

# The Impact Of Privatization On The Nigerian Economy: An Assessment Of Power Holding Company Of Nigeria (PHCN) In Benue State From 1999-2018

Saaondo Simon Aondona

MSc Political Economy and Development Studies, Department of Political Science,  
Nasarawa State University, Keffi

*Abstract: The study intended to explore the impacts of privatization on the Nigerian economy an assessment of Power holding company of Nigeria in Benue state. It contends that, privatization has positive impacts on the Nigerian Economy and the general public. Privatization seeks the aspect of economic reform as an instrument of efficient management of resource for rapid economic development, wealth creation, competitive market, and redistribution of wealth and poverty reduction. The study adopted the Neoliberalism theory of political economy as a theoretical framework for the study. However, data were collected both from primary and secondary sources using descriptive statistics method to analyze the data. In conclusion, the study submit that, privatization has a positive impacts on Nigerian economy through the broken down of the power monopoly in the power sector by luring new investors into generation of power, transmission of power and distribution of power. The study recommends that; government should diversify the power sector not just selling of shares in the power sector but by opening up of other energy source such as biomass, solar energy, wind vine energy, nuclear energy and geothermal energy. This will reduce the total dependent on Hydroelectricity.*

## I. INTRODUCTION

Privatization which occupies the center stage in the global economy is regarded as an avenue for raising productivity and enhancing overall economic growth. This is achieved through increased involvement of the private sector in productive economic activities through the sale of public enterprises to the private sector, with a view of improving economic efficiency. With privatization, the role of government in direct productive activities diminishes as the private sector takes over such responsibilities. Under such a setting, government is expected to provide essential infrastructure and an enabling environment for private enterprise to thrive. Privatization is predicated on the assumption of state inefficiency and absolute efficiency of the market. As an innovative economic policy, Privatization started in Chile under the Military Government of General Augusto Pinochet in 1974 and was adopted in Britain between 1986 and 1987 as a central part of economic policy shift. (Soyeb, 2001).

Privatization is (the transfer of government owned shareholding in public enterprises to private shareholders) is one of the revolutionary innovation in economic policies of both developed and developing countries (Igbuzor, 2003). The ultimate goal of any credible and legitimate government is to ensure sustained improvement in the standard of living of the citizenry. Towards this end, Nigerian government found it necessary to design a developmental plan that will facilitate effective mobilization, optimal allocation and efficient management of national resources. To achieve this aim, public enterprises were established across the country to carry out these obligations. Towards the end of 1980, the public enterprises which had grown too large began to suffer from fundamental problems of defective capital structures, excessive bureaucratic control and intervention, inappropriate technologies, gross incompetence and blatant corruption (Aboyade, 1974). With the deep internal crises that included the high rate of inflation and unemployment, external debt obligation and foreign exchange misalignment, Nigeria and many other African countries were strongly advised by the

World Bank and I.M.F to divest (privatize) their public enterprises as conditions for economic assistance (Nwoye, 2003).

Privatization in Nigeria started in 1986 as an integral part of Structural Adjustment Programme (SAP). Prior to this period, the Nigerian state has participated actively in public enterprises (Nwoye, 2003). This trend continued until 1988 when privatization programme was officially launched (Anya, 2000; Igbuzor, 2003). The Federal Government privatized 89 Public Enterprises (PEs) between 1988 and 1993 in the first phase while 32 enterprises were privatized in the second phase which ran from 1999 to 2005 (Amaefule, 2009). It was envisaged that, privatization would improve operational efficiency of our inefficient public enterprises (PEs), reduce government expenditure, increase investment and employment as well as ensure job security in Nigeria (Subair and Oke, 2008; Jerome, 2008).

Surprisingly, since the official introduction of privatization in 1988 and the policy has been a subject of intensive debate and has remained highly controversial in Nigeria. Most Nigerians hold divergent views on the contribution of the privatization programme to the Country's economic development in its two decades of existence in Nigeria.

The position of the critics over privatization in Nigeria is that the economic reform is a plot by few elites to sell public enterprises to themselves at the expense of the masses and that privatization cannot rescue Nigeria from its precarious economic situation. Those in favour of privatization argue that it aids poverty reduction through efficient service delivery, increase in productivity, creates employment, and job security. They are also of the opinion that privatization widens the distribution of wealth in our society (Jerome, 1999; 2005).

Thus, for any nation economy to grow, various component of such nation must contribute to the GDP as an input to boost the nation's income of such a nation. Benue state has assorted companies - small and medium scale industries that function efficiently enough to serve as an addition to the National Domestic Product (GDP). They are categorized as extractive Industry which are concerned with extraction or drawing out of raw materials from the soil, air and water e.g Benue Cement Plc Gboko, now Dangota cement Plc Gboko and fishery.

Service Industry provide human services such as hotels, tourism industry, entertainment industry. The state bless with such service namely; :- International Hotel-Makurdi, Nigeria Air force Base, The Makurdi Modern Market, Federal Medical Centre, Nigeria Railway corporations, Radio Benue, Nigerian Television Authority (NTA), Benue State Teaching Hospital, Federal university of Agriculture Makurdi, university of Mkar, Willinka Hotel, Wisdom hotels, Banna Water, Benue Plaza hotel and Benue State University while Genetic Industry are those industries that engaged in re-production and multiplication of certain spices of plants and raring of animals. Commercial industries are those that provide the general public with banking services and Benue state is not left out with numerous of commercial bank such as Skye Bank PLC, Diamond Bank Plc, Zenith, Bank, GTBank, Keystone Bank, Fidelity Bank, United

Bank For Africa. Some of the companies are been sold out during the privatization era. The aforementioned totally depend on PHCN for efficient operation and production. Only if there is efficient power supplied that, they will be able to meet up with their demands.

