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Economic Instabilities Lead To Privatization In Any State, An Exposition Of Pakistan's Privatization Policy

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Abstract
Privatization is the process of transferring an estate's ownership of an enterprise to private owners, whereas nationalization is the state's acquisition of a private company. They can both be used in place of the other. Privatization is now a common practice throughout the world, particularly in emerging nations. In this study privatization policy has been described and its connection with economic instabilities by unfolding literature and trends of privatization parallel to economic instabilities in facts and figures during sample year 1990-2021. Descriptive statistics and Augmented Dicky Fuller test is applied to check trend of data. Johansen Co-Integration test is applied to check long run association between the variables. Granger Causality test is implied by literature to check causality behind Privatization policy. Based on statistical criteria, variables are categorized into significant and insignificant. The study found that the two main drivers of economic instability in Pakistan are fiscal imbalances and public debt, although this study only considers the effects of public debt and fiscal deficits.

Keywords: Privatization, Fiscal Deficit, Debt burden, Globalization.

Introduction

The process of privatization is complex, has numerous implications, and is subject to a variety of limitations. Pakistan formed the Privatization Commission of Pakistan in 1991, initiating the present process of state-owned company privatization (SOEs). In Pakistan, the main arguments in favor of privatization were the elimination of major losses by SOEs and the reduction of the weight of foreign debt. The PC Ordinance states that 90% of the proceeds from privatization will be used to pay off debt and 10% will be used to combat poverty. Reducing the debt payment burden will help to strengthen the fiscal situation. Unfortunately, the privatization revenues were deposited in the Federal Consolidated Fund and spent there instead of being allocated to a separate fund set up for debt retirement.

Privatization in Pakistan is a key tool for economic reform policy since it removes artificial barriers and opens the sector to competition. It promotes development and gets rid of structural inefficiencies. The privatization initiative is part of the government of Pakistan's strategy for economic and structural reforms, which also entails deregulation and good governance. By utilizing the private sector as its primary engine of expansion, this initiative seeks to increase the productivity and development of

Pakistan's economy. By recognizing the connections and functions of regulation, good governance, and market competition in fostering environments that provide incentives for the private sector to invest in effectively delivering goods and services, it takes an integrated approach to enhancing the private sector's role and goes beyond the transfer of public assets to the private sector.

Pakistan is a developing nation with 61,990 businesses overall, 12,385 (19.97%) of which are public firms. While losses from public firms are one of the government's sources of income, these losses also cause government spending. Poor infrastructure improvements that cannot be addressed by state resources have resulted in many public firms losing money, which has prompted Pakistan to undertake a privatization policy. President Nawaz Sharif first launched it in 1990. From 1991 to 2008, 167 deals totaling Rs. 476,420.502 billion were conducted in various sectors.

The entire privatization process from 1991 to 2008 can be divided into the following three Stage:

First Stage of Privatization (1991-1993)

The first privatization cycle in Pakistan began in 1990s, when the government adopted liberalization and deregulation as a primary approach to impose the neoliberal system.

Fatima and Rehman (2012) claim that the privatization strategy was held accountable for inadequate quality of goods and services offered by public sector firms, corruption, abuse of privileges, a significant debt load, financial losses, and other issues. However, one cornerstone of the privatization policy was to increase public participation by encouraging small investors to purchase stock in state-owned companies (SOEs).

In this regard, seven significant SOEs from the banking, aviation, shipping, and oil and gas industries were selected as finalists.

Pakistan's effective privatization process began in 1991 with the establishment of the Privatization Commission of Pakistan. The fiscal deficit, debt repayment, and poverty eradication were the aims of privatization.

After resuming its privatization programme, the government sold 66 of the 108 SOEs that were up for grabs in less than 18 months. In 1990, the government launched a vigorous privatization drive to increase the production capacity of SOEs. Between 1991 and 1993, there were about various firms that were being considered for privatizations (Fatima and Rehman, 2012).

