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Privatisation in Pakistan:

Can it Drive Economic

Prosperity?

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Essay

In the current competitive era, stable economy is the backbone of a nation. Without a robust economy, a country can not achieve prosperity and development. Economic prosperity can be attained through privatisation. Privatisation is the transfer of government assets to private ownership.

In Pakistan, it improves financial performance of various state-owned enterprises.

Additionally, privatisation abates fiscal burden of Pakistan. Similarly, augmentation of foreign direct investment is another repercussion of privatisation in Pakistan. It also stimulates competition in the markets of Pakistan. Furthermore, privatisation in Pakistan also fosters transparency and accountability in

Pakistan. It reduces government subsidies ^{on various} products and materials. Moreover, privatisation creates various new job opportunities in Pakistan. This essay demonstrates that Pakistan can

achieve economic prosperity through privatisation in the upcoming paragraphs.

To start with, privatisation in Pakistan improves financial performance of the state-owned enterprises, which helps Pakistan to achieve economic prosperity. Private sectors usually work sincerely and effectively because their goal is to attain as much profit as possible. Efficiency in the work ameliorates financial performance which directly improves economic condition. For instance, after privatisation, PTCL's revenue increased from Rs 63 billion to 134 billion. So, if there is improvement in the financial performance, there will be economic prosperity. Hence, it is the amelioration of financial performance through privatisation which can assist Pakistan to attain economic prosperity.

Additionally, it is the abatement of fiscal burden as a result of privatization which paves the way for Pakistan to obtain economic prosperity. Abatement of fiscal burden refers to the

decrease of financial pressure on the government when it has to spend too much money on loss-making government companies. Various state-owned enterprises are making huge financial loss which is a severe burden on the state-treasure.

Privatisation makes private sectors to bear these losses which leads to economic sustainability. For example, according to Down news report, in 2023, PIA loss was of Rs. 75 billion. Privatisation provides relief to the government treasure as it saves a huge amount of sum. So, if there is privatisation, there will be no burden on the government.

Therefore, it is proved that decrease in the fiscal burden can help Pakistan to accomplish economic sustainability.

Furthermore, privatisation also augments foreign direct investment which can drive Pakistan to win robust economy. Foreign direct investment is a sort of investment which a country or a person invests in the business of another

country. Investors prefer to invest in a country where there is less government intervention. These investors establish industries and factories which leads to the accumulation of dollars. As an illustration, Shell company has invested billions of dollars in Pakistan. So, the inflow of direct investment paves the way for economic prosperity. To sum up, it is foreign direct investment which leads to Pakistan's economic development.

Moving forward, stimulation of competition in the market is another impact of privatisation through which Pakistan can obtain a resilient economy. In a privatised market various new companies and businesses emerges and as a result competition among them starts. Each company aspires to dominate the market by producing best quality goods. In return to this competition large amount of revenue generate as these companies have to pay different taxes to the government. To

illustrate, Telenor and Zong companies are competing with each other to dominate the telecommunication sector; they have launched their network in every rural and urban areas and pay huge taxes to the government. So, in a privatised market there will be a competitive environment which propels the country to collect more taxes and as a result economy flourishes. Hence, this is proved that Competitive market can diminish obstacles which hinders Pakistan's economic growth.

Along with competitive market, transparency and accountability is another repercussion of privatisation which pushes Pakistan to achieve economic prosperity. In private sectors, authorities check the performance of employees and keep records of every worker in order to prevent corruption and misuse of power. Private sectors hire workers on the basis of talent which further ensures transparency. Privatised companies

are supposed to disclose their financial information. For example, Habib bank limited is required to reveal its financial information in order to ensure transparency. So, if there is transparency there will be less corruption which directly improves overall economy. In short, it is transparency and accountability in the private sector which can drive economic prosperity in Pakistan.

Moreover, Pakistan can reduce government subsidies via privatisation in order to attain economic prosperity. When government subsidise something it provide financial support to reduce its cost for consumers or businesses.

Subsidies are severe economic issue which has been faced by Pakistan's economy. In a privatised business, government does not provide subsidies which prevents economic loss and as a result economy flourishes. For instance, Pakistani government heavily subsidises WPD. Subsidies in fiscal year 2024-2025 was

Rs 1.9 trillion. So, if there is abatement is government subsidies there will be economic growth. In short it can be stated that elimination of ~~fixed~~ government subsidies can help Pakistan to achieve economic development and prosperity.

In addition, privatisation creates new employment opportunities which is another way to accomplish economic development. Private sectors aim to attain profit as much as possible in order to earn more profit numerous sub branches of companies are established which need new workers and employees. These new workers are heavily payed by the private sectors which has a direct impact on the economy. For instance, in 2007, Burewala textiles mills was closed due to heavy loss, but after privatisation it was reopened and created thousands of new jobs. So, if there is privatisation, there will be robust economy. To sum up, it is the

creation of new employment opportunities through privatisation that propels Pakistan towards prosperous economy.

Similarly, privatisation contributes to the growth of export and import. Export means when a country sells good and services to other country while import refers to the buying of good and services from another country. Private companies increase the production of goods and send them to other countries for the sake of profit. Many new machines and technology are also imported to work effectively and as a result huge amount of revenue is generated which strengthens the economy. To illustrate, according to Augaf business report, in 2024, Nishat mills exported \$352 million worth of textiles. So, it is privatisation which increases export and import.

Therefore, Pakistan can achieve economic prosperity by increasing import and export.

Besides increasing export and

import, privatization also fosters cordial business environment. Cordial business environment means a free and liberal market where there is less government intervention. Investors invest and expand their business in a country where there is no harsh rules and regulation regarding business. Private sectors want a free market where they earn properly. Privatisation confines government's role and intervention and as a result private companies invest more.

For example, according to MCB Islamic bank website, MCB bank has 1400 branches in Pakistan. So, if there is cordial and friendly business environment there will be huge investment which will automatically leads to economic sustainability. In conclusion, it is the cordial business environment through privatisation which makes economic prosperity easy for Pakistan to attain.

On the other hand, it is argued that privatisation increases

inflation and can not drive economic prosperity in Pakistan. Confined and limited role of government let the investors to decide price of products and also formulate policies according to their own interest. However, it has been forgotten that proper policies, check and balance, and rules and regulations are implemented by the government to examine the price rate and quality of the product. Thus, if there is proper policies, there will be no inflation. Therefore, privatization does not lead to inflation and Pakistan can obtain economic prosperity through privatization.

Conversely, it is also believed that privatization alleviates government jobs. Private investors hire worker temporarily, their jobs are not permanent jobs. Employees in the private sectors are recruited by the investors not by the government and they are payed by the investors, so, the government

employments will be vanished. However, it has been neglected that private companies and industries expand their businesses by establishing plethora of sub branches and sub factories. Thousands of workers are hired to work in those private companies. Private sectors provide jobs to every individual including children, women and men, while on the other hand, government only hires educated individuals or individuals who have some sort of degree. Therefore, privatisation does not diminish job opportunities and can bring economic prosperity in Pakistan.

In conclusion, this essay has discussed that Pakistan can attain economic prosperity and development through privatisation. Privatisation creates various employment opportunities in Pakistan to achieve resilient economy. Similarly, it also increases export and import in Pakistan which strengthens the economy.

of Pakistan. Furthermore, it also perpetuates friendly environment for investors to invest in Pakistan.

This essay also discussed how some people believed that Pakistan can not succeed in economic prosperity through privatisation. However, according to the arguments presented in the essay, Pakistan can achieve economic prosperity through privatisation. Privatisation can be a beam of light in the darkness for the economy of Pakistan.