

This topic, problems and prospect of privatization and commercialization of government parastatals in Nigeria is the attempt to help the general public to know about the privatization commercialization of government parastatals in Nigerian. Moreover, to enable the public to contribute their own quota in the privatization issue and find out the problems and prospect associated with the programmes. The chapter one deals with the introduction, the historical background of the programmes, and statement of problems objectives of study, significant of study, scope and limitation and lastly definition of terms. In this project writing the chapter's one from chapter one to five which give the view of what privatization and commercialization of government parastatals are all about.

TABLE OF CONTENT

Title page	i
Approval page	ii
Dedication	iii
Acknowledgement	iv
Abstract	vi
Table of contents	vii
CHAPTER ONE: INTRODUCTION	
1.1 Background of study	1
1.2 Statement of problem	17
1.3 Objectives of the stud	17
1.4 Statement of Hypotheses	18
1.5 Research questions	19
1.6 Significance of the study	19
1.7 Scope of the study	20
1.8 Limitation of the study	21
1.9 Definition of terms	22
CHAPTER TWO: REVIEW OF RELATED LITERATURE	
2.1 The concept of privatization and Commercialization	24
2.2 Reasons for privatization and commercialization	59
2.3 Types of privatization and commercialization	65
2.4 Objectives of privatization and commercialization in Nigeria	67
2.5 Functions of Technical common on privatization and commercialization	69
2.6 Benefits of privatization and commercialization	72
2.7 Advantages of privatization and commercialization in Nigeria	76
2.8 Problems of privatization and commercialization	80
CHAPTER THREE: RESEARCH METHODOLOGY	
3.1 Research Design	86
3.2 Area of the study	86
3.3 Population of the study	87
3.4 Sampling method	88
3.5 Research instrumentation	89
3.6 Validity and reliability of measuring instrument	90
3.7 Source of data	91
3.8 Method of investigation	94
CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS	
4.1 Data presentation and analysis of results	96
4.2 Test of hypothesis	114

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Findings	116
5.2 Conclusions	120
5.3 Recommendation	122
References	127
Appendices	

CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND OF THE STUDY

The key component of the federal Government Adjustment programme is the drive towards higher efficiency in the public sector. This necessitated the promulgation of privatization and commercialization Decree 25 in 1988 by the federal Government in which was reflected that government will divest its holdings in agricultural production, electrical appliances, hotels, foals and non strategic industries. Government will also reduce its holdings in banks insurance companies and other financial enterprises without losing control.

Privatization is thus, process of divesting government ownership control and management of enterprises and agencies to private individuals and or groups of individual or business firms that are seeking their profit. This is transfer of government owned industries or parastatals to the private sector.

Hemmings aptly, described privatization as a laudable policy to help moderate the quantity of securities available for dealing on the stock exchange the described further as the transfer of ownership and control of assets from the public to private sector.

Commercialization on the other hand means that the signaled enterprise will be expected to generate enough revenue to cover their operation expenditure while government gives them capital grant to finance their capital intensive projects.

As a matter of fact, commercialization under the Decree 25 of 1988 on privatization and commercialization was defined as there – organization of enterprises wholly or partly owned by the federal Military Government such that these enterprises shall operate as profit these making commercial ventures and without subvention from the federal Government.

The Government involving itself in business enterprises came as a result of predominance of state owned enterprises reflected a desire to control the economy after the colonial rule in the country.

The 1983 presidential commission on parastatals, examined the operating all the parastatals with a view to determine the basis for new funding scheme appropriate capital structure as well as incentive measured to enhance their productivity and general efficiency.

Following the commissioning, the year 1989 was earmarked, the first year of implementation of the privatization and commercialization programme of the federal government of Nigeria.

It was first announced in 1986 as part of the board efforts to reduce budgetary allocation to public sector efficiency and support the aim of fiscal balance. Divest holding will be taken care of to avoid it being contra-concentrated in the hand of few individuals.

In order to enable all interested citizen own shares in the private enterprises commercial banks were directed to grant credit facilities for the purchase of shares under the programme central bank of Nigeria programme 1989.

