

## CHAPTER TEN

### CONCLUSION

For a conclusion of this thesis, it suffices the need to recapitulate on the major findings, their policy implications as well as routes of possible change.

#### I. SUMMARY OF MAJOR FINDINGS

The summary of the major findings of this research endeavour are as stated below :

1. A high degree of revenue centralization exists in the Nigerian federation with the Centre controlling an average of 85.50% of the total receipts (current and capital) of the whole federation -- during the period of thirty three years studied -- 1956-88. The Centre generally raised revenues over and above its average expenditure share of 57.77% in total (current plus capital) Account -- before transfers. On the other hand, the revenues generated by the states averaged around 14.50% during the period under study which were far below their average expenditure share of 42.23%. Hence, the above impression is indicative of revenue centralization (concentration of revenue relative to expenditure in the hands of the centre, and vice versa for the states) and expenditure decentralization (concentration of expenditure relative to revenue in the hands of the states, and vice versa for the centre) in Nigeria. \
2. It has also been found that revenue centralization in Nigeria is purely as a result of constitutional division of resource bases between the Centre and the States as more bouyant and elastic resource bases were placed in the hands of the federal government. This is similar to the Indian experience, unlike in USA where revenue centralization is largely a result of overlapping in the resource bases of the centre and states.
3. Expenditure decentralization exists in Nigeria due to the large and increased participation of the states in the provision of socio-economic services of short and long term nature. Most of these services are not only expensive, but are also very expansive. Hence, a rapid growth in the current and capital expenditure of the states during the period studied.

4. Another interesting observation made is that revenue centralization and expenditure decentralization in Nigeria created a huge pre-transfers gap between the revenue and expenditure of the centre and the states. This thereby implied the existence of high degree of vertical fiscal imbalance in Nigeria.
5. The analysis of the mechanics of federal transfers in Nigeria revealed that federal transfers occupy a paramount position in the inter-governmental financial relations in Nigeria. Hence, its huge size and rapid growth over the years.
6. It is however noted that statutory transfer is the main channel of centre-state fiscal adjustment in Nigeria. Its share in the aggregate federal transfers ranged mostly between 55% in 1979 to 96% in 1956, 1957 and 1968 during the period under study. Thus, federal grants and loans occupied only secondary positions. Nevertheless, the impact of these capital transfers was substantial between 1968 and 1979 -- during which they grew at very high rates. This was as a result of the huge surpluses in the Federal Current Account which was made possible by rapid growth in petroleum revenue.
7. The analysis also revealed that federal transfers accounted for a reasonable proportion of federal receipts in the various Accounts -- Current, Capital and Total (Current plus Capital). Here, it was interestingly noted that the autonomous capital receipts of the federal government - i.e., capital receipts without deficit or surplus of Current Account -- was less than the Capital transfers in some years. However, when the Current Account surpluses or deficits were added to the autonomous capital receipts, Federal Grants and Loans (the Capital transfers) worked out only to small proportions of the same. This, therefore, suggested that the Federal Current Receipts do not only determine the size of statutory transfers, but also play crucial role in influencing the quantum of Federal Grants and Loans to the States.
8. Federal transfers accounted for high proportions of states revenue and expenditure. Thus, the share of total transfers in the total revenue of the states ranged generally