It is in this regard that the study seeks to assess the impact of privatization on the Nigerian Economy using PHCN as a case study.

## STATEMENT OF THE PROBLEM

The impact of privatization on the Nigerian economy over years has been unimpressive as the government embarked on various infrastructural rehabilitation and expansion of development programmes in key sectors of the economy. Privatization has been a subject of intense global debate in recent years in Africa. It has remained highly controversial and politically risk, The critics argued that, privatization inflicts damage on the poor masses through loss of jobs, reduction in income, reduced access to basic social services and increased in prices of goods and services. There have been numerous strikes against the proposed sell-off in demonstration against the selloff of public enterprises. While proponents of privatization see it as one of the major economic reforms that served as instrument for efficient management of resources for rapid economic development and poverty reduction, efficient service delivery, wealth creation etc. The power sector is characterized by many challenges which include decay of infrastructure, low connection rates, inadequate generation, ineffective power regulation, high technical losses and insufficient transmission and distribution facilities.

Electricity used in Benue state is mostly for commercial, house hold, schools, small and medium scale businesses. Electricity is a life channel of the people of the state, so much is been depend on it and for the state to harvest her natural resources, a maxima electricity is expected to boost the commercial industries, service industries, extractive industry and the common life of the people of the state.

The big question is would privatization of the power sector boost the power supply? Could privatization curb the problem of corruption in the power sector? Can privatization of the power sector solve the challenges faced in generation power and distribution in Nigeria? And what are the economic implications of privatization on the Nigerian Economy? These are major problems demanding answers as far as the study is concerned. It is in the interest of the aforementioned that the study is focused. Hence, its geared towards the possibilities of enhancing power supply to all Nigerians in the 21<sup>st</sup> century and beyond.

## RESEARCH QUESTIONS

- ✓ To examining the impacts of privatization on the Nigeria Economy?
- ✓ What are the challenges faced by PHCN in Benue state during the privatization?
- ✓ What are the alternative solution to the problems/challenges faced by PHCN in Benue State

- ✓ To examining measures put in place to curb the challenges of power sector

### OBJECTIVES OF THE STUDY

The general aim of the study is to assess the impact of privatization in Nigeria on the Nigerian Economy using PHCN as a case study. However, the specific objectives of the study include the followings:

- ✓ To examine the nature of the privatization of the power sector on the Nigeria Economy.
- ✓ To x- ray major challenges faced by PHCN in Benue state
- ✓ To evaluate efforts put in place by the government to curb the challenges faced by PHCN in Nigeria.
- ✓ To proffered solutions that will to the problems facing power sector in Benue State.

### HYPOTHESES

Isaac (1999:123) Hypotheses is simply a tentative statement which is open to confirmation or rejection when exposed. It is also subject to empirical verification. Lundgerg (1951) see it as a tentative generalization of statement whose validity remains to be tested, he further explained it as unsubstantial generalization of statement that is not yet validity

Therefore, based on the nature of the study, the study uses the following hypotheses to guide it.

H1 = Privatization of PHCN has positively impacted on the Nigerian Economy.

H0 = Privatization of PHCN has negative impacted on the Nigerian Economy.

### II. DISTRIBUTION COMPANIES IN NIGERIA POWER SECTOR AND ITS SUBSIDIARIES

DISTRIBUTION UNIT	CAPACITY	BENEFICIAL CLIENTS
Abuja Electricity Distribution Plc:	204,150 KW	Minna, Suleja, Lokoja and Lafia
Kaduna Electricity Distribution Company Plc:	2, 007 KW	Makera, Doka, Birnin Kebbi, Gusau, Sokoto and Zaria Districts.
Jos Electricity Distribution Plc:	4,540.56 KW	Bauchi, Benue, Gombe, Plateau and Saminaka in Kaduna State
Kano Electricity Distribution Company Plc:	710,220 KW	Katsina and Jigawa, through Nassarawa, Dala, Katsina, Dutse, Kumbotso, Funtua and Dakata District.
Yola Electricity Distribution Plc:	3,190.23 KW	Taraba, Yobe , Yola Disco is subdivided into four districts, namely, Yola, Maiduguri, Taraba and Damaturu.
Enugu Electricity Distribution Plc:	710.75 KW	Abia, Anambra, Ebonyi, Enugu and Imo. The subdivided into 10 districts: Aba, Abakaliki, Abakpa, Aw1a, Ogui, Onitsha, Owerri, Nnewi, and Umuahia

Benin Electricity Distribution Company:	4,979. 391KW	Delta Edo, Omido and Ekiti, Benin Disco include Ado-Ekiti, Afenonesan, Akure, Asab, Akpakpava, Ugbowo and Warri,
Ikeja Electricity Distribution company Plc:	3,520, 324, 310 KW	Lagos, Shomolu, Alimosho, Ojodu, Ikorodu, Oshodi and Abule-Egba.
Ibadan Electricity Distribution Company Plc:	4,154 KW	Ogun, Osun, Kwara. Ibadan Disco's service area is subdivided into 8 Districts, namely, Abeokuta, Dugbe, Molete, Ijebu-Ode, Osogbo and Ilorin, Sango-ota and Oyo.
Port Harcourt Electricity Distribution company Plc:	1,163,064, 600 KW	Bayelsa, Cross River Akwa-lbo, Delta parts of south-south zone. The Disco subdivided into 8 districts, namely, Calabar, Diobu, Ikom, ogoja, Borikiri, Uyo and Yenegoa

