

Agenda for Economic Reforms in Pakistan

2018-23

The way forward



**The Faisalabad Chamber of
Commerce and Industry**
Research & Development Department



Agenda for Economic Reforms in Pakistan

2018-23

PRESENTED BY



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Message by the President, FCCI

The Faisalabad Chamber of Commerce and industry is an apolitical, independent, membership based, volunteer driven, not-for-profit organization with a clear mandate to lead and serve the business community of Faisalabad which is one of the largest business hubs of Pakistan.

Being the third largest chamber of Pakistan, FCCI has always played an important role in communicating the views of the business community at appropriate levels of the government and has participated actively in the formulation of public policy to achieve sustainable economic growth and development in the country.

Over the years the chambers have come a long way in evolving a goal-oriented approach. FCCI has taken a number of initiatives for increased discussion and exchange of information with the diplomatic channels and trade missions of the key foreign direct investment stakeholders in Pakistan. FCCI has also established an independent research and development (R&D) department as part of the chamber's strong commitment for discussion, debate, and discourse.

With elections round the corner in Pakistan, this working paper prepared by our R&D department, aims to provide recommendations to policy makers at the federal and provincial levels for designing an appropriate economic reform agenda which will help to achieve rapid and sustainable economic growth in the country in the coming years. I am hopeful that this paper will serve as a strong foundation for better collaboration between all stakeholders for achieving sustainable growth in the country.

Shabbir Hussain Chawla

Message by the Chairman

FCCI Standing Committee on Research and Development



Pakistan is the 6th largest country in the world by population, a large majority of which falls within the working age bracket. With the abundant economic resources it has been blessed with, Pakistan surely has the potential to become one of the largest economies in the world, which is able to provide a high standard of living for its population.

This working paper prepared by the R&D department of FCCI provides 10 key areas which should become the focus of policy makers for introduction of reforms in the next five years in order to put Pakistan on the path to achieve sustainable economic growth. In recent years, economic growth in Pakistan has seen an upward trend with many development initiatives currently being implemented throughout the country as part of the landmark China Pakistan Economic Corridor (CPEC) project. However, in order to increase this rate of growth further in the coming years and sustain it over the long term, it is vital to deal with the key issues that have acted as constraints to economic growth in recent years and promoting an environment of stability that will help in fostering entrepreneurship and investment in the country.

Perhaps, the most important area which needs to be focused on is the development of the abundant human resources of Pakistan. Pakistan's youth surely has the potential to become an engine of economic growth for the country if provided with quality education and skills. The utmost emphasis needs to be placed by policy makers on the development of human capital within the country which will help in making Pakistan a global economic power.

I am hopeful that this working paper will provide valuable insights to all stakeholders and help in achieving rapid, sustainable, and equitable growth in Pakistan in the future.

Ahmad Hassan

Acknowledgement

This working paper was prepared by the R&D Department of FCCI, upon the advice of the FCCI Standing Committee on R&D. This booklet could not have been completed effectively without the guidance of some notable experts and professionals from different sectors of the economy. We are profoundly thankful to all experts and professionals who participated in consultations and shared their valuable ideas with us.

We are also thankful to the administration and staff of the Faisalabad Chamber of Commerce and Industry (FCCI) for their moral and logistical support during the preparation of this booklet particularly Mr. Abid Masood (Secretary General), Mr. Muhammad Din Tahir (Director R&D), Mr. Sajid Aleem (Media Advisor), and Mr. Azhar Rasool (Research Associate).

Working Group

Disclaimer

All information provided in this report is based on data obtained from secondary sources believed to be reliable and in all cases the reference has been quoted. While every effort has been made to ensure that the information in this report is accurate, FCCI does not accept any legal or financial responsibility for any inaccuracy or omission whatsoever.

Introduction

This working paper from the Faisalabad Chamber of Commerce and Industry (FCCI) is a modest contribution towards better collaboration between all stakeholders for framing a roadmap to achieve rapid and sustainable economic growth in Pakistan in the coming years.