In the recent years, 2003 another step into privatization and commercialization has been taken by His excellency, Chief Olusegun Obasanjo, the president of the Federal Republic of Nigeria, as this has been a dream in the mind of Nigeria government for the past years, to invest proficely denouncing political, social and economic development on a sustained basis. It is with this goals in minds, that it is realigning its policies and programmes to create the enabling environment for efficient government and put in place a viable private sectors. These public sectors include: NNPC, NITEL etc.

Consequently, there are reasons why government embarks on privatization and commercialization of parastatals such as: government desires to bring optimum efficiency

into the industrial sector of the economy. This shows that government can work effectively achieve its social and development goals by reducing the widespread administration over commitment of the public sector and development relying on the managerial capacities of private individuals and firms which can respond to local needs, particularly in small scale industries.

Privatization is imperative for ramping over economy that has been characterized by typical problems of a state or country dominance over their economy which can be outlined as follows.

1. Decline in real gross Domestic product.
2. Deep seated corruption and political instability fueled by the concentration of wealth and power of the centre.
3. Unfair shift of resources from the massive public to the government causing widespread of poverty etc.

These problems which are connected in one way or the other showed that a grant proportion of economic activity is controlled by inefficient government owned enterprises therefore accounting for the decline in GDP and slow rate of growth in the economy.

Government involvement in business enterprises in Nigeria and the predominance of state owned enterprises, reflected a desire to control the economy after wresting political control from the colonialist enterprises and viable indigenous private sectors, the government had to move into the large empty space left by society to take over the budding economy.

Government played a very important role in many areas of economic and industrial development. Moreover, provision of services in such areas of business like, insurance, petroleum manufacturing, shipping and banking where government acquired equity interests in twelve commercial and merchant banks. In all these, Nigeria had a rather bloated public sector with well over 1500 public enterprises at the federal and state levels enterprises at the federal and state levels with a regulated private enterprise. These enterprises accounted for between 30 – 40% of fixed capital investments as stated in the final report of the (TCPC) Technical committee on privatisation and commercialisation. As the chase may be wake of the economic recession which started in 1981 made it possible for attention to be focused on the activities of these parastatals.

The 1983 presidential commission on parastatals with a view to determining the basis for a new funding scheme, appropriate capital structure, as well as incentive measures to enhance their productivity and general efficiency. The report of the commission showed the following:

- (1) MISUSE of monopoly power
- (2) Defective capital structures, resulting in heavy dependence on the treasury for funding
- (3) Bureaucratic bottlenecks in their relation with supervising ministries.
- (4) Mismanagement, corruption and nepotism

The federal Government could not fund the monumental wastes and inefficiencies of the enterprises with problems such as ill conceived investments, political interference in making decision etc.

The Federal Government Of Nigeria in the year 1985 for example, had invested a total sum of N23 billion in the public sector. In addition to this, a total of N11.5 billion was recorded as subventions to various parastatals and companies.

The government revealed that the total dividends received from this investment, during the period of 1980 to October, 1985 was N933.7 million, averaging approximately N155 million per year.

The structural adjustment programme was first announced in 1986 as part of the broad efforts to reduce budgetary allocation to public sector efficiency and support the aim of fixed balance. Divested holding will be taken care of avoid it being concentrated in the hands of a few individual.

In order to enable all interested citizens own shares in the private enterprises, commercial banks were directed to grant credit facilities for the purchase of shares under the programme

(CBN 1989) i.e. the Central Bank of Nigeria Programme. Another programme was introduced and it was then, that bank was first privatised in Nigeria in 1992.

The federal government structural adjusted programme is the drive towards higher efficiency in the promulgation of the privatization and commercialization Decree No. 25 in 1988 by the Federal Government which reflected that government will divest its holdings in agricultural production. Electrical appliances and non-strategic industries and reduction of its holdings in banks, insurance companies and other financial enterprises without losing control.

The year 1989 was earmarked the first year of implementation of the privatization and commercialization programme of the Federal government.