The successful British privatization model served as inspiration for the first-time privatization program in Pakistan. It was the period of Pakistan's business and industrial privatization. Pakistan's first privatized unit was MCB Limited. In addition to this, other industrial facilities, including Pasrur Sugar Mill, China Fertilizers, National Fibers, and National Motors, were all privatized between 1990 and 1993.

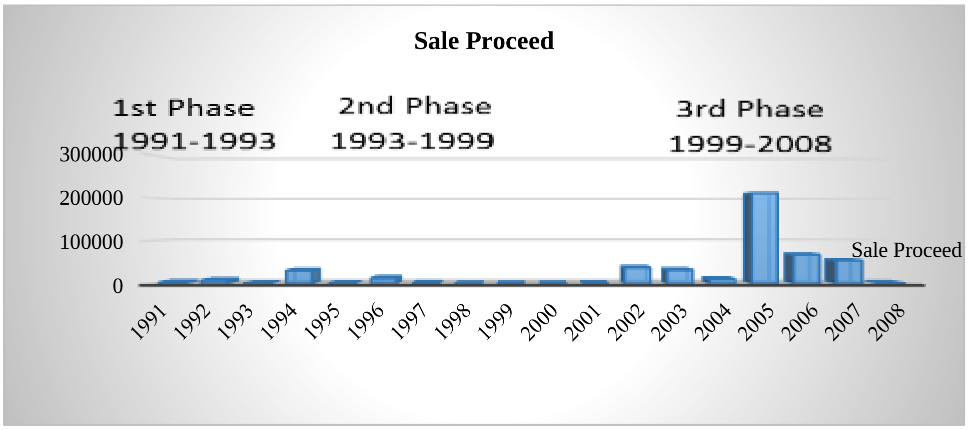
Second Stage of Privatization (1993-1999)

Benazir Bhutto implemented this phase in 1992 under the parliamentary system in an effort to achieve sustained economic growth.

The privatization of Pakistan's financial, energy, and telecom sectors is part of this phase. 20 industrial entities overall, one power plant, a financial institution, and 12% of PTCL's shares were all privatized during this time. However, by the end of 2000, there were 106 privatized SOEs, with the telecom sector accounting for half of them and a value of about US$ 2.0 billion.

Third Stage of Privatization (1999-2008)

Another name for it is the heightened phase of privatization



Sources:De-nationalization Commission of Pakistan

Shaukat Aziz implemented important economic reforms by first merging and reforming a number of sectors before privatising them. Shaukat Aziz enacted a number of divisive sales taxes, particularly on import fees; as a result of these reforms, patronage-based industries continued to be gravely challenged and discussions about privatisation became commonplace. Aziz provided crucial leadership and financial support while also working tirelessly to reorganise the sector.

The detrimental effects of enhanced privatisation techniques on public sector organisations began to diminish when state-owned firms were privatised. Prime Minister Aziz defended his privatisation programme by saying that "these institutions sustainable although they were on the verge of collapse." As a result of Aziz's privatisation effort, the country's yearly growth rate rose from 6.4% to 8.6%. The inflation rate has dropped from 11% to 12% in 1990 to 3.5% during the past three years. But in the end of 2007, Aziz's privatisation programme suffered a serious defeat that temporarily ended the nation's privatisation endeavour.

The objectives of reducing the budget deficit and debt were not successful. Throughout their periods in office, all the governments' privatization proposals faced opposition. The profitable apartments were all sold at exorbitant rates, leaving the losing apartments unaffected. The privatization process was frequently accused of corruption. According to the cautious judgement of the Anti-Privatization Alliance Pakistan, there was significant corruption of 1550 billion rupees ($23.84 billions) throughout the eight years of the Musharraf-Shoukat Aziz privatization effort.

