6. Government conditions of services are not attractive enough for the highly qualified staff that can turn round the governments.
7. The machinery for tax or rate collection is grossly inadequate and inefficient.
8. Lack of independence in the traditional jurisdictional functions of the governments for example primary education should not be ounces of the state nor federal governments.
9. Low caliber of the political functionaries in the governments whereby most councilors are not better than illiterates.
10. Political instability in the country lead to frequent changes in structure and functions of government in Nigeria.
11. Uneven distribution of resources in the governments. Some government especially in urban areas finds it easier to generate adequate revenue than those in the rural areas.
12. Too much interference from the federal governments whereby the true federalism is not applied in the relationship between the government and other governments.

**Strategies Adopted in Curtailing Government Revenue Generation Problems**

There have been many debates, seminars and workshop put together to improve revenue generation.

1. Enactment of clearly defined bye-laws.
2. Establishment of proper infernal control and check of curtail fraud.

**Classification of Government Revenue**

There are two methods of classifying government revenue in Nigeria. Government revenue can be classified according to nature of the revenue and the source of the revenue. On the nature of government revenue in Nigeria, revenues are classified into oil revenue and non-oil revenue (Ihendinihu, Ebier, Amaps and Ibanickuka 2014; Otubala, 2011; Osiegbu, Onuorah and Nnamdi 2010); while on the basis of sources, government revenue are classified into externally generated revenue and internally generated revenue (Akujuru, 2015; Abogan, Akinola and Baruwa, 2014; Edame and Efefiom, 2013).

**Classification of Government Revenue by Nature**

According to Ihendinihu et al (2014), Otubala (2011) and Osiegbuet, al (2010), on the basis of nature, revenue is categorized into oil revenue and non-oil revenue in Nigeria.

**Oil Revenue**

Oil revenue is the most important source of revenue to the federation account. It is made up of Crude oil and Gas sale and Oil Taxes. The Oil Taxes include, Royalties, Petroleum profit taxes, Rent and others. The first and most important sources to federation account is "oil revenue" revenue from oil sector consist of crude oil sales, petroleum profit tax, rent, royalties, and earning from sales of NNPC (Ihendinihu et al, 2014). The increase in oil revenue recorded in Nigeria over the years is due to boom burst revenue cycles arising from crude oil prices in the world oil market. Although according to Otubala (2011), these cycles are sometimes favourable or unfavourable. For the purpose of this study, we classified oil revenue into two; the oil export revenue and the internally generated oil revenue.

**Non-Oil Revenue**

The non-oil Revenue is the second category of revenue to the federal government of Nigeria. This category refers to revenue that are not derived from or associated with oil Akujuru, 2015). They include; personal income tax (PIT), company income tax, (CIT), Custom duties, Excise duties, (CED) Valued Added tax (VAT) Education tax (ET), licenses, fees, fines, penalties, Levies and Others. There has been a considerable rise in the value of non-oil revenue in the federation account over the years. According to Edame and Efefiom (2013), this shows that if the government devotes much interest to revenue generation from the non-oil sector, government revenue will appreciate through the non-oil revenue sector (Abogan et al, 2014). For the purpose of this study, we classified non-oil revenue into two; the non-oil export revenue and the internally generated non-oil revenue.

However, furthermore, Otubala (2011) believes that there is yet a third category is federal government revenue referred to as "independent revenue". This category of government revenue belongs exclusively to the federal government and is not derived from sharing from federation account revenue or vat pool. It consists of operating surpluses or revenues of federal agencies and corporations such as the Nigeria port authority; dividends from investment in corporations and other sundry revenue such as internally generated revenue of ministries departments and agencies of federal government among others.

**Classification of Government Revenue by Source**

According to Ifeacho, Omoniyi and Olufemi (2014), Nwosa and Ogunlowore (2013, p. 42), and Okafor (2012, p. 50), on the basis of sources, a country's revenue is categorized into two namely; externally generated revenue and internally generated revenue.

**Externally Generated Revenue**

Externally generated revenue consists of revenue of the government that is generated from export of local resources of the country. Countries involve in foreign trade which involves exchange of resources across borders, especially resources which such countries have in excess. In Nigeria, oil revenue covers a larger part of the externally generated revenue because the sales of crude oil and other oil resources has remained the priority of the government (Ifeacho et al, 2014). However, there are other agricultural and non-agricultural resources that are exported by the government and hence, forms part of the externally generated revenue of Nigeria.

**Internally Generated Revenue**

Internally generated revenue consists of revenue of the government that is generated from within the country. This class of revenue range proceeds from local sales of the country's resources (e.g. oil and other non-oil products) to tax-related and non-tax-related revenue sources in Nigeria. The first involves the local sales of crude oil and other non-oil products by the government for consumption by the citizens; while the tax-related sources of revenue consists of revenue generated by means of imposed tax by the government e.g. petroleum profit tax (PPT) for oil and gas firms in Nigeria and company income tax (CIT) among others (Nwosa and Ogunlowore, 2013; Okafor, 2012).

**Concept of Petroleum Profit Tax and Economic Growth**

According to Petroleum Profit Tax Act (1959) as amended state that petroleum is defined as any material oil or relative hydrocarbon and natural gas existing in its natural condition in Nigeria excluding liquefied natural gas, coal or bituminous shale or other stratified deposits from which oil can be extracted by destructive distillation.

