**AN EXAMINATION OF THE PROBLEM AND PROSPECT OF FINANCING STATE GOVERNMENT PROJECTS THROUGH THE CAPITAL MARKET**

**Abstract**

The study which examined the problem and prospect of financing state government projects through the capital market presented revealed that there is a significant difference in the project financing from state government project in finance problems and those in dilapidated in Capital market. The findings also revealed that there is a significant difference in the project financing from state government project in state with adequate funds set aside and those in state without funds set aside. The findings showed that there is significant difference in the project financing from state government project in poor management state and those in state

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**CHAPTER ONE**

**INTRODUCTION**

**1.1BACKGROUND OF THE STUDY**

The function of the state government in recent times include the provision of amenities infrastructures which are capital intensive in nature over the years most state government especially in the developing countries have been carrying out such functions with finds from external sources as loans, grants and development asistance or aids. These sources have often been complemented with domestic resources as statutory allocations from the federation accounts, internally, generated finds and domestic.

However, events in the last few years have indicate the inadequacies of these sources. Nigerians experience in financing capital projects has been similar to those of other developing countries with large revenue from oil. Thus, with the downturn in the economy, following severe external stocks in the international oil market the necesity to work for viable alternative ways of financing capital projects becomes imperative; there has therefore been a general shift of focus to the capital market in financing government capital project this term attempts an examination if the problems and prospects of financing market.

**1.2STATEMENT OF PROBLEMS.**

Effi9cient implementing of capital market strategies by the state government in financing capital projects will help a lot in completing numerous abandon projects and stabilize the nation’s economy. Over the years, state government in the country experience abandoned projects in their state government tom pay debts own to its creditors, etc for all these reasons the researcher now want to find out the exact factors militating against completion of these capital projects.

**1.3 OBJECTIVES OF THE STUDY**

I to identify the finance problems state government either in the executive level.

II to know whether the finds set aside nor executive a particular projects will be sufficient or not.

III to find out posible solution of solving these problems.

IV To know whether these problems are caused as a result of poor management state of finds in the executive level.

V finally recommendations, solution which can prevent occurrence of such problem.

**1.4 RESEARCH HYPOTHESIS**

 **Hypothesis 1:** there is no significant Difference in the financing of state government project on finance problems capital market.

**Hypothesis 2:** there is no significant Difference in the financing of state government project with adequate funds set aside and those in state without funds set aside in Capital market.

**Hypothesis 3:** there is no significant Difference of poor management state in the financing of state government project from capital market .

**Hypothesis 4:** there is no significant Difference in the financing of state government project using preventive strategy and those without preventive strategy in Capital market.

**1.5 SIGNIFICANE OF THE STUDY**

The theoretical frame work of financing state government project through the capital market were related and equated with the practice in Nigeria by state government which is an empirical model.

**1.6 DEFINITION OF TERM**

**CAPITAL MARKET**: capital market can be said to be a market for the institutionalization by long term project financing asist the state government in carrying out their project.

**PROBLEMS:** the problems asociated in the state as a result of abandoned project by the state government and the problems have been attributed to poor channeling of find to the appropriated project.

**PROSPECT:** the implementation of project by the state government will help a lot in enhancing the developing of project and stabilization of the nation’s economy.

# CHAPTER TWO LITERATURE REVIEW

# INTRODUCTION:

Any organization be it state, state, national or international organization needs finance to stand sound footed. And for the fact that the activities of any organization have to be expressed in monetary terms, it follows that every type of management decision has to be seen in the context of finance. It is the amount of money in hand that determines that level of investment determined by the state of the economy at any point time. Inflow of capital both domestic and foreign can help to renew productive capacity and fuel growth.

Finance is a determinant for proper functioning of any organization. And adequate or inadequate financing of any organization can give rise to either instant development or a poor one. While most experts believe that finance is the main factor that militates against the employment of good materials or competent staff and provision of effective services, others are more interested in knowing how these finances are managed to utilize their activities.