For any economic reform agenda to become truly result-oriented, one of the key pre-requisites is meaningful consultation and collaboration among all stakeholders. Though modest in its scope, this working paper highlights the views and suggestions from the investors' perspective. One of the most important factors for investors is the predictability, consistency, and long term durability of the policy environment. The recommendations given in this economic reform agenda aim to put in place a stable environment for investors and shows the way for eliminating the major constraints for achieving sustainable growth in Pakistan. Certainly it is not an exhaustive document on the future direction of Pakistan's economy as the vision for achieving sustainable growth is already a part of the government's agenda and forms a key component of the Vision 2025 document prepared by the Ministry of Planning, Development & Reform.

Despite having abounding economic resources, Pakistan has been unable to achieve economic growth at a rate which is in line with its true potential. Pakistan continues to face huge challenges in terms of going forward with issues such as high poverty, illiteracy, unemployment, and inequality plaguing the national economy. Nevertheless, there are bright prospects and opportunities with major initiatives such as the China Pakistan Economic Corridor (CPEC) currently under implementation.

Given the upcoming elections in the country, the chamber feels that this is an opportune time for reviewing the key challenges being faced by the economy and devising a policy framework for confronting these challenges. Drawing on a number of discussions, seminars and consultations that have taken place at the chamber between leaders and professionals over the last couple of years, this working paper focuses on 10 key areas given on the following pages where the introduction of economic reforms is most required. As discussed previously, these areas are in line with the objectives set out in the Vision 2025 as well as with the Sustainable Development Goals (SDGs)

10 Focus Areas for Reforms



**Macro-Financial
Stability**



Taxation



**Institutions and
Governance**



**Innovation and
Value Addition**



Energy

10 Focus Areas for Reforms



**Agriculture and
Livestock**



**Human Capital
Development**



**Entrepreneurship and
Ease of Doing Business**



**Environment and
Climate Change**



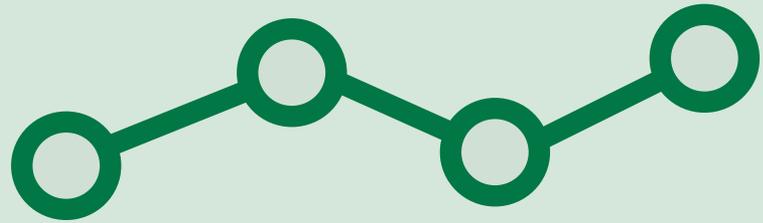
**Creating an
Inclusive Economy**

1

Macro-Financial Stability

Key Facts:

- Pakistan's current account deficit increased to 4 percent of GDP in FY 2016/17 and further widened in the first half of FY 2017/18.
- The external debt of the country has increased significantly in the past 4-5 years, increasing from around PKR 5.7 trillion in 2013 to PKR 8.9 trillion in September 2018 as per data from the State Bank of Pakistan. Total debt has increased to over PKR 25.5 trillion which is well above the 60% Debt to GDP limit set by the FRDL Act 2005
- The IMF estimates that Pakistan's total external debt will increase to \$ 103 Billion in 2019 and \$ 144 Billion in 2023 if the current pattern of borrowing continues.
- Despite significant external borrowing by the government, gross reserves of the State Bank of Pakistan (SBP) decreased to around \$12.8 billion in mid-February 2018, which was equivalent to 2.3 months of prospective imports
- The combined accumulated losses of key loss-making public sector enterprises (PSEs) have reached a level of more than PKR 1.2 trillion (around 4 percent of GDP).
- The overall fiscal deficit widened to 5.8 percent of GDP in FY 2016/17.
- Pakistan's trade deficit has seen a worsening trend in the recent past and reached a level of over \$ 25 billion in FY 2016-17.