Also the act defines petroleum profit tax is a liability to petroleum profit arising where a company disposes off chargeable oil and gas.

Disposal include delivery of chargeable oil to refinery, the tax is on the profit of the company from petroleum operation under the provision of PPTA in Nigeria. The petroleum operation as defined in the act, essentially involves petroleum exploration, development, production and sales of crude oil. Section 8, of Petroleum Profit Tax Act (PPTA) states that every company engaged in petroleum operation is under an obligation to render return, together with properly annual audited account and computations, within a specified time after the end of it accounting period.

Nwezeaku (2005) affirms that PPT involves the charging of tax on the income accruing from petroleum operations. He noted that the importance of petroleum to the Nigeria economy gave rise to the enactment of different laws regulating taxation of incomes from petroleum operations. Petroleum profit tax is a tax applicable to upstream operations in the oil industry as it is related to rent, royalties, margin, oil mining prospecting and exploration leases. It is the most important tax in Nigeria in terms of its share of total revenue, contributing over 70% of government revenue and 95% of foreign exchange earnings (Odusola, 2006). Okpe (2003), have it that petroleum profit is levied on the current year basis. That is to say, the basis period for petroleum profit tax (PPT) is the actual profit of the accounting period. Put in another way, the basis period for any assessment year is the same as the accounting period of the company.

**Concept of Oil Revenue and Economic Growth**

The extractive sector in the Nigerian economy is large and extensive, with oil playing a dominant role. With nearly 37.2 billion barrels in reserves and 2.13% of global production, Nigeria has the world's tenth largest proven reserves (3.1% of global reserves), and is among the top 10 oil producers. Since the discovery and production of oil in 1958, the subsector has continued to play a major and dominant role in the Nigerian economy. In terms of output production and product contribution, oil witnessed steady progress throughout the period under consideration. Crude oil production increased from 1.9 million barrels in 1958 to 152.4 barrels in 1966. Production of oil declined sharply in 1967 and 1968 as a result of the civil war. However, production increased from 395.7 million barrels in 1970 to 660.1 and 845.5 million barrels in 1975 and 1979respectively. The increase in production witnessed during this period was precipitated by Middle East crisis and the 1973/74 oil embargo which caused a sharp reduction in world oil supply. The increased oil prices that the crisis generated helped to boost local oil production in the country.

The contribution of a product or sector to the national economy can be measured by its size in the GDP. The contribution of oil to the GDP in Nigeria increased steadily over the study period. Oil accounted for just 3.43 per cent of the GDP in 1965. The share of oil in the GDP increased from 9.27 per cent in 1970 to 19.37 per cent in 1975. The Figure increased to 38.87 per cent in 2005. The share of oil in the GDP decreased marginally to 37.44 per cent in 2009. Two main reasons can be offered for the increasing share of oil in GDP. The first is the discovery of oil in large quantity since early 70s which led to massive oil production and export. The huge revenues from oil led to massive rural urban migration and the neglect of agriculture. The second reason is the natural tendency for share of agricultural sector to fall while non-agricultural sector increases as the economy develops.

**Concept of Company Income tax and Economic Growth**

The principal law which governs the taxation of company's profits in Nigeria (excluding companies engaged in petroleum operations) is the company's income tax. The business dictionary defined company income tax as an assessment levied by a government on the profits of a company. The rate of corporate income tax paid by a business varies between countries, although since corporations are legal entities distinct from their owners and operators, they are typically taxed as if they were people. Bassey (2016) further stated that it is a tax on the profits of companies (excluding companies engaged in petroleum operations). Section 105(1) of CITA 2004 defines a company as "any company or corporation other than a corporation sole established by or under any law in force in Nigeria or elsewhere.

Bassey (2016) further stated that companies income tax is payable for each yearn of assessment on the profits of any company accruing in, derived from, brought into or received in Nigeria in respect of:

a. Any trade or business for whatever period of time such trade or business may have been carried on;
b. Rent or any premium arising from a right granted to any other person for the use or occupation of any property;
c. Dividends, interest, royalties, discount, charges or annuities;
d. Any source of annual profits or gain not falling within the preceding categories;
e. Any amount deemed to be income or profit under the provisions of CITA or with respect to any benefit arising from a pension or provident fund, of the Personal income tax act;
f. Fees, dues and allowances (wherever paid) for services rendered;
g. Any amount of profits or gains arising from acquisition and disposal of short term money instrument like federal government securities, treasury bills and treasury bonds.

**Economic Growth Indicators**

According to Onyeiwu (2012), economic growth simply refers to the increase in economic capacity of a country to produce those goods and services needed to improve the well-being of the citizens in increasing numbers and diversity. Economic growth also refers to growth of potential output. That is, the production at full employment which is caused by growth in aggregate demand or observed output in an economy (Muriithi, 2013). It is also theoretically defined as the increased in the value of good and service produced by an economy.

