

**AQSA ANJAD**

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Question 1:

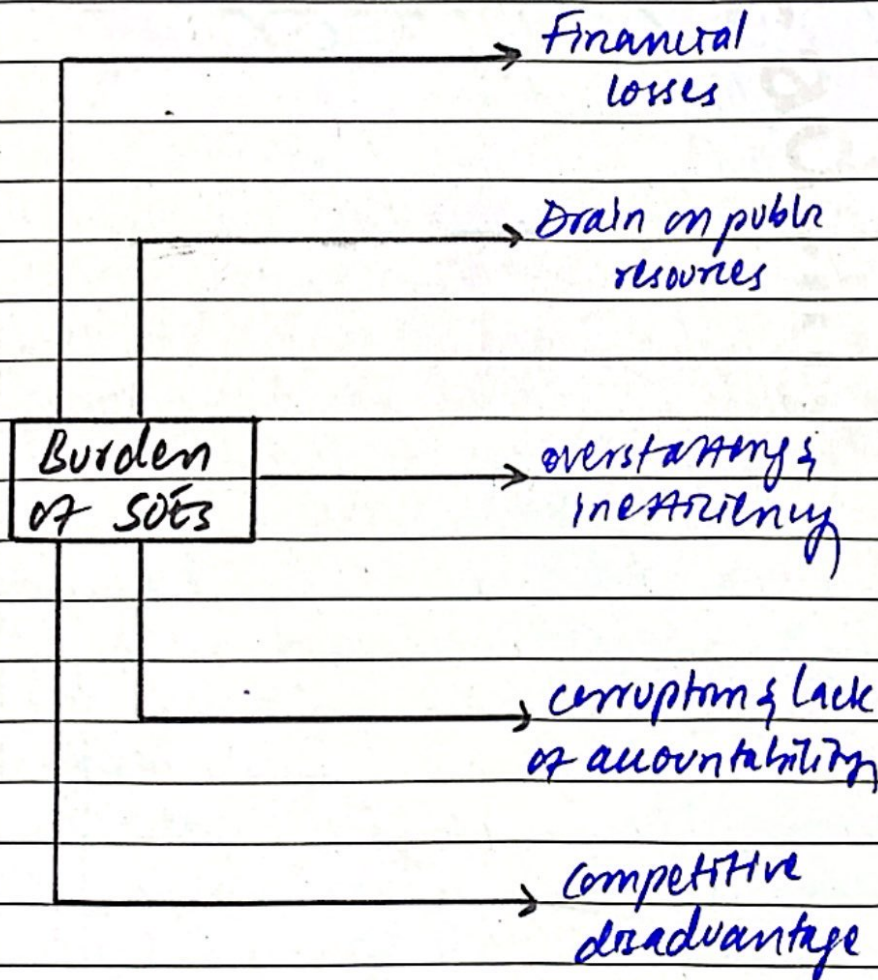
**Introduction:**

The trend of multilateralism is spreading at a fast pace all over the world. Privatization is an important aspect of it. Every nation state is striving to align with this trend. Similarly, Pakistan is also trying to privatize its government owned corporations (GOC) or state owned enterprises (SOEs) to enhance economic growth and efficiency. Pakistan is facing a huge and persistent burden on its economy due to SOEs. Privatization of these SOEs has various benefits including reduced fiscal deficit, economic growth and increase in efficiency among others. Therefore, certain measures are required to deal with this scenario. These measures

include some privatization way and regulatory oversight mechanism.

## SOEs: A huge and persistent burden.

The state owned enterprises play a significant role in the economy of Pakistan. Various issues of SOEs and malpractices, made these enterprises a burden on economy.





### i- Financial losses:

The state owned enterprises in Pakistan are poorly managed. Their regulation need frequent gov bailouts and subsidies. Therefore, great amount of money is lost. According to an official data the loss due to SOEs has reached upto 730 million by 2022.

### ii- Drain on Public Resources:

The funding of SOEs drain the investment from essential public projects such as health, education and infrastructure.

### iii- Overstating & inefficiency:

The culture of political patronage is frequent in SOEs of Pakistan. It increases the inefficiency & decreases productivity.

### iv- Corruption & lack of accountability:

The gov institutions in Pakistan lack accountability mechanism. These institutions also include SOEs. Moreover, corruption occurs due to lack of transparency.

