

## Question No: 01

11/20

### Introduction:

state owned enterprises (SOEs) in Pakistan have long been a significant burden on public resources, cause of fiscal deficits and instability of economy. These organizations need reforms in structural manner. Inefficiency and poor management, over recruitments in institutions, continuous losses and circular debt are the main reasons to privatize the SOEs.

Privatization is necessary because these SOEs are essential for Pakistan's economic growth and it led to efficiency gains, attracting investment, enhancing competition and debt reduction.

But privatization needs transparent

process for strengthening institutions. There should be a phased approach, strategic partnership and stakeholder engagement. This generated revenue must be reinvested into employment sector for social safety.

## State Owned Enterprises are a Burden on Economy:

### Inefficiency and Poor Management:

Many SOEs suffer from mismanagement, over staffing and outdated infrastructure, resulting in low productivity and high operational costs.

### Political Interference:

SOEs are often used as political tools, leading to the non-meritocratic appointment and lack of

accountability.

## Continuous losses:

Loss making enterprises like Pakistan steel mills, Pakistan Railways and PTA have exacerbated significant financial losses over the years, necessitating frequent bailouts from the government.

## Limited Fiscal Space:

SOE bailouts divert resources from essential public services such as education, healthcare and infrastructure development.

## Market Distortions

The dominance of inefficient SOEs in key sectors can stifle competition, innovation and private sector participation. Pakistan's international market is undermining due to low quality cement and steel with high rates.

# Necessity of Privatization

## Efficiency Gains:

Private ownership generally focuses on standard quality productivity according to market competitiveness.

It fosters better management, resource allocation and productivity due to profit driven incentives.

## Fiscal Relief:

Privatization reduces the state burden to run a full of loss Enterprises. It has an opportunity to allocate funds to other development projects.

## Attracting Investment:

Selling SOEs to private investors can bring much needed capital, technology and expertise

## Enhancing Competition:

Privatization encourages a more competitive market place, improving service quality and consumer choice.

## Debt Reduction:

Privatization of SOEs can reduce the circular debt because the loss over the years is the main cause of fiscal deficit. Resultantly, it will improve the fiscal stability and economic growth.

## Challenges in Privatization:

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Political Resistance

opposition from political leaders, labour unions, fearing of job losses.

Public Perception

selling of national assets on undervalued prices.

Weak Regulatory Framework

firms may exploit their market position

Economic Distortion

Cause of social unrest

# Needs of Effective Privatization:

## Transparent Process:

Privatization should be conducted through open bidding and rigorous valuation to ensure public trust.

## Strengthening Institution:

Regulatory framework should be developed to prevent monopolistic practices and ensure consumer protection post-privatization.

## Engagement of Stakeholder:

The government should engage with labour union, civil society and political stakeholders to address concerns and build consensus.

## Phased Approach:

Start should be taken from non-strategic and smaller

enterprises to build momentum and demonstrate success before tackling large SOEs.

### Strategic Partnership:

Partnership with reputable international investors can ensure expertise and access to global markets.

### Social Safety and Reinvestment:

Revenue generated from such enterprises should be reinvested in the retaining programs and reducing unemployment for displaced workers to mitigate social distress.

### Critical Evaluation:

Pakistan has no benefits from some SOEs that are causing a notable burden on economy.

In privatization of PIA, Railways and Pakistan Steel Mill etc can be proved a

better step to release the fiscal debt. Privatization ensures reforms in structuring of institutions for generating revenues that are more beneficial than causing of circular debt and low quality productivity.

### Conclusion:

Privatization of SOEs is the major need of hour because it causes of huge debt to run. This can enhance competing in international market, attracts investment and reduce public debt. The funds can now allocate to education, healthcare and infrastructure sector. Privatization should be transparent, involve stakeholder engagement, strategic partnership with a phased approach and need to address the social safety in order to reinvest in human resource sector.



## Question No: 03

### Introduction:

10/20

The separatist insurgencies in Baluchistan are deeply rooted since the creation of Pakistan 1947. Baluchistan's grievances include the perceived forced annexion of the Kalat, economic marginalization and limited political representation.

The region's complex tribal dynamic and coupled with its strategic significant and rich natural resources have further intensified the conflict. The involvement of neighbours in Baluchistan exacerbates the

sentiments of marginalized and less developed in region is the main cause of creation of Baluchistan Liberation Army (BLA) in the mids of 2000.

# Drivers of Insurgency in Balochistan:

## Political Marginalization:

Balochistan has historically faced limited representation in Pakistan's decision making processes. Centralized governance and the lack of meaningful local autonomy have fueled resentment.

## Economic Deprivation:

Despite being the richest provinces in natural gas, coal and minerals, Baluchistan remains the poorest of all. Local population often perceive that the benefits of resource extraction disproportionately favor other regions of Pakistan.

## Human Rights violation:

Allegations of enforced disappearance,

extra-judicial killings and heavy handed military operation have exacerbated the sense of alienation in the Baluch people.

## Foreign Interference

Baluchistan's location bordering Iran, Afghanistan and hosting Gawadar port adds to its strategic value, making it a focal point of internal and external contestation. Geopolitical interests, with the allegations of external support for insurgents groups by states seeking to destabilize Pakistan, further complicating the issue.

## Recommended Policies for Resolving the Baluchistan Insurgency:

Political decentralization and Empowerment

strengthening of provincial autonomy under the

18th amendment, ensuring Baluchistan has greater control over its resources and governance. The promotion of inclusive politics by integrating Baluch leaders into decision making and address their grievances.

### **Economic Development:**

Implement targeted developments by focusing on infrastructure, education and healthcare to address chronic underdevelopment. It ensures that a significant share from Baluchistan resources is invested back into the province, benefiting local communities.

### **Human Rights and Reconciliation**

By addressing the allegations of human right abuses by holding security forces accountable and fostering trust building measures

It is needed to create a truth and reconciliation commission to investigate historical grievances and promote healing.

### Dialogue with insurgents:

The dire need of engaging insurgent groups in dialogue, offering amnesty or reintegration programs for those willing to lay down arms. It should be addressed the ideological and material support structure of the insurgency through negotiations and economic incentives.

### Cultural Preservation

The policy of protection and promotion of Baluchistan's unique cultural identity through language preservation, cultural festivals and education reform. It should ensure that demographic changes respect the cultural sensitivities of Baluch people.

## Strengthen State Institutions

By building the state institutions that provide efficient governance, justice and law enforcement to the local population.

This curtails the role of military forces and replace them with locally recruited and trained law enforcement personnel.

## Address Foreign Interference:

Strengthening of border security to curb illicit arms flow and infiltration by external actors. It is engaged in regional diplomacy to reduce external support for insurgent groups, leveraging partnerships and dialogue with the neighbouring countries.

## Gawadar Development for local benefit:

Ensuring of Gawadar's development directly benefits the local population through employment, infrastructure and educational opportunities. The engagement of local communities in decision making processes related to Gawadar's development to build trust.

## Critical Analysis:

The insurgencies in Baluchistan are due to internal factors of economic marginalization and less representation in decision making process with placement of military forces who alleged for the abusing human rights. Pakistan should also foster the external factors

due to its historic roots with India, a major cause of insurgency creation to destabilize the sovereignty.

## Conclusion:

To sum up all, Pakistan is facing a critical issue in the face of Baluchistan insurgency. Its major causes are the sense of alienation due to less resources, low development and human rights violation, being a richest province with respect of resources. This can be curbed by addressing the Baluch grievances in the form of cultural preservation, dialogue with insurgent groups and allocation of free and fair resource with attainment of human rights.