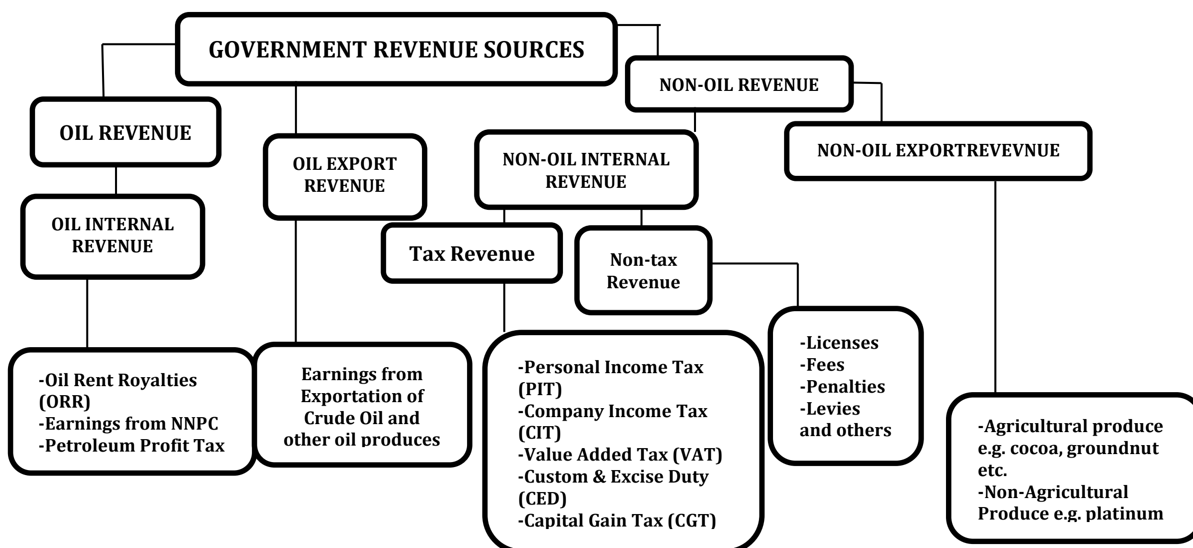
The International Monetary Fund (2009) and CBN (2010) agree that economic growth is the increase in the amount of goods and services produced in an economy over time. It is conventionally measured as the percent rate of increase in Real Gross Domestic Product (RGDP). Growth is usually calculated in real terms, that is, inflation- adjusted terms, in order to net out the effect of inflation on the price of the goods and services produced.

Over the years and especially in the early 80s, the issue of economic and how it is being measured have been a major debate in business and economic researches (Obiechina, 2010). According to Onalo, Lazim and Kaseri (2016), since the economy is a system that comprise of several sub-systems, a number of indicators have been used by researchers over the years to assess the performance or growth of the economy. These indicators include growth in gross domestic product, real national income, spending, and output; growth in real national income; investment levels and the relationship between capital

investment and national output; levels of savings and savings ratios; price levels and inflation; competitiveness of exports; levels and types of unemployment; employment levels and patterns of employment; trade deficits and surpluses with specific countries or the rest of the world; debt levels with other countries; the proportion of debt to national income; the terms of trade of a country; the purchasing power of a country's currency (Onalo et al, 2016). Furthermore, it is believed that there are other ways which include wider measures of human development, including literacy rates and health care provision (e.g. Human Development Index (HDI)); measures of human poverty (Human Poverty Index (HPI)) (Khramov and Ridings, 2013).

However, on the issue of measuring economic growth, there have been a common consensus among researchers and economists that the increase gross domestic product (GDP) is a simple, informative and convenient method of capturing the overall performance of the economy (Meristem, 2015). Furthermore, Iweala (2015), Muriithi (2013) and Medee and Nenbee (2011) sees the gross domestic product (GDP) as the most common and widely accepted measure of economic performance.

These researchers have also argued that economic growth is the aggregate of the proceeds from all economic activities either within the country or outside the country, and the closest determinant of this phenomenon is the gross domestic product (GDP) as it captures the output of all sectors and sub-sectors of the economy including external sources. Given the objective of this study and the review of prior findings, we have decided to consider the increase in gross domestic product (GDP) value as our measure of economic growth and this is in line with such studies as Ude and Agodi (2014), Akwe 2014, Ihendinihu et al, (2014)and Worlu and Nkoro (2012) among other recent related studies.