Recommendations:

- The government should introduce policies for fiscal consolidation and debt management in line with the guidelines provided by the FRDL Act 2005. The levels of public debt, fiscal deficit, and other indicators need to be maintained at prudent levels as prescribed in the FRDL Act 2005.
- A key step for achieving fiscal consolidation is a broadening of the tax base to increase tax revenues, which will help the government to avoid budget deficits thereby, preventing the need to take further debt. In addition to this, reforms also need to be designed and implemented for making the tax administration framework fair and efficient.
- Restructuring or privatization of key loss-making PSEs is needed urgently in order to eliminate the immense burden placed by these enterprises on the national economy. Through the introduction of appropriate structural reforms, these enterprises can be turned into profit-making entities for the government in the long term.
- Promoting product diversification and trade liberalization while increasing emphasis on innovation and value addition in the domestic sector is vital for increasing exports and substituting imports in order to lower the country's ever-increasing trade deficit.

2

Taxation

Key Facts:

- Pakistan's overall fiscal deficit widened to 5.8 percent of GDP in FY 2016/17. However, growth in revenue collection of over 20 % year on year by FBR helped to limit fiscal deficit to 1.2 percent of GDP in the first quarter of 2017/18 as compared to 1.3 percent of GDP in Q1 of FY 2016/17.
- As per data from the FBR, only 1.26 million individuals filed income tax returns for the tax year 2017. Given the population of Pakistan of over 207 million, this means that only around 0.6% of the total population filed income tax returns. Moreover, out of the 1.26 million tax returns filed, around 0.5 million were nil tax returns.
- Comparing these figures with India, around 27.9 million individuals in India filed income taxes in 2017, which is equivalent to around 2.3% of the country's total population.
- The total number of companies registered with SECP reached a level of 84,201 by the end of November 2017. However, out of these registered enterprises less than 30,000 filed income tax returns.



Recommendations:

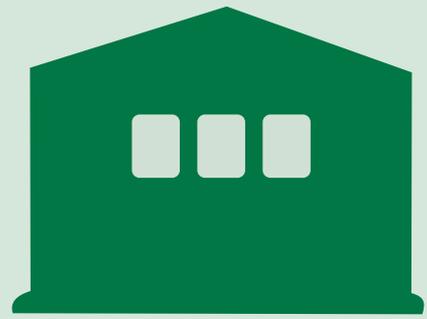
- In order to increase the tax base, the government can use data of utility consumption and purchases of luxury items to identify income tax evaders and bring them into the tax net.
- Steps should also be taken to bring unregistered businesses and those working as part of the shadow economy into the tax net. Special survey teams should be formed to conduct regular surveys in different areas, particularly the key marketplaces and business centers to identify unregistered businesses.
- The government should also look into improving the pay structure of FBR officials working at local levels and introducing performance based incentives to increase their motivation to work efficiently.
- In addition to increasing the tax base, it is also very important to eliminate the trust deficit between the working population and the government in order to create a tax paying culture and mindset. The government should ensure that the money collected from taxes is spent in an efficient and prudent manner on projects which are most needed by the people in order to enhance the confidence of the general public towards the government.
- Tax reforms also need to be introduced at the provincial levels in collaboration with the federal government. There is a need for a census-based baseline of provincial tax bases and improving coordination between federal and provincial tax authorities.
- The issue of double taxation between FBR and provincial revenue authorities also needs to be addressed as also identified by the National Tax Commission.
- Differing rates of several progressive provincial taxes (e.g. property, agriculture, wealth taxes) are being charged across provinces. All provincial revenue authorities should agree on a uniform standard rate for all taxes.

3

Institutions & Governance

Key Facts:

- Based on data from the World Governance Indicators (WGI) 2017 prepared by the World Bank, Pakistan had a percentile rank of 1.43 in 'political stability and absence of violence/terrorism', whereas India, Bangladesh, Iran, and Sri Lanka were ranked at 14.29, 10.48, 20.48, and 49.52 respectively.
- As per the WGI 2017 Pakistan had a percentile rank of 28.85 in 'government effectiveness', whereas India, Bangladesh, Iran, and Sri Lanka were ranked at 57.21, 25.48, 45.67, and 44.71 respectively.
- As per the WGI 2017 Pakistan had a percentile rank of 20.19 in 'rule of law', whereas India, Bangladesh, Iran, and Sri Lanka were ranked at 52.40, 30.77, 25.96, and 54.33 respectively.
- As per the WGI 2017 Pakistan had a percentile rank of 19.23 in 'control of corruption', whereas India, Bangladesh, Iran, and Sri Lanka were ranked at 47.12, 21.15, 25.96, and 48.08 respectively.
- Additionally, Pakistan ranked 117 out of 180 economies in the Corruption Perceptions Index 2017 prepared by Transparency International, while India, Bangladesh, Iran, and Sri Lanka were ranked at 81, 143, 130, and 91 respectively.



