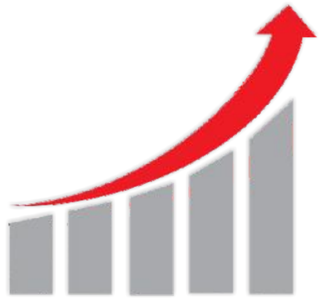

Editorial

Pakistan's elusive chase of growth

Yet again, Pakistan is passing through its familiar boom and bust cycle of growth. It was only appropriate to devote this issue of the PIDE P&R to the long term story of our growth, or the lack of it.

While Pakistan enters a deadlier phase of the incidence of Covid-19, officials are combing the economy for any signs of the revival of growth. There is growth in large scale manufacturing, exports and inputs of the construction sector. Private sector demand for credit has also risen. With all this activity in the negative territory last year, there could only be some positive improvement, i.e., the so-called base effect. With the IMF programme stalled due to Covid-19 emergency, there was a scramble for fiscal concessions, export rebates and refunds, tax amnesty for the construction sector, cheaper energy and credit incentives entailing an unprecedented liquidity backstop. With the likely resumption of the IMF programme, this joyride will come to an end. Agriculture, a handy cushion in such situations, was not in this train anyway. Outlook for cotton is quite bleak. Regardless, the State Bank's Annual Report published in November projects growth in the range of 1.5 – 2.5 per cent in the current year against minus 0.4 per cent in the previous year. The upper limit is above the Planning Commission's projection of 2.1 per cent and way above the donors' projections ranging between 0.5 – 1.0 per cent. After a long time, the usually optimistic Planning Commission and the conventionally pessimistic medium term budgetary framework of the Ministry of Finance projected the same outlook for growth. The mainstay of these projections was agricultural growth, while the State Bank's projection relies on services and revival of manufacturing.

These glaring contradictions betray the absence of a thoroughly considered framework for sustained economic growth over the long run. The analyses presented in the preset issue of the PIDE P&R point poignantly in this direction.


Poverty
Energy Crisis
Infra Structure
unemployment
Debt
Covid 19 crisis