The task of grass-root economic growth and development can hardly be achieved without involvement and support of the state government. The operational activities of state government have more direct bearing on the living conditions and welfare of the individual than those of higher levels of government. It could indeed be argued that whereas an effective state government could make up for the neglect or ineptitude of higher levels of government in grass-root development, the reverse is hardly ever the case. In other words, no amount of assistance by higher levels of government can ever compensate

fully for the ineptitude of the state government. Every individual therefore has a primary stake on how well his state government is run.

If state governments are to serve as key motivators and promoters of grass-roots developments, they must be sufficiently empowered with appropriate authority. They must also be well funded to discharge such functions.

Many state governments have not performed very well in the past. The ready and handy excuse offered is lack of funds. Available evidence indicates however that available funds are often not effectively managed (Olaliku 1989).

# 2:2 CONCEPT OF FINANCIAL MANAGEMENT

In the context of the state government, the financial management function is the responsibility of the treasury and audit staff. The concept of financial management is to identify what tasks or functions are performed in the discharge of that function.

They key tasks of that function include:-

1. Effective management of financial resources by ensuring effective utilization of funds to generate income.
2. Mobilization of sufficient financial resources to finance the operating and capital needs of the state government.
3. Effective budgeting to ascertain the financial needs of the state government for a defined period.
4. Control of expenditure to minimize cost and prevent unauthorized use of resources.
5. Proper financial record keeping and prompt financial reporting to promote transparency. (Oshisami and Dean 1984).

The task of financial management makes it of focal issues in the administration of the state government or any other form of organization for that matter.

# THE NEED FOR STATE GOVERNMENT

State government are expected to cooperate with national government in contributing to the maximization of general welfare by providing the foundations for basic functions of government; thereby acting as an engine of social and economic betterment.

Obinna (1983pg3) a society may resort to state government for leveling out excessive inequalities in the distribution of wealth, for checking out inflationary profiteering and for promoting economic and political stability generally because of highly centralized government is not likely to be sensitive to differences in state preference, the need arises for some measures of decentralization which would respect state variations and be more efficient in dealing with state matters on the spot.

According to Eze (1989:10pg 100) state government are created mainly because of the following reasons:

* + 1. There are amenities and services, which can best be provided on a state basis. In such cases, state initiatives and efforts are required in order to provide the money, materials and areas have different traditions and sometimes manpower.
		2. Different towns and areas have different traditions and customs which are before preserved under state government.
		3. There is a greater commitment by the people to solving purely state problems and people are more willing to pay in certain situation, revenue are more easily generated by system with strong central government.
		4. The state and federal government are remote from the people and often cannot appreciate the problems of the stateity.

The political economy of state government has two major inter-related dimensions namely, the mandate of state governments i.e. their functions and responsibilities and the resources base of state governments. Both of them are basically constitutional issues. Thus the functions and responsibilities are clearly spelt out in the fourth schedule of the 1999 constitution while the resources base is covered, at least in part, by section 162 of the same constitution.

# FUNCTIONS AND RESPONSIBILITIES

The mandate of state governments fall into two broad categories first functions within the exclusive list or jurisdiction of state governments and secondary functions even which state governments share concurrent jurisdiction with state governments.

Among the functions in the exclusive list are:-

1. Formulation and execution of economic plans and development schemes for the state government areas.
2. Provision and maintenance of basic socio-economci infrastructural facilities.
3. Establishment, maintenance and regulation of markets, shopping centers, motor parks and slaughter houses.
4. Licensing of bicycles, trucks, wheelbarrows and carts.
5. Control and regulation of outdoor advertising, shops and kiosks, restaurants, bakeries and laundries.
6. Registration of births, marriages and death and the maintenance of such vital statistics.

The major functions in the concurrent legislative list, on the other hand include:

1. Provisions and management of primary, adult and vocational education.
2. Development of agriculture.
3. Promotion of cottage and small scale industries.
4. Provisions and maintenance of health centers, funeral homes and cottage hospitals.
5. Control of erosion and other forms of environmental degradation.

A state government with the right leadership foresight and management ability will find ample room, within the constitution, to make the mark in various facets of the socio- economic life of the community. A progressive state government would endeavour to promote socio-economic projects that generate employment opportunities and increase the income level of community.

