Statutory Corporations

8

0

(1)



- Statutory corporations are public enterprises brought
 into existence by a Special Act of the Parliament.
 - The Act defines its powers and functions, rules and regulations governing its employees and its relationship with government departments.
 - Statutory corporations therefore have the power of the government and considerable amount of operating flexibility of private enterprises.

Features

(2)

0



- (i) Statutory corporations are set up under an Act of Parliament and are governed by the provisions of the Act
- (ii) This type of organisation is wholly owned by the state
 - (iii) A statutory corporation is a body corporate and can sue and be sued, enter into contract and acquire property in its own name;

Features

(<u>P</u>)



- (i) Statutory corporations are set up under an Act of Parliament and are governed by the provisions of the Act
 - (ii) This type of organisation is wholly owned by the state
 - (iii) A statutory corporation is a body corporate and can sue and be <u>sued</u>, enter into contract and acquire property in its own name;

can sup -> they can take legal autions | file legal conse.

can be sued -> any other person | film can file a legal conse

aginst statutury (corporation)



(iv) This type of enterprise is usually independently financed

(v) A statutory corporation is not subject to the same accounting and audit procedures applicable to government departments.

(vi) The employees of these enterprises are not government or civil servants and are not governed by government rules and regulations.

Merits



- (i) They enjoy independence in their functioning and a high degree of operational flexibility
- (ii) Since the funds of these organisations do not come from the central budget, the government generally does not interfere in their financial matters
 - (iii) Since they are <u>autonomous</u> prganisations they frame their own policies and procedures
 - (iv) A statutory corporation is a valuable instrument for economic development

Limitations

0



- (i) In reality, a statutory corporation does not enjoy as much operational <u>flexibility</u> as stated above
- (ii) Government and political interference has always been there
- (iii) Where there is dealing with public, rampant corruption exists;
- (iv) The Government has a practice of appointing <u>advisors</u> to the Corporation Board. This curbs the freedom