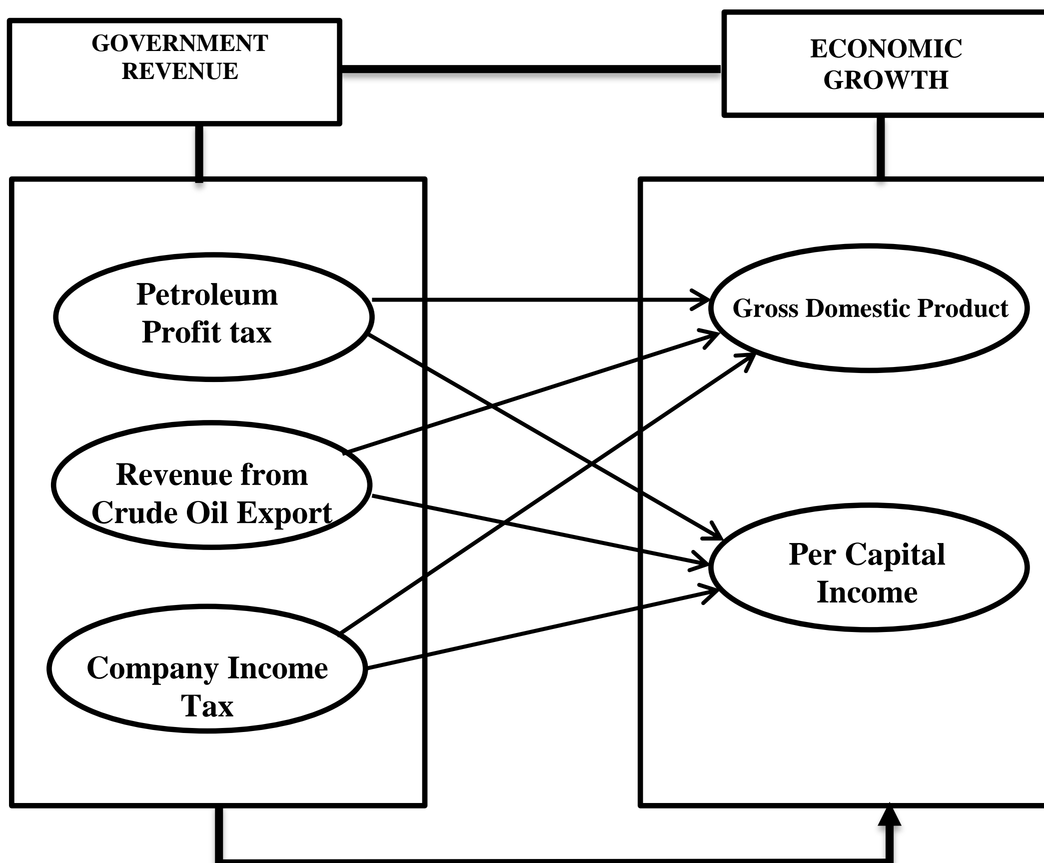

**Source:** Author's Revenue Classification in Nigeria 2017

**Figure2.1: Classification of Government Revenue Sources in Nigeria**

**Importance of Government Revenue**

The importance of government revenue cannot be over emphasized especially in developing countries like Nigeria (Olurankinse and Fatukasi, 2012). According to Ogbonna, Uwajumogu, Chijioke and Agu (2013) in agreement with Opara (2010), some of the importance of government revenue includes the following;

1. Government revenue and its components contribute for the overall development and prosperity of the country. It makes it possible for the government of a country to run her affairs smoothly.
2. Government revenue from oil and non-oil activities such as income tax, custom duty, excise duty, entertainment tax, VAT, land revenue tax etc. from various sectors in order will help the government to initiate development and welfare programmes for the benefit of the overall citizenry.
3. Government revenue is necessary for maintaining economic stability by reducing economic inequalities by means of equitable distribution of wealth. This mechanism is achieved through the tax system and the utilization of government resources in Nigeria.
4. For any country to survive there is need for promotion of the economic sectors into right direction by encouraging the production and distribution of useful goods and services that are expected to contribute positively to the country's GDP. This is achieved through government revenue in Nigeria.
5. Apart from the conversion of tax revenue into more useful economic activities that are beneficial to the country, the imposition of tax is also necessary for building and strengthening the national economy by encouraging and protecting national industries and promoting export trade.
6. Government revenue is necessary for making such public goods as education, health care, good roads among others available to members of the society within their reach.




*Source:* **Otubala (2011)**

**Figure 2.2: Operational Framework on Government Revenue (Independent variables) and Economic Growth in Nigeria (dependent variables)**

The figure above represent Government revenue which was proxy with petroleum profit tax, revenue form crude oil, company income tax and the dependent variable was measured with gross domestic product and per capital income. It was adopted from Otubala (2011) and further modified by the researcher.

**Empirical Review**

Jones, Ihendinihu and Nwaiwu (2015) examined the effect of total revenue on the Nigeria economy for the period 1970-2010 and posited that total revenue has a significant effect on the economic growth of Nigeria with an adjusted $R^2$ of 86.3%. They utilized multiple regression and correlation to analyze the time series data collected. The variables used were gross domestic product (GDP), petroleum profits tax, inflation and exchange rate. As in the study undertaken by the researchers above, the result revealed positive correlation on inflation and exchange rate.

Jegede (2014) carried out a study on public revenue and economic growth between 1985-2015. The result revealed that population density, monetization and inflation rate remained negatively correlated. Inverse of GDP per capita was strongly and negatively correlated with the level of taxation. Net effect of political rights and civil liberties were significant. What could be deduced from the review of the various studies above is that the effect of public revenues on economic growth is a subject of controversy. For example, natural resources abundant countries tend to grow slower than resources scares countries. The reason is that the economy that derives its income majorly from natural resources cannot sustain growth by substituting physical capital accumulation for deteriorating natural capital. Severe environmental degradation can affect a country's long term macroeconomic performance as noted by Gupta et al. (2002).

Ude, and Agodi, (2014) investigated using the time series data the role of non-oil export revenue variables on economic growth in Nigeria. The study employs the cointegration methodology alongside error correction mechanism to investigate the impact of non-oil revenue on economic growth in Nigeria; while non-oil revenue was determined by agricultural export revenue and non-agricultural export revenue other than oil. The result revealed that government non-oil export revenue has significant impact on economic growth in Nigeria.

Omoniyi and Olufemi (2014) also studied the effect of non-oil export on the economic development of Nigeria. The study used per capita income as proxy for economic development and expressed it as a function of non-oil export volume, trade openness, and exchange rate capital formation and inflation rate. The result revealed that if non-oil export volume is increased it is going to lead to a significant improvement in the level of economic development in Nigeria.

Muriithi (2013) also examines the relationship between government non-oil export revenue and economic growth in Kenya. Kenya is specialized in non-oil exportations. Furthermore, the study adopted a descriptive research design. The study concludes that there is a positive relationship between government non-oil export revenue and economic growth but at a slow pace.