# SOURCES OF STATE GOVERNMENT FINANCE

in order to carry out its functions the state government must have assured finances. State government finances may be internally or externally saved. Two major sources of revenue are open to state governments in Nigeria, namely, statutory allocation (STA) and internally generated revenue (IGR).

A statutory allocation refers to revenue due and payable to state governments from the federal government (Federal Account) as well as from the collectible revenue of the relevant

state government. These allocations are provided for and governed by the Nigerian constitution. The amount accruable from this source depends first on the revenue sharing formula applicable at the time and secondly on the amount of revenue collected by the higher levels of government for the period.

Thus section 162(3) of the 1999 constitution provides that the federal collectible revenue be distributed among the federal, state and state governments on such terms and in such manner as may be prescribed by the National Assembly. But currently, state governments are entitled to 20% of the amount accruing to the federal distributable pool account. The allocation is now to be disbursed direct to state governments.

As equally important external source of finance is the grant received from the central government. Grant in aid may be defined as sources of money remitted by the national government from the central fund for use by the lower layers of government such as states and state governments in provisions of public goods and services. Grant may be conditional or unconditional. Conditionally, if they are payable for provision of specific services and unconditional if they can be used by the recipient government for any legal purpose.

General, central governments grants to state governments are made to serve four principal functions.

1. To augment the resources of state government.
2. To meet the exceptional needs or the limited means of particular area.
3. To assist central control over particular services.
4. To influence aggregate state government expenditure, as part of the process of controlling the nature economy.

Egonnwan classified grants into specific grants which are grants made to meet the cost of particular services, like education and health and block grants which are designed to aid state government expenditure generally most of the time; a specific grant is also a percentage grant, based on the actual expenditure incurred by the state authorities in the production of a particular services; in order to raise the standard of a service and encourage its production by the council. Some other times, specific grants are made on a unit basis related to the actual number of people served or units of service rendered to the community.

On the other hand, internally generated revenue is revenue, which a state government could raise from sources other than its statutory allocation. The bulk of such revenue is generated in the course of discharging the mandate of state government. Currently, state governments are entitled to 10 percent of the internally generated revenue of each state.

The main sources of internal revenue for state governments include the following:-

* 1. Tenement rates of various types.
	2. Licensing fees on various items such as bicycles, radio, television, trucks, canoes, wheelbarrows and carts.
	3. Revenue from miscellaneous sources such as donations, investment income.
	4. Fees from motor parks, market stalls, slaughterhouses, slaughter slabs and public conveniences.
	5. Charges for refuse disposal, registration of birth, marriages and deaths. Etc.

# FINANCIAL MANAGEMENT RESOURCES

We have been reviewing the different ways of financing our state governments without looking at how such funds could be managed. One thing is to obtain finance while another is how. It will be utilized to achieve the desire objectives. Therefore the importance of good management and planning cannot be over emphasized.

Emekekwe P. (2002:1), Defines financial management as an amalgam of planning, organizing and control of the resources available to an organization in order to meet the demands of the various claimants of the company. These resources are identified as human and material resources. Again, management can be seen as a process by which a co-operative group directs the actions of others towards a common goal or objectives. Furthermore, it can still be defined as a process that is as a series of actions, activities or operations, which lead to some end. The study of financial management must take into account all aspects including the flow of funds between various sectors of the overall economy.

He further identifies three tasks facing a financial manager as:-

1. Strategic planning
2. Financial management control or organizing
3. Operational control.

# STRATEGIC PLANNING:

This is a process where financial manager has to plan for the future financial requirements of the organization. Since this cannot take place in a vacuum, good planning must consider the nature of the future environment in which the planning decision will be executed. Planning involves selection from alternatives hence to plan effectively, the future must be anticipated. It is deciding in audience what to do, how to do it, when to do it and who is to do it. Planning thus bridges the gap from where we are to wherever we are to go.

**FINANCIAL MANAGEMENT CONTROL OR ORGANIZING.**

Financial manager has to organize how the firm can obtain more resources while at the same maximizing the use of it exists resources. It is not first enough for the firm to continue procuring funds without marking judicious use of the existing resources. At this junction, the financial manager would match the inflow of cash balances to ensure effective and efficient accomplishment of the organizational objectives.