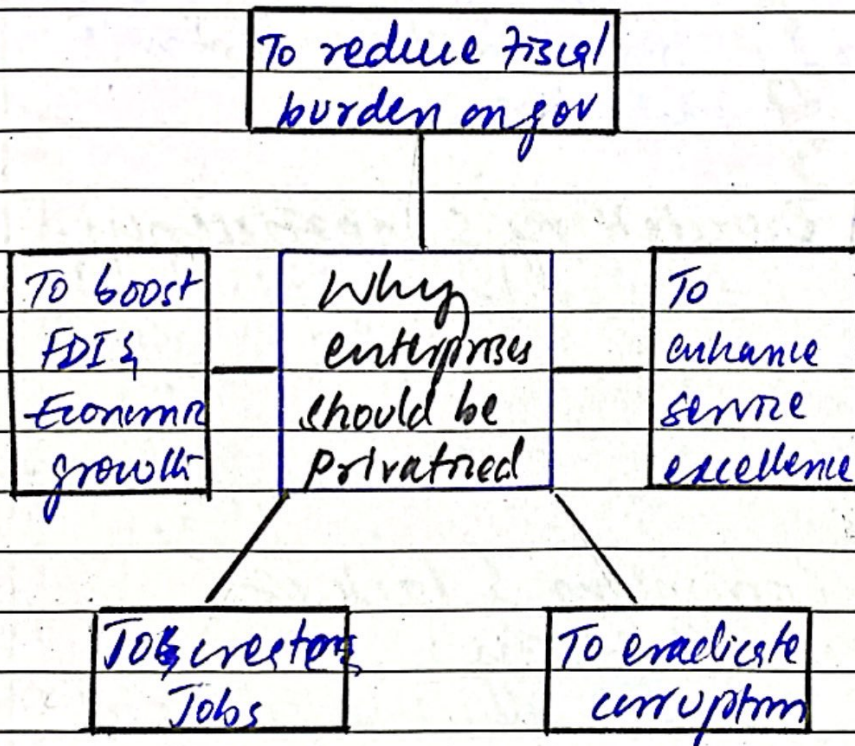


#### V. Competitive Advan Disadvantage:

The SOEs can not compete with private enterprises due to multiple fault lines such as inefficiency, low service quality etc.

### Opportunities in Privatization Process:

There are multiple benefits associated with privatization of SOEs:





## i- Reduction of Fiscal burden on Government:

The privatization process reduces the need for government subsidies & bailouts. It frees the funds for other sectors.

According to Dr Hafiz Pasha

Dr Hafiz Pasha asserted in his book

"Privatization has potential to reduce fiscal burdens and alleviate the strain on public finances".

## ii- Economic Growth & boost in FDI:

Privatization attracts foreign & domestic investment which ultimately leads towards economic growth.

A noble laureate Joseph Stiglitz mentioned that:

"Privatization helps the investor to seek opportunities in well managed and profit-oriented companies".

## iii- Enhancement of service Excellence:

Private companies often enhance their service qualities to compete in the market. Contrarily



the public sector struggle to regulate itself.

Example:

Pakistan Railways & the flagbearer PEA strive to follow the minimum quality standards.

iv. Job creation:

The privatization process may cause layoffs initially. But ~~the~~ it provides sustainable & more productive jobs in the long run.

v. Eradication of Corruption:

The Pakistan gov has been warned multiple times by the IMF, WB & ADB through reports that the state has a flawed system of SOEs. due to unlimited corruption cases.

Example:

Scams of (NICL) national insurance company limited involved the purchase of 10 acre land in Karachi at exorbitant prices.

This private regulation minimize these kind of corruption cases.



# Policy Recommendations:

The policy recommendation for privatization includes different ways of privatization process and regulatory measures:

enterprises  
How ~~privatization~~ should be privatized

Privatization measures

Regulatory measures

Public private partnership

Complete privatization

Stock market listing

Parliamentary oversight

Effective regulation for fair competition & consumer protection

Transparent & incremental approach

# Privatization measures

## i- Public private partnership:

The combination of public sector strength & the strength of private sector can be a good option. The public sector could perform regulatory oversight while private partners can contribute in capital & efficiency.

Example:

operational management of SOEs → under private sector

ownership of SOEs → under public sector.

## ii- Complete privatization:

The gov can sell off the SOEs to enhance their efficiency. The complete privatization must be done through transparent bidding process.

Example:

Telecom sector privatization



### iii- Stock market listing:

The gov can offer the shares of SOEs to public to increase funds.

Example:

Floating of shares of PIA in Pakistan stock exchange.

## Regulatory measures:

### i- Parliamentary oversight of privatization process:

The current standing committee of NA has too much on the plate including finance, revenue, economic affairs, statistics etc. The privatization is a sensitive issue & must be handled by a separate joint committee.

### ii- Effective regulation of fair competition & consumer protection:

"Privatization leading to cartelization is worse than the government monopolies."

The private sectors sometimes prioritize profit over service



quality. It leads towards inflation, low service quality, high commodity price. Thus an effective regulation is needed to oversee the private sector.

### iii- Transparent & incremental approach:

The public has a negative perception about privatization. So they oppose it. Moreover, the political resistance also interfere this process. Thus, the process of privatization should must be gradual & inclusive. At the same time, transparency is also needed in bidding process.

### Conclusion:

Privatization policy is a beneficial approach for economy of a country. Pakistan's economy is already facing multiple setbacks. It can earn significant opportunities by adopting the policy of privatization. The privatization could lower the burden & boost the economy at a fast speed. Hence, multiple privatization options and regulation steps must be adapted by the gov.