Recommendations:

- Institutions and the system of governance at both the federal and provincial levels should be strengthened to create an environment of political stability and security that will help in improving the confidence of domestic and foreign investors while eliminating any uncertainties and confusions regarding the future of the economy.
- Strong and efficient institutions include the presence of an independent and credible central bank, an efficient tax regime, high levels of trust between different sectors of the economy, low levels of corruption, and environmental regulation and compliance.
- The government should improve the implementation of anti-corruption laws and regulations, and strengthen the state institutions responsible for accountability to eliminate corruption, in order to pique entrepreneurship, investment, and innovation in the country.
- Inter-provincial coordination needs to be improved in order to put in place a uniform policy environment in the country.

4

Innovation & Value Addition

Key Facts:

- In the Global Innovation Index (GII) 2017 published by INSEAD and the World Intellectual Property Organization, Pakistan ranked 113 out of 127 countries whereas, India, Iran, Sri Lanka, and Bangladesh were ranked at 60, 75, 90, and 114 respectively.
- Pakistan ranked 115 out of 137 countries in the Global Competitiveness Index (GCI) 2017-18 prepared by the World Economic Forum (WEF) whereas, India, Iran, Sri Lanka, and Bangladesh ranked were 40, 69, 85, and 99 respectively.
- As per the Economic Complexity Rankings 2015 prepared by the Observatory of Economic Complexity of the MIT Media Lab, Pakistan was ranked 87 globally in terms of the economic complexity of its national exports, while India, Vietnam, and Sri Lanka were ranked 46, 50, and 70 respectively.
- The share of exports in national GDP has declined from 14% in 2000 to around 8% in 2016, whereas in the case of Vietnam, for example, exports have increased from 48% of GDP in 2000, to around 90% of GDP in 2016.



Recommendations:

- A national innovation policy needs to be formulated through consultation between the three main actors of the innovation ecosystem namely, the government, firms, and knowledge providers. The implementation of such a framework will help in creating a culture of innovation throughout the country and promoting the creation and sharing of knowledge.
- The adoption of new technology in the manufacturing sector should be encouraged, which will help in improving productivity and technical efficiency in domestic industrial units. Financial incentives in the form of grants and soft loans should be provided to those firms which are looking to upgrade industrial machinery through transfer of technology from abroad.
- Industrial compliance measures should be introduced to prevent the use of inefficient and outdated machinery in domestic industrial units, which reduce productivity and output quality while driving the cost of production upwards.
- The government should encourage joint ventures between Chinese and Pakistani industries, and provide special incentives for technology transfer in the various special economic zones (SEZs) being developed under CPEC.
- The Ministry of Commerce is currently working on the Strategic Trade Policy Framework (STPF) 2018-23. Innovation and technological development should be made a key element of the STPF 2018-23.
- Product diversification with an increased focus on products having high value addition and economic complexity needs to be emphasized. This will not only help in increasing the value-added exports of the country but also in imports substitution.

5

Energy

Key Facts:

- Pakistan has been facing a persistent energy crisis for the past many years which has constrained the growth rate of the country's economy. However, since the last 1 year the situation has improved considerably and is expected to improve further in the future, owing to the development of new power generation plants in the country, particularly as part of CPEC.
- The energy projects envisioned under CPEC are expected to add 17,000 MW to the national power generation capacity by 2030.
- Although total power generation capacity is expected to increase significantly in the near future, the electricity transmission capacity of the country is limited and needs to be increased in order to ensure that electricity from new power plants can be added to the system.
- The circular debt in the energy sector reached to a level of over PKR 540 billion in March 2018 as per official figures adding to the financial woes of the government.
- According to an estimate, Pakistan has a total hydropower potential of around 50,000 MW most of which is available in the northern areas of the country.