Source: Field Work 2018

**KADUNA ELECTRICITY DISTRIBUTION COMPANY PLC:** Kaduna Electricity Distribution Company, or Kaduna Disco, is located in the North Central region of Nigeria. It has a franchise for distribution and marketing of electricity around the Kaduna Zone, which includes the Makera, Doka, Birnin Kebbi, Gusau, Sokoto and Zaria Districts. Kaduna Disco owns and maintains 37 numbers of 33 KV and 107 numbers of 11 KV circuits. It also operates 79 number 33/11 KV substations and 2, 007 numbers of 11/0.415 KV distribution substations. In 2013, Kaduna recorded improvement in the collections of optimized metering billing efficiencies which was a plus to the company.

**ABUJA ELECTRICITY DISTRIBUTION PLC:** Abuja Electricity Distribution Company, or Abuja Disco, serves central Nigeria from its base in Abuja, Nigeria's capital city in the Federal Capital Territory (FCT). Abuja Disco was established in 1997 following the transfer of the capital from Lagos to Abuja in 1991. Abuja Disco has a franchise for distribution and marketing of comprising Minna, Suleja, Lokoja and Lafia Districts. Despite past investments in expanding the electricity infrastructure, demand in the Disco's service zone far exceeds supply. The increased in population continues to add to the demand as a result of the growing population of the Federal Capital. Abuja Disco distributes has a average distribution of 204, 150 KW of electricity per annual, and it has been ranked fourth among the 11 discos for both sales of electricity, purchased/distributed. Abuja Disco infrastructure is among the most modern and best maintained in Nigeria. Among other infrastructure, Abuja Disco owns and maintains 60 numbers of 15 KW injected in to the sub-stations, in addition to 11 numbers of 7.5 KW and 35 numbers of 2.5 KW injected in to the sub-stations. In 2013, Abuja Disco intensified collection efforts with the installation of prepayment meters, route sequencing, bulk, and feeder-by-feeder energy audits.

**JOS ELECTRICITY DISTRIBUTION PLC:** Jos Electricity Distribution Plc, or Jos Disco, is located in the North Central of Nigeria and serves a significant industrial customer base in

Bauchi, Benue, Gombe and Plateau States, as well as Saminaka in Kaduna State. The Jos Zone is subdivided into four districts, namely, Jos, Makurdi, Bauchi and Gombe. Jos is the centre of Nigeria's mining industry. Jos Disco covers more than 610, 000 sq. Km, with a population of approximately 13 million. Jos Disco owns and maintains 31 numbers of 33 KV and 104 numbers of 11 KV circuits, covering 4, 540.56 KW and 898.609 kilometers, respectively. Looking at the electricity demanded in table 2.5 one will surely agree with that the Jos disco lack the capacity to meet up the demanded of 507000 MW needed in this district. However, even though there is privatization of the power sector, there is no addition power plant to generate and boost the distribution. Benue state which is one of the subsidiaries of Jos Distribution Company only relay on effective distribution of the power through the introduction of individual transformers, pre-pay meters. Thou, with this, there is efficiency distribution of power to state, this is on rational based.

**KANO ELECTRICITY DISTRIBUTION COMPANY PLC:** Kano Electricity Distribution Plc, or Kano Disco, is located in Northwestern of Nigeria and has a franchise for distribution of electricity in Kano, Katsina and Jigawa States, through seven districts, namely Nassarawa, Dala, Katsina, Dutse, Kumbotso, Funtua and Dakata. Kano Disco owns and maintains 37 numbers of 33 KV and 107 numbers of 11 KV circuits, covering 4, 145.69 and 2, 1829.95 kilometers, respectively. It also operates 79 numbers of 33/11 KV injected in the sub-stations and 2, 007 Number 11/0.415 KV distribution substations. Kano Disco distributes approximately 14% of the power generated by its parent company, the Power Holding Company of Nigeria (PHCN) in 2014. Kano Disco distributed a total of 1, 228, 710, 220 KW of electricity to 286, 622 residential houses, commercial institutions and industrial end-users. In 2014, her customer base had grown to 489,965.

**YOLA ELECTRICITY DISTRIBUTION PLC:** Yola Electricity Distribution Company, or Yola Disco, is located in the Northeastern of Nigeria. A area dominated by agricultural customers in Adamawa, Bomb, Taraba and Yobe States. Yola Disco is subdivided into four districts, namely, Yola, Maiduguri, Taraba and Damaturu. Yola Disco owns and maintains 22 numbers of 33KW and 59 numbers of 11KW circuits. Yola Disco generated over 3, 190.23KW and 866.93 kilometres, respectively. It also operates 43 number 33/11 KW injected in to sub-stations and 999 numbers of 11/0.415 KW in to the distribution substations. Yola Disco is located near Yoaunde in Cameorun, Chad and Niger Republic borders. In view of this, many scholar and expertise believed that, it is very easy to Yola Disco to market export electricity cross-border for profits virtue.

