

# The Dilemma of PAKISTAN'S STATE-OWNED ENTERPRISES

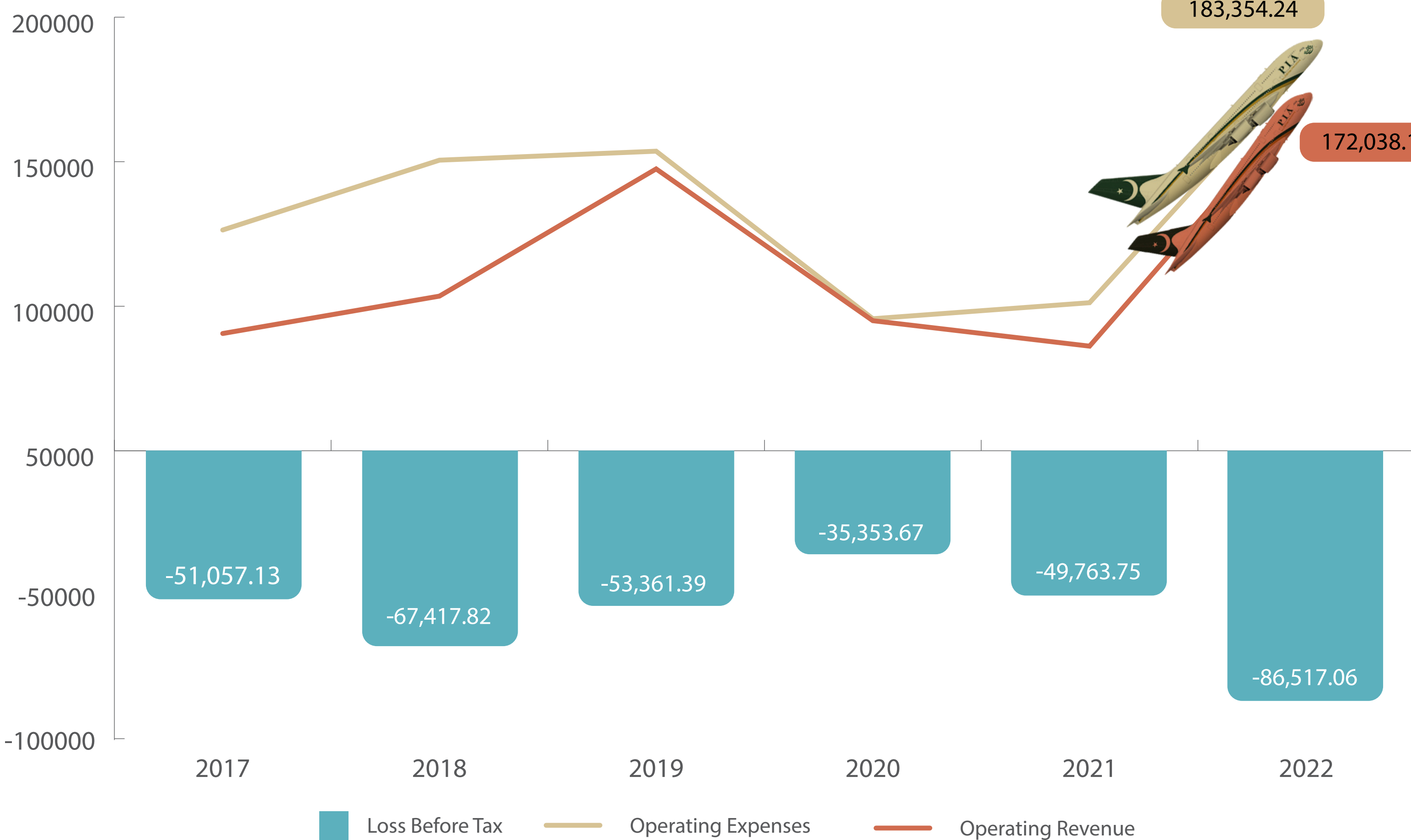
A Macro Perspective



## PIA's Financial Baggage

PIA's losses have consistently been on the rise due to low austerity measures, and diminishing profits.