Recommendations:

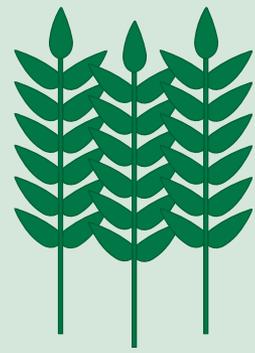
- A comprehensive energy policy needs to that lays out a road map for meeting the energy demands of the country in the short, medium, and long terms and shifting for fossil fuel based power plants to more cost efficient and environment friendly sources.
- A particular emphasis needs to be placed on shifting away from the oil-fired power plants which put a high burden on the national economy by driving oil imports upwards, and are also detrimental to the environment.
- The government should expedite the development of Bhasha and Dasu Dams, which will not only add over 8,000 MW to the national electricity generation capacity but will also provide ample reservoir space for the conservation of water which is of utmost importance given the impending water crisis in the country.
- In addition to large dams, the government should also emphasize the development of low-cost small hydropower projects which can help in providing electricity to entire villages in the northern and north-western areas of the country and can be managed by the local population themselves.
- In addition to hydropower, Pakistan also has a considerable potential for wind and solar power generation. The Gharo wind corridor in Sindh province alone has an exploitable power potential of around 11,000 MW.
- The coordination mechanism between different ministries dealing with power generation, water, and other natural resources needs to be improved.
- Although total power generation capacity is expected to increase significantly in the near future, the electricity transmission capacity of the country is limited and needs to be increased in order to ensure that electricity from new power plants can be added to the system. The transmission system also needs to be made more efficient to minimize line losses.

6

Agriculture & Livestock

Key Facts:

- As per the Pakistan Economic Survey 2016-17, the agriculture sector accounted for around 19.5% of Pakistan's GDP and employed 42.3% of the country's labour force in FY 2016-17.
- Pakistan is the 4th largest producer of Cotton, 5th largest producer of Sugarcane, 8th largest producer of Wheat, and 11th largest producer of Rice in the world. Additionally, Pakistan is also among the largest global producers of milk as well as many fruits and vegetables.
- China spent more than \$ 101 billion on agricultural imports in 2016, which was around 5 times of Pakistan's total exports in the same time period. Out of these \$ 101 billion agricultural imports, only around \$ 1.46 billion (1.45%) were sourced from Pakistan.
- Approximately 75 percent of the farming community comprises of small land holders, who are practicing agriculture not as a profession but as a way of life.



Recommendations:

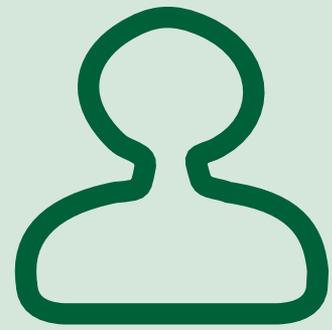
- The performance of academic and research institutions in the agriculture sector needs to be improved, with an emphasis on improving crop yields, enhancing soil fertility, and reducing the requirement of water.
- The government should revise land reforms by cluster analysis (CA) to eliminate feudalism and increase corporatization for the benefit of small land holders.
- Allocated funds for Research and Development should be disbursed after discussions with all relevant stakeholders through a Joint Coordination Committee (JCC).
- Agricultural research institutes should focus on China's agricultural practices, technology and post-harvest practices, and implement them in domestic farms in order to improve crop output quality and yield. Furthermore, the government should target China's demand for agricultural products for increasing agricultural exports.
- State Bank of Pakistan (SBP) needs to design better agricultural finance policies, increase dedicated human resources, simplify lending procedures, remove the bias against small landholders, rationalize lending rates, work diligently for creating mass awareness, and ensure timely provision of credit to farmers and harness the vast untapped potential of agricultural credit demand.
- Emphasis on agricultural products having high value addition and export potential should be increased particularly in the fruits, dairy, and meat sectors due to their high profitability and export potential, by encouraging private sector involvement in these sectors.

