# THE IMPACT OF PRIVATIZATION ON THE ECONOMIC GROWTH OF PAKISTAN



## By

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## Abstract

### Background and Purpose of the study

*This study is an effort to investigate the Impact of Privatization on the economic growth of Pakistan. Being most debated topic among economists over the decades it is considered necessary to analyze the significance of privatization of State Owned Entities (SOEs) in the short run and the long run with special reference to the economic growth of Pakistan. The period of the research covers post-privatization era specifically after the foundation of Privatization Commission of Pakistan in 1991.*

### Methodology

*The impact of privatization on economic growth of Pakistan has been analyzed by using annual time series data for the last twenty-five years from 1991 to 2015, incorporating Gross Domestic Products, Privatization Revenues, Gross Fixed Capital Formation and Labor Force as the relevant variables. To find the long run effect, the Johansen System Cointegration statistics, for nature of the effect among variables, the regression analysis by using Ordinary Least Square (OLS), and for the causality among variables, the Granger Causality test statistics have been used.*

*Findings*

*The analysis from the Ordinary Least Squares (OLS) and the cointegration, there found a positive and significant effect of privatization on the economic growth of Pakistan. Privatization has been found significant in the short run as well in the long run. A causal effect has also been found between privatization and economic growth.*


*Conclusion*

*Results depict that privatization plays a positive and significant role in the economic growth in the long run as well in the short run. Hence, privatization is considered a feasible option in the context of Pakistan to facilitate the economic growth.*


***Keywords:*** *State Owned Entities (SOEs), Privatization, Economic Growth, Time series, Pakistan.*

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