**ENUGU ELECTRICITY DISTRIBUTION PLC:** Enugu Electricity Distribution Plc, or Enugu Disco is located in the South-Eastern of Nigeria. Enugu Disco has the capacity mandate to distribute and markets electricity in the following district of Abia, Anambra, Ebonyi, Enugu and Imo States. The mandated areas are further sub-divided into 10 districts, namely, Aba, Abakaliki, Abakpa, Awla, Ogui, Onitsha, Owerri, Nnewi, and Umuahia The Aba and Onitsha districts are home to two of Nigeria's major domestic commercial/industrial centres. Enugu Disco is Nigeria's second largest distribution company in terms of its customer

base and the fifth largest in terms of electricity sales. In recent years, Enugu Disco has enhanced its revenue generation Capacity, leading to the increase in her monthly collection of average of 32% over 3 years. It has also put in place operational improvements that led to a 52% increase in its bulk distribution capacity, from 467.25 KW to 710.75 KW.

**BENIN ELECTRICITY DISTRIBUTION COMPANY:** Benin Electricity Distribution Plc, or Benin Disco, serves a primarily industrial customer base in Delta Edo, Omido and Ekiti States, in Nigerian. A area dominated by companies that produce oil and energy. The districts under Benin Disco include Ado-Ekiti, Afenonesan Akure, Asab, Akpakpava, Ugbowo and Warri in Dalta State. Benin Disco maintains 39 numbers of 33 KV and 200 numbers of 11 KW circuits. The Benin Disco generate cover 4, 979. 391KW and 5,7085 kilometers respectively, It also operates 153 number 33/11KW that is injected in to sub-stations and 124 numbers of 6.6/0.415 KV which is distributed to the sub-stations. The Benin Disco has a capacity customer base ratio of 529,341 (2008).

**EKO ELECTRICITY DISTRIBUTION COMPANY PLC:** Eko Electricity Distribution Plc, or Eko Disco, located in Lagos. Nigerian's commercial and financial and Agbara industrial region. Eko Disco's franchise includes Festac, Ijora, Lagos Island, Ajah and Agbara/Badagry districts of the Lagos South zone, with the Republic of Benin as a potential target of electricity export. Eko Disco owns and maintains 51 numbers of 33 KW and 217 numbers of 11 KW circuits. This covered 508 and 2, 137.95 kilometers respectively, It also operates 48 numbers 33/11 KW which was integrated to substations and 4, 019 number 116/0.415 KW distribution substations.

**IKEJA ELECTRICITY DISTRIBUTION COMPANY PLC:** Ikeja Electricity Distribution Plc, or Ikeja Disco, is located in Lagos and has a franchise for distributing and marketing electricity in the Ikeja Zone which includes parts of Lagos, Shomolu, Alimosho, Ojodu, Ikorodu, Oshodi and Abule-Egba. In 2005, Ikeja Disco delivered a total of 3, 520, 324, 310 MW of electricity to 464, 756 registered Customers.

**IBADAN ELECTRICITY DISTRIBUTION COMPANY PLC:** Ibadan Electricity Distribution Plc, or Ibadan Disco, is located in the south-western region of Nigeria and has a franchise for distributing and marketing electricity in parts of Ogun, Osun and Kwara States. Ibadan Disco's service area is subdivided into eight districts, namely, Abeokuta, Dugbe, Molete, Ijebu-Ode, Osogbo and Ilorin, Sango-ota and Oyo. Ibadan Disco owns and maintains 65 number 33 KV and 155 number 11 V circuits, it generate 4,154 KW covering 14, 760.58 kilometers respectively, it also operates 122 number 33/11 KW injected in to substations and 3,431. It numbered 116/0.415KW distribution substations and 9,095 number 0.415 KW network circuits covering 12,315 kilometers.

**PORT HARCOURT ELECTRICITY DISTRIBUTION COMPANY PLC:** Port-Harcourt Electricity Distribution Plc. Port Harcourt Disco Served Bayelsa, Cross River Akwa-Ibom and part of Delta States in Nigeria south-south zone. Disco is in turn subdivided into six districts, namely, Calabar, Diobu, Ikom/ogoj, Borikiri, Uyo and Yenegoa. Port-Harcourt Disco owns and maintains 22 number 33 KW and 64 number 11 KW circuits. It also operates 22 number 33/11KW injected in to Substations and 3,431 numbered 116/0.415 KW distribution substations. In addition, it possesses 1, 793 number 11/0,415

KW substations and 5,662 number 0.415 KW circuits. In 2005, Port-Harcourt Disco delivered a total of 1,163,064, 600 KW of electricity to 206,545 Customers. Its customer base had risen to 347,789 in 2014. In the comparative analysis, it is statistically clear that, the power generating plant in various plants is yet to meet up with the targeted demands that is expected from the plants. Demands that is expected from the plants.

### III. FACTORS MILITATING AGAINST THE EFFICIENCY OF PHCN

The 1980s witnessed steady economic deterioration and seemingly faulty economic policies. At the beginning of the 1980s, the country had entered into difficult times. Scarcity of foreign exchange had set in. By the mid-1980s, reality had dawned on the nation's economy. Retrenchment of workers was rampant in both private and public sectors. There was inflation, there was very high levels of unemployment affecting both skilled and unskilled workers, low level income earners were affected during the inflation. The origin of the socio-economic difficulties was generally traced to the global economic recession which opened with the decade of the 1980s. Earlier, the socio-economic problems had forced the Federal Government, under President Shehu Shagari, to embark on an economic stabilization program (Aboyade, 1974).