7

Human Capital Development

Key Facts:

- As per the 6th Population and Housing Census 2017, Pakistan has a population of more than 207.7 million individuals (52.2% males and 48.8% females), which makes it the 6th largest country in the world by population.
- Out of the total population of 207.7 million, around 33% of the total population is below 15 years of age, 22% falls in the 15-24 years age bracket, 38% falls in the 25-59 years age bracket, while only around 7% is above 60 years of age.
- As per United Nations statistics, the labour force of Pakistan is estimated to increase from around 70 million in 2016 to more than 120 million by 2050.
- The overall rate of unemployment in Pakistan is estimated to be around 5.9% while around 25 million children are estimated to be currently out of school.
- As per the Pakistan Economic Survey 2016-17, the overall literacy rate of Pakistan's population (10 years and above) was only 58% in FY 2015-16 (70% for males and 48% for females) while the total public sector expenditure on education stood at around 2.4% of GDP in FY 2015-16.
- Pakistan received total foreign remittance inflows of around \$ 19.9 Billion in 2016, which were the 6th largest in the world. However, in the last year these remittance inflows have decreased.



Recommendations:

- Investment in the education sector should be increased to at least double of the current amount, and the appropriate use of this investment should be ensured for developing the country's human capital and increasing literacy rates.
- The public education system needs to be restructured as per international standards to improve the quality of education being provided to students.
- Academic and research standards of public and private universities should be improved and brought up to international standards to improve the quality of graduates being produced as well as the output of new innovations and research that can be used for the benefit of all sectors of the economy.
- A special emphasis needs to be placed by policy makers on the TVET sector, in order improve the skill level of the domestic workforce which will help in dealing with the issues of poverty, unemployment, out of school children, shortage of skilled labor, and decreasing remittances.
- The reform process for the TVET sector initiated in recent years should be continued in the coming years. The involvement of private sector employers and business associations at all stages of the TVET process should be ensured so as to create a demand-driven TVET framework.
- Investment in the health sector also needs to be increased with an emphasis on providing qualitative health facilities to people in all areas of the country in order to ensure the health and well-being of the population at large.

8

Entrepreneurship and Ease of Doing Business

Key Facts:

- Pakistan ranks 147 out of 190 countries in the Ease of Doing Business rankings 2018 prepared by the World Bank. In comparison, China, India, Iran, and Sri Lanka were ranked 78, 100, 124, and 111 respectively.
- Pakistan's Ease of Doing Business ranking has gone down consistently in recent years, going down from 105 in 2012 to 128 in 2015 and now to 147 in 2018.
- Small and Medium Enterprises (SMEs) form a large majority of the total business enterprises in Pakistan, having a share of around 35% in total value addition and providing employment to more than 70% of the non-agricultural labour force.
- The number of start-ups in Pakistan has increased rapidly over the past few years. There are more than 20 start-up incubators operating throughout the country as well a widespread network of investors and venture capitalists.



Recommendations:

- The use of ICT and digitization in government institutions such as SECP and FBR needs to be encouraged to make it easier for existing and potential entrepreneurs to manage issues such as company registration, tax payments etc.
- The automation of urban land records on the Land Record Management Information System (LRMIS) needs to be accelerated.
- A single e-portal needs through which business can apply for acquiring services such as a new electricity connection. The coordination and communication mechanism between different government departments should also be improved to reduce the time taken for the processing of applications.
- The government should provide special support to the SME sector and encourage the setting up of new SMEs by attracting the young population towards entrepreneurship.
- Special incentives should be provided for technology start-ups having a high degree of innovation. Pakistan has the potential of increasing its IT exports to over US \$ 10 billion in the next 5 years from the current US \$ 2 billion
- Encouraging entrepreneurship among women is also of utmost importance. The government should work on improving the awareness of women regarding entrepreneurship and providing special facilitation to women in matters relating to business such as registration and certification as well as the participation of women in trade exhibitions.

