RECENT PRIVATIZATIONS IN PAKISTAN AND THEIR IMPACT

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The decade of 1970s in Pakistan witnessed a massive redistribution of national assets from the private owners to the state. The reason underlying the then Government's thinking for this extremely radical action was that the national wealth was being concentrated in the hands of few families and the rich were getting richer and the poor getting poorer. It was asserted by the proponents of this strategy that the state control over allocation of the resources would promote the best interests of the poor. The intellectual support for this strategy was drawn from the success of the Soviet Union and the socialist economic model practiced in that part of the world.

Two decades later it turned out that these assertions and assumptions that drove this particular line of action i.e. nationalization was not only unrealistic and flawed but the consequences were exactly opposite to what the intentions were. The collapse of the Soviet Union and the bankruptcy of the socialist model eroded the ideological underpinning of this strategy and the actual results on the ground in Pakistan and almost all the developing countries shattered the ideal and utopian dreams of the proponents of this philosophy. Pakistan's public enterprises including banks became a drain on the country's finances through continuous hemorrhaging and leakages and a drag on the economic growth impulses. The poor instead of benefiting from the state's control over these assets were actually worse off as almost Rs.100 - 200 billion a year were spent out of the budget annually on plugging the losses of these corporations, banks and other enterprises. These public enterprises became the conduit for employing thousands of supporters of political parties that assumed power in the country in rapid succession and a source of patronage, perks and privileges for the ministers and the favored bureaucrats appointed to manage these enterprises.

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These employees and managers had neither the managerial expertise nor technical competence to carry out the job. Instead of providing goods & services to the common citizens at competitive prices efficiently, the public enterprises turned into avenues for loot and plunder, inefficient provision of services and production of shoddy goods. It was a common knowledge that getting a telephone connection in Pakistan required years not months and that too with the help of sifarish and exchange of bribes. No wonder the country was able to install less than 3 million telephones in the entire 50 years of its history while under a deregulated and private sector driven environment an additional 6 to 80 million mobile phone connections were given to Pakistanis from all walks of life without any favor or discrimination.

The hangover of the past in general and the lingering fascination for the socialist model among some of our intellectuals in particular continue to have a dominant influence on our thinking. Some of the resentment against private profit making is also quite legitimate and understandable. In the past, private entrepreneurs in Pakistan did not make ‘profits’ in the real economic sense of the word by earning a return on their investment in a competitive world. On the contrary, they earned ‘rents’ through the maze of permits, licences, preferred credit by the banks, subsidies, privileges, concessions and specific SROs granted to the favored few. Naturally when one sees people becoming rich not through the dint of their hard work and enterprise but by manipulation, back door entry, connections, reciprocity, paying bribes, adopting extra legal means, bypassing the established rules and laws, getting scarce foreign exchange quotas, evading taxes, defaulting on bank loans and rigging the markets etc., we should not be surprised to see the venom against the so called ‘private profits’.

The policy reforms introduced in Pakistan by the Nawaz Sharif Government in 1991 and more importantly followed by that strong citadel of socialist raj – India – were a watershed reflecting the new realities of economic life. These reforms, though quite extensive and diverse, could be summed up for the sake of simplification in three words – Liberalization, Deregulation and Privatization. The results of Indian reforms are quite evident before us. During the first 45 years of its independence until 1991, India was hardly able to achieve per capita income growth of 1 percent per year and the incidence of poverty remained persistently high. In the 16-year period since 1991, India's average per capita income growth has been 4 - 5 percent per year, poverty has been declining ever since and has fallen below 25 percent. Pakistan, unfortunately, could not follow through these reforms in a continuous and consistent manner despite the fact that both Mohtararma Benazir Bhutto and Nawaz Sharif governments were fully committed to these reforms. Thus, there has been a broad political consensus in the country that privatization is in the larger national interest of the country.

Privatization has to be seen in the overall context of the respective roles of the state and markets. The State has to be strong to combat the excesses of the market and cope with market failures. It is not that the state should play a lesser or reduced role but a different role in so far as it provides an enabling environment for equitable development and creates necessary conditions for growth through investment in human development and infrastructure. The government's effective role in regulating and monitoring the market has to be strengthened to promote healthy competition and avoid the rigging of the market by a few. Markets are the best known vehicle for efficient allocation and utilization of resources and thus the decisions as what goods and services to produce, how much to produce, distribute and trade can be done well only by the private sector and not by the bureaucrats. This division and redefinition is also essential to reduce corruption and generate sustained and equitable growth in the country. Market-based competition, privatization of public banks and a strong regulator have successfully reformed the banking sector in Pakistan during the last several years and this model should be replicated elsewhere in the economy.