Privatization in Pakistan

Due to the SOEs' subpar performance, the Privatize commission approved the privatization of most of the power sector enterprises in 2011, and this decision was formally implemented in 2014. Pakistan is now implementing its fourth privatization strategy. As a result, 68 SOEs have been identified for privatization; some of them, such OGDCL, SUI-Northern, and the Arab refinery, have been found to be practicable, and denationalization is being considered for several of the remaining SOEs. In June 2014, the following companies, listed by sector, received approval for privatization:

Table 1: Number of enterprises approved of privatization

Identified Sectors	No. of Firms
Oil & Gas (upstream and mid-stream)	5
Oil & Gas (downstream)	3
Power	16
Banking & Finance	7
Industries, Transport & Real Estate	6

According to the Privatization Commission, there were a total of 4 transactions in the Pakistani banking sector between 2014 and 2018.

Problem Statement

The evidence from the literature also points to a number of detrimental effects of privatization in the fields of economics, society, and welfare. A common component of the privatization plan is debt retirement. In many instances, nevertheless, such as in Argentina, Pakistan, etc., it is untrue. Therefore, before deciding on the future of privatization, the government needs to consider a few issues. A thorough examination reveals that privatization is a temporary fix with unfavorable long-term effects. Furthermore, selling assets rather than resolving issues is not a prudent course of action. What would be the justification for poor governance or mismanagement at the federal level if we accept the government's premise that SOEs are inefficient or lack effective management?

Objective of Study

The study aims to highlight privatization policy in Pakistan during 1991-present. Furthermore, the secondary purpose of this study to evaluate contribution of economic instabilities in leading privatization transaction during sample period 1990-2021.

Literature Review

Determinants of Privatization Policy in Pakistan

Global macroeconomic and fiscal problems have pushed the need for privatization policies; however, in this part, studies from Pakistan are highlighted to identify the key factors underpinning Pakistan's privatization policy.

Privatization policy and fiscal imbalances

To achieve and maintain macroeconomic objectives, every country has put in place a de-nationalization plan. Pakistan has been pursuing a privatization programme since 1991 to enhance the effectiveness and performance of loss-making SOEs, which were a significant contributor to the nation's budgetary balances. The majority of privatization transactions in Pakistan take place on the capital market, which ensures a secure environment for both domestic and foreign investors and supports economic trade liberalization.

The government receives the money from privatization to assist in paying down debt and balancing the budget. Since privatization proceeds have financed between 5 and 55 percent of all fiscal deficits since 2002, they are utilized as a mechanism to balance Pakistan's economy's fiscal imbalances (Ali Salman, PRIME institute, 2010). Economists favor privatization strategies to cover budget shortfalls. They also forecasted that the sale of Pakistan's SOEs might generate $20 billion for the government, which would be utilized to close budget deficits (Business recorder, Feb 2015). To determine fiscal imbalances, one can measure economic instability.