# OPERATIONAL CONTROL

Financial manager has to decide how the procured founds will be utilized. To do this, he has to establish utilization standards to compliance with desired targets. Control implies measurement of accomplishment of events, against standard of plans, and the correction of deviations to assure attainment of objectives according to plan.

# RECRUITMENT OF PERSONNEL

The objective of the state government council as contained in the 1979 constitution fourth schedule include:-

1. Construction and maintenance of roads, streets, drain parks and other public facilities prescribed by the legislature.
2. Provisions and maintenance of public conveniences and facilities for refuse disposal.
3. Establishment and maintenance of markets, car parks and public conveniences.

Based on the above objectives, the goal of the entire state government are clearly stated and defined in the constitution and what is required the right caliber of personnel to carry them out. This is an important area where good management comes into play. The much, which the government is able, the amount the council is able to generate internally need prudent management hence the need for sound accounting and control system of our state government.

# INTERNAL AUDIT

The implementation guidelines on the application of civil service reforms in the state government service 1988 created the office of the director of state government Audit in the state and the establishment in each state government and internal audit. The internal auditor is directly responsible to the accounting officer (the chairman). He shall be responsible to provide a complete and continuous audit of the accounts and records; of revenue, expenditure, plant allocated and unallocated in the stores where applicable to the accounting offices as well as the director of state government audit. In a like manner, Pemy et al (1985:151) were of the view that internal audit department of any organization plays the following roles:-

* + - 1. Ensuring adherence to the accounting policies and procedures promulgated by the management.
			2. Providing assurance that adequate controls are being followed at all times so as to prevent similar irregularities.
			3. Conducting operational review with a view to improving the organization’s profitability.
			4. Preparation of standing orders and instruction in the signing of cheque issued.
			5. Centralization of all payments to and out of the council.

Prior to the implementation guidelines of 1988, state government authority’s accounts were being audited from time to time, often by non-professional and with regard to legality but not to the value of money. More often than not audits were conducted too late.

# 2:6:2 COST CONTROLS:

According to Nweze A. (2003:19) Cost is a measurement in monetary terms of resources used for some purposes. Also to help in proper financial management for effective cost control unit which is to be headed by a qualified cost accountant. Cost control is further divided into two aspect parts, operational control and accounting control.

Operational control has to do with cost control through observation and supervision waste, idleness, inefficiency and other cost leak under check. That is to say that proper functioning of government.

# 2:6:3 CASH BUDGET

Another point to be looked into in financial management is cash budget disbursement during a specified period. Its purpose includes revealing to the financial controller the firming and magnitude of expected cash inflows over the budget period. It highlights the cash implications of the planned production and incorporates other expenditures and revenue expected within the budget period.

J.Wald (1978:119) said that the most carefully prepared plans are incapable of fulfillment of adequate cash, is not

available at the right time. The preparation of cash budget or forecast is therefore of the utmost importance both in the short term budget period and especially in a longer period.

When one takes a look at what is obtained in practice most of this state government does not adhere strictly to the cash budget. The amount spent on certain items in the estimate is often twice as much as what was stipulated in the approved budget. To them, budget is just a mere paper work, which they usually prepare, based on the recommendation of the state government.

# 2:7 FUNCTIONS OF THE CHAIRMAN

according to the handbook in state government administration (1992:52). “The chairman of each state government shall be the direct accounting and executive officer of the state government provided his role as accounting officer shall exclude signing vouchers and cheques”. Ugwu F.N. (2003:112) chipped in his owns views by saying that the chairman is the accounting officers of the state government and performs all function expected of an accounting officer and also Head of the executive arm of the state government. For the avoidance of doubt, vouchers and cheques shall be signed by the Head of Personnel Management Department and Treasurer of the state government.

The state government officials i.e. (chairman) are pressuring the federal government to increase the federal grants from twenty percent to twenty-five percent because the said grant is not enough especially to the state government offices, located in the rural areas which have little or no other internal or external sources of raising revenue to carry out effectively the above mentioned programmes, moreover, when about five percent of the grant usually deducted at source and paid into the account of the National Primary Education Commission (NPEC). This is a commission set up by the federal government to take charge of primary education in the country.