It is not ideology but pragmatism and learning from the past mistakes that should drive our economic policies and strategies.

Growth takes place only when productivity from the existing resources keeps on rising. The global experience shows that by and large, productivity actually declines or remains stagnant when the businesses are managed and operated by the government thus slowing down or hurting the pace of growth.

The oversight, monitoring and guidance capabilities of public enterprises are ridden with the aggravated problems of principal – agent relationship. As the Board Members, however able and honest they may be, have no direct personal stakes in the well-functioning of a public enterprise, they cannot be expected to devote as much time or energy to the Board's affairs as the private strategic investors would. Thus, the governance structure of a public sector enterprise would always remain second best to its private sector competitors and put it at a comparative disadvantage. If a more callous person unfortunately appointed to chair the Board, the appointments, award of contracts and transfers and postings will do further damage to the performance of the company.

The temptation by the elected political leaders or other rulers to interfere in the affairs of the public sector companies is not only high but natural. They are constantly accosted by their constituents for jobs, contracts, postings and transfers and it is not possible for them to keep on saying no to everyone all the time. In some cases, they have to yield to pressures. It is, therefore, necessary to sever the connection between the government and the business.

A public sector company cannot be expected to show same results as its private sector competitors. The compensation structure of the private companies is driven by performance, their managers enjoy full powers of hiring and firing without any restraint, their Boards have direct stakes in ensuring good governance and the political interference is almost non-existent. This is analogous to tying the feet of an athlete and asking him to run as fast as his unfettered competitor on the same field.

I would now turn to a recent episode of privatization in Pakistan which in my view has been highly successful so far i.e. the Banking Sector of Pakistan. The banking system has met its real test by bearing the external shocks of global financial system and the downturn in the economy. Although it has also been affected but nothing of the order of magnitude where trillions of dollars had to be spent by the Governments to rescue the banking system and the banking institutions. The equity value of the shares held by the Government in the privatized NCBs has increased manifold while it receives huge payments of dividends and tax on their profits.

CASE STUDY OF BANKING

A well functioning financial system is a pre-requisite for the economic development of any country. A large body of recent theoretical and empirical research has also confirmed the view that the development of financial markets and institutions in a country is crucial for economic growth[1]. Realizing this importance of the financial sector in economic development, some governments in developing countries sought to increase their ownership of banks and other financial institutions, in order to direct credit towards priority sectors. However, the importance of state-owned banks in many developing countries contrasts worryingly with recent research findings, which show that the state ownership of banks has serious negative effects on economies in developing countries. A recent study finds that state ownership is negatively associated with bank performance and the overall development of the financial sector.

Consequently, the financial landscape was significantly altered in the early 1970s, with the nationalization of domestic banks and the expansion of public sector Development Finance Institutions (DFIs) under the framework of the Banks Nationalization Act 1974. The Pakistan Banking Council was set up to act as a holding company of nationalized commercial banks and to exercise supervisory control over them.

By the end of the 1980s, it became quite clear that the national socio-economic objectives, sought under the nationalization process, were not being met. Instead, the pre-dominance of the public sector in banking and Non-Banking Financial Institutions (NBFIs), coupled with the instruments of direct monetary control, were becoming increasingly responsible for financial inefficiency, crowding out of the private sector, and the deterioration of the quality of assets, in addition to the rising vulnerability of financial institutions. Due to nationalization, not only was the financial system becoming more stressful, but the supervisory system was also losing its effectiveness. The role of the State Bank of Pakistan as a central bank had also been considerably weakened due to the presence of the PBC, which also exercised supervisory control over banks. The duplication of the supervisory role was diluting the SBP's enforcement of its regulations over Nationalized Commercial Banks (NCBs). The dominance of public sector banks at the beginning of the nineties was apparent with a share of 92.2 percent in total assets of the banking sector. The remainder belonged to foreign banks, as domestic private banks did not exist at that time. Similarly, high shares existed for deposits and equity of the public sector banks. With these characteristics, the banking sector at the end of FY90 did not provide a level playing field for competition and growth.