Fiscal deficits and Privatization

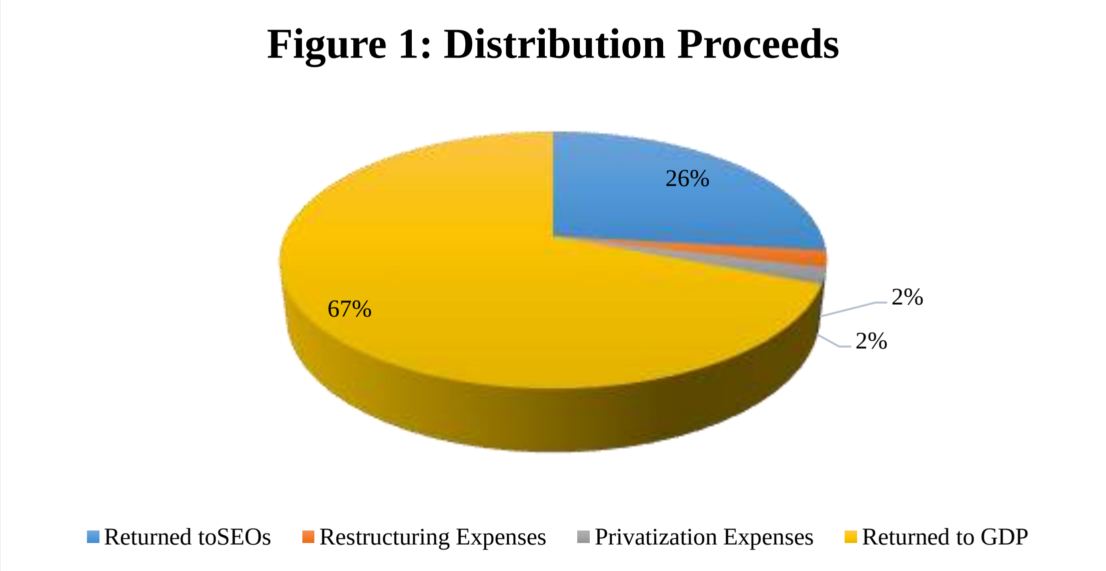
Fiscal deficits are budgetary mismatches between revenues and expenses. Fiscal deficits are typically brought on by an economy's debt load. To increase revenue and pay for budget deficits, the government enacts a number of policies, such as trade liberalization and privatization. Khawaja Asif Mahmood and Muhammad Zahir Faridi (2013) assert that privatization is used to generate cash in order to finance both development and non-development projects. In order to reduce budgetary expenses and fiscal deficits, governments in developing countries chose to privatize loss-making SOEs. Privatization is also a result of economic issues such as tax burdens, financial crises, and increasing competition (Kouser, 2011).

Statement of Fiscal Policy

"A widening fiscal balance, was, therefore, financed through domestic sources in the absence of any proceeds accruing from Privatization. This avenue is costly as this borrowing is conducive to inflationary pressures and at the same time, translates into higher debt servicing in view of higher domestic interest rates."[1]

[1] Fiscal Policy statement 2010-2011 of Pakistan:

The privatization commission indicated the following distribution plans for the proceeds:



Source: Privatization Commission of Pakistan[2]

Sources of Financing Fiscal Balances

Since 1990-2008, Fiscal balances have been financed by three sources

a) External
b) Domestic
c) Privatization proceeds

The fiscal deficit reached its maximum level at the time the privatization effort was launched in 1991. Private investments were anticipated to increase to make up for this. The sample period, 1991-2014, saw varying fiscal deficits. The fiscal deficits started to increase once more in 2013, as the privatization agenda was once more aggressively implemented.

Burden of Debt and Privatization Policy of Pakistan

To reduce the financial burden public enterprises place on the government and to release resources for use on alternate urgent requirements, such as those of the social sectors and the development of physical and technological infrastructure, thereby accelerating the pace of industrialization is one of the policy goals of the Privatization Commission of Pakistan.

A nation's privatization policy has more clout when it is burdened with debt. Debt reduction is one of the objectives of the privatization strategy. An ex-assistant to the finance minister claimed in an interview that Pakistan would use the money from privatization to lower its debt load and mobilized resources to boost job creation Furthermore, according to the law on privatization, "90% of the proceeds from privatization will be committed to debt retirement and 10% will be employed for poverty alleviation programmes for Pakistan." Regarding the financial implications of privatization, Dr. Akhtar Hasan asserted that the proceeds must be used to reduce the national debt and decrease losses at SOEs, both of which are paid from the budget. The top institute emphasized the economic analysis from

[2] www.pc.gov.pk

2009–2010's privatization earnings contribution. The proceeds from privatization were utilized to pay off 2-2.06% of the debt between 2002 and 2010.

