

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Privatization, a method of allocating assets and function from the public sector to the private sector, appears to be a factor that could play a serious role in the quest for growth. In recent history, privatization has been adopted by many different political systems and spread to every region of the world.

The process of privatization can be an effective way to bring about fundamental structural change by formalizing and establishing property rights, which directly create strong individual incentives. A free market economy largely depends on well defined property rights in which people make individual decision in their own interest. Modern market economics generate growth because widespread, formal property rights permits massive, low-cost exchange, thus, fostering specialization incentives that induce productivity, privatization improve efficiency, provide fiscal relief, and encourage wide ownership and the availability of credit for private sector.

The issue of privatization has been a subject of intense global debate in recent years. In Africa, it has remained highly controversial and politically risky,. Privatization in Nigeria over some time has not been a popular reform. It has received so much criticism from labour, academic and individuals. There have been numerous strikes against proposed sell-offs by fearing loss of jobs, while proponents of privatization see that aspects of economic reform as an instrument of an efficient resource management for rapid economic development and poverty reduction. The critics argue that privatization reflects damage on the poor through loss of employment, reduction in income, and reduced access to basic social services or increase in prices.

Commercialization on the other hands has much influence on the economic growth and development of any country. It is in practice because it deals on the reorganization of public enterprises in much a way as to operate as profits making

commercial ventures, with subvention from government, through the government still retains its full or parts ownership. It could also be whole or partial. Commercialized enterprises use private sector procedure in the day-to-day administration of business. However, when a public enterprise is commercialized, it reduces the burden of the enterprise on government. The governments do not spend much resource on the enterprise because the enterprise can stand on its own as profits oriented ventures, which will in order way make returns to the government.

There are many economic benefits that are connected to the process of pursues privatization and commercialization. One of the main reasons why countries pursues privatization an commercialization is in order to reduce the size of the existing government, based on the idea that many governments have become too large and over-extended, consisting or unnecessary layers of bureaucracy. Therefore, many countries require restructuring in order to improve efficiency, which can be achieved through privatization and commercialization.

The private sector responds to incentives in the market, while the public sector often has non-economic goals. In other words, the public sector is not highly motivated to maximize production and allocated resources effectively, causing the government to run high-cost, low -income enterprises.

Privatization and commercialization directly shift the focus from political goals to economic goals, which lead to development of the market economy (Poole, 2001). By privatizing and commercialization, the role of the government in the government in the economy is reduced. Thus, there is less chances for the government to negatively impact the economy.

1.1.1PORT-HARCOURT ELECTRICITY DISTRIBUTION, UYO.

The history of electricity development in Nigeria can be traced to the end of the 19th century when the first generating power plant was installed in the city of Lagos in 1898. From then until 1950, the pattern of electricity development was in the form of individual electricity power undertaking scattered all over the towns, some of the

undertaking wee federal government bodies under the public works, department, some by the native authority and other by the municipal authority.

With time, power were circulated to all part of the country and the popular authority that controls it for a long time was known as (NEPA) National Electric Power Authority. It acted as the virtual sole provider of electricity in the country for a long times.

However, towards the mid 1990s, licenses were given to private power generating companies. The federal electric power reform Act 2005 further deregulated the sector splitting NEPA and leading to the change of name from NEPA to the power holding cooperation of Nigeria.

The company dominance of the power system in Nigeria started in 1972 with the merger of the electricity cooperation of Nigeria and the Niger DAM Authority.

However, the social reality of irregular power supply made it to called “Never Expect Power Always” by many Nigerians. De to this and other technical and managerial challenges faced by NEPA, the Nation decided to handle it over to a private body for efficient and effective running. Thus, “ power holding company of Nigeria” came up as the power regulatory body in the country.

The body in-charge of their duties was found inefficient by numerous Nigerians and this leads to exchange of name for power regulation. Thus, Port-Harcourt Electricity

THE IMPACT OF COMMERCIALIZATION AND PRIVATIZATION OF GOVERNMENT OWNED AGENCIES ON THE NIGERIAN ECONOMY. PROBLEMS AND REMEDIES. (A CASE STUDY OF POWER HOLDING COMPANY UYO)

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