The Problem of performance of the public sector enterprises in Nigeria were further complicated by the downturn in socio-economic development in the country due to the global economic recession and the collapse of the oil market. Thus, Nigeria's precarious fiscal and monetary posture could no longer sustain the requirements of its public sector enterprises, particularly since they performed below expectations in terms of their returns on investments and quality of services. Towards the end of 1980s, the public enterprises, which had grown too large, began to suffer from fundamental problems of defective capital structures, excessive bureaucratic control and political intervention, inappropriate technologies, gross incompetence, and blatant corruption. With the deep internal crises that included high rates of inflation and unemployment, external debt obligations, and foreign exchange misalignment.

From the above analysis, the following are some of the most critical challenges of the power sector responsible for the generation problems, transmission bottlenecks, and distribution problems in Nigeria. Okafor (2009).

#### GENERATION CHALLENGES: (GENCO)

Inadequate generation availability due to regular vandalization of gas pipe-lines, and cable lines, associated with low level of surveillance and security on all electrical infrastructures, Inadequate and delayed maintenance of facilities, insufficient funding of power stations, Obsolete equipment, safety facilities and operational vehicles, Inadequate and obsolete communication equipment, Lack of exploration to tap all sources of energy form the available

resources. This creates a big hindrance for effective generation of energy.

#### TRANSMISSION CHALLENGES

- ✓ It is funded solely by the Federal government whose resource allocation cannot adequately meet all the requirements to fund it, since government shows a look warn attitude toward developing the power sector.
- ✓ The monopoly nature of transmission of power from the generation plant to distribution is solely carried out by a single company. The frequent intervention of government in to the running process and administration of the power sector by appointment incompetent hands to serve as board of directors.
- ✓ Some sections of the grid are outdated with inadequate redundancies, it could not constantly transmit power without shutting down for maintenance while there is no substitute as a backup for during the maintenance. The present national gridlines were built in the early 80s with the than technology. Today, there is evaluation in technology and the meanings of transmitting energy is adopted by many developed countries which Nigeria is yet to adopt it.
- ✓ Modern technology demands a holistic approach to update, upgrade in other to meet with the advance technology in other to satisfy service delivery. The government lacks this skills advancement in technology because of government bureaucracy policies. There is generally delivery, poor voltage stability and poor service delivery.
- ✓ There is a high prevalence of inadequate working tools and vehicles for operating and maintaining the network such as detective tools for illegal connection from unauthorized persons who illegally connect to the power source or by-pass the pre-paid meters. This is one of the challenges faced in most part of the country particularly in cluster settlement.
- ✓ One of the major problem that associated with distribution companies of power energy is the poor infrastructure ranging from KV transforms, local network connection from KV transforms to consumers, electric pole etc. The transmission infrastructure are dilapidated in such a way that, in a given area, a 250 KV transform served a whole population of over 6, 000 house hood, lack of transform itself. In some quarter, the electric poles that connect from the transform to consumers residents are wood and these wooden-poles are not even in good shapes. These has caused distribution problem from broken down of power distribution and consumption. This serious affect mostly the cluster area, commercial settlement such as the market areas, schools where only one transform served the whole community.
- ✓ Inadequate staff, recruitment, capacity building and training have crippled the sector since the companies that are involved save cost by recruiting part time staff rather than full time and experience staff who have what it takes to proffer solutions in time of need.

## POLICY SOMERSAULT

The Power sector suffers from policy somersault because one administration after another identifies the sector as key to economic development of the nation but in trying to address this, it will come up with entirely new policies instead of prior administration policies.

## PROJECT EXECUTION

Since attention was turned to the Power Sector, no target ever set for power generation has been met. This is attributed to the fact that most of the public NIPP projects are at different stages of completion. Although, policy makers keep giving assurances that supply deficit will be addressed in the shortest possible time. Records shown according to one of the site visited during the research around St. Thomas Catholic Church Gboko, huge sum of money is invested over the year, yet no proof for the project. Another problem here is the centralized grid structure. Nigeria is too large to operate one grid line distribution structure. There is urgent need to open up other grid lines of share it among other companies transmission in other to have a effective distribution.

### DATA INADEQUACY

There is no estimated data of consumer of PHCN to enable the companies efficiently plan for her customer. This greatly accounts for the uneven allocation and distribution of available resources like transformers. This has equally affected decision making in the sector as evident in the poor sitting of NIPPs away from areas where gas facility is readily available to far off areas motivated by political reasons.

### MARKET STRATEGY

PHCN has no consumer tariff unlike other private commercial organization (MTN, GLO, AIRTEL, etc) which customers come equally migrate from one to another using the pre-paid meters. It is either it is been configured CR1, CR2, R1 and R2 which the C represent commercial and the R represent resident. Hence it is configured, customer or consumer can not reconfigure it. This also served as a great obstacles.

## RESEARCH DESIGN

According to Nworgu (1991:50), a research design is a plan or blueprint which specifies how data relating to a given problem should be collected and analyses. It provides the procedural outline for the conduct of any given investigation.

In defining research design, Odo (1992:4), stated that design means 'outlining' the name of the equipment and other materials the researcher intends to use and applying same to successfully executing the practical aspect of the research.