Structure of Pakistan's Debt Profile

According to the Debt Policy Statement 2014-2015, Pakistan's debt profile is made up of the following elements. Pakistan's Total Debt (A+B+C)

A. Government Domestic Debt

B. PSEs Domestic Debt

C. External Debt (a+b+c+d)

a) Government External
b) Non-government External Debt
c) Country's Debt from IMF
d) Intercompany External Debt from Direct Investor abroad

International Monetry Fund and Privatization policy

Despite the fact that there is still work to be done and the possibility of legal challenges, structural reforms are progressing. Despite continuous regulatory reform, the power sector continues to be a significant economic drag and a drain on public resources. It is encouraging in this regard to see the government create a comprehensive medium-term plan to address the rise in arrears in the electrical industry. It is necessary to continue working on changes to trade policy, the business environment, and the privatization of public sector enterprises.

Press Release No. 15/301 FOR IMMEDIATE RELEASE June 26, 2015[3].

The IMF started implementing its policies in Pakistan in 1988. During this time, Pakistan was under the control of many political administrations. Each administration made a particular agreement with the IMF. 1988 to 2002: Pakistan and the IMF (Ishrat Hussain). The government and IMF collaborated to conduct the structural adjustment programme in Pakistan, which resulted in the establishment of the privatization commission (Kemal, 1996).

The IMF ordered more robust reform actions in May 2014 to improve resource allocation and lower poor performance in loss-making businesses that are still in the private sector. Pakistan entered its fourth phase of privatization as a result, which got underway in July 2014. (Pervez, n.d).

Lending money to countries with economic imbalances or injustices is the IMF's main objective. (IMF, 2010) . IMF interactions with Pakistan are frequent. While some see it as advantageous, others argue that the cost of funding is detrimental. According to Meekal Aziz Ahmed, IMF enforcement is referred to as "Fund Speak" in jargon. Many individuals in Pakistan think that macroeconomic and structural policies have always been influenced by the IMF (Naqvi, 2012).

IMF supporters were adamant that the Stabilization and Structural Adjustment programme, which was implemented with their help, gradually stabilized Pakistan's short- and long-term economic imbalances. According to some observers, Pakistan is using it as an anti-Keynesian and anti-protectionism strategy. The Muslim Institute also asserted that the IMF, World

[3] International Monetary Fund Washington, D.C. 20431 USA

Bank, and other financial institutions influenced privatization policies to increase foreign investment into borrower countries' economies, which had both positive and negative social and economic effects, such as unemployment, competition for emerging and domestic industries, programmes to alleviate poverty, etc.

Investment Climate and privatization Policy of Pakistan

Capital Market Transactions

The securities and exchange ordinance has overseen Pakistan's capital market since 1969. A new law that supported the "Fully-Disclosure" accounting concept was adopted in 2015 to replace the outdated laws from 1969. This law mandates complete information disclosure to all investors in order to eliminate market imperfections.

Categories of Equity Market of Pakistan:

LSE: Lahore stock exchange

KSE: Karachi stock exchange

ISE: Islamabad stock exchange

NCCPL: National clearing company of Pakistan

CDC: The central depository company of Pakistan.

Table 2: PMEX: Pakistan Mercantile Exchange Limited

Sr No	Transaction	Transaction Completion Date	Revenues Raised
1.	UBL	Jun 12, 2014	Rs. 38.2 bn
2.	PPL	Jun 28, 2014	Rs. 15.4 bn
3.	ABL	Dec 12, 2014	Rs. 14.4 bn
4.	HBL	Apr 11, 2015	Rs. 102.4 bn

The Pakistani Privatization Commission amended the above timetable, which included 4 capital market deals that generated significant amounts of money for the government.

One of the goals of the Pakistani Privatization Commission is to "promote and strengthen the capital market by widening and deepening its base through enlarging the number of share-holders and listing new firms." Due to the speeding up of the privatization process, Pakistan's stock market showed solid performance between 2014 and 2015. The government was essential in Pakistan's capital market's development. Since PTCL, MCB, and the majority of firms in the power sector were privatized through capital market transactions, the increase in the supply of securities during the privatization era is being scrutinized. Twenty-five transactions of 303493.9 million rupees have been made on the stock market between 1990 and 2014.

