

CLASS: SS2
SUBJECT: GOVIC
TOPIC: PUBLIC CORPORATIONS
WEEK: 2
TERM: SECOND

PUBLIC CORPORATIONS

A Public Corporation may be defined as a business organization established, owned, managed and financed with tax payers money by the **government** of a country with the main motive of **not making profit** but to render essential services to members of the public.

A Public Corporation is also known as **public enterprise or statutory corporation**. Examples of Public Corporations are: The defunct National Electric Power Authority (NEPA), Nigerian Airways, Nigerian Ports Authority, Nigerian Railway Corporation, Nigerian National petroleum Corporation (NNPC) and others including the ones owned by the state governments.

Features of Public Corporation

1. **Ownership and Finance:** It is owned by the government and financed with tax payer's money.
2. **Type of Services Rendered:** It renders essential services.
3. **Profit Making:** Profit making is not the main motive of its establishment but to render essential services to members of the public.
4. **Enjoyment of Monopoly:** It does not compete with another organization in the provision of these essential services.
5. **Restriction of Services:** In spite of the essential nature of its services, a public corporation does not extend its services to all parts of the country though this action is not deliberate.
6. **Method of Establishment:** A public Corporation is established by an act of parliament:
7. **Ownership and Management:** It is owned by the government of a country and managed and controlled by **Board of Directors**.
8. **Capital Involvement:** A huge amount of capital is involved in the establishment of a public corporation.

9. **Legal Status:** It is a legal entity which can sue and be sued.
10. **Its employees:** Its employees are not Civil Servants and are not controlled by the public service commission.

Reasons For Government Ownership Of Public Corporations

1. **Capital Involvement:** The huge amount of capital involved may never be afforded by individuals, hence, government involvement.
2. **The Nature of their Services:** Government prefers to handle the rendering of these essential services in order to reduce their costs.
3. **Prevention of Exploitation:** If private enterprises are allowed to render the essential services, there will be exploitation and discrimination in their provision.
4. **To Avoid Duplication:** If private enterprises are allowed to render the services rendered by public corporations, many of them would be invalid thereby leading to duplication.
5. **To ensure a constant supply:** If these services are rendered by private firms, there will be irregular supply. This happens to make fantastic profits.
6. **To avoid private monopoly:** Private Monopoly in the provision of essential services is detrimental to members of the public.
7. **Avenue for Employment Opportunities:** Government establishes and owns public corporations in order to provide employment opportunities to the citizens of the country.
8. **For Security Reasons:** Government of a country establishes and owns public corporations like airport, seaports etc, in order to keep eagle eye on them to know who and what come in and go out of them.
9. **For Rapid Economic Development:** Their presence attracts both local and foreign investors and fastens the economic development of the country.
10. **To Raise the Standard of living** of the people's regular provision of these essential services.
11. **To Avoid Foreign Control of the Economy:** The establishment and management of some corporations by the government of a country is to avoid them falling into the hands of foreign economic desperadoes.

Assignment

List two more Public Corporations.