

SC lifts stay order from PIA privatisation, case dismissed



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The Supreme Court of Pakistan (SC) has withdrawn its earlier order halting the privatisation of the national carrier, Pakistan International Airlines (PIA), clearing the way for the government to proceed with the process. The Constitutional Bench, led by Justice Amin-ud-Din Khan, issued the instructions today, effectively closing the case. The court had previously stayed the privatisation of PIA, but today's ruling removes the block and allows the process to continue. During the hearing, the Additional Attorney General informed the bench that the government had received

approval to hire new professionals for PIA, and while the privatisation process was delayed, the airline's flight operations were no longer restricted. Justice Khan noted that the government might receive better rates now for the privatisation of PIA, but emphasised that the process must be carried out transparently. Justice Jamal Mandokhail further remarked that the government must ensure compliance with the court's order by keeping the court involved in the process. The Additional Attorney General confirmed that a request had been filed with the court to keep it informed about the privatisation process, to which the court gave its confidence, advising that the process be conducted effectively. Previously, privatisation Minister Abdul Aleem Khan said that the lack of cooperation by the Ministry of Finance was the reason behind the failed attempt to sell PIA, which did not accept the bidders' rightful demands. He had also blamed the caretaker government for finalising a faulty privatisation transaction structure, where it left behind a Rs45 billion negative equity on the PIA balance sheet despite taking off liabilities of Rs623 billion. In a statement before the Senate Standing Committee on Privatisation, Aleem Khan said that even the Gulf countries would not buy the "dirt" of PIA as its balance sheet had to be cleaned from the negative equity before selling to either a foreign country or to a private party. The bidders had demanded exemption from 18% sales tax on the lease of aircraft and writing off additional liabilities of Rs45 billion but the departments did not cooperate and the government did not listen,

he said. The government had attempted to sell PIA to a single bidder – a real estate developer – who offered Rs10 billion against the minimum reserve price of Rs85.03 billion, but it failed. The bidders wanted the government to write off Rs26 billion worth of tax liabilities, Rs10 billion worth of bridge financing by the Civil Aviation Authority to PIA and Rs9 billion in other liabilities, Privatisation Secretary Usman Bajwa told the committee. As one of the options, the bidders asked that PIA's commercial plot valued at over Rs10 billion should be given to the airline instead of keeping it in a holding company, he added. The FBR refused to waive 18% sales tax on the lease of aircraft and write off Rs26 billion in tax liabilities due to its adverse implications for the International Monetary Fund (IMF) programme, said Usman Bajwa.