

CURRENT AFFAIRS

SUBJECTIVE PART PART-II

Q.3 State owned enterprises have been a huge and persistent burden on the budgetary economy of Pakistan. Why and how these enterprises should be privatized?

1. INTRODUCTION

State-Owned Enterprises (SOEs) in Pakistan have evolved into substantial fiscal liabilities, undermining economic stability and progress. Initially established to stimulate industrial growth and provide essential services, they now drain public funds due to inefficiencies, corruption, and political interference. This issue persists as these enterprises fail to operate profitably, requiring frequent bailouts and subsidies from the government.

further burdening an already strained economy. Addressing these challenges through privatization is crucial for reducing fiscal deficits and enhancing overall economic efficiency.

2. Why State Owned Enterprises Are a Burden On Pakistan's Economy

- > Financial losses and Fiscal Deficit
- > Inefficiency and Corruption
- > Unsustainable Debt

2.1 Financial Losses And Fiscal Debt

SOEs in Pakistan incur significant financial losses annually. According to the Ministry of Finance State-Owned Enterprises Annual Report 2023, over 85 SOEs collectively reported losses exceeding RS 500 billion in FY 2022-23. Major loss making

entities include Pakistan Railways, Pakistan International Airport (PIA), and state-owned power distribution companies (DISCOs). These losses require heavy subsidies and bailouts, diverting funds from essential sectors like education and healthcare.

2.2 Inefficiency And Corruption

Operational inefficiencies and widespread corruption exacerbate the financial burden of SOEs. Poor governance, lack of accountability, and political appointments result in mismanagement, overstaffing, and underperformance. For example, PIA's accumulated losses exceeded Rs. 740 billion by the end of 2022 due to operational inefficiencies and nepotism.

2.3 Unsustainable Debt

Many SOEs rely heavily on borrowing to sustain operations, increasing public debt. The State Bank of Pakistan's

report highlighted the SOEs account for a substantial share of the country's domestic debt, further straining the economy.

3. Why Privatization Is the Solution

- > Reducing Fiscal Deficits
- > Enhancing Efficiency and productivity
- > Attract foreign Investment

3.1 Reducing Fiscal Deficit

Privatization can significantly reduce the government's financial burden by transferring loss-making entities to the private sector. This eliminates the need for recurring subsidies and bailouts. For instance, countries like India successfully privatized several SOEs, such as Air India, to reduce fiscal pressures and improve efficiency.

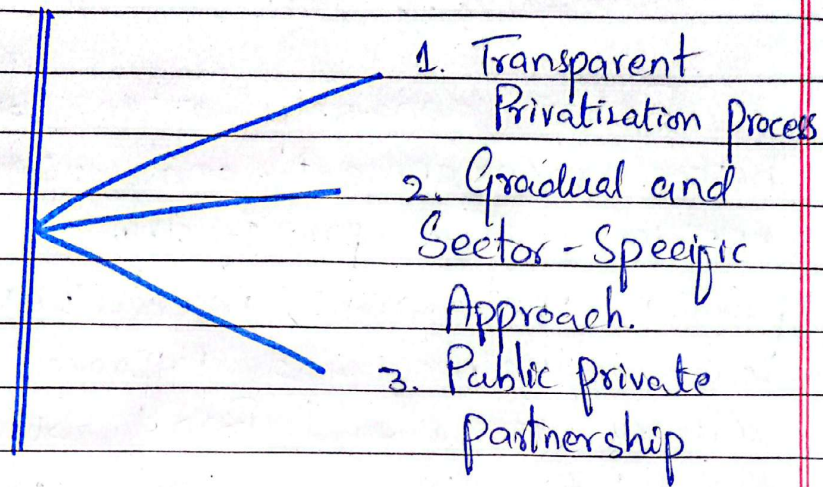
3.2 Enhancing Efficiency And Productivity

Private ownership often leads to better management and operational efficiency. The profit-driven nature of private enterprises incentivizes innovation, cost reduction, and improved service delivery. A World Bank Study on privatization in developed countries shows that privatized firms generally perform better than their state-owned counterparts.

3.3 Attracting Foreign Investment

Privatization attracts foreign direct investment (FDI), which boosts economic growth and creates employment opportunities. Pakistan's successful privatization of PTCL in 2006 brought significant investment from Etisalat and improved service delivery in telecom sector.