A total of 24 commercial banks (7 domestic and 17 foreign) were doing business in Pakistan as on June 30, 1990. Domestic banks, with absolute public sector ownership and a broad branch network, were catering to most of the commercial banking needs of the economy. This explains their very large share (around 90 percent) in total assets and total deposits of the banking sector. The nationalized commercial banks, which dominated the banking sector at the start of the nineties, were characterized by:

- High Intermediation Costs

- Over-staffing and over-branching
- Huge portfolio of Non Performing Loans
- Poor Customer Services
- Under-capitalization
- Poor Management / Narrow Product Range
- Averse to Lending to SMEs/housing & other segments
- Undue Interference in Lending, Loan Recovery & Personnel issues

Rationale for Privatization in Pakistan

In Pakistan, the privatization process was initiated in the early 1990s, as part of the larger economic reforms program. The Privatization Commission was set up in 1991, in order to provide an institutional framework for the privatization process in the country. The Privatization Commission (PC) was entrusted with selling federal government property — such as its share in banks, industrial units, public utilities, oil and gas companies, transport companies, and infrastructure service providers — in an open and transparent manner. The following objectives were sought to be achieved by privatization:

1. Reduction in fiscal deficit

Towards the end of the eighties, the mounting losses of public sector enterprises were becoming a burden on the national exchequer. The fiscal deficit reached a high of 8.5 percent of GDP in 1987-88, which severely constrained the fiscal space available to the government.

2. Increase in the efficiency levels

Efficiency levels of public sector enterprises were low in Pakistan. Production costs of public enterprises were high as a result of political interference. While private producers could be forced to reduce their cost to a minimum for their survival, public firms were not under pressure to reduce costs as they were under no compulsion to ensure an acceptable return to their equity holders. Private firms' managers had more flexibility in taking decisions but this was not so in public sector firms as their accountability for results was almost non-existent.

Moreover, public sector firm's investment decisions were largely influenced by political considerations, thus adversely affecting efficiencies in the allocation of resources.

3. <u>To foster competition</u>

It was believed that when public sector units were sold to a large number of private parties, this would result in healthy competition in different sectors of the economy.

4. <u>Broad basing of equity capital</u>

Broad-basing the ownership of equity capital was necessary for achieving distributive justice. Privatization could help achieve that. Moreover, privatization would result in strengthening and deepening of the capital market when a percentage of shares of public enterprises were sold to the public through the stock exchange.

5. <u>Releasing resources for physical and social infrastructure</u>

Privatization of loss making public enterprises would make more funds available for public sector development projects aimed at upgrading physical infrastructure and improving social services.

Bank privatization has to be seen in the overall context of the financial sector and Economic reforms. If it is divorced from that context or taken in isolation then it does not make much sense. It is important to have healthy and buoyant banks in the private sector driven by competition but the role the State Bank of Pakistan and the Government have to play in this regard have to be given equal attention. They have to ensure that these reforms serve the interests of a common citizen as a consumer, depositor, and businessman.

We start with the simplest proposition: Financial Sector Development and Economic Development are inter-related. No economy can grow and improve the living standards of its population in the absence of a well functioning and efficient financial sector. Banks in Pakistan account for 95 percent of the financial sector and hence good health of banks is directly related to economic growth and development of Pakistan.

What was wrong with the Pakistani banking system that such massive reforms had to be undertaken?

Banks in Pakistan under the state ownership were catering basically to the needs of the Government organizations, subsidizing the fiscal deficit, serving a few large corporations and engaging in trade financing. There was no lending to small and medium enterprises, to the housing sector or to the agricultural sector, which create most of the growth and employment in Pakistan or to collateral free lending to the poor through microfinance and SME finance. Most important, the financial system suffered from political interference in lending decisions and also in the appointment of managers. The middle class which is the backbone of any economy and those who had no connections or influence or could not grease the palms of the bankers were almost excluded by the banking sector. There were legitimate reasons for such an errant behavior.

First, the government's fiscal deficit was so high that most of the deposits the banks used to get were loaned to the government and government corporations. This was safe lending which fetched good returns and the banks made good profit out of it. Naturally, there was little incentive for them to do anything else except lend to the Government which was both risk free and highly remunerative.