# 2:8 FUNCTIONS OF THE TREASURER:

While the Head of Personnel Management to the state government has the taste of signing cheques and other duties assigned to him by the chairman, the treasurer and other top civil servant are playing an important role here. Ugwu F.N. (2003:112) described him (the treasurer) as the enquire without

whom the train cannot move. According to him the following are his functions:-

1. Receiving and disbursing money
2. Keeping proper accounting records of money received and spent.
3. Seeing that financial instructions are observed
4. Ensuring that all revenue belonging to the council is collected.
5. Seeing that policies and expenditures are carried out without due regard to the economy and value of money.
6. Making necessary returns to the state government.
7. Informing the council regularly of the state of its finances.
8. Giving financial advice to the council.
9. Maintaining efficiently run and satisfied financial operations.

Because of the importance of the treasurer and the general lack of well-qualified junior financial or accounting staff, it is important that a suitable qualified, experienced and energetic persons fill this post, Rowland maintains that the tendency for the treasurer to fulfill only a name range of, his functions examples those pertaining to disbursement and book keeping is a significant barriers to good financial management. He proposed training as a solution.

However, the objectives of the training programmes are:-

1. To provides in service training for serving staff of the state government and to equip them with knowledge and skills by modern state governments.
2. To equip the state government personnel with sufficient knowledge of the political process and institutions of Nigeria.
3. To enable them to acquire reasonable knowledge of the role of state government and its various branches in the national development and governmental process and a similar grasp of the principles of state government.
4. To provide middle and high level public management training of the development of senior executives for the civil services and parastatals of federal state and state levels of government.
5. To undertake, organize and facilitate, study courses, conference, workshops, lectures and seminars in which scholars and administrators can harmonize theory and practice.

The federal government decided to finance co-ordinated and comprehensive state government training in Public Administration and financial management. The decision was influenced by the result of the nation-wide manpower survey of state government 1977/78 which revealed a serious shortage of trained manpower in the administrative, financial professional and technical areas of state administrative. In order to tackle the problem the federal government created three state government training zone and assigned each of them to three universities based on department of Public Administration. The universities are Ahmed Bello University to serve the northern zone, University of Ife to take charge of the Western zone and the University of Nigeria Nsukka to take charge of the eastern states.

Today, the state government can boost of graduates who heads at least the different department in the state government.

# 2:9 MANAGEMENT OF THE AVAILABLE FUNDS.

From all indications, the state government in Nigeria does not adhere strictly in the management of their funds. Reports from state government, which visited, showed that expenses as contained in the books of accounts are not used in the proper way. The approved estimate is just a mere paper work and to fulfill the requirements of the state government commission. The same with utility services in which N1, 900,000 was spent as against N1,494.057 were spent on overhead cost nothing like new recruitment.

The example is endless and the enquires shows that it is not peculiar to the three state government mentioned earlier.

# CHAPTER THREE

* 1. **RESEARCH DESIGN AND METHODOLOGY**

In the chapter the following issues are described namely, the research design, area of study, population of the study, sample and sampling procedure, sources of data and method of data analysis.

# RESEARCH DESIGN

the design of this study is descriptive and exploratory in nature. It has combined and made use of preliminary study, personal observation, oral interviews and use of questionnaire.

The questionnaire developed for the study was mainly designed for all categories of staff in capital government council that is for cadre of staff.

# POPULATION OF THE STUDY

In the opinion of Emma E. O. (2002:98) population in research refers to animate and inanimate things of which the study is focused. Population of this study state government headquarters in nigeria.

# SAMPLE AND SAMPLING PROCEDURE

# in consideration of limited financial disposition of researcher, however a sample size determination is imperative sequel to Onwe (1998:21) the Taro Yemeni’s formulae of determining sample size was used to determine statistically the appropriate sample as:-

Y = n N I+N(e)2

Where n = desired sample size N = population size

e = maximum acceptable error of 5% i = is a theoretical constant.