Otubala (2012) studied the effect of public revenues on economic growth in Nigeria for a period of 1980 – 2008. He employed two method of analysis: The descriptive method and the econometric method. Finding from the descriptive analysis how's that the growth rate of oil revenue is volatile as compared to the growth rate of both non-oil revenue and federal government revenue; however oil revenue still dominates public revenue. While

finding from the econometric model shows clearly that public revenue and economic growth have a long run relationship which suggests that the model to use is the vector error correction model which measures the speed of adjustment of the long run to converge to their short run equilibrium. The result of the vector Error Correction model shows that the RGDP parameter is correctly signed with a 42% speed of adjustment in the short run to reach equilibrium level in the long run. The result of the Granger causality test reveal that public revenues does not granger cause RGDP neither does Economic growth Granger cause public revenues.

Worlu and Nkoro (2012), examines the impact of non-oil export revenue on the economic growth of Nigeria covering the period of 1980 to 2007 employing secondary data from Central Bank of Nigeria. The data collected were analyzed using the three stage least square estimation technique. The results revealed that non-oil export as a source of government non-oil revenue stimulates economic growth positively while exchange rate and inflation rate were indirectly related to economic growth.

Abiola and Asiweh (2012) studied the impact of non-oil source of government revenue in a developing economy using a case of Nigeria. The study revealed that non-oil export has the potential for improving economic growth if the government ensures generation of revenue sources for economic development is very important if Nigeria must rank among equals in the improvement of the lives of her citizens.

**Literature Gap**

On the relationship between government revenue and economic growth especially for developing countries like Nigeria, series of empirical evidences have been presented by researchers to explain the nature and direction of this relationship and its importance to economic growth. As established earlier, prior studies have considered government revenue from a one-directional flow e.g. export revenue (as a whole) or internally generated revenue (as a whole).

However, this study will create a gap by combining the two (oil revenue and non-oil revenue) and will extend the scope till 2017 to fill the gap in knowledge. Also the study intends to fill the gap in knowledge by measuring economic growth with gross domestic product (GDP) and per capital income.

**Summary**

This section of this study has given a well-organized insight into prior findings on the relationship between government revenue sources and economic growth. As obtainable in the studies of prior researchers, we established a theoretical framework that centers on the potential importance of government revenues in ensuring economic growth. Conceptual issues were reviewed along the selected variables considered in this study, including oil and non-oil revenue. We also captured economic growth with the gross domestic product and per capital income as reviewed in this section.

## Chapter Three

## Methodology

### Research Design

Although there are different kinds of research design in business research; however, for the purpose of this study, the Ex-post facto research design was employed. The ex-post facto research design was used because the data for this research exists that is, a study after

the fact has occurred without the researcher interfering with the research. Furthermore on this path and with reference to the works of Saunders, Lewis and Thornhill (2012), the deductive research approach is adopted in line with the authors mentioned above because it involves testing already formulated hypotheses with a view of accepting or rejecting the hypotheses.

**Population of the Study**

The population with regards to this study covers the totality of Government revenue in Nigeria. Hence, the study focused on the Nigerian economy.

**Sample and Sampling Techniques**

The study employed the census survey because the sample were chosen because they are accessible and within the reach of the researcher.

**Nature/Source of Data**

The nature and source of the data that the researcher used is secondary source.

**Methods of Data Collection**

In the course of this research work, time series data were used and the researcher obtained it from Central Bank of Nigeria Statistical Bulletin 2017.

**Data Analysis Techniques**

Given the nature and objective of this study, multiple regression were adopted, the Ordinary Least Square (OLS), Diagnostic test and Granger Causality regression estimation technique through the econometric views (E-views) statistical package version 7.0wereused.

This is deemed an appropriate data analyses technique for the purpose of this study with regards to the nature of data collected and the research objectives.

**Model Specification**

The functional form expression of the model is presented as:

$Y = f(X_1, X_2, X_3)$ …………………………………………Eq. 1

**Where:**

Y, represent the dependent variable,
F is the function,
$X_1 – X_3$ represent the independent variables.
The Operational function for model 1:
GDP= f(PPT, OIR, CIT) ............................... (2)
The econometric model is expressed as:
$GDP= \beta 0 + \beta_1 PPT + \beta_2 OIR+ \beta_3 CIT +\mu$ ........ (3)
The Operational function for model 2:
PCI= f(PPT, OIR, CIT) ...............................(4)
The econometric model is expressed below:
$PCI= \beta 0 + \beta_1 PPT + \beta_2 OIR+ \beta_3 CIT +\mu$........ (5)

Where:

GDP = Gross Domestic Product
PCI= Per Capital Income,
} Dependent Variables

PPT = Petroleum Profit tax
OIR= Oil Revenue
} Independent Variables

CIT = Company Income tax

μ = Stochastic Disturbance (Error Term)
f = Functional Relationship
Bo = Intercept of relationship in the model/ constant
$B_1 - B_3$ = coefficients of each of the independent variables

**Apriori Expectation**
PPT< 0

The expectation of the result is proposed as PPT will not have positive impact on economic growth in Nigeria.

OIR > 0

The expectation of the result is proposed as OIR will have positive impact on economic growth in Nigeria.

CIT< 0

The expectation of the result is proposed as CIT will not have positive impact on economic growth in Nigeria.