Second, in the government banks the staff worked like typical government employees, coming to office at 9:00 a.m., checking files; having nothing important to do and leaving at 5.00 p.m. without doing much work. These banks suffered from a high bureaucratic approach, overstaffing, unprofitable branches and poor customer service. Administrative costs were high reducing profits of depositors.

Third, recovery rate was so low that almost 25% of the loans were stuck up as a large number of loans to the private sector borrowers were not given on the merit of the proposal but on political considerations. These influential borrowers hardly repaid their loans.

Fourth, banking industry faced a high tax rate of 58 percent while the rest of the corporate sector paid only 35 percent. This high punitive rate along with the burden of stuck loans and inefficiency of the staff was passed on to the customers in form of high lending rates and low deposit rates. The banking industry was not attractive for new entrants who could foster competition and improve efficiency.

Fifth, The Government injected Rs.41 billion to offset the losses incurred by these nationalized commercial banks and recapitalize them. Instead of financing education, health and drinking water for the poor the exchequer had to subsidize the non performing borrowers and inefficient bankers.

Because of these factors, i.e. high administrative costs, burden of stuck-up loans and excessive tax rates, the average interest rate for lending was about 21% per annum. The genuine businesses and middle class borrowers could not afford to get credit on such high interest rates and pay it back.

Banking sector reforms were thus needed badly to address these and other constraints so that the banks could play their due role in the economic development of the country.

Although, there is no room for complacency and a lot still needs to be done, even the worst critics do concede that if there is one sector which has undergone basic transformation that is the banking sector.

The IMF and the World Bank who are not always very generous or effusive in their praise had this to say about the Banking sectorin Pakistan after completing a comprehensive and thorough review in early 2004.

Quote: “far reaching reforms have resulted in a more efficient and competitive

financial system. In particular, the pre-dominantly state-owned banking system has been transformed into one that is predominantly under the control of the private sector. The legislative framework and the State Bank of Pakistan's supervisory capacity have been improved substantially. As a result, the financial sector is sounder and exhibits an increased resilience to shocks". Unquote.

The story of privatization of the banks in Pakistan is an exemplary illustration of what good the economy can reap if there is a broad political consensus. The privatization was started by Nawaz Sharif Government in 1991 but was pursued by all successive governments headed by democratic and military governments of all persuasion. MCB and Allied Bank were privatized in the early 1990s.Professional bankers were appointed as Chief Executives and persons from private sector enjoying reputation of competence and integrity on the Board of Directors in 1997.

That Government had also injected fresh equity to strengthen the capital base of the nationalized commercial banks and also did away with the undue interference of labour unions in decision making process of the banks, abolished the Pakistan Banking Council and gave autonomy to the State Bank of Pakistan.

All the nationalized commercial banks, except one, have been privatized. As a consequence their domination of the banking sector has been reduced from almost 100 percent in 1991 to about 20 percent by June 2004. Even in the case of National Bank of Pakistan 23.5 percent shares were floated through Stock Market mainly aimed at small retail investors.

I would also like to allay some fears and explode the myths about privatization. The most common myth against privatization is loss of employment. This fear is largely unfounded. The example of privatization in banking sector controverts those who make such claims. In 1997 when the restructuring, downsizing and privatization picked up speed there were 105,000 employees working in the sector. After privatization was completed, the work force had expanded to 114,000. It is true that the pattern of employment has changed and more productive and skilled workers have been taken up at the expense of low skilled or unskilled workers. But this is the essence of economic development i.e. the shift from low productivity to high productivity by skill up-gradation. The profits of the banks have risen since privatization not only due to better management but because of this shift from low skill to high skill manpower.

The other fear is that workers will no longer be protected as the power to fire them is much easier under private ownership. The process of hiring and firing of employees in a public sector company is highly convoluted, complex and cumbersome. Those found guilty of infractions or negligence of duties or even corruption can only be dispensed with after a protracted process of disciplinary proceedings that sometimes take several years to complete. In the meanwhile, the employee continues to stay put in service and receives all the emoluments and perks. In a rare case, a departmental inquiry comes up with a guilty verdict, the employee can appeal to the Federal Services Tribunal and if he is unsuccessful, then all the way to the Supreme Court. Why will any right minded boss choose to go through such an ordeal? Privatization enables the managers to distinguish between hard working and productive workers from the lazy and incompetent. The former are rewarded for their performance while the latter are the target of firing. But this is the essence of an efficient economy. Unions can, of course, still act as the watchdogs to protect the genuine interest of the workers even under private owners. The most powerful union in the US is the United Auto Workers despite the fact that all three big auto companies are privately owned.

