**IMPACT OF PRIVATIZATION AND COMMERCIALIZATION ON ECONOMIC DEVELOPMENT IN NIGERIA**

**CHAPTER ONE**

**1.0 INTRODUCTION**

**1.1 Background to the Study**

Federal Governments across the world have come to realize that their involvement and ownership in enterprises could otherwise be managed by the private sector. In many developing countries where state ownership of public enterprises were regarded as a necessary social service aimed at providing employment for their citizens, privatization and commercialization of public enterprises have been on the increase as a result of the short comings from government ownership of such enterprises.

In Nigeria, privatization of public enterprises by successive governments has failed to meet the yearnings and aspirations of the governed. Various measures and criteria put in place to address the embarrassing situation ended in debacle because it exasperated rather than alleviate the problem bedevilling such enterprises.

In fact, the problems of public enterprises which include ill-conceived investment, political interference in decision making, costly and inefficient use of public resources, increased budgetary burden, over-extension of government’s managerial capacity, diversion of credit and other resources meant for expansion to private pockets, abandonment of projects and the harsh economic realities have forced Nigeria government to embark on privatization and commercialization of her major enterprises like the Murtala Muhammed Airport Terminal in Lagos (MMA2), National Electric Power Authority (NEPA), Nigerian National Petroleum Corporation (NNPC) and others.

Although previous studies revealed that inefficiency, political patronage and poor productivity still became the dominant characteristics of government privatized enterprises. In fact non involvement of experts and relevant stakeholders remain the cankerworm to successful privatization process. Moreso, privatization and commercialization have helped to break up monopolies which hitherto have been enjoyed by some of the above named Nigerian enterprises. Therefore, central planning and state ownership has become a thing of the past citizens are encouraged to participate in the privatization and commercialization scheme of the Federal government of Nigeria.

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