# ADMINISTRATION AND COLLECTION OF DATA

The questionnaire was distributed and the researcher herself did collection of the responses. Out of the 200 questionnaires distributed 192 or 96.75% was returned remaining a balance of 8 or 3.25% questionnaires unreturned.

 SOURCES OF DATA

The data used in this work was collected from both primary and secondary sources.

# PRIMARY DATA SOURCES

Under the primary sources, information was collected through the use of structured questionnaires. And also through face of face interview.

# SECONDARY DATA SOURCES

It is essentially to state here that this study started with the review of relevant literatures. Also external information is obtained from textbooks, business journals, and magazines.

It is also pertinent to point out that some ideas were borrowed from works carried out by other students especially in similar works and colleagues in the department.

# METHODS OF DATA ANALYSIS

T test formula is going to be used in testing the hypothesis

# CHAPTER FOUR

# DATA ANALYSIS AND RESULTS

 **4.1 Introduction**

This chapter presented the results of the descriptive and inferential analysis in such a way that the research questions were answered and the hypotheses were tested, thereby providing way for decision-making. Finally, summary of major findings, discusion of findings and recommendations based on findings for the study were presented.

## 4.2 Analysis

In data analysis, descriptive statistics such as mean and standard deviation were employed to explain the research questions, while inferential statistic such as ttest was used in testing the hypotheses.

### 4.2.1 Descriptive Analysis

The descriptive statistics were presented by way of answering research questions as follows:

**Table 4.1 Descriptive Statistics for Observed and Expected of Experimental Respondents in Capital market.**

##  Respondents N Mean Std. Deviation Std. Error Mean

 Observed 35 23.3846 7.91101 .98124

 Expected 35 42.6923 19.14331 2.37444

Table 4.1 showed the descriptive statistics of the experimental respondents in State government project, Capital market. Observed with 23.4 as mean scores and 7.91 standard deviation while the expected with 41.7 as mean scores and 19.1 standard deviation. This shows a clear indication that the problems has impacted positively on the project financing from capital market.

**funds set aside and project financing from capital market**

**Table 4.2 Descriptive Statistics for Observed and Expected of Experimental Respondents in Capital market.**

 Respondents N Mean Std. Deviation Std. Error Mean

 Observed 40 24.6154 10.20523 1.26580

 Expected 40 41.6154 21.08590 2.61538

Table 4.2 showed the descriptive statistics of the experimental respondents. Capital market. Observed with 24.6 as mean scores and 10.2 standard deviation while the expected with 41.6 as mean scores and 21.1 standard deviation. This shows that state with adequate funds set aside impacted positively on the project financing from capital market.

**Poor management state and project financing from capital market**

**Table 4.3 Descriptive Statistics for Observed and Expected of Control Respondents in Capital market.**

##  Respondents N Mean Std. Deviation Std. Error Mean

 Observed 60 20.3077 18.83060 2.33565

 Expected 60 39.0000 32.95594 4.08768

Table 4.3 showed the descriptive statistics of the control respondents from Capital market. Observed with 20.3 as mean scores and 18.8 standard deviation while the expected with 39.0 as mean scores and 32.9 standard deviation. This shows that poor management state impacted positively on the project financing from capital market.

**Preventive strategy and project financing from capital market**

**Table 4.4 Descriptive Statistics for Observed and Expected of Control Respondents in Capital market.**

##  Respondents N Mean Std. Deviation Std. Error Mean

 Observed 65 23.1538 23.92320 2.96731

 Expected 65 36.6923 31.37820 3.89199

Table 4.4 above showed the descriptive statistics of the control respondents in Capital market. Observed with 23.1 as mean scores and 23.9 standard deviation while the expected with 36.7 as mean scores and 31.4 standard deviation. This shows that use of preventive strategy impacted positively on the project financing from capital market.

### 4.2.2 Inferential Statistics

 Inferential statistics was conducted by way of using appropriate methods to test research hypotheses as follows:

**Hypothesis 1:** there is no significant difference in the project financing from state government project and its finance problems and Capital market.