Because it encourages small investors to have enough money to buy shares not only in big numbers but also in smaller amounts to build the capital market, a broad-based privatization programme is a distributive integral programme. Prof. Najeeb Ahmed Khan claims that in order to complete a number of minor capital market agreements, including those involving OGDCL, PSO, PIA, and UBL, the privatization commission is focusing on the sale of large businesses.

Globalization

Globalization is one of the most essential elements in ending economic isolation. Globalization has a huge impact on costs while also increasing output due to increased competition. The proxy factors for globalization include remittances, FDI, and trade openness. Pakistan is a developing country that has long suffered deficits. One of the structural changes brought to Pakistan's liberalized and globalized economy after 1980 is privatization (Shah Nawaz Malik, Imran Sharif Chaudhry, and Hafiza Iffat Javed, 2011). De-nationalization has assisted Pakistan in attracting FDI through capital market activities. Blue Chip firms include OGDCL, UBL PPL, and other active stock market participants.

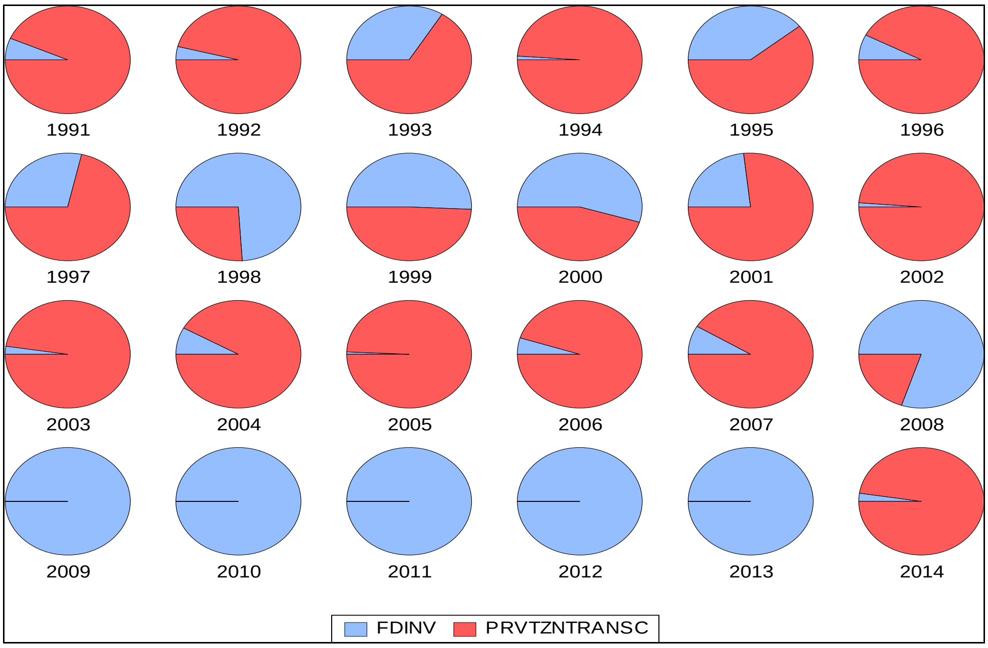


Figure 2: Degree of privatization to FDI

Source: Degree of privatization to FDI:

The pie chart above shows the trend of FDI and privatization transactions. While the tendency for privatization deals and FDI were comparable in 1999, there was no parallel relationship between the two from 2009 to 2013. Since 2015, there has only been one transaction involving 102,365.0 billion rupees of HBL and a strategic investor.