The study adopted descriptive research method for data analysis. It is of great importance to identify the method and procedure that is adopted in the study. This gives the reader the background information on how to evaluate the findings and conclusion.

## POPULATION OF THE STUDY

Population of study is a collection of information for a given study. The researcher must specify the entire group that should embrace the information (Nworgu, 1991:71).

The population of this study was collected from three local government area of Benue State. The population was 229 which cut across the state, staff of PHCN, students, civil servant, civil society organization, business men and women.

Sample Size: According to Odo (1992), Sample size is a process of selecting a proportion of the population considered adequate to represent all existing characteristics within the target population for the purpose of generalizing the findings from the sample about the sample itself; the target population and to any other population(s) having characteristics with the target population.

### SAMPLES SIZE

According to Odo (1992) Sample size is a process of selecting a proportion of the population considered adequate to represent all existing characteristics within the target population for the purpose of generalizing finding from the sample about the sample itself; the target population and any other population having characteristics with the target population. In determining the sample size of the study, the researcher drew the population form from Gboko, Makurdi and Otukpo area of Benue State. This includes civil servant, business organizations, farmers Staff of PHCN, the Public institutions, Students in the respective local government area of Benue State. The population of 533 (five hundred and thirty three) targeted but rather, it was considered too large, so the researcher applied Yaro Yammic (1964:280) formula.

Therefore, to ensure effective coverage of the population, the formula was applied as:

$$\begin{aligned} n &= \frac{533}{1 + 533(e)^2} \\ &= \frac{533}{534 (0.0025)} \\ &= \frac{533}{1.3325} \\ &= 400 \end{aligned}$$

Therefore, the sample size is 400

### SAMPLING TECHNIQUE

The sampling technique used in selecting the sample for the study was simple random sampling technique. According to borg.et cited in odo, simple random sampling technique is a procedure in which all the individuals in the defined population have an equal and independent chance of being selected as a member of the sample so as to be the representative of the population from which they are drawn. Odo (1999), maintains that simple random sampling deals with the sampling elements as a complete entity district from every other element.

The researcher, after determining the sample, then distributed the questionnaire to the 400 persons.

IV. METHOD OF DATA ANALYSIS

In analyzing the data collected from the questionnaire, the study used descriptive simple percentage tables and chi – square statistical tools which is used in testing two random samples.

Chi – square is given as:

$$X^2 = \sum \frac{(o - e)^2}{e}$$

Where  $X^2$  = Chi – square

o = Observed frequency

e = Expected frequency

$\Sigma$  = Summation of the frequency.

This test is based strictly on the primary data gotten from the use of questionnaire.

**DECISION RULE:** Reject Null Hypothesis if calculated value of ( $X^2$ ) is greater than the critical value and accept alternative Hypothesis “if calculated value of ( $X^2$ ) is less than the critical value”.

The Degree of Freedom = (n - 1)(k - 1)

Where df = Degree of freedom

n = Number of Rows

k = Number of Column.

The research methodology is based on interviews that are used in a postgraduate thesis involving a body of knowledge. The justification for use of this methodology is to investigate the impact of Privatization on the Nigeria Economy: an assessment of power holding Company in Benue State. The case study is concerned with the economic impacts of privatization policy and how often has it impacts affect the common man on the street and the society at large. The study approach in investigating the dynamic impacts of privatization, the study however adopts descriptive statistics method to analyze the data using primary and secondary source of data as means of data collection

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The Degree of Freedom = (n - 1)(k - 1)

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V. DISCUSSION

The data collections were done through the use of questionnaires that were distributed to staff of PHCN, civil servant, students and customers of PHCN in Benue state. This includes Gboko, Makurdi, and Otukop.

The purpose of this chapter is to carry out empirical analysis of respondent response for empirical analysis. However, out of 250 questionnaires administered, only 100 were retrieved. We shall however begin our analysis with the demographic survey, structured and unstructured questionnaires sample as follows:

*How do you understand privatization in Nigerian power sector?*

Options	Number of respondent	Percentage %
Government intervention	200	57
Partial privatization	100	29
Total privatization	50	14
<b>Total</b>	<b>350</b>	<b>100</b>

Source: Field Work 2018

Table 01

The results from the table 0.1 above shows that, 200 respondents represented with 57% deemed it fit to clearly say that, there is no privatization of PHCN. They believed that, government only intervened in the power sector by renaming the new owners of the power sector. 100 respondents with 29% expressed their opinions in different ways by agreeing that, the Nigerian power sector is partially privatized. It is than means that, it is only part of the power sector were been privatized while part is still controlled by the government. This is clearly seen in the literature review of the study base on various types of privatization where the transmission company is been contacted by the government to a company that management it affairs on behalf of the government. 50 respondents represent 14% contested with other believes strongly that, there is a total privatization of power sector. They back up their opinion with the argument base on the factor that, in the past, there was a monopoly in the power sector which only one company called NEPA was generating, transmitting and distributing the electricity power in Nigeria. However, during the privatization, the monopoly is broken down in to unit such as GenCon, TNC and DisCo with their respective functions ranging from generation, transmission to distribution of the energy with reference to the stated problems above.

