

Public-private partnership key to economic turnaround

LAHORE: Economy can only be run by private sector which is the engine of growth the world over. Private sector in Pakistan has been denied access to bank loans through high mark up and huge government appetite for commercial loans.

When government has grabbed the total liquidity available in the economy, it is insane to expect the private sector to deliver. Besides fiscal deficit touching over two trillion rupees, the state owned enterprises are bleeding the exchequer to the tune of over Rs1,000 billion.

The expenses on security and law and order have gone much beyond reasonable limits. The huge government borrowing has crowded out liquidity for the private sector. We need top class economic managers who are permanent residents of this country and not the ones who move out to their safe heavens after they leave their jobs.

We imported Moeen Qureshi and Shaukat Aziz to cure our economic ills, but once their tenure was over they went back to from where they came from. Privatisation is the need of the hour; the role of government should be limited to prudent regulations and deepening of reforms. However, we must not forget that Prime Minister's Finance Advisor Hafeez Shiekh (de facto Finance minister) headed the privatisation ministry when PTCL was privatised, and even after more than 15 years the foreign buyer owes the government of Pakistan \$800 million.

This is because no due diligence was conducted by the then privatisation commission when it handed over numerous PTCL properties to the new buyer. These properties had unresolved issues which have still not been resolved. We will get the payment only when these issues are settled. Privatisation should be fair and transparent. It should not create monopolies. Moreover, it should not promote the interest of a clan or group. Nepotism in privatisation process would be counterproductive.

Economy has a mindset. The world is threatening us through FATF and the compulsions of political economy have overshadowed the actual economic recipe for revival.

These stark realities have been compounded by the ever present corruption and bad governance. Unfortunately, all negative factors that one can imagine about an economy are present in Pakistan, and that has damaged Pakistan's brand image.

Managing an economy at this stage is an uphill task and we need highly competent and fair economic managers to proceed in a way that does not further marginalise the general public. The economy simply does not have the appetite to bear more indirect taxes that hurt the poor more than the rich.

All privileges and concessions given to any sector should be immediately withdrawn. We should think beyond the IMF programme that has condemned our growth to 2.4 percent. The economy is dysfunctional.

Almost 110 million citizens of our country are below the age of 25 years. We are adding 3 million new workforces every year. To absorb these workers we need to grow at 10 percent per year. At current projected dismal growth we would be adding two million unemployed youth every year. It is obvious that if the working age youth is not gainfully employed they would move towards negative activities.

Government should deregulate the highly regulated sectors like energy, pharmaceutical and power. It should contain itself to policy and regulatory levels. Even the infrastructure projects should be built by private sector on built own and transfer basis. Currently, our public sector development programmes are less than three percent of our GDP, while in order to upgrade the infrastructure to desired level we need annual investment of 10 percent of our GDP.

This would come from the private sector only by attracting both local and foreign investors. Korea, Japan and China are successful examples of public-private partnerships in infrastructure. Pakistan's demographics could be a source of strength for the country if proper planning is done. We have two mega cities which are Lahore and Karachi, while there are 12 cities with population of over a million. We should create employment opportunities around these urban centres. Each city should be given autonomy.

Megacities should be distributed into zones for separate and better management. The construction rules should be liberalised and deregulated. We should see 200 large cranes operating in Lahore constructing high rise buildings. Over regulations in building and real estate bye laws have discouraged such activities, while those who continue violate these regulations with impunity. The culture is the same all over Pakistan.