Research Methodology

Data and Modelling

This paper describes the relationship between Privatization and Economic instabilities showing by Proxy variables during sample year 1990-2021.The variables with symbols are classified in the following table:

Variables	Symbol
Privatization	PVT
Fiscal Deficit	FSCLDFCT
Market Capitalization	MCAPT
Foreign Direct Investment	FDIMIL
International Monetary fund Loan	IMFLOAN
Debt Burden	DBT

PRIVATIZATION POLICY= $\beta_0+\beta_1$FDFCT+β_2MCAPT +β_3FDIMIL+β_4 IMFLOAN + β_5DBT+μ

Statistical tools

To analyze and draw the results of the above model following tools are applied by using statistical software EVIEWS8:

1) Descriptive statistics

2) Augmented Dicky Fuller Test

3) Johansen Co-Integration Test

4) Granger Causality Test

Statistical Analysis

Descriptive Statistics

Table 3: Descriptive Statistics

	DBT	FDIMIL	FSCLDFCT	IMFLOAN	MCAPT	PVT
Mean	30.882	1.048	5.868	1182.452	13.694	20220.45
Median	29.049	0.754	5.800	712.310	17.007	641.500
Maximum	55.770	3.668	9.800	3603.000	47.600	212143.0
Minimum	13.045	0.375	1.100	0.000	-43.900	0.000
Std. Dev.	9.604	0.816	2.165	1209.307	20.0250	43442.69
Skewness	0.510	2.128	-0.223	0.529	-0.646	3.101
Kurtosis	3.077	6.604	2.486	1.777	3.645	13.295
Jarque-Bera	1.399	41.490	0.617	3.486	2.782	192.650
Probability	0.496	0.000	0.734	0.174	0.248	0.000
Sum	988.235	33.543	187.800	37838.46	438.231	647054.4
Sum Sq. Dev.	2859.636	20.660	145.348	45335092	12431.02	5.850
Observations	32	32	32	32	32	32

To check the nature and central tendency of data descriptive statistical table is drawn by statistical software Eviews8. In the above table it is shown that IMFLOAN has highest standard deviation means that during the whole-time span there might be gradually increment in IMFLOAN in any specific year while FSCLDFCT has the lowest standard deviation indicating lowest variation in the data comparative to IMF loans. Fiscal deficit Mean value 5.868 and Median value 5.8. The mean of fiscal deficit is near to median that is causing lower deviation in fiscal deficit.

Augmented Dicky Fuller Test

To check level of stationary of data augmented Dicky Fuller test is applied on the variables during sample time period. Results are generated by using statistical software EVIEWS8 selecting 5% level of significance. The table shows the level of stationary of individual variable as follows:

Table 4: Augmented Dicky Fuller Test

Variable	Probability at 5% level of Significance	Level D(1)	Nature
DBT	0.000	D(1)	Stationary
FDI	0.011	D(1)	Stationary
FSDFCT	0.000	D(1)	Stationary
IMF	0.000	D(1)	Stationary
MCAP	0.000	D(1)	Stationary
PVT	0.000	D(1)	Stationary

In the above table it is indicated that all the variables selected in this study are stationary at first difference.

Johansen Co-Integration Test

After examining the stationary level of data, the other step to check long run association between the variables with the same criteria of 5% level of significance. Theories suggest that if data is not stationary at level, then it is better to go through Johansen Co-Integration test to verify association of variables.

H_0: There is no Co-Integration between all the variables

H_1: There is a Co-Integration between all the variables.

Table 5: Johansen Co-Integration Test				
Sample (adjusted): 1993 2021				
Included observations: 29 after adjustments				
Trend assumption: Linear deterministic trend				
Series: DBT FDIMIL FSCLDFCT IMFLOAN MCAPT PVT				
Lags interval (in first differences): 1 to 2				
Unrestricted Cointegration Rank Test (Trace)				
Hypothesized		Trace	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.957	184.748	95.753	0.000
At most 1 *	0.815	92.853	69.818	0.000
At most 2	0.552	43.762	47.856	0.115
At most 3	0.367	20.426	29.797	0.394
At most 4	0.178	7.162	15.494	0.558
At most 5	0.049	1.464	3.8414	0.226
Trace test indicates 2 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
**MacKinnon-Haug-Michelis (1999) p-values				

