

Pro-poor economic growth

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Prime Minister Shaukat Aziz has said that the biggest challenge is to take the benefits of economic revival and growth to the people at the lowest level. At a time when one-third of the country's population is living below the poverty line, this challenge demands not only a firm commitment but also the immediate, focused and sustained attention of the government at all levels — federal, provincial and local. In fact, the growth of the economy over the last four years has made it imperative for its results to start appearing on the ground sooner than later.

The farming community should be able to benefit from the increase in the procurement prices of various agricultural commodities, but this benefit bypasses the landless peasants and the benefit to small landowners can only be modest. A good part of the enhanced income of the farmers can be taken away by the rising prices of agricultural inputs. As this sector is vulnerable to the vagaries of weather, the unpredictability about farm income depends upon rains and water availability, year after year. Self-sufficiency in food is by all means a big achievement and ought to be sustained. The much talked about promotion of agro-based industries should be pursued with greater vigour.

In urban areas, the big problem is to create jobs, especially in the private sector through higher levels of investment in various sectors of the economy. In the last two years, it is encouraging that large-scale manufacturing has shown steady high growth and that the trend is expected to continue. This means that the domestic industry has modernised and expanded, making fuller use of its capacity. On its part, the government has also increased the level of its annual development programme and its outlay for the current financial year is Rs202 billion. Large allocations have been made for infrastructure and social sector development in this programme. But it is mostly the private sector investment where job creation will largely take place.

While investors are showing interest in various sectors of the economy, the level of both foreign

and domestic investment is yet to be substantially raised. An improved economic framework, a good law and order situation, political stability and low cost of doing business in Pakistan are some of the key factors that will attract investment.

The benefits of investment going into the industry are that it creates enormous economic activity around every new industrial venture that is launched in the country. That also benefits a considerably larger number of people who can set up small businesses to cater to the needs of that particular industrial venture. The prime minister's idea of bridging the gap between skills and education merits serious consideration in the present day needs of trade, industry and services sectors.

In addition to its annual development programme, the government is also making direct allocations for poverty alleviation and encouraging small and medium enterprises to create self-employment opportunities. A very large number of non-governmental organisations are also in the field. And yet, the number of poor and low-income groups is large, while social sector indicators are low and the delivery system of social services needs great improvement. There is a pressing need to create additional education and health facilities, an inexpensive and efficient transport system, provide housing for those without a roof over their head and expand the roads network.

According to the prime minister, the year 2005 will be a year of high growth. Incidentally it will also be a year when elections to local bodies will be held. With federal and provincial governments ensuring that the benefits of economic growth reach the grassroots level, the institution of local bodies can play an important role in attaining this objective.

The new year should be a year of opening fresh opportunities for the underprivileged sections of society, enabling them to gainfully employ themselves in various vocations, enhance their incomes and improve their quality of life. It is then that the ordinary citizens of Pakistan will be able to share the fruits of economic progress.