The risks to privatization have to be minimized by the Government. Private ownership and efficient functioning of market mechanism require certain legal and regulatory safeguards. In absence of these safeguards, private monopolies or oligopolies can surface, market distortions can accentuate and markets can be rigged for the benefit of the few. Strong legal and regulatory institutions would be able to counter these evils forcefully and provide a level playing field for all market participants. We have to strengthen these legal and regulatory institutions before privatization takes place. The recent financial crisis in the US shows that exclusive reliance upon markets and neglect of regulation are unwise and have proved catastrophic. Pakistan escaped the wrath of this gigantic crisis because of the stringent regulatory framework that did not allow the private banks owners and managers to take excessive risk with depositors' money.

Public policy should also be geared at removing preferential treatment or granting of concessions or privileges to particular segment or group based on political loyalty, affiliation or similar considerations. The Government has to create a level playing field and act in an even handed manner. No firm specific SROs should be issued to favor a particular enterprise at the expense of the other. Under these circumstances, private owners will earn true profits through competition and not earn rents and the justified grudge against the private sector and privatization can be minimized. The collusion between the government officials and the political leaders and unscrupulous wheelers dealers among the private sector has brought bad name to privatization in many countries including Pakistan. Any semblance of favoritism would wreck the whole privatization process. Transparency will lead to success.

I would like to recapitulate here the other complementary measures which the State Bank of Pakistan and the Government had to take along with privatization and without which the privatization alone would not have produced the kind of results we have.

(a) The SBP has taken several strong measures to put in place and enforce good governance practices, to improve internal controls and bring about a change in the organizational culture.

(b) Capital requirements of the banking sector have to be adequate to ensure a strong base, ability to compete and withstand unanticipated shocks. The minimum paid up capital requirements of the banks were raised from Rs.500 million to Rs.6 billion and have again been raised to Rs.10 billion (by December

31, 2013). This has already resulted in mergers and consolidation of many financial institutions and weeding out of several weaker banks from the financial system.

(c) The stock of gross non-performing loans (NPLs) that accounted for 25 percent of the advances of the banking system and DFIs was reduced to 7 percent (although the recent economic recession has raised it to 10 percent). More than two-thirds of these loans are fully provided for and net NPLs to net advances ratio has come down to as low as 3 percent for the commercial banks. The positive development is that the quality of new loans disbursed since 1997 has improved and recovery rate is 90-95 percent.

(d) The foreign exchange regime was liberalized and foreign exchange companies were set up to meet the demands of Pakistani citizens. Pakistani Corporate sector companies have also been allowed to acquire equity abroad. Foreign registered investors can bring in and take back their capital, profits, dividends, remittances, royalties, etc. freely without any restrictions.

(e) By removing restrictions imposed on nationalized commercial banks for consumer financing, the State Bank of Pakistan has given a big boost to consumer financing. Middle class employees can now afford to purchase cars, TVs, air conditioners, VCRs, etc. on installment basis. This, in turn, gave a large stimulus to the domestic manufacturing of these products. Contrary to popular perceptions consumer financing is still very insignificant in Pakistan compared to India and China and accounts for only 12 percent of the total bank advances and loans.

(f) A number of incentives have been provided to encourage mortgage financing by the banks. The upper limit has been raised continuously. Tax deduction on interest payments on mortgage have been allowed. The banks have been allowed to raise long term funds through rated and listed debt instruments like TFCs to match their long term mortgage assets with their liabilities.

(g) Legal difficulties and time delays in recovery of defaulted loans have been removed through a new ordinance i.e. The Financial Institutions (Recovery of Finances) Ordinance, 2001. The new recovery laws ensures the right of foreclosure and sale of mortgaged property with or without intervention of court and automatic transfer of case to execution proceeding. A new draft law for such bankruptcy law is under discussion with the stakeholders to protect the creditor rights.

(h) The prudential regulations in force were mainly aimed at corporate and business financing. The SBP in consultation with the Pakistan Banking Association and other stakeholders has developed a new set of regulations which cater to the specific separate needs of corporate, consumer and SME financing. The new prudential regulations have enabled the banks to expand their scope of lending and customer outreach.

