

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

11/20

1) Introduction-

The state owned enterprises are as old as the state system itself. The prime objective of the state behind developing a state owned enterprise is to provide qualitative services and opportunities to the general public. Beside this state achieve its political as well as social objectives through these entities, like provision of job and goods which are rare in the market. Likewise, Pakistan also own about 206 state-owned enterprises. Unfortunately, after series of structural reform many of these enterprises become burden on the budgetary economy of the state. Not only they went into a vicious cycle of loss rather offset the profit earn SOEs as well. It is estimated that the cumulative deficit/loss which these

enterprises inflicted to the budgetary economy of the country from Fiscal year 2016 to fiscal year 2024 is about \$ 7 trillion, which is 1.4% of the GDP of the country.

2) Why these enterprises should be privatized.

Series of failure reasons contributed to the hope of the privatization of these state owned enterprises. Some of the reasons behind the privatization of these entities are mentioned below.

i) Output of the enterprises do not meet up with the input.

Among the 206 state owned enterprises, there are hardly thirty eight to forty enterprises which are not in loss. The remaining are not only in loss but highly dependent upon those enterprises who run profitable mechanism. The top five of the state owned enterprises like Pakistan Airlines, Pakistan Railways, National Highway Authority, power generation companies are ~~loss~~ aggressively in

lost, so they must be privatized.

ii) In order to reduce the government burden.

From 2008 onward the government of Pakistan is trying hard to mainstream these state owned enterprises but all in vain. It is estimated that from the fiscal year 2016 to fiscal year 2024, government has provided an aid of 5.4 trillion rupees to these enterprises, but still they can not show any progress. So, privatization is a better option.

iii) Privatization could attract investment.

In the capitalist societies, it is believed that the market should be out of the influence of the state. The sole job of the state in market is to regulate it by providing opportunities to the public. As private industry does have capability to bring investment both from domestic investors as well as from international ones so it must be privatized.

iv) Government would have time to focus on primary objectives.

The realist school of thought do

believe in *Realpolitik*, which revolves around the protection of state through military might. Currently Pakistan is facing number of insurgencies both internally as well as from the neighbour states, by privatizing the commercial unit state can get maximum opportunity to focus on the primary matters of the state.

3) Ways to privatize the state owned enterprises.

Privatization is to a greater extent a public-centric phenomenon, where state provide opportunity to the public to become the owners of once state owned entities.

But, after getting privatized these units could go against the policies of public and state. So, the ways of privatization must be kept public friendly. Some of the standardized ways through which state can privatized its SOEs are mentioned below.

i) Merit-based privatization.

The privatization of state owned

enterprises should be on merit base.

The merit include both the proper worth of the unit as well as chance for the public to take part into it.

Recently in 2024, the coalition government has provided Pakistan International Airlines, for the auction. The total worth was kept below the belt, still none could dare to own because of high level legal hurdles.

(ii) Transparency and political Commitment.

As aforementioned there must be simple and clear criteria for bidding. All the terms and conditions must be signed before the public as the constitution of Pakistan guarantees the right of information to all the citizen of the country. Transparency and political Commitment will not let the favoritism in bidding.

(iii) Negotiations Related to the public welfare.

Another important objective of the state owned enterprises is after the public welfare. So, the authorities must

legislate policies to the private sector related to the public welfare, else it will go against the will of the public after the ownership gets changed. Like, the K-electric company was privatized but due to lack of terms and conditions public in Karachi has to pay heavy taxes.

4. Conclusion-

State owned enterprises are the assets of the public of a country with the main objective to facilitate the public. But in case it does not work efficiently and incurring losses and inflict higher burden on the state, these must be privatized. Indeed, the privatization must be public-centric one.

Q2. Critically evaluate the recurring separatist insurgencies in Baluchistan. Recommend policy options for the state of Pakistan to resolve the issue once and for all.

Answer

11/20

1) Introduction.

The influx of terrorist organization in Pakistan through semi-permeable borders, which are now fenced to a greater extent, has made the security system of Pakistan vulnerable.

Beside those terrorist organizations, some of the separatist movement recurring from within the country, these terrorist organization follow certain nationalistic or quasi-nationalistic approach to gather militia against the state.

Government of Pakistan is trying its best to bring those internally motivated ethnic groups to the table of the negotiation. While non-state actors are met with coercive methods. One of the internally motivated group who is raising slogan of separation is the Baluch Resurgent group.

2) The Baloch resurgent group.