*Did you think Privatization of the power sector has brought about relatively stability of power supply in Benue state?*

Options	N0. of respondent	Percentage %
Yes	150	43
No	100	29
Partial	75	21
Undecided	25	7
<b>TOTAL</b>	<b>350</b>	<b>100</b>

Source: Field Work 2018

Table 0.2

From the table 0.2 above 150 respondents represent 43% were of the opinions that, privatization of PHCN has brought about relatively stability in energy supply in Benue State because of some strategic measures taken to dismantled the generation, transmission and distribution of energy to the public. 100 respondents representing 29% disagreed with this, they believed that, despite privatization of the power sector, there are still challenges against power sector rather than improvement or boosting of the power sector in Benue State. It rather crippled the power sector. 75 respondents represent 21% expressed they views strongly that, there is partial stability of power sector in Benue state because of the introduction of prepaid metre which has a greatly impacted in the power sector. 25 respondents representing 7% did not

subscribe to any of the options provided in the research questionnaire.

*Did you think customers in Benue State are billed on accurately for the energy consumption as read from the metre or not*

Options	N0. of respondent	Percentage %
Yes	160	46
No	140	40
Undecided	50	14
<b>Total</b>	<b>350</b>	<b>100</b>

Source: Field Work 2018

Table 0.3

From table 0.3 above, the result shows that, 160 respondents represent 46% agreed with the research question that customers are billed accurately and according to what they consumed while 40% representing 140 respondents totally disagreed with the research question. This implies that, customers are not billed or charge base on what they consumed but they are charged in assumption. However, 50 respondents represent 14% were mute on the research question. This clearly shows that, customers or consumers of PHCN products in Benue State are charged based on what they consumed.

*How often do you consume current in your area?*

Options	N0. of respondent	Percentage %
A week	49	14
4 days in a week	60	17
2 days in a week	70	20
5 Hours in a week	50	14
1 day in a week	100	29
An Hour in a week	21	6
<b>Total</b>	<b>350</b>	<b>100</b>

Source: Field Work 2018

Table 0.4

From the table 0.4 above, 49 respondents represent 14% agreed that, they are the beneficially of energy consumption for a period of one week without interruption. 60 respondents representing 17% also affirmed with the study that, they consumed energy for the period of 4 days in a week without any interruption which is averagely. However, 20% represents 70 respondents also consumed energy for period of 2 days without interruption from PHCN. Thus, 50 respondents representing 14% only consumed energy for 5 hours in a day out of 24 hours. 100 respondents presenting 29% however consumed energy for only one day in a week. 6% represent 21 respondents consumed energy for an hour in a day.

It is observed that, the consumption of energy depends on the location where such individual or person is located Those whose residents, business and offices are located around GRA, judges quarters, government institutions, market square turned to have a stable supply of energy than those who lived in the cluster areas and commercial areas. However, to summon it all, the distribution of energy in Benue state is done based on the location where consumer fined themselves.

*How will you rate the impacts of privatization on the Nigeria Economy?*

Option	N0. of respondent	Percentage %
Positive	200	57
Negative	150	43
<b>Total</b>	<b>350</b>	<b>100</b>

Source: Field Work 2018

Table 0.5

From the table 0.5 above, the result shows that, 200 respondents represent 57% indicate positive. This means that, they are satisfied with the impacts of privatization of PHCN on Nigeria Economy. This prostrated a good image of privatization to Nigeria economy. In another development 150 respondents represent 43% indicates negative as unsatisfactory impacts of privatization on Nigerian Economy. This could be as a result of unsatisfactory services rendered to customers. Therefore, the study finds out that, privatization has positive impact on Nigerian economy irrespective of the challenges they faces.

*Are you satisfy with the services render by Jos (DisCo) Distribution Company?*

Option	N0. of respondent	Percentage %
Satisfy	180	51
un satisfy	150	43
Undecided	20	6
<b>Total</b>	<b>350</b>	<b>100</b>

Source: Field Work 2018

Table 0.6

The table 0.6 above, the result shows that, 180 respondents represent 51% agrees that, they are satisfy with the product and service of Jos DisCo Distribution Company through which energy is distributed to the state. While 150 respondents represent 43% disagree with the research question through their expression of unsatisfactory with the service rendered by Jos DisCo energy distribution. Most of them felt that, since the distribution of energy is mal-handled by Jos DisCo who over charge they customer and did not render efficient service to the people of the state. 20 respondents represent 6% of those who were contacted on the subject matter but rather, they were mute on the question raised from the study.

*What are the factors militating against efficiency performance of Jos DisCo distribution in Nigeria Benue State.*

Option	N0. of respondents	Percentage%
Corruption	150	43
Poor company policies	80	23
Weak institutions	120	34
<b>Total</b>	<b>350</b>	<b>100</b>

Source: Field Work 2018

Table 0.7

From table 0.7 above, 150 respondents represent 43% agreed that, corruption is one of the major factors militating against the growth of Jos DisCo which is the company responsible for energy distribution in state. Rather working towards attain greater improvement of energy distribution for the state; they only depend solidly on the old structures and facilities such as wooden poles, old step down transforms, old power cable etc. 80 respondents representing 23% believed that, one major factor that militates against Jos DisCo is poor



company policies. They attribute it to administrative policy, poor management, administrative bureaucratic bottle neck, poor funding and incompetent staff as major sources that clipped the Jos DisCo distribution unit in Benue. 120 respondents represent 34% were of the views that, the Jos DisCo distribution company is weak institution because, the company lack the will to finance capacity to discharge her duties which buying from Geco and distributing it to the state.