**Summary**

Following the aim of this study, this chapter have revealed the methods used in the process of carrying out this research study (i.e. the research methodology). The ex-post-facto research design was considered while the secondary source of data collection was adopted. For the purpose of this study, a comprehensive model that incorporates all sources of government revenue was considered.

## Chapter Four

**Results and Discussion**

This section analyzed and interpreted the outcomes gotten from the tests conducted on the data collected for the study. This is followed by drawing relevant inferences from the analysis as well as the test of hypotheses formulated for the study. Granger causality test to ascertain if one variable Granger – cause the other and the direction of the causality is conducted. In other words, the Granger test will help to predict the future valves of a time series using prior valves of another time series. Finally, Regression analysis: the Ordinary Least Square was used to estimate the model specified below. The analyses were conducted using the Econometric View (e-view).

**Data Presentation**
**Descriptive Statistics**

The descriptive information of the variables utilized within the scope of this statistical analysis is conveyed in table 4.1. Regarding the period of this dissertation stretching from 1991 to 2017, the table presents the minimum, maximum, mean and the standard deviation of variables employed in our statistical models.

**Table 4.1**

**Descriptive Statistics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Gross Domestic Product | 27 | 19199.06 | 187453.00 | 43504.4335 | 33638.70248 |

| | | | | | |
|---|---|---|---|---|---|
| Per Capital Income | 27 | 496.50 | 3268.40 | 1596.1222 | 863.16481 |
| Petroleum Profit tax | 27 | 36.20 | 3278.70 | 1131.5202 | 1038.15653 |
| Revenue from Crude Oil Export | 27 | 4.20 | 1130.20 | 296.4157 | 356.66878 |
| Company Income Tax | 27 | 6.80 | 7654.88 | 704.4720 | 1565.21767 |
| Valid N (list wise) | 27 | | | | |

Gross Domestic product has an average of N43504.4335 billion with a maximum of N187453.00 billion and a minimum of N19199.06 billion in the other hands, Per Capital Income has an aggregate average of N1596.1222 billion with a maximum of N3268.40billion and a minimum of N496.50 billion. For the criterion variables, Petroleum Profit tax has an average of 1131.5202 billion with a maximum of N3278.70 billion and a minimum of N36.20 billion having a standard deviation of N1038.15653 billion.

Similarly, Revenue from Crude Oil Export N296.4157billion with a maximum of N1130.20billion and a minimum of N4.20 billion having a standard deviation of N356.66878billion.Finally, Company Income Tax N 704.4720 billion with a maximum of N7654.88billion and a minimum of N6.80 billion having a standard deviation of N1565.21767billion.

**Data Analysis**

**Table 4.2: Pairwise Granger Causality Tests**

Date: 11/04/18 Time: 04:14
Sample: 1991 2017
Lags: 2

| Null Hypothesis: | Obs | F-Statistic | Prob. |
|---|---|---|---|
| GDP does not Granger Cause CITA | 25 | 3.96482 | 0.0355 |
| CITA does not Granger Cause GDP | | 617.369 | 1.E-18 |
| OER does not Granger Cause CITA | 25 | 48.9083 | 2.E-08 |
| CITA does not Granger Cause OER | | 1.00148 | 0.3850 |
| PCI does not Granger Cause CITA | 25 | 3.43849 | 0.0521 |
| CITA does not Granger Cause PCI | | 0.14165 | 0.8688 |
| PPT does not Granger Cause CITA | 25 | 6.64648 | 0.0061 |
| CITA does not Granger Cause PPT | | 1.92685 | 0.1717 |
| OER does not Granger Cause GDP | 25 | 6.62703 | 0.0062 |
| GDP does not Granger Cause OER | | 1.01015 | 0.3820 |
| PCI does not Granger Cause GDP | 25 | 3.46889 | 0.0509 |
| GDP does not Granger Cause PCI | | 1.62274 | 0.2223 |

| | | | |
|---|---|---|---|
| PPT does not Granger Cause GDP | 25 | 3.29007 | 0.0582 |
| GDP does not Granger Cause PPT | | 5.81703 | 0.0102 |
| PCI does not Granger Cause OER | 25 | 0.01989 | 0.9803 |
| OER does not Granger Cause PCI | | 2.26107 | 0.1302 |
| PPT does not Granger Cause OER | 25 | 2.08202 | 0.1509 |
| OER does not Granger Cause PPT | | 0.31197 | 0.7355 |
| PPT does not Granger Cause PCI | 25 | 3.11468 | 0.0664 |
| PCI does not Granger Cause PPT | | 0.54211 | 0.5898 |

From table 4.2 above, among the forms of tax as the determinant factor of government revenue in the country only PPT does Granger cause GDP with F-Statistic= 3.29007 at 0.0582 probability. Also, OER does Granger cause GDP with F-statistic = 6.62703 at 0.0062 probability. Others are not effective enough by the analysis to exert influence on GPD and PCI this is because the probability values are higher than 0.05%. However, among the predictors variable, PPT does Granger cause CITA with F-statistics =6.64648 at 0.0061 probability. The actual trend of the economic growth shows a fluctuating behavior over the years from 1991 - 2017 in respect to tax formation.

**Multiple Regressions**

The study further moves to find the influence of the predictors on the criterion by carrying out a regression exercise as displayed below in table 4.3 which is a summary of the model estimate extracted from the e-view statistic 7 output (see appendix 1-2).