4. How To Privatize SOEs



4.1 Transparent Privatization Process

To ensure public trust and investor confidence, privatization must be conducted transparently. Independent audits and public disclosures can help minimize corruption and inefficiencies in the process.

4.2 Gradual And Sector-Specific Approach

Privatization should be implemented gradually, starting with non-essential and heavily loss-making

SOEs. For instance, privatizing PIA and power distribution companies should be prioritized due to their significant financial burden.

4.3 Public Private Partnership (PPP)

Instead of outright privatization, the government can adopt PPP models for certain sectors, allowing shared ownership and risk while improving efficiency.

5. CONCLUSION

State-Owned Enterprises in Pakistan remain a significant burden on the budgetary economy due to inefficiencies, corruption, and chronic financial losses. Privatization offers a viable solution to reduce fiscal deficits, enhance operational efficiency, and attract foreign investment. By adopting a transparent, gradual, and well-regulated privatization strategy, Pakistan can transform its SOEs into profitable entities, ultimately boosting economic growth and financial stability.

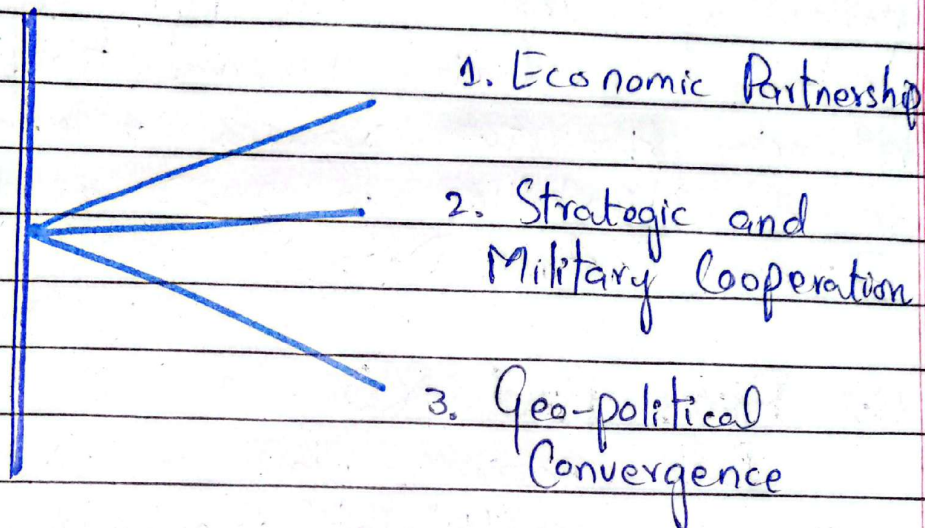
Q.4 Russia-China growing economic, strategic and geo political collaboration is an effort to potentially challenge the US led world order. Discuss.

1. Introduction

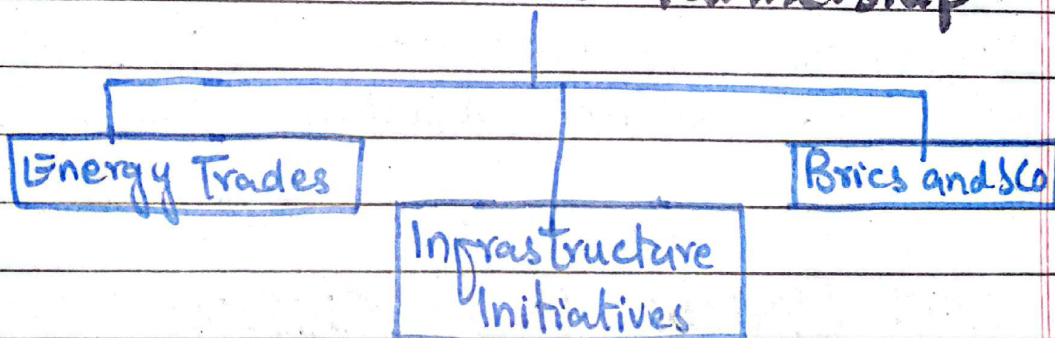
The strategic partnership between Russia and China is underpinned by shared grievances against the US-led unipolar world order established after the end of Cold war. Both nations advocate for a multipolar global system, emphasizing sovereignty and resistance of western interference. The 2022 joint statement on International Relations Entering a New Era by Russian President Vladimir Putin and Chinese President Xi Jinping explicitly criticized US dominance, signalling their intent to deepen cooperation across economic, military and geo-political dimensions. Their alignment reflects a broader shift towards a multipolar world order, disrupting the post-Cold war dominance of the United States.