The Baloch resurgent group is a Balochistan based ethnic group mainly responsible for the ~~low~~ insurgencies around Balochistan and urban Sindh, particularly Karachi.

This group is mainly functions its terror attacks through the armed militias namely, Balochistan Liberation Army (BLA), Balochistan Liberation Front (BLF), and Majeed Brigade. The Majeed Brigade is the militia of suicidal attack. This group often target the Pakistani military and paramilitary in Balochistan, and in Urban Sindh. In year 2023-24 more than 55 small and large attacks done by this resurgent group. Beside law enforcement agencies, this group target Punjabi settlers in Balochistan, the state infrastructure like the Sui pipeline in Sui district. Furthermore, the Chinese officials and workers who are working in the project of China-Pakistan Economic Corridor are also under their radar. In the year 2024, more than 5 attacks were on the Chinese workers in Karachi.

and Rawaldas district.

3) Reason behind Resurgency.

The question revolves around the minds of the general public related to the resurgency of the these militias in Pakistan. There are two school of thoughts. One is the centralist school of thought while the other is federalist.

i) The centralist school of thought.

Those who opines and follows the centralist version of the thought are of the opinion that the Baloch resurgent groups are motivated by tribal chieftains. The tribal chieftains have kept them deprived of their basic rights including education, health and other infrastructure to use them against the state for the petty issues. This statement is quite valid in the cases of some Baloch chieftains, who are living abroad particularly in New Delhi and motivate normal public to do these crimes. The top among them are Brardah Bugti, Harbyas Murree and Doctor Allah Nizai Baloch. Beside this the center is of

the opinion of the Rawas involvement in the insurgency. This claim of the federalist was further strengthened by the Indian spy Kalboshan Javed let's on.

ii) The federalist school of thought.

This school outrightly denied the statements of contractist. This school of thought is of the opinion that the insurgency is because of the denial of rights to the Baloch by center. The federalist party is claiming that, Balochistan is the hub of all natural resources but Balochistan itself is deprived from this facility. Sui gas is the product of Balochistan, however, Sui itself is deprived from it. Another major cause of insurgency as per the federalist parties is the policies of the government of Pakistan. According to them the Afghan jihad provided ammunition and weapons in the hands of the Baloch, beside this another hallmark is the post 9/11 when the NATO and USA

Army was given the passage through Balochistan, in the way they were looted and took heavy artillery thus the Baloch are weaponized. Further grievances of the Baloch are the NRC share.

Balochistan got only 7.5% of the total national finance Commission which is not enough to the people of the province. Balochistan is the largest province by area and smallest by population.

The NRC formula is derived by keeping population the standard of share 32%.

i) Missing person.

According to the federalist parties one of the big reason of insurgency in Balochistan is the issues of missing persons. The number of missing persons vary to person to person. The recent emerging leader of Balochistan Doctor Mahrang Baloch claims 2200 people, while the families of the missing persons do have different number. The state claims less number of the missing persons. The aforementioned are the aspects as per federalist parties.

4) Policy options with the state of Pakistan to resolve the issue.

A state use to be sovereign in all its domains to use either of the option to go against any entity. But wars do not win people. The state of Pakistan has to win over its people from the misunderstandings created by the enemies. Some of the policies are on under.

(i) Bring them back to the negotiation.

No wars can be fought among own people. The people or the insurgent groups who have taken part against the small skirmishes, must be brought back to the table. These people are mainly uninformed ones and they have been wrongly guided.

(ii) Forgive the past to those who want to surrender.

State must announce to forgive all those who were involved in small skirmishes against the state by considering them the misguided ones. Not only forgive to the innocent who

were misused rather hard punishments to those who ~~were~~ were involved in heinous crimes against the state and who have misguided others.

iii - Reforms in NFE award and share in natural resources.

There is a need to re-visit the NFE award formula as this formula is not addressing the primary issues of the people of Balochistan. Beside this, there shares must be improved in natural resources particularly in sand, limestone and Sui gas.

iv - Social welfare institutions in Balochistan.

In order to address the grievances of the people of the Balochistan government should establish educational institutes like, school, colleges and universities; health institutes, like hospitals, parks etcetra. Thus these policies could be a better option to far off the grievances of the people of Balochistan.

5) Conclusion-

States has to face challenging situations from within or from with out Those challenges could be from economical institutes, health institutes, educational institutes or serious security concerns Now, it is the rationale of the state to far go all these hurdles and to win the heart of general public