TESTING OF HYPOTHESES

This section deals with testing of research hypothesis associated with the study which is question Hypotheses can either be Null hypotheses (Ho) or the Alternative hypotheses (H1).

The hypothesis will be on 5% level of significance where the table value of 1 from the degree of freedom = (n-1) is 3.841.

HYPOTHESES ONE

H1 = Privatization of PHCN has positive impact on the Nigerian Economy.

H0 = Privatization of PHCN has negative impact on the Nigerian Economy.

To test the hypothesis, the researcher employed the statistical (x<sup>2</sup>) chi-square formula to test it. This is base on the reaction of respondents.

RESPONSE TO HYPOTHESIS ONE

Option	N0. of respondents	Percentage%
Yes	200	57%
No	150	43%
<b>Total</b>	<b>350</b>	<b>100</b>

Source: Field Work 2018.

Table 0.5

Using x<sup>2</sup>

$$\Sigma = \frac{350}{2} = 175$$

$$x^2 = \frac{\Sigma(o-e)^2}{e}$$

O	E	O-E	(O-E) <sup>2</sup>	$\frac{(O-E)^2}{E}$
200	175	25	621	4
150	175	-25	621	4
				<b>Total 8</b>

X<sup>2</sup> calculated = 8

Level of significance = 5%

Degree of freedom = n-1 = 2-1 = 1

x<sup>2</sup> = 3.841 at 1 degree of freedom (0.05) level of significance.

DECISION RULE

Since x<sup>2</sup> calculated value is greater than tabulated value 3.841 required for 5% level of significance of 1 degree

VI. CONCLUSION

Base on the above analysis, the study rejects the null hypothesis (Ho) and accepts the alternative hypothesis (H1) we therefore conclude that, Privatization PHCN has a positive impact on Nigerian the Economy.

HYPOTHESIS TWO

H1 = Privatization of PHCN has positive impacts on the Nigerian Economy.

H0 = Privatization of PHCN has negative impacts on the Nigerian Economy.

RESPONSE TO HYPOTHESIS TWO

OPTIONS	NO OF RESPONDENTS	PERCENTAGE %
YES	200	57%
NO	150	43%
<b>TOTAL</b>	<b>350</b>	<b>100%</b>

SOURCE: Field Work 2018

Table 0.5

$$\text{Using } x^2 = \frac{\Sigma(o-e)^2}{e}$$

O	E	O-E	(O-E) <sup>2</sup>	$\frac{(O-E)^2}{E}$
200	175	25	621	4
150	175	-25	621	4
				<b>Total 8</b>

X<sup>2</sup> calculated value = 8

Level of significance = 5%

Degree of freedom = n-1 = 2-1 = 1

DECISION RULE

Since calculated value of x<sup>2</sup> 8 is greater than the tabulated value 3.841 that is required for 5% level of significance of 1 degree. The study rejects the null hypothesis (H0) and accepts the alternative (H1). We therefore conclude that, Privatization PHCN has positive impact on the Nigerian Economy Nigeria.

VII. DISCUSSION OF THE FINDINGS

In a nutshell, it is safe to conclude that the study has discovered the impact of privatization on the Nigerian economy. Privatization programs are projected towards boosting of Nigerian economic, since the power sector is the engine room of other sub-sectors which solidly depends on it to operate. The efficient performance of the power sector creates great input in to the GDP of the country economy. This can be seen in the study analytical review was the rule decision rule of the study reject the null hypothesis (Ho) and accepts the alternative. This shows that "Privatization of PHCN has positive impact on the Nigeria Economy". This is in line with the scholarly view of De Walle (1993:4) as cited in chapter two of the study; it clearly state the impact of privatization on Nigeria Economy which include "generating of income, job creation, wealth creation, redistribution of

national income, reconstruction of infrastructure development, opening the window for a competitive economy and breaking the monopoly in the power sector.” (De Walle 1993:4).

The second hypothesis indicate that, privatization exist with its problems and challenges which did not totally yielded the desire positive impact to the Nigeria economy as acclaimed by the pro- privatization scholars. Privatization also have it own negative impact such as entrenchment of works, hiking of price of good and service and jumping of tax as cited by Daintith .T (1995) in chapter two the study.

## VIII. RECOMMENDATIONS

Privatization has been recognized as a key element in the process of restructuring a countries economy; many see it's as a panacea for economic malaise in the face of recent deterioration in the global economic environment. This is because the, public sector enterprises have been fingered as avenues for substantial losses and potent source of budget deficits. Privatization on the other hand is known to promote efficiency, reduce fiscal burden, attract new investor, it help in developing domestic financial market.

- ✓ Government should set up a team from relevant ministries to continuously work on building a sustainable electricity market in Nigeria that is favorable to the Nigerian economic growth.
- ✓ Government investment at any level in the electricity market should not be based on politics or quota system but strictly on integrity, competence and professionalism.
- ✓ The fight against corruption by the federal government should be extended to the power sector at all levels.
- ✓ Reduction in number of thermal generating plants locations and increase their generating capacity to avoid the complexity of gas pipeline network.
- ✓ Government should diversify the power sector not just selling of shares in the power sector but by opening up of other energy sources such as biomass, Hydroelectricity, solar energy, wind vine energy, nuclear energy and geothermal energy. This will reduce the total dependent on the one source.
- ✓ The gas supplied should fully be maximized by the Delta four power plants. This is because the large quantity of gas supplied does not commensurate with the energy generated.

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