

Q2) State owned enterprises have been a huge and persistent burden on the budgetary economy of Pakistan. Why and how these enterprises should be privatised.

Introduction:

State owned Enterprises have been from a last few years consistently present itself as a huge burden on the government sector for its expenditure. There are more losses in the SOEs and less benefit is being getting through it hence there is dire need of the privatisation of these SOEs.

State OWNED ENTERPRISES: CONTINUOUS BURDEN ON ECONOMY OF PAKISTAN:

There are
There are more than 100
SOEs that has been present
itself as burden on the economy

Government Pays the
expenditures of these Enterprises:

Government of Pakistan
is responsible for paying
the expenditures. As PIA's
discos have been going
in loss so the government
of Pakistan is being giving
the expenditure of these
sector by itself.

State Owned Enterprises in Pakistan (SOE):

Banks

Pakistan state oil

Industrial Estate

Mining and engineering companies

manufacturing companies

Pakistan agricultural storage

Services Corporation

More losses and less
Benefits of the State Owned
Enterprises:

There is less benefit as they contribute less to the GDP of the country while about 40% of the country's budget is being spent on SOEs only.

Portion of Budget allocated to SOE is more huge in amount:

It is about 27.69% of annual budget that is allocated to the SOEs.

The total annual budget for Pakistan is around 9,404,896 Rs with SOEs receiving about 7,365,449 Rs. This shows that about 40% of the Pakistan GDP goes towards the SOEs that shows that there is greater burden on the government to pass for these enterprises. Thus it necessitates

that the SOEs should be
privatised
Transparency and Accountability
is lacking:

In Pakistan, in the sectors of SOEs
Corruption-based
governance is present persistently.
Despite the efforts still
the government is unable
to find the solution for
reducing or eliminating the
corruption and increased transparency
less technologically upgraded:

SOEs are less technologically
developed. As the PIA and
the other sectors and as
banking still are deprived

of the technologically advancement techniques seen by today.

Reasons OF PRIVATIZING STATE OWNED ENTERPRISES:

Enhanced productivity

Less financial Cost on Government

Competition that leads to increased economic growth

Professional Management

Enhanced transparency and accountability

Access to Capital

Work Bank Recommendations

Privatizing DISCOS will help reduce the transmission lines losses:

DISCOS is going through more losses but by privatization they will re-integrate the better transmission and the distribution lines hence the benefits of the privatization will be more.

Case in study of India:

India have Privatized its DISCO from the last few years and hence it was able to reduce the losses in the electricity lines

Industries Privatisation:

The industries privatisation would help in the development of their machineries, better employees interest in the work and increased wages, ultimately industries will flourish.

Banking Privatisations benefits the National Economy of Pakistan

As the MKB after privatisation has benefitted more by 500% in its output. Thus it can be stated that with the privatisation of banks will increase the financial benefits of the banking systems.

How the State owned
Enterprises should be
Privatised:

Function of Executive
to privatise the SOEs:

In Pakistan, it is the
duty of executive to
privatise the SOEs.
With the help of Parliamentary
supervisions, the SOEs
will be privatised through
a proper formal process.

State as a "Regulator"

To control the abnormal
increase in prices of the

products
SOEs,
the SO
by stat

Judicial
Intervention
Privatis

Judicial
the
fault by
the
that
be
of
the
SO

products and services of the SOEs, all the affairs of the SOEs will be regulated by state.

Judiciary should not
Interfere in the SOES
privatisation process:

Judicial intervention in the past did not bring forth full results hence the demand of time is that now there should be no any intervention of the Judiciary in the privatisation process of SOES.

Political Parties should
be having same opinion
on signing the "Charter of
Privatisation":

All the major political
parties of the Pakistan
should be having same
opinion and their must
be unity. To sign the
Charter of Privatisation
all the political parties
should discourage the
differences in their
opinion. Rather they
should be signing the
Charter of privatisation
in uniformity.

Process of the Privatization
of state owned Enterprises....
included 7 steps:

1. Identifications of SOEs and their values
2. Approval for privatization
3. Bidding process
4. Appraisal and Approval of Bids
5. Approach Successful Bidders
6. Finalise Sales Agreement
7. Transfer of ownership.

General instructions for attaining good marks in current affairs

Important Note:

Marks would be given on the following parameters

a- Content 60% References 15% Subject specific language 15%. Graphs and charts 10%

Add 12-13 headings in each question

Conclusion:

the questions carry 3_4 parts... each part has equal weightage so discuss all equally

Give examples from present events to justify answers

Give attractive introduction and Conclusion as well

always give headings from the question statement.. take words from the statement

link each of the argument to the asked part in the question... if you fail to do so, no matter how accurate content is, if your heading is not align with what is asked in the question, it won't be accurate

Good Luck

Increase facts
9 sides answer is enough as you have to attempt it in 35 minutes