**Table 4.3: Extract of the Model Estimates**

$GDP= \beta 0 + \beta_1 PPT + \beta_2 OIR+\beta_3 CIT+\mu$ ........ (3)

Dependent Variable: GDP
Method: Least Squares
Date: 11/04/18 Time: 20:50
Sample: 1991 2017
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| OER | 9.755029 | 8.288799 | 1.176893 | 0.2513 |
| CITA | 17.49369 | 1.205876 | 14.50704 | 0.0000 |
| PPT | 6.273206 | 3.172406 | 1.977428 | 0.0601 |
| C | 21190.81 | 2299.430 | 9.215678 | 0.0000 |

$PCI= \beta 0 + \beta_1 PPT + \beta_2 OIR+ \beta_3 CIT + \mu$

Dependent Variable: PCI
Method: Least Squares
Date: 11/04/18 Time: 20:52

Sample: 1991 2017
Included observations: 27

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| CITA | 0.057333 | 0.062329 | 0.919854 | 0.3672 |
| OER | 2.066585 | 0.428428 | 4.823644 | 0.0001 |
| PPT | 0.006575 | 0.163974 | 0.040099 | 0.9684 |
| C | 935.7244 | 118.8520 | 7.873019 | 0.0000 |

From the model extract above, the Regression coefficient revealed positive coefficient values of OER (9.755029), CITA (17.49369), and PPT (6.273206) respectively as shown table 4.3which indicated a positive relationship between the criterion variable -GDP and the predictor variables. This imply that GDP will increase by 9.755029, 17.49369 and 6.273206 respectively given a unit increase in OER, CITA, PPT while GDP will decrease by 9.755029, 17.49369 and 6.273206respectively given a unit decrease in OER, CITA, PPT. Similarly the Regression coefficient revealed positive coefficient values of OER (2.066585), CITA (0.057333), and PPT (0.006575) respectively as shown table 4.3 which indicated a positive relationship between the criterion variable PCI and the predictor variables. This imply that PCI will increase by 2.066585, 0.057333, and 0.006575 respectively given a unit increase in OER, CITA, PPT while PCI will decrease by 2.066585, 0.057333, and 0.006575 respectively given a unit decrease in OER, CITA, PPT.

The $R^2$ valve obtained from the regressions are 0.951166 and 0.801855. This indicates that the result is a good fit. This is because the valve of 0.951166 and 0.801855 are higher than 0.05 and is close to 1. Also, this implies that 95.11% of the change in GDP is attributed to the independent variables – OER, CITA, PPT and 80.18% of change in PCI is attributed to the predictor variables OER, CITA, PPT (see appendix 1 and 2).

The Adjusted R-squared has a value of 0.944797that is 94.47%. This shows that the coefficient determination is very reliable. The 94.47% also implies that the variable in GPD can be explained by changes in the independent variables. It also means that the remaining 5.53% in the variable model is captured by the error term. Similarly, The Adjusted R-squared has a value of 0.776010 that is 77.60%. This shows that the coefficient determination is very reliable. The 77.60% also implies that the variable in PCI can be explained by changes in the independent variables. It also means that the remaining 22.4% in the variable model is captured by the error term (see appendix 1 & 2).

**Test of Hypotheses**

**Hypothesis one:**

**$H0_1$:** There is no significant relationship between Petroleum Profit Tax and Gross Domestic Product in Nigeria.

The null hypothesis one was tested at 5% level of significance. The result shows that the probability value of PPT is 0.0601while the alpha value is 0.05. Since the p-value (0.0601) is greater than 0.05., the null hypothesis one is accepted. The study concluded that there is no significant relationship between Petroleum Profit Tax and Gross Domestic Product in Nigeria (See table 4.3, and appendix1).

**Hypothesis Two:**

**$H0_2$:** There is no significant relationship between Petroleum Profit Tax and Per Capital Income in Nigeria.

The null hypothesis two was tested at 5% level of significance. The result shows that the probability value of PPT is 0.9684 while the alpha value is 0.05. Since the p-value (0.9684) is greater than 0.05., the null hypothesis two is accepted. The study concluded that there is no significant relationship between Petroleum Profit Tax and Per Capital Income in Nigeria. (See table 4.3 and appendix2).

**Hypothesis Three:**

**$H0_3$:** There is no significant relationship between Revenue from crude oil export and Gross Domestic Product in Nigeria.

The null hypothesis three was tested at 5% level of significance. The result shows that the probability value of Revenue from crude oil export is 0.2513 while the alpha value is 0.05. Since the p-value (0.2513) is greater than 0.05., the null hypothesis three is accepted. The study concluded that there is no significant relationship between Revenue from crude oil export and Gross Domestic Product in Nigeria. (See table 4.3, and appendix1).

**Hypothesis four:**

**$H0_4$:** There is no significant relationship between Revenue from crude oil export and Per Capital Income in Nigeria.

The null hypothesis four was tested at 5% level of significance. The result shows that the probability value of Revenue from crude oil export is 0.0001 while the alpha value is 0.05. Since the p-value (0.0001) is less than 0.05., the null hypothesis four is rejected. The study concluded that there is significant relationship between Revenue from crude oil export and Per Capital Income in Nigeria. (See table 4.3, and appendix2).