2. Russia-China Economic

Strategic And Geo-Political Collaboration



2.1. Economic Partnership



(a) Energy Trades

Russia has become key energy supplier to China, especially after the west imposed sanctions on Moscow following the Ukraine conflict. In 2023 Russia overtook Saudi Arabia as China's largest crude oil supplier.

exporting over 2 million barrels per day (Reuters).

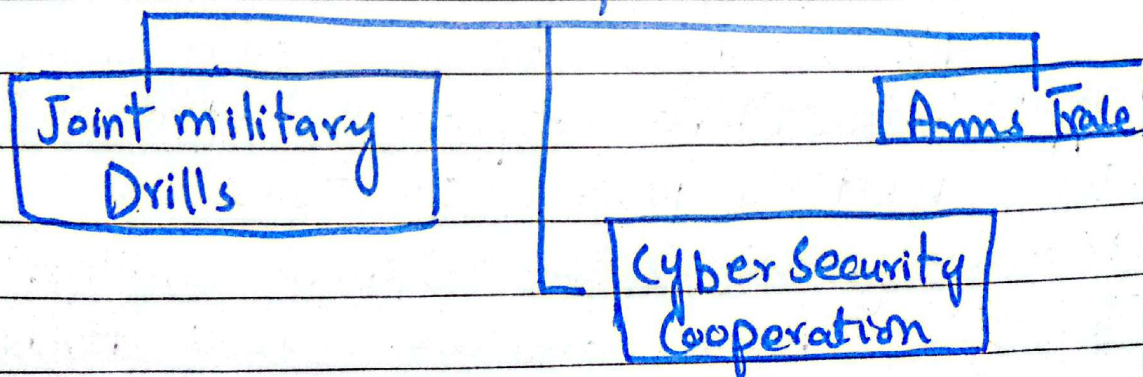
(b) Infrastructure Initiatives

Collaborative projects, such as the power of Siberia gas pipeline, are central to their economic ties. Trade between the two nations reached a record \$190 billion in 2022 as per Chinese Customs Data.

(c) BRICS And SCO

Both nations play a pivotal roles in multilateral organizations like BRICS and the Shanghai Cooperation Organization (SCO), which aim to reduce Western economic influence.

2.2 Strategic And Military Cooperation



(a) Joint Military Drills

Regular joint exercises, such as the Vostok 2022 military drills, demonstrate their growing military synergy. These drills focus on countering NATO's influence and ensuring regional stability under their leadership.

(b) Arm Trade

Russia remains a significant arms supplier to China, enhancing Beijing's military modernization efforts.

(c) Cybersecurity Cooperation

Both nations collaborate on cybersecurity, opposing Western dominance in digital governance and internal control.