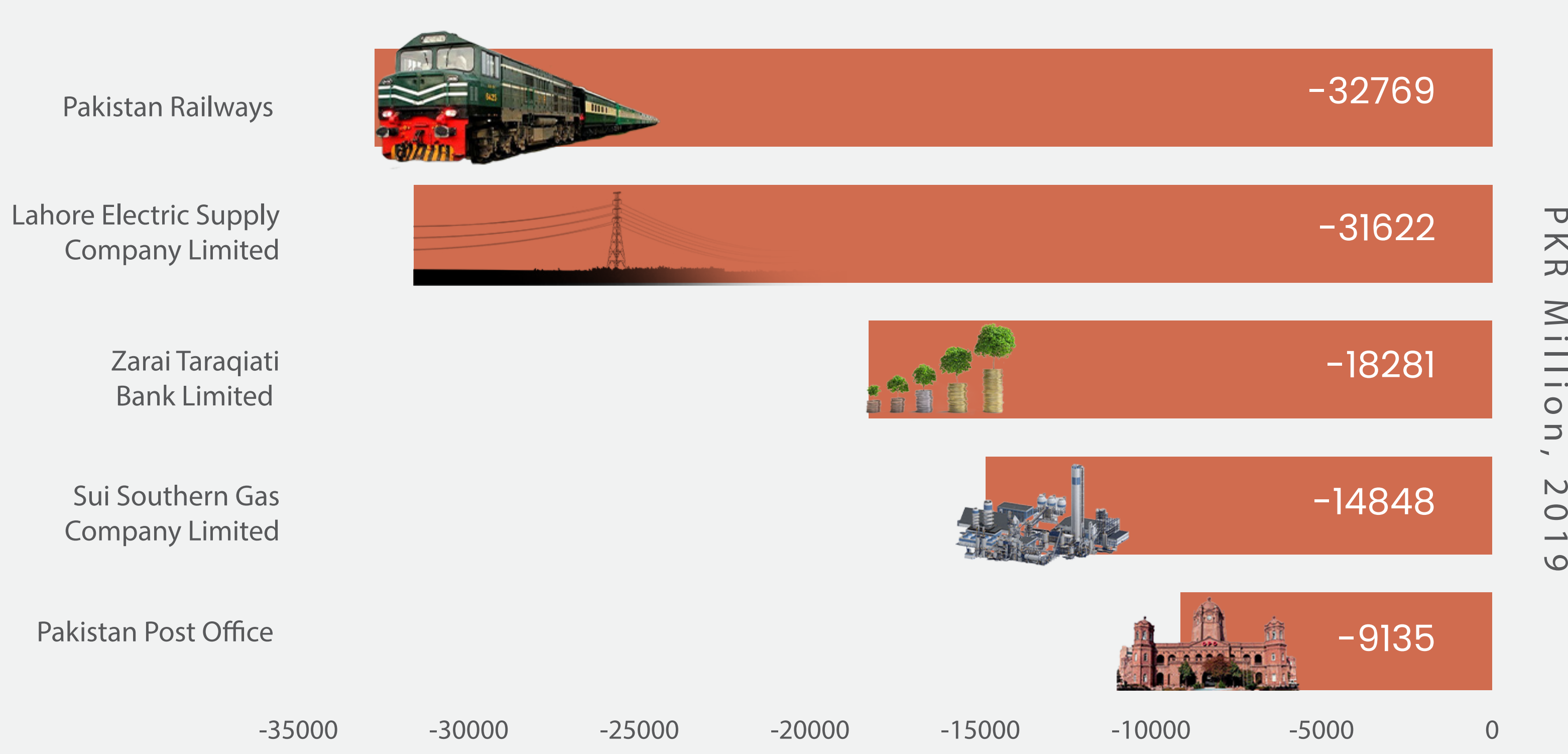
PKR Million



Source: PIA

## Top 5 Loss Making Entities

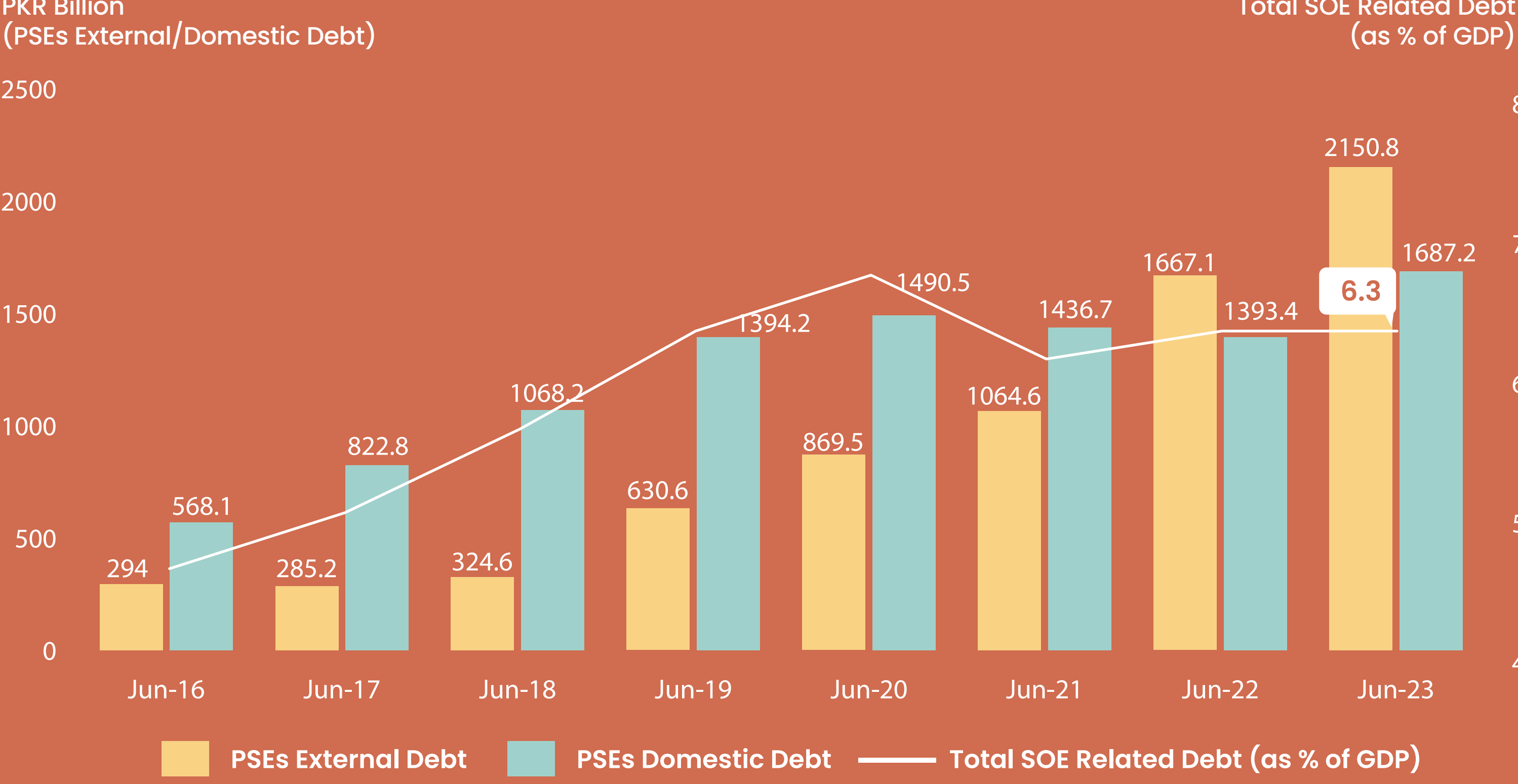
While PIA is often highlighted as an argument for privatization, numerous other state-owned enterprises are also straining Pakistan's finances



