

Q3

State owned enterprises have been a huge and persistent burden on the budgetary outcome of Pakistan because despite of giving benefit to economy of Pakistan, it is giving loss and yearly the government have to pay the money to run them. So the best government can do is privatize them so that it can be managed well. without any loss.

What is state owned Enterprise.

State owned Enterprise are like business companies managed by the government. Government employees are recruited in them and are there to serve the citizens of the country. In Pakistan, there are many examples of state owned enterprises such as Pakistan Airlines (PIA), Pakistan Railways, Pakistan Television Corporation, Pakistan Post.

The sole and important purpose of SOEs is to make the country economically strong and serve the citizens in best possible ways.

Reasons to Make SOEs

Private in Pakistan.

As discussed earlier, Purpose of state owned enterprise is to earn money and make a country economically good but the conditions of SOEs in Pakistan is getting worst and it is giving Pakistan loss of million every year and government have to pay loss every year from its treasure. There are many reasons to make the SOEs private in Pakistan but some are given below.

- (i) Most state owned enterprise are not developing and are at worst state.

The conditions of state owned enterprise is not good in Pakistan and instead of getting developed properly, they are getting worst day by day.

For example: The huge example is of Pakistan Air Lines, in old times PIA were considered one of the best Airlines

in the world but now the conditions of PIA is at worst. It has become a failure and the people don't prefer to travel by this because of its bad reputation.

(ii) ~~SOEs~~ SOEs at Pakistan are not giving any benefit to economy of Pakistan.

The purpose of state owned enterprise is to increase the economy of Pakistan but there is opposite. Every year Pakistan, which herself is at worst condition, have to pay and give money to state owned enterprise, so that they can run properly.

For example:-

In the fiscal year 2022-2023, Pakistan provided support of about Rs 1021 billion to SOEs. due to persistent loss.

iii Poor management is another reason to make SOEs private.

The government of Pakistan is not able to manage SOEs and ^{there is} serious need of reforms in the policies to manage them.

Example: Pakistan Railways is an example of EIT-management. Rich people and the people who can manage to travel through roads don't want to travel by train because of poor management and the people who are have no other choice hate to travel by it because of its slow service and late timings even there is 3 or 5 hours late.

iv Corruption is the biggest reason.

Due to lack of strict control on the management of state owned enterprises, corruption is at its peak due to which it is not doing any benefit to economy of Pakistan. There is no any transparency in SOEs in Pakistan.

Example: One of the Example is Fake Pilots scandle (2020) → Around 150 pilots were found to have obtained fake license.

5) Nepotism in hiring in SOEs in Pakistan.

The recruitment and hiring of new employees is mainly on the basis of family connections and money, which is main reason that the deserving candidates are not selected due to which the proper decisions and plans are not made in development.

How the state owned enterprises can be privatized.

ii) Ensure Employees Jobs.

Government should first ensure that the employees that are working in SOEs don't become jobless and lose trust in government it can decrease the chances of downsizing.

(ii) Gradual Implementation.

The government should not privatize the SOEs instantly but should make it gradually so that the work in it is not disturbed.

(iii) Independent Regulatory Framework.

The government should ensure independent regulatory framework to ensure the consumer right and to prevent monopolistic practices.

Privatization of SOEs is essential to relieve Pakistan's economy from immense fiscal budget they impose.