## Question 3:

### Introduction:

Pakistan has a strong geo-political importance. This importance is mainly due to its southwestern province of Balochistan which is situated at the crossroads of central Asia, South Asia & Middle east. It is the largest province of Pakistan with 43% of area. At the same time, Balochistan is also the poorest and least developed area of Pakistan. Moreover, it is involved in recurring separatist insurgencies due to multiple political, economic & social causes. Addressing these insurgencies is also a challenging task due to fragmented insurgent groups, military solutions and lack of political will. Therefore, certain measures are required to resolve the issue of Baloch insurgencies for once and for all.



# Recurring Separatist Insurgencies:

## i- Historical Context:

The Balochistan joined the Pakistan in 1948. At that time various tribal factions resisted this move & thus the insurgency started.

## ii- Insurgent Attacks

Various attacks have been made by the armed insurgent groups:

### Public Related



PC Gawadar attack 2021  
by BLA

Attack on security forces  
in Gawadar, 2023

Attacks on Chinese  
workers, investors & citizens

Attacks on settlers  
for job purpose i.e. punjabis  
& other people.



↓

infrastructure related

↓

Gas pipeline in meri  
& sui

Electricity transmission  
lines passing from  
Balochistan.

Railway lines

Sandak copper mine  
in Chaghidistrict.

## Causes of insurgencies:

The causes of insurgencies can be explained by analyzing the two different school of thoughts.

### i- Stance of centralists:

According to the authorities that supports strong centre, there are two causes for insurgencies:

#### a- The Sardari System:

The Sardari system is responsible for the underdevelopment of Balochistan. as they feed sardar strengthen themselves at the cost of public. they have



weaponned & armed groups which they use against state.

### b. Foreign Interference:

The India interferes in the Balochistan affairs. It strengthens the insurgent groups through funding.

Example:

i- involvement of RAW.

ii- Kalbhushen Yadav case.

### ii- Stance of Federalists:

The political parties or ideologues that support for strong provinces & units counter the stance of centralists & promote other causes:

### Counter Points:

#### a- For Sardari System:

The Sardari system is not solely responsible for insurgencies.

Example:

The Mokeran division have no Sardari system, still insurgency is frequent there.



6. For Foreign involvement:

Foreign interference is only effective when internal fault lines exist.

Other causes:

i- Political Marginalization:

Lack of political provincial autonomy and marginalization of Baloch leaders in governance & decision making process cause the Baloch factions to become angry.

ii- Economic Exploitation:

Multiple resources such as coal, mineral & gas are extracted from Balochistan but they don't get equitable share. Moreover the infrastructure is also damaged.

Example:

Sandak copper mine started in 1996.

Distribution of share

Centre	MCC	Balochistan
50%	45%	5%



### iii- Ethnic & Tribal Alienation

The imposed policies of centre ~~are~~ are felt by the local people as threat to Baloch identity & culture.

### iv- Human Rights Violation:

Human rights violation are common in Balochistan in multiple forms:

Example:

- Enforced disappearances
- Extrajudicial killings
- Heavy handed military operations

## Challenges in addressing the insurgencies:

Fragmented insurgent groups

Security-development imbalances

Lack of political will



i- Fragmented & insurgent groups:

Insurgent groups are divided. Some want separation & others want rights delivery. So the negotiations are difficult.

ii- Security-development

Imbalance:

The military solutions of insurgency issues do not address root causes of crisis

"The military justice is to justice what military music is to music"

~ George Clemenceau

## Policy options to resolve the Issue:-

i- Political Inclusion:

Provincial Autonomy

Inclusive Governance

The 18th amendment must be fully functional. According to it



The provinces themselves can extract their natural resources. Moreover, inclusive decision making process is essential to address political grievances of Baloch leaders.

## ii- Economic Empowerment:

↳ Resource sharing

↳ Infrastructure development

↳ Job creation

The government needs to provide an equitable & transparent share of resources to Baloch people. They need to invest in infrastructure & provide jobs to local people when bidding for projects.

## iii- National Integration:

The gov needs to foster national integration by promoting Baloch language & culture within national framework.

## iv- End of Human Rights Violation:

As human rights violation must be ended through accountability of power abuse of CBMs.



## V. Diplomatic Efforts:

Regional Co-operation

Counter propaganda  
Mechanism

Pakistan must foster effective diplomacy by increasing regional co-operation with Afghanistan & Iran to secure borders. Moreover, gov need to use media to counter any foreign propaganda fueling separatism.

## vi- Toned Down Security Approach

### a- Intelligence based military operations:

Targeted operation should be made to prevent collateral damage

### b- Demilitarization:

The gradual demilitarization & less military interference in civil affairs is required to settle the issues.



## Conclusion:-

The Pakistan has witnessed the separation of one of its provinces i.e. Bengal in 1971. That province was separated by India from the West Pakistan. Currently, the separation movements are continued in Balochistan which is connected to all the other three provinces of Pakistan. Pakistan must learn from the history and needs to resolve the issue for once and for all to prevent its destabilization.