9

Environment & Climate Change

Key Facts:

- Pakistan was ranked 169 out of 180 countries in the Environment Performance Index 2018 prepared by the Yale Center for Environmental Law and Policy of the Yale University.
- As per the Global Climate Risk Index 2017, Pakistan ranks 7th among the countries most adversely affected by climate change.
- According to the National Disaster Management Authority (NDMA) extreme climate events between 1994 and 2013 have resulted in an average annual economic loss of almost US \$ 4 billion.
- Pakistan ratified the Paris Climate Change agreement in November 2016.
- Pakistan has been ranked 23 in the list of most water-stressed countries in 2040 by the World Resources Institute.
- According to an estimate, Pakistan dumps water worth US \$ 22 billion into the sea every year due to a lack of storage capacities and poor conservation practices.
- According to an estimate, more than 20 million people don't have access to clean drinking water in Pakistan.
- The agriculture sector accounts for a large portion of the total water usage in the country due to the use of water for irrigation purposes. Due to a lack of modern irrigation systems, there is a high level of water wastage in irrigation. Currently, 1 kg of export quality rice produced in Pakistan uses around 3000 to 5000 liters of water.



Recommendations:

- An environmental regulation framework needs to be introduced, to safeguard the natural environment of the country from public and private activities that have the potential to negatively impact the environment.
- Good Agricultural Practices (GAP) and environment friendly practices in agriculture should be encouraged in order to prevent the wastage of natural resources and achieve sustainable growth in the agriculture sector.
- To ensure bulk water storage reservoirs for fulfillment of irrigation requirement. Furthermore, modern irrigation techniques such as drip irrigation need to be introduced in domestic farms, while minimizing flood irrigation, which will help to reduce wastage of irrigation water.
- The government should focus on shifting towards renewable resources for power generation particularly hydropower which has a high potential in Pakistan and has the added benefit of providing reservoir space for saving water.
- National Water Policy needs to be formulated after consultation with all relevant stakeholders setting out measures for conservation of national water resources and provision of clean drinking water to the population in the short, medium, and long terms.

10

Creating an Inclusive Economy

Key Facts:

- Pakistan was ranked 47 out of 74 emerging economies in the Inclusive Development Index (IDI) 2018 prepared by the World Economic Forum (WEF). In comparison, Iran, Bangladesh, Sri Lanka, and India were ranked 27, 34, 40, and 62 respectively.
- Recent research by the IMF shows that an increase of 1 percentage point in the income share of the top 20% can reduce GDP growth by 0.08 percentage points over the next five years whereas, a one percentage point increase in the income share of the bottom 20% population can increase GDP growth by 0.38 percentage points in the next five years.
- Pakistan was ranked 143 out of 144 countries (second-last, only above Yemen) in the Global Gender Gap Report 2017 prepared by the World Economic Forum (WEF). In comparison, Bangladesh, India, Sri Lanka, and Iran were ranked 47, 108, and 109 respectively.
- The female labour force participation rate in Pakistan is only around 25% which is significantly below rates for countries with similar income levels.
- According to an estimate, Pakistan can add around 30% to its GDP increasing the participation of women into economic activity.



Recommendations:

- In addition to investing in physical infrastructure the government also needs to prioritize investment in social infrastructure such as public health and skills development including public health and skills development which will help in improving productivity as well as living standards.
- The government should work towards creating an overall culture of inclusiveness at the national level which will comprise of inclusive legal and financial institutions and appropriate labour market regulation.
- In addition to targeting a high rate of national GDP growth, the government should also look at growth from the perspective of human development, analyzing the social and geographical distribution of growth and making attempts to address social and geographical disparities in growth through appropriate policies.
- The government should place a special emphasis on women development and empowerment in its policy framework and introduce special initiatives for women in the areas of education and skills development, entrepreneurship, and financial inclusion of women.
- Legislation for the safety and security of women in all social settings needs to be introduced and implemented.

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MACRO-FINANCIAL
STABILITY

TAXATION

INSTITUTIONS AND GOVERNANCE

INNOVATION AND VALUE ADDITION

ENERGY

AGRICULTURE AND LIVESTOCK

HUMAN CAPITAL DEVELOPMENT

ENTREPRENEURSHIP AND EASE OF DOING BUSINESS

ENVIRONMENT AND CLIMATE CHANGE

CREATING AN INCLUSIVE ECONOMY



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