 **Table 4.5: t-test Statistics for Experimental and Control respondents**

**Respondents N X SD DF α t-cal t-crit p Decision**

**Exp. 35 25.7688 12.35546 198 0.05 7.515 1.96 0. 000 Rejected**

**Control 60 22.6573 10.87935**

Table 4.5 showed that there is a significant difference in the project financing from experimental and control respondents. The mean scores are 25.7688 and 22.6573, t- cal = 7.515 and t-crit = 1.96 which is les than the alpha (a) value of 0.05. Therefore, the hypothesis which states that there is no significant difference in the project financing from state government project in the problems in Capital market is rejected. This means that finance problems has positive impact on project financing from capital market.

**Hypothesis 2:** there is no significant difference in the project financing from state government project with adequate funds set aside and those in state without funds set aside in Capital market.

 **Table 4.6: t-test Statistics for Experimental and Control respondents**

RESPONDENTS N X SD DF α t-cal t-crit P Decision

Exp. 40 27.6250 13.44445 198 0.05 5.851 1.96 0.000 Rejected

Control 65 24.8750 11.73902

Table 4.6 showed a significant difference in the project financing from students of experimental and control respondents. The mean scores are 27.6250 and 24.8750, t-cal = 5.851 and t-crit = 1.96 which is les than the alpha (a) of 0.05. Therefore, the hypothesis which states that there is no significant difference in the project financing from state government project in a state with funds set aside and those in a state without funds set aside in Capital market is rejected. This means that stateroom with funds set aside has impacted positively on the project financing from capital market.

**Hypothesis 3:** there is no significant difference in the project financing from state government project in a poor management state and those capital market .

# Table 4.7: t-test Statistics for Experimental and Control respondents

RESPONDENTS N X SD DF α t-cal t-crit P Decision

Exp. 35 63.3750 14.06886 198 0.05 3.970 1.96 0.000 Rejected Control 65 33.0000 12.34130

Table 4.7 showed a significant difference in the project financing from students of experimental and control respondents. The mean scores are 63.3750 and 33.0000, tcal = 3.790 and t-crit = 1.96 which is les than the alpha (a) of 0.05. Therefore, the hypothesis which states that there is no significant difference in the project financing from state government project in a poor management state and those in a state with large size capital market is rejected. This means a poor management state has positively impacted on project financing from capital market.

**Hypothesis 4:** there is no significant difference in the project financing from state government project using preventive strategy and those without preventive strategy in Capital market.

**Table 4.8: t-test Statistics for Experimental and Control respondents**

RESPONDENTS N X SD DF α t-cal t-crit P Decision

Exp. 40 58.0000 19.51290 198 0.05 2.766 1.96 0.000 Rejected

Control 65 37.6250 15.09797

Table 4.8 showed a significant difference in the project financing from students of experimental and control respondents. The mean scores are 58.0000 and 37.6250, t-cal = 2.766 and t-crit = 1.96 which is les than the alpha (a) of 0.05. Therefore, the hypothesis which states that there is no significant difference in the project financing from state government project using preventive strategy and those without preventive strategy in Capital market is rejected. This means that use of stateroom management techniques in teaching social studies has impacted positively on the project financing from capital market.

## 4.3 Summary of Major Findings

The findings of the study are summarized as follows:

1. The study revealed that there is a significant difference in the project financing from state government project in finance problems and those in dilapidated in Capital marketl. This shows that finance problems have positively impacted on the project financing from Capital market , (t= 7.515, p = 0 .000).
2. The findings also revealed that there is a significant difference in the project financing from state government project in state with adequate funds set aside and those in state without funds set aside. This clearly indicates that state with funds set aside impacted positively on the project financing from Capital market, (t = 5.851, p = 0 .000).
3. The findings showed that there is significant difference in the project financing from state government project in poor management state and those in state with large size . This is an indication that small state size has positive impacted on the project financing from Capital market, (t = 3.970, p = 0 .000).
4. The findings revealed that there is a significant difference in the project financing from state government project using preventive strategy and those without preventive strategy. This showed that the use of preventive strategy has impacted positively on the project financing from Capital market, (t = 2.766, p = 0 .000).