Source: Ministry of Finance

## Pakistan's Undetering Support to SOEs

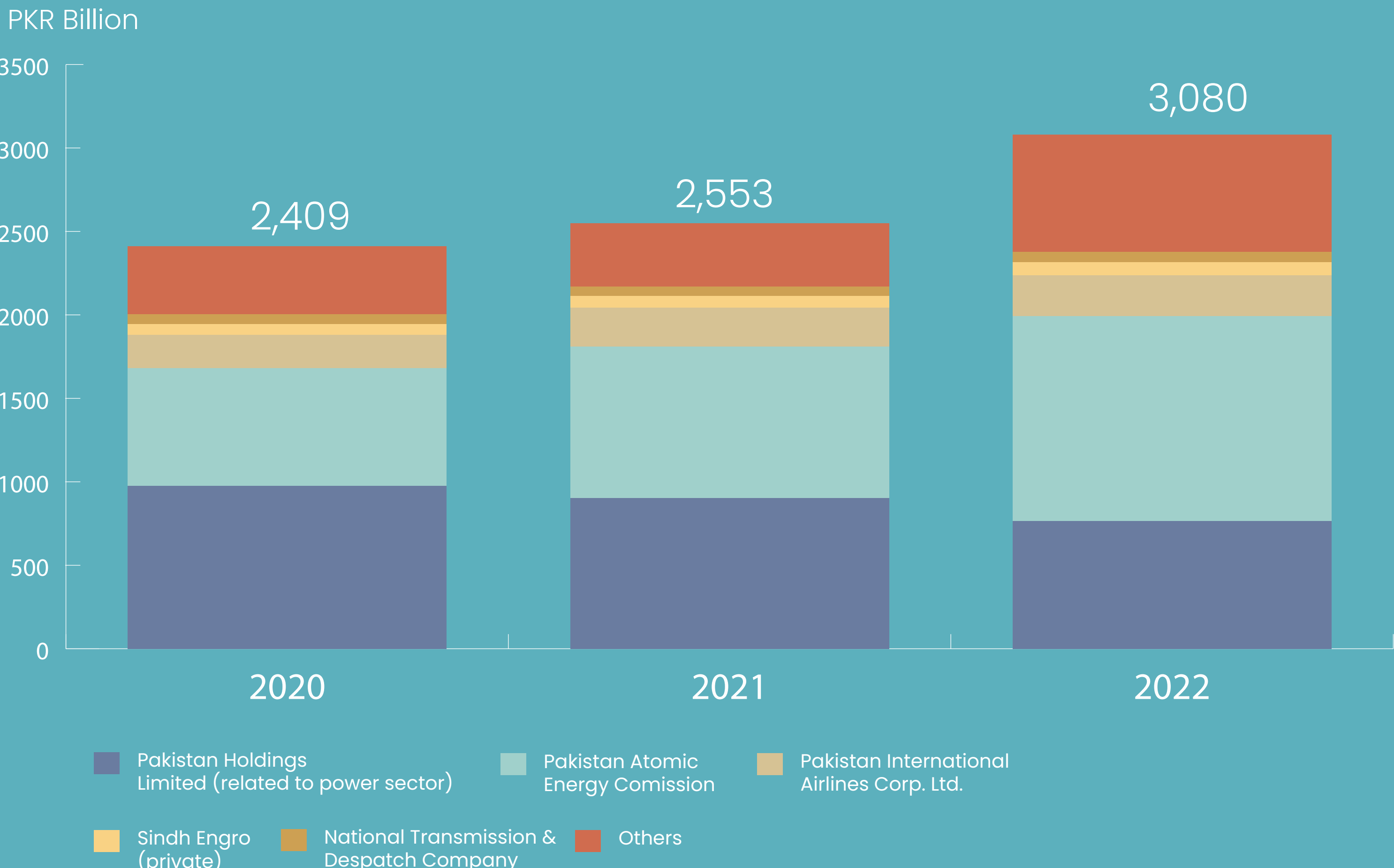
As these entities accumulate losses, they resort to taking out loans to stabilize their finances, with these debts being added to the government's balance sheet (even if temporarily).