2.3 Geopolitical Convergence

→ Shared opposition to NATO

→ Coordination in Global Forums

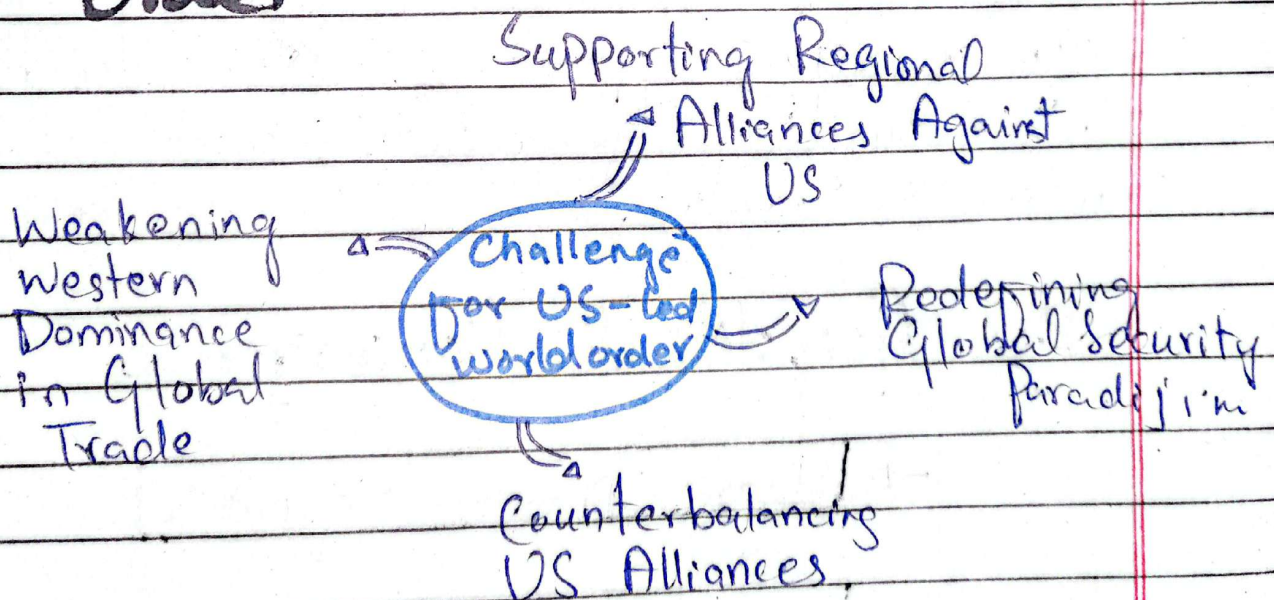
(a) Shared Opposition to NATO

Russia opposes NATO's eastward expansion while China challenges US alliances in the Indo-Pacific, such as the Quad and AUKUS.

(b) Coordination In Global Forums

Both nations leverage forums like the United Nations to veto US-led resolutions, particularly on issues such as Syria, Ukraine, and Taiwan.

3. How Russia-China Collaboration Challenges the US-Led World Order



3.1 Weakening Western Dominance In Global Trade

Russia and China aim to reduce reliance on the US dollar in international trade, promoting alternatives like the Yuan and fostering bilateral trade in local currencies. This strategy undermines the dollar's global hegemony.

3.2 Counterbalancing US Alliances

China's Belt and Road Initiatives (BRI) and Russia's Eurasia Economic Union (EAEU) present alternative development models, directly competing with US-led initiatives like the G7's Partnership for Global Infrastructure and Investment (PGII).

3.3 Redefining Global Security Paradigms

Through multilateral platforms like the SCO, Russia and China promote regional security frameworks that

exclude western powers. Their growing influence in Central Asia and the Arctic is evidence of their intent to reshape global geopolitics.

3.4 Supporting Regional Allies Against the US

Both nations support countries like Iran, North Korea, and Venezuela, which challenge US influence. For instance, Russia's military ties with Iran and China's economic investments in Venezuela are part of a broader strategy to weaken US regional dominance.

4. Conclusion

The Russia-China partnership, driven by economic interests and shared opposition to US hegemony, represents a significant shift in global power dynamics. By deepening cooperation across economic, military, and geopolitical domains, they aim to challenge the US-led world order and promote a multipolar global system. However, the success of this collaboration

depends on overcoming challenges and countering Western responses.

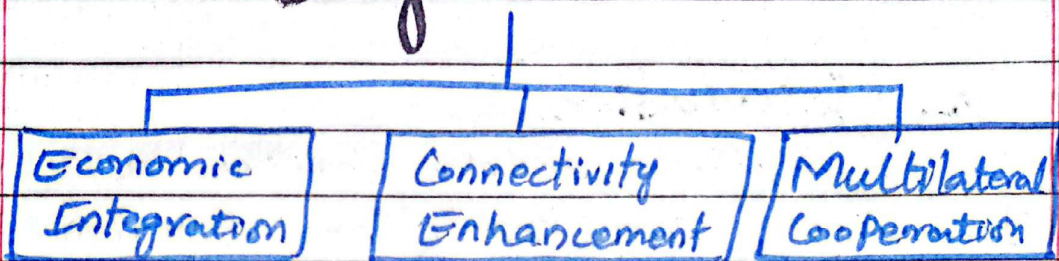
Q.7 Critically evaluate the opportunities and challenges for neighbors in post Sheikh Hasseena Bangladesh. Also analyze the opportunities for Pakistan and Islamabad approach to Dhaka.