# CHAPTER FIVE

**5.0 SUMMARY RECOMMENDATION AND CONCLUSION**

The researcher observed that the state government has got all calibers of staff that can help generate enough revenue for the state government. For example graduates of at least HND in accounting or finance are heading all the sections in finance and supplies department revenue, internal audit payroll and main account.

It was also found that external sources of revenue (Government Grants) have continued to play a leading role in the sources of revenue to the state governments. Other sources like motor park fees, market fees, and development rate are just mere pittance since the sum from all these sources cannot pay her staff salary for one month.

The researcher discovered that though there is an internal audit section headed by qualified personnel (B.Sc. Accounting), such auditors are not given the chance to operate. Both past and present chairman / sole administrators in the state government are all out to make wealth through fair or foul means. Any attempt to stand on their way in the name of proper and thorough auditing is often rebutted by all means.

Again, the external auditors, which sometimes visit the state governments, are always bequeathed with their own of this duty. Their audit reports can be imagined than described.

Revenue agents and Area clerks are not adequately supervised. This has caused the state government to loose some of the little revenue, which would have been generated internally.

Again, the researcher discovered that most of the state government does not make proper use of their yearly approved budget/estimates. The importance of approved budget, estimate in the proper management of the finance of our state government cannot be over emphasized.

It was also discovered that misplacement of priority is one of the bane of our state government since any chairman or sole administrator can embark on any problem that can help them achieve their aims. The researcher also found on state government invested in the mass transit operation.

# CONCLUSION

The researcher made an attempt to find out the various sources of finance as it affects the various state governments and how these finance could be managed.

The result of the entire study shows that the main sources of revenue available to our state government are through external sources. For instance, government grants forms over 85% of their total revenue as at date, internal sources like motor park fees, market fees, development rates, maternity fees etc. forms the remaining 15%. And because of the face that

some of these sources have not been fully tapped, most of the state governments rely heavily on government grants.

This could be done by reversing to their traditional sources of Internal revenue and explore new ones. We think that if this is tackled effectively that the future of state governments in Nigeria will look bright.

# RECOMMENDATION

To avoid a situation whereby state government depends on government grants, most of the state government robust revenue sources, which was taken over by the state and federal government, should be given back to them. Similarly, efficient revenue collection machinery should be set in motion.

The internal auditors should be protected adequately to enable them performed their duties. The chairman or sole administrator should be made to answer some queries should anything happens to any internal audit in cause of discharging his legitimate duty.

Also, good recommendations and prizes should be given to offices that perform creditably well.

The revenue officer should pay from time to time surprise visits to the revenue agents and area clerks in their area of assignment. He should sometimes summon the community through their receipts and rates tickets are at par with those materials given to them (the area clerks and revenue agents) by the state government councils.

The mass transit, which is the only investment by the state government council, should be made financial and self- accounting. The revenue realizes from its operation should be enough to maintain its fleet of vehicle, pay the staff redeployed there and pay the surplus to the councils.

As much as possible effort should be made to adhere strictly to the yearly budget/estimate since the importance of budget implementation in proper financial management cannot be over emphasized.

Expenditure should as far as possible be based on priority. The chairman / sole administrator should ascertain the most pressing problems of the rural dwellers and there should be continuity in the execution of project.

Moreover, the government should honor their financial obligation to the state government by prompt and regular disbursement of grants to them.

The hanky panky and shabby treatment often visited on the state governments have immensely contributed to their abysmal performance, financial recklessness and acts of indiscipline.

Also, state government should be allowed to contract external loans within a stipulated amount and provided that such loans are self liquidating, self sustaining and confers benefits to the people.

A state government cannot make meaningful impact by merely meeting its routine expenses. To make a mark, efforts should be geared towards increasing the internal revenue effort in order to generate revenue surpluses for capital investment.

Steps should be taken to maximize the revenue yield from the existing sources. Efforts should also be made to identify and exploit new sources of revenue.

Again, state government should exploit the opportunity to raise capital market funds through the issue and sale of state government bonds. But to succeed in such venture, a state government must have a well-articulated and commercially viable project to which the bond issue would be tied.

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