Privatization as Ibie opined, it is a process by which the size of an inefficient and ineffective public sector is reduced by transferring some of its function to a relatively more efficient private sector. The introduction of privatization in Nigerian brought in the opinion of many intellectuals such as professor Adebayo who was of the opinion that, privatization and commercialization to succeed, there must be a resuffling in the economic policies. He said that it was only as a result of this, that public enterprise would be able to perform better.

Mallam Sulleiman D. Umar was of the opinion that the issue of the absorptive of the capital markets could be solved by the following the procedure accepted during the indigenization exercise of 1972. He observed that Nigerian capital market now has more experienced financial experts than before and that they could be put to work. He suggested that, for the policy to achieve orderly implementation, this process should be phased over a period of 2-3 years to enable a proper structuring of the company that were to be privatized first and the subsequent ones of follow:

Expression of fears were raised by individual and workers, in the sense that, it will bring unemployment as a result of massive retrenchment of workers in the public enterprises.

Chief of General Staff, Commander Ebitu Ukiwe gave a dismal picture of federal government investment in parastatals and companies as at October 31, 1995. Total dividends receipts by government amounted to N93.7 million on investment of N11 billion i.e. 1.39% returns. This reflected the more reason why the government felt the need to reduce the financial burden with the belief that the private sector would be able to record higher profits.

Given the inadequate accounting records of the parastatals, they may never qualify for quotation. This fear was allayed by the recommendation of the Second Tier Securities Market (SSM) with less stringent listing requirements as a starting point for such parastatals to quote their shares.

In the light of these issues raised as regards the privatization programme, the Federal Government of Nigeria, set up a technical committee on privatization and commercialization to implement the programme. The technical committee (TCPC) was inaugurated on July 1988 and its secretariat in Ikoyi, Lagos.

Commercialization under the Decree No 25 of 1988 on privatization and commercialization was defined as. The re-organization of enterprises wholly or partly owned by the Federal Military Government such that these enterprises shall operate as profit-making commercial ventures and without subvention from Federal Military Government.

Privatization and commercialization of public sectors has been a dream in the mind of Nigerian Government in the past years. Now that its needs arise further growing economy of Nation Nigeria His excellency, Chief Olusegun Obasanjo the president of the Federal Republic of Nigeria has brought to focus in this recent year 2003 the programme again to privatize and commercialize public sectors to invest, profile and enhance political, social and economic development on a sustained basis.

The parastatals to be private commercialize include: NNPC, NITEL, Nigeria Railway Corporation, NEPA to mention but few. It is with this goals in mind that, it is realigning its policies and programme to create the enabling environment for efficient governance and put in place viable private sectors.

In the above mentioned parastatals like Nigeria Airways is going to be privatized and commercialized because of its inefficiency caused by bureaucracy and political

considerations. Passengers were not some of any flight Schedule as flights could be cancelled any moment without prior information.

PROBLEMS AND PROSPECTS OF PRIVATIZATION AND COMMERCIALIZATION OF GOVERNMENT PARASTATALS IN NIGERIA

The complete project material is available and ready for download. All what you need to do is to order for the complete material. The price for the material is NGN 3,000.00.

Make payment via bank transfer to Bank: Guaranteed Trust Bank, Account name: Emi-Aware technology, Account Number: 0424875728

Bank: Zenith Bank, Account name: Emi-Aware technology, Account Number: 1222004869

or visit the website and pay online. For more info: Visit <https://researchcub.info/payment-instruct.html>

After payment send your depositor's name, amount paid, project topic, email address or your phone number (in which instructions will be sent to you to download the material) to +234 70 6329 8784 via text message/ whatsapp or Email address: info@allprojectmaterials.com.

Once payment is confirmed, the material will be sent to you immediately.

It takes 5min to 30min to confirm and send the material to you.

For more project topics and materials visit: <https://researchcub.info/> or For enquiries: info@allprojectmaterials.com or call/whatsapp: +234 70 6329 8784

Regards!!!