A STUDY OF THE UTILISATION AND MANAGEMENT OF PUBLIC DEBT IN RIVERS STATE.

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ABSTRACT

Nigeria's debt crisis is traceable to the pattern and structure of government expenditure prior to the advent of oil. The economy was robust and substantial increase in oil earnings saw Nigeria with enough resources with resultant increases in revenue at all level of government. But sudden down-turn in oil economy witnessed a sudden drop in revenue mobilization especially at state level resulted in external and internal sourcing for fund management strategy. Armed with this fact in mind, we set out to investigate how public debt is managed in Rivers State, which of course will give us an insight into what is obtainable in the entire Nigerian economy. The research embodies a qualitative literature review that represents modern debt management, the strength of the information contained was derived from annual reports, questionnaires and informed interview. Using simple percentages and ranking method of analysis, we found out that government pursuit of loanable funds is fraught with selfish and unprofitable motives since funds are diverted from revenue generating purposes which could give succor in times of loan servicing and repayment to unproductive projects that failed to generate significant increases in output. We also revealed that inadequacy and inefficient manpower prevalent in the state debt management circles lack sufficient knowledge on data compilation, loan monitoring and computer application and this brought about error of omission and commission which compound debt problems. Based on this findings, we recommended among others that federal government should float a development stock for the total sum outstanding in the states indebtedness account and reduction be made at source from the statutory allocation to state over an agreed number of years.