(i) To provide widespread access to small borrowers particularly in the rural areas the licensing and regulatory environment for Micro Credit and Rural financial institutions have been relaxed and unlike the commercial banks these can be set up at district, provincial and national levels with varying capital requirements.

There is less stringency and more facilitative thrust embedded in the prudential regulations designed for this type of institutions. Sic microfinance banks in the private sector have already started working under this new regulatory environment. Almost 1.2 million poor persons have benefitted so far from micro-financing.

(j) The access of small and medium entrepreneurs to credit has been a major constraint to expansion of their business and up gradation of their technology. A Small and Medium Enterprise (SME) Bank was established to provide leadership in developing new products such as program loans, new credit appraisal and documentation techniques, and nurturing new skills in SME lending which can then be replicated and transferred to other banks in the country.

Program lending is the most appropriate method to assist the SME financing needs. The new prudential regulations for SMEs do not require collateral but asset conversion cycle and cash flow generation as the basis for loan approval. But regrettably, the progress in expanding credit to SMEs has stalled in recent years.

(k) The Government has already reduced the corporate tax rate on banks from 58 percent to 35 at par with the corporate tax rate for other sectors. This should have, in turn, helped in reducing the spread between the deposit rate and lending rate and benefit financial savers. But this has not been the case in the last two years as spreads have widened.

(l) A complete revamping of Agriculture Credit Scheme was done with the help of commercial banks. The scope of the Scheme which was limited to production loans for inputs was broadened to the whole value chain of agriculture sector. The broadening of the scope as well the removal of other restrictions have enabled the commercial banks to substantially increase their lending for agriculture by a multiple of ten times compared to FY 1999-00 thus mainstreaming agriculture lending as part of their corporate business. Unlike the past when they were prepared to pay penalties for under performance the banks particularly private banks have achieved consistently rising higher targets every year.

(m) Pakistan has introduced Islamic banking system to operate in parallel with the conventional banking providing a choice to the consumers. A large number of

Pakistanis have remained withdrawn from commercial banking because of their strong belief against riba-based banking. These individuals and firms – mainly middle and low class – will have the opportunity to invest in trade and businesses by availing of loans from Islamic banks and thus expand economic activity and employment. Several full-fledged Islamic banks are active while several banks have branches exclusively dedicated to Islamic banking products and services.

(n) There has been a big surge among the banks since privatization to upgrade their technology and on-line banking services. During the last six years there has been a large expansion in the ATMs throughout the country. Progress in creating automated or on-line branches of banks has been quite significant so far and it is expected that by 2010 almost all the bank branches will be on-line or automated. Utility bills payment and remittances would be handled through ATMs, Kiosks or Personal Computers reducing both time and cost.

(o) The banks have recently embarked on merit-based recruitment to build up their human resource base – an area which had been neglected for long. The private banks have taken lead in this respect by holding competitive examinations, and selecting the most qualified candidates. The era of appointment on the basis of sifarish and nepotism has almost come to an end as the private owners want to attract and retain the best available talent which can maximize their profits. This new generation of bankers will usher in a culture of professionalism and rigour in the banking industry and produce bankers of stature who will provide leadership in the future.

(p) The banking supervision and regulatory capacity of the Central Bank has been strengthened. Merit – based recruitment, competency – enhancing training, performance – linked promotion, technology – driven process, induction of skilled human resources and greater emphasis on values such as integrity, trust, team work have brought about a structural transformation in the character of the institution. The responsibility for supervision of non-bank finance companies has been separated and transferred to Securities Exchange Commission. The SBP itself has been divided into two parts – one looking after central banking and the other after retail banking for the government.

The above outcomes show that the banking sector and the economy has benefited a great deal from privatization and other reforms undertaken during the last 18 years. The number of borrowers has gone up from 1 million to 6 million but it is still not satisfactory. A combination of privately owned banks supervised and regulated by a strong regulator can extend the outreach to the majority of the population in the future.

I would like to conclude by making a point. The point I would like to highlight is that continuity of reforms and sound policies that transcend political partisanship and survive political regime changes are good for the country and also for these political parties. I suggest that all future economic reforms should be put before the Parliament for its approval. This is the only way to ensure bipartisan support for the reforms that will not be reversed with the changes in the government. In this context the program of privatization that has been stalled for last several years should be submitted to the Parliament for debate, discussion and approval.