Table 6: Unrestricted Cointegration Rank Test (Maximum Eigenvalue)				
Hypothesized		Max-Eigen	0.05	
No. of CE(s)	Eigenvalue	Statistic	Critical Value	Prob.**
None *	0.957	91.895	40.077	0.000
At most 1 *	0.815	49.090	33.876	0.000
At most 2	0.552	23.336	27.584	0.159
At most 3	0.367	13.263	21.131	0.428
At most 4	0.178	5.698	14.264	0.652
At most 5	0.049	1.464	3.841	0.226
Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
**MacKinnon-Haug-Michelis (1999) p-values				

In the above table it is shown that at None trace statistics value of model is 184.7488 which is greater than critical value (95.753) and probability is 0.000 which is lowest than 5%. Furthermore Max-Eigen statistics table also shows that at none Max-Eigen value is greater than critical value and probability is less than 5% as well. So, the above results imply to reject the null hypothesis and conclude that there is co-integration between all the variables of the model.

Granger Causality Test

Table 7: Pairwise Granger Causality Tests			
Date: 10/01/22 Time: 19:25			
Sample: 1990 2021			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Prob.
PVT does not Granger Cause DBT	30	0.353	0.705
DBT does not Granger Cause PVT		0.841	0.442
PVT does not Granger Cause FDIMIL	30	6.220	0.006
FDIMIL does not Granger Cause PVT		1.709	0.201
PVT does not Granger Cause FSCLDFCT	30	0.378	0.688
FSCLDFCT does not Granger Cause PVT		3.317	0.052
PVT does not Granger Cause IMFLOAN	30	0.357	0.702
IMFLOAN does not Granger Cause PVT		0.82044	0.451
PVT does not Granger Cause MCAPT	30	2.26918	0.124
MCAPT does not Granger Cause PVT		1.87507	0.174

Finally, the Granger causality test is applied to check causality between dependent and independent variables individually. The above table shows that DBT, FDI, FSDFCT AND IMF are insignificant causes of PVT because p-value of all these variables is greater than 5% while MCAPTL is a significant cause of PVT vice versa.

Discussion

In literature, much economic instability is highlighted as the causes behind privatization policy of Pakistan. To check causes of privatization policy statistical tools were applied and results indicate that market capitalization is a significant cause of privatization policy of Pakistan while Debt burden, Fiscal Deficit, Foreign direct investment, and IMF are found insignificant. At the end, researcher suggest that other micro economic causes should also be highlighted behind privatization of any firm.

By nationalizing a large number of businesses, the government increased the sectors in which the private sector was prohibited from engaging. In addition to a number of large industrial firms, the government also owned and operated services in the fields of finance, energy, communications, infrastructure, and transportation. It turns out that the experiment was unsuccessful (Privatization Commission of Pakistan). As of June 2009, 167 privatization agreements worth a combined Rs. 476.421 billion had been concluded, according to information on the website of the Private Commission of Pakistan.

Due to efforts to privatize state-owned businesses over the past years, the significance of these companies in the economies of most countries has been significantly reduced. This decline just began in the 1990s, and it affected developing countries. The SOE share of "global GDP" has fallen from more than ten percent in 1979 to around six percent in 2018. Since the early 1970s, Pakistan has relied on the public sector to manage all of its infrastructure, financial services, and a number of industrial facilities, similar to the rest of developing countries.

Conclusion

A privatization programme has always been a part of any political reforms brought on by economic instability. Others see privatization policies as a means to cut economic deficits, while some studies link them to generating economic growth. Privatization is supposed to help with debt repayment and deficit reduction. The two main drivers of economic instability in Pakistan are fiscal imbalances and public debt, although this study only considers the effects of public debt and fiscal deficits. A total of 31 SOEs have been chosen to sell up in accordance with the IMF. Over the past six years, one-third of commercial SOEs have occasionally experienced losses. Additionally, about 90% of all SOE losses each year are accounted for by the top 10 loss-making SOEs.

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