**Hypothesis five**

**$H0_5$:** There is no significant relationship between Company Income Tax and Gross Domestic Product in Nigeria.

The null hypothesis five was tested at 5% level of significance. The result shows that the probability value of Company Income Tax is 0.0000 while the alpha value is 0.05. Since the p-value (0.0000) is less than 0.05., the null hypothesis five is rejected. The study concluded that there is significant relationship between Company Income Tax and Gross Domestic Product in Nigeria. . (See table 4.3 and appendix1)

**Hypothesis six**

**$H0_6$:** There is no significant relationship between Company Income Tax and Per Capital Income in Nigeria.

The null hypothesis six was tested at 5% level of significance. The result shows that the probability value of Company Income Tax is 0.3672 while the alpha value is 0.05. Since the p-value (0.3672) is greater than 0.05., the null hypothesis six is accepted. The study concluded that there is no significant relationship between Company Income Tax and Per Capital Income in Nigeria.. (See table 4.3, and appendix2).

**Discussion of Findings**

**From the analysis above, the findings revealed that**

1. There is no significant relationship between Petroleum Profit Tax and Gross Domestic Product in Nigeria.

2. There is no significant relationship between Petroleum Profit Tax and Per Capital Income in Nigeria.
3. There is no significant relationship between Revenue from crude oil export and Gross Domestic Product in Nigeria.
4. There is significant relationship between Revenue from crude oil export and Per Capital Income in Nigeria.
5. There is significant relationship between Company Income Tax and Gross Domestic Product in Nigeria.
6. There is no significant relationship between Company Income Tax and Per Capital Income in Nigeria.

This finding from hypotheses 4 and 5coincided with the findings Worlu&Nkoro (2012), Abiola & Asiweh (2012). They examined the impact of non-oil export revenue on the economic growth of Nigeria covering the period of 1980 to 2007. The results revealed that non-oil export as a source of government non-oil revenue stimulates economic growth positively while exchange rate and inflation rate were indirectly related to economic growth. Their study further revealed that non-oil export has the potential for improving economic growth if the government ensures generation of revenue sources for economic development is very important if Nigeria must rank among equals in the improvement of the lives of her citizens. Also, the findings of Ude, & Agodi, (2014) support this study. The result revealed that government non-oil export revenue has significant impact on economic growth in Nigeria.

However, the findings of Jegede (2014) supported hypotheses 1, 2, 3, & 6. He carried out a study on public revenue and economic growth between 1985-2015. The result revealed that population density, monetization and inflation rate remained negatively correlated. Inverse of GDP per capita was strongly and negatively correlated with the level of taxation.

## Chapter Five

### Summary, Conclusion and Recommendations

### Summary

The study examined Government revenue and economic growth in Nigeria. The study adopted the Ex-post facto research design. Given the nature and objective of this study, multiple regression were adopted, the Ordinary Least Square (OLS), Diagnostic test and Granger Causality regression estimation technique through the econometric views (E-views) statistical package version 7.0. From the analysis above, the findings revealed that, There is no significant relationship between Petroleum Profit Tax and Gross Domestic Product in Nigeria, There is no significant relationship between Petroleum Profit Tax and Per Capital Income in Nigeria, There is no significant relationship between Revenue from crude oil export and Gross Domestic Product in Nigeria, There is significant relationship between Revenue from crude oil export and Per Capital Income in Nigeria, There is significant relationship between Company Income Tax and Gross Domestic Product in Nigeria, There is no significant relationship between Company Income Tax and Per Capital Income in Nigeria.

### Conclusion

Based on the hypotheses formulated and tested, the study concluded as follows

1. There is no significant relationship between Petroleum Profit Tax and Gross Domestic Product in Nigeria.

2. There is no significant relationship between Petroleum Profit Tax and Per Capital Income in Nigeria**.**
3. There is no significant relationship between Revenue from crude oil export and Gross Domestic Product in Nigeria**.**
4. There is significant relationship between Revenue from crude oil export and Per Capital Income in Nigeria**.**
5. There is significant relationship between Company Income Tax and Gross Domestic Product in Nigeria**.**
6. There is no significant relationship between Company Income Tax and Per Capital Income in Nigeria

**Recommendations**

Based on the discussion and conclusion above, the following recommendations are made:

1. Government should mobilize more revenue since internally generated revenue relates directly with infrastructural expenditure to enhance growth and the three tiers of government should discourage any fiscal policy that could cause a decline in revenue generation and allocation.
2. For the economy to experience a steady growth there should be an accountability and optimum utilization of tax funds by government agencies right from the government.
3. That government should discourage any fiscal policy that could cause a decline in revenue allocation, as this would lead to a decline in gross domestic product, which measures the growth in the economy. This is necessary since the government allocated revenue directly relates with economic growth indicators.
4. Government should ensure that all agencies charged with the responsibility of collecting taxes and rates do that judiciously and that such revenue goes to the local council purse.
5. Public awareness should be carried out by way of enlightening the masses on the need to pay tax. Taxation should not be viewed as punitive measures from government but rather as a civil responsibility, which all the eligible adults are under the obligation to carry out.

**Contributions to knowledge**

The study developed government revenue and economic growth model using extensive and robust oil revenue, non-oil revenue, oil internally generated revenue and non-oil internally generated revenue variables capable of capturing economic growth in Nigeria.

However, this study fills the gap by combining the two areas (oil revenue and non-oil revenue) and extended the scope till 2017.Alsothe study measured economic growth with gross domestic product (GDP) and per capital income.

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