1. Introduction

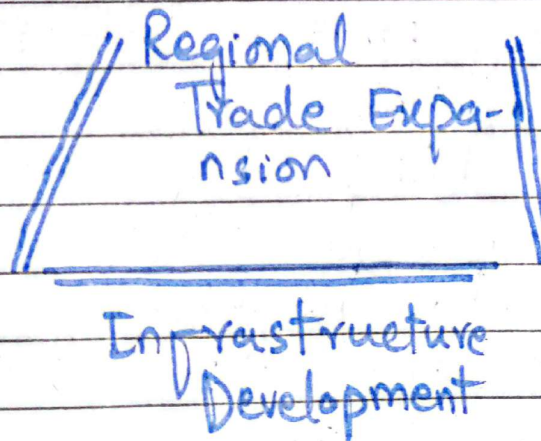
Bangladesh, under Sheikh Hasseena's leadership since 2009, has experienced remarkable economic progress, political centralization, and strengthened regional diplomacy. However, the prospect of her departure signals a critical juncture for the country and its neighbors, as new leadership may bring shifts in foreign policy, economic priorities, and regional cooperation. For neighboring countries like India, and China, the post-Hasseena period offers opportunities to deepen trade, connectivity, and strategic ties, but also poses challenges related to political uncertainty and shifting alliances.

For Pakistan, this transition presents a chance to rebuild strained relations, foster economic collaboration, and explore avenues for regional partnership.

2 Opportunities For Neighbors In Post-Sheikh Hasina Bangladesh



2.1 Economic Integration



(a) Regional Trade Expansion

Bangladesh's strategic location as a South Asian gateway offers neighbors like India and

Bhutan access to global markets. A leadership change may lead to reinvigorated efforts for regional trade initiatives, including BBIN (Bangladesh, Bhutan, India, Nepal) and BIMSTEC, fostering economic growth.

(b) Infrastructure Development

Countries like China, through the Belt and Road Initiative (BRI), can further enhance Bangladesh's infrastructure, including ports like Chittagong and Payra strengthen trade routes.

2.2 Connectivity Enhancement

→ India's Northeast Gateway

→ China's Maritime Silk Road

(a) India's Northeast Gateway

For India, Bangladesh remains critical for its northeastern states' connectivity. Expanded road, rail, and waterway links, such as Maritime

Express Railway, could be prioritized.

(B) China's Maritime Silk Road

Bangladesh's involvement in China's Maritime Silk Road enhances regional connectivity, benefiting both Beijing and neighboring countries.

3. Challenges For Neighbors In Post-Sheikh Hasina Bangladesh.

→ Political Uncertainty

→ Shifting Alliances

→ Rohingya Refugee Crises

3.1 Political Uncertainty

A leadership change could lead to political instability, disrupting trade routes, delaying regional projects, and creating challenges for neighbors reliant on Bangladesh's stable governance.

3.2 Shifting Alliances.

(a) India-China Rivalry:

A new government may re-

caliberate foreign policy, balancing relations between China and India. This could intensify competition for influence especially in strategic sectors like infrastructure and energy.

US Influences:
Increased engagement with Western powers may alter Bangladesh's relations with neighbors, complicating multilateral cooperation.

4. Opportunities For Pakistan In Post-Sheikh Hasina Bangladesh

- > Revitalization of Diplomatic Ties
- > Bilateral Trade and Investment
- > People to People Connectivity

4.1 Revitalization of Diplomatic Ties

The post-Hasina period offers Pakistan a chance to reset its historically strained relations with Bangladesh, particularly by addressing

grievances diplomatically and fostering mutual understanding. Recent Track II diplomacy indicates an openness for improved ties.

4.2 Bilateral Trade And Investment

(a) Textile Sector Collaboration:

Both nations, as leading textile exporters, can collaborate on joint ventures to enhance competitiveness in global markets.

(b) Energy Cooperation:

Pakistan can explore energy exports to Bangladesh, including LNG, and participate in renewable energy projects to meet Dhaka's growing energy demands.

5 Conclusion

Post-Sheikh Hasina Era in Bangladesh presents both opportunities and challenges for its neighbors. While political transitions may bring uncertainty, they also open avenues for economic collaboration, strategic partnership and enhance connectivity. For Pakistan, this is a chance to rebuild relations, explore trade synergies, and strengthen regional ties.