Source: SBP

## Atomic Debt?

Among the highest debt-bearing entities, The Pakistan Atomic Energy Commission stands out with guarantees nearing PKR 1.2 trillion.



Source: Ministry of Finance

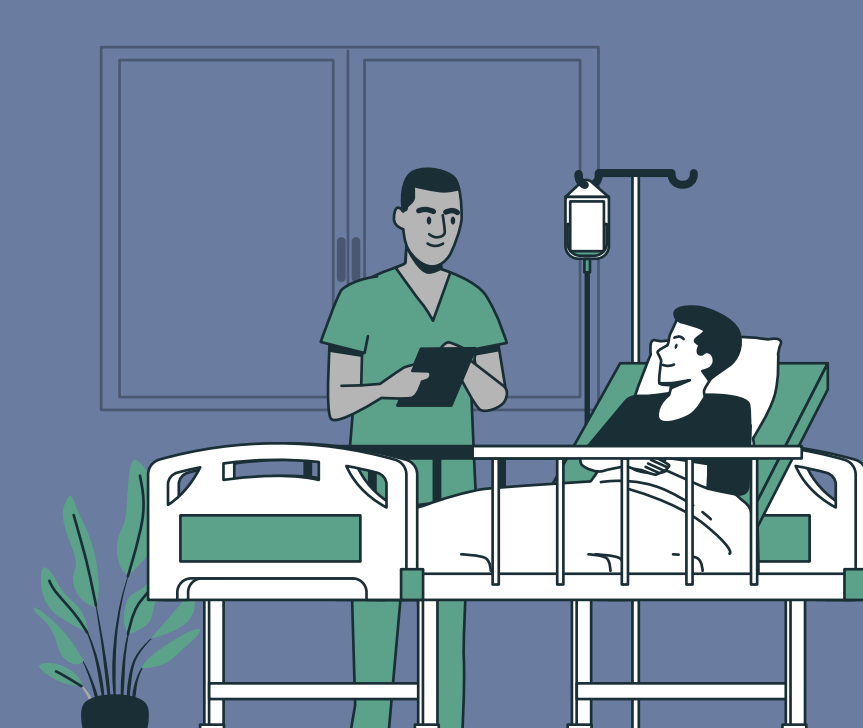
Imagine if the government had assumed this debt for a **school** in Punjab instead of PIA.

Per School Expenditure in Punjab: Expansion from **PKR 8 Million to PKR 13 Million (yearly)**



And what if the government had placed its bets on the **health sector** instead of the Pakistan Atomic Energy Commission?

Per Capita Health Expenditure in Pakistan: Grow from **PKR 3,800 to PKR 9,000 (yearly)**



Instead of servicing state-owned enterprise debt for years, the funds could be better utilized for schools and hospitals if revenue is a concern.

**notes:** expenditure on education considered is only non-developmental and expenditure on health covers federal as well as provincial.