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Pakistan Slashes DISCOs Losses, Boosts Privatization Plans

July 31, 2025

— Categories: Politics & Government



Prime Minister Shehbaz Sharif praised the Rs 193 billion reduction in power distribution companies' losses, a historic step toward privatizing Pakistan's energy sector.

Prime Minister (PM) Muhammad Shehbaz Sharif lauded the significant reduction in losses of power Distribution Companies (DISCOs) by Rs193 billion, marking a rare achievement in Pakistan's energy sector, as reported by the Associated Press of Pakistan (APP). During a Cabinet Committee on Energy meeting at the Prime Minister's Office (PMO), Sharif described the financial turnaround, which delivered an overall improvement of Rs242 billion, as a pivotal milestone unseen in decades. He emphasized that this progress would streamline the privatization of DISCOs, enhancing efficiency and reducing the burden on Pakistan's economy.

The Power Division briefed the committee that the reduction in losses, coupled with a decrease in circular debt from Rs2.381 trillion to Rs780 billion, was driven by strategic reforms, including clearing Rs683 billion in loans held by the Power Holding Company Limited (PHL) and settling Rs569 billion in interest-bearing arrears to power producers. Sharif credited Federal Minister for Power Division Sardar Owais Ahmad Leghari and Federal Secretary Dr. Muhammad Fakhare Alam for their efforts in implementing these reforms. He noted that the operationalization of the Independent System and Market Operator (ISMO) and the establishment of Market Operations departments within the National Transmission and Dispatch Company (NTDC) and DISCOs would foster a market-driven approach to electricity management.

The reforms align with broader efforts to curb electricity theft and improve distribution efficiency, with Sharif previously directing a zero-tolerance policy against theft and mandating coordination with provinces to enhance DISCOs' performance. The Competitive Trading Bilateral Contract Market (CTBCM) regime, set to commence by September 2025, will introduce a multi-seller, multi-buyer system, allowing bulk consumers to purchase electricity at competitive rates, further reducing losses. The Prime Minister's Office stated that these measures would make DISCOs more attractive for privatization, a long-standing goal to address Pakistan's Rs2.6 trillion circular debt crisis.

Sharif's administration views these achievements as critical to stabilizing the energy sector and fostering economic growth. Stakeholders can access further details on www.pmo.gov.pk or www.power.gov.pk, as the government continues to prioritize transparency and efficiency in power distribution.