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Planners must focus on exploiting economic potential not masses

LAHORE: Instead of exploiting the masses, planners should spend their energies in exploiting the economic potential of the country. Our economy has since long been underperforming in agriculture, manufacturing and services.

As far as agriculture is concerned, Pakistan stands second in chickpeas production; third in apricot production; fourth in milk, cotton' sugarcane and onions; sixth in date palm; seventh in mango; eighth in tangerines, mandarin orange and rice; ninth in wheat, and tenth in oranges.

These statistics give a false impression that agriculture is doing well. Yet the country at one time or the other faced shortages of all these commodities, as the bureaucracy cannot control hoarders, black marketers or smugglers.

Dairy potential of the country remains unexploited too. Instead of making efforts to increase the productivity of livestock at par with developed countries, planners promote higher growth by increasing the milking animals.

Moreover, the sad fact is that our production per hectare in all crops is below not only global best but also lower than India and China - our two immediate neighbours.

Our cows produce less milk than that of Chinese, US or European cows. Low productivity increases per unit cost of all agricultural commodities.

Government mindset is to increase agriculture output by 4-5 percent every year that has no rationale. Planners never explain how this growth would be achieved and what benefits the consumers will get from this growth.

The debacle in cotton crop this year is testimony to what we targeted and what we actually harvested. Productivity is only achieved in years when weather is favourable, since the government makes no contingency plans for measures to mitigate any adverse impact of the weather.

In view of huge unexploited agricultural potential, productivity increase by 20 percent annually in the next five years to penetrate the global commodity markets. For this, farmers need timely supply of quality fertiliser, certified seeds and timely release of irrigation water – all of which is denied to most of them.

The performance in industrial production is equally pathetic. Take for instance textiles that generate 60 percent of the country's exports and remain the largest provider of jobs.

Pakistan is the fourth largest producer and third largest consumer of cotton in the world. Pakistani textile industry consumes 16 million bales of cotton every year, out of which 85 percent is exported. Thus, only 4 million cotton bales are consumed for local needs, while 12 million are used for exports. We however produce only 10-11 million bales and the rest are imported.

Textile exports have reached $13 billion which is $1 billion for every million bales. India consumes 30 million cotton bales every year out of which only 50 percent is exported and 50 percent consumed locally.

This implies that Indians consume 15 million cotton bales for exports and 15 million for local use. The Indians earn over $40 billion from textile exports.

This means for each million bales textile products exported, India earns $2.75 billion. If Pakistan's textile industry matches the value-addition attained by India, our textile exports should have been over $25 billion.

The textile industry alone is not responsible for this stalemate; the protection provided to PTA plant also retarded blending textile products with manmade fibres.

Car production in Pakistan has increased seven times from 33,000 in 1999 to average of 250,000 units in 2019. The deletion of auto-components has remained almost stagnant during that period and even now. The foreign exchange saving is only 30 percent even in vehicles where the localisation of parts has reached 70 percent.

The 30 percent imported parts of the vehicle add 70 percent cost to the car. For low deletion models the imported component is 80-85 percent. The present government cannot be blamed for this sorry state in the auto sector. But it should now take remedial measures.

Raw materials, parts and machinery being currently imported added very little to exports but ballooned local consumption beyond reasonable limits. It looks strange that the government is providing undue protection to such industries at the expense of the consumers.

They should be asked to either export certain percentage of production and part away from protection. Potential for growth should be assessed on the basis of benefits to the nation and the consumers.

The services sector that had been leading the GDP growth in past decade has also caved in to ever deteriorating economic conditions.