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Pakistan's State Enterprises on the Brink as Finance Ministry Sounds Alarm

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A recent internal review by Pakistan's Ministry of Finance has exposed the dire financial state of several State Owned Enterprises (SOEs), warning that many face the real threat of bankruptcy unless swift and sweeping reforms are undertaken. The assessment paints a stark picture of persistent mismanagement, weak oversight, and decaying financial structures in entities that should be pillars of the national economy.

The review identifies core structural issues undermining these SOEs, including non-functional boards, absent or powerless audit committees, and weak risk management

systems. The report outlines how poor governance and misreporting of finances have allowed operational costs to balloon unchecked, while instances of suspected fraudulent activity continue to mount. With oversight mechanisms either inactive or disengaged, even critical decisions are left unenforced. The result is a culture of impunity and financial negligence that threatens the stability of institutions tasked with delivering essential services.

Particularly troubling is the condition of enterprises in the energy and commercial sectors. These sectors are not only integral to the country's infrastructure and trade but are also susceptible to complex financial manipulation due to their size and scope. The Ministry of Finance notes that internal control systems are either non-existent or so poorly integrated that they offer no real defense against poor financial practices. In some cases, risk assessments are entirely disconnected from daily operations, leaving these institutions blind to growing threats until collapse is imminent.



The findings have prompted an urgent call from the Ministry for reforms targeting governance, transparency, and accountability. Policymakers are being urged to prioritize the restructuring of SOE management frameworks to avoid a broader economic crisis. For too long, state enterprises have operated under a veil of political appointments and misaligned incentives, a legacy that now demands courageous and corrective action. If Pakistan is serious about protecting taxpayer money and restoring public confidence in state-run institutions, then this moment of reckoning must be met with action, not rhetoric. The country cannot afford to let bureaucratic complacency push vital enterprises into financial ruin. The time to act is now, before these failures snowball into a full-blown economic emergency.