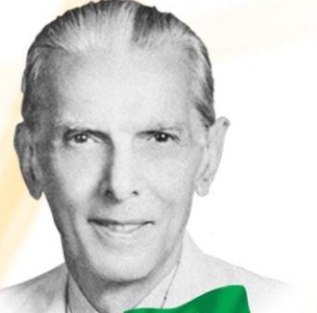


BUILDING A BETTER TOMORROW

2013 ECONOMIC VISION



پاکستان مسام لیگ
جذبہ خدمت سے سرشار



PAKISTAN MUSLIM LEAGUE'S ECONOMIC VISION

- **Modernization**
- **Innovation**
- **Confidence**
- **Tolerance**

The Pakistan Muslim League envisions to transform Pakistan into a fully literate, fully employed, highly educated, skilled, talented, tolerant, culturally sophisticated, internationally connected, a reasonably well off and healthy society. To bring about an excellent education system, thriving and competitive markets, strong internationally competitive companies, world class infrastructure with modern urban centres, a high value adding agriculture sector and a smart, small and efficient government – an economy with a significant presence of international investors and a per capita income in excess of \$US 2,000 in the next 2 years.

Poverty reduction is our prime goal. The PML government's overarching objective will be to improve the lives of the people by improving their incomes and the delivery of public services by means of creating sufficient jobs and improving the government's capacity to deliver public services.

The PML government will ensure the creation of at least 2 million new, sustainable and permanent jobs every year for the next 5 years in the country. This will require the job creating capacity of the economy to be tripled compared to the present GDP. In terms of GDP growth the PML government would endeavour to achieve GDP growth in excess of 8% in the next three years.

AGRICULTURE

The PML government will extend maximum help to Pakistan's agriculture sector in its transformation from a traditional producer of basic food grains and raw materials for domestic markets, to a sector that excels in value added crop production for international markets and adding value to raw materials through modern agro based industries. The PML government will:

- 1- Increase public investments in agriculture research, extension services, irrigation facilities, water management and forest development.
- 2- Promote private sector investments in live stock breeding, veterinary services, seed technology, agricultural services.
- 3- Modernise wholesale markets by establishing new wholesale market chains, reforming market regulations, improving market infrastructure through public private partnerships, promoting development of appropriate cool chains, establishing grading and testing facilities and enforcing food safety regulations in accordance with international standards.
- 4- Exploit competitive advantage of each district by developing the agricultural potential profile and the agro based industrial potential of each district.

- 5- Support regional agriculture and agro industry development strategies and establish funds for research and proto type development projects.
- 6- Set up a national fund for the welfare of the farming community and motivate the stake holders to contribute generously in the fund.
- 7- Provide farmers access to affordable credit at a maximum of 5% to 7% mark up.
- 8- Maintain and expand the canal irrigation system.
- 9- Provide uninterrupted power supply to farmers.
- 10- Provide free electricity to agricultural tube wells during peak season/s.
- 11- Ensure supply of low priced and quality agricultural inputs.

MANUFACTURING SECTOR

Today the disappointing performance of Pakistan's industrial sector is no different from its performance in other sectors of the economy. The acute shortage of power for industrial units has virtually paralysed the economy and rendered millions jobless.

To repair this dangerous situation the **PML** government will embark upon an aggressive strategy focusing on modernisation and job creation. While we will have to move on to the higher value adding engineering industry we will stand committed to the development of the labour intensive medium and small industrial units.

THE INDUSTRIAL CLUSTERS

The **PML** government's aim will be to generate substantial number of employment opportunities through institutional incentives for the industrial sector. It is for this reason that we will continue with the **Pakistan Muslim League government's industrial policy implemented between 2002 and 2007 in Punjab** aiming at developing engineering clusters. The Punjab engineering triangle will be the prototype for development of similar clusters in other parts of the country. The close location of thousands of industrial enterprises with their own power generation infrastructure in a relatively small area will give us the opportunity to develop the entire area based on economies of scale. The public private partnership will play a lead role in developing these clusters. These clusters will create a critical manufacturing mass.

- An up gradation programme of the entire industry to develop technological, design manufacturing, management and marketing capabilities will be implemented. This up gradation will enable us to meet the challenges of a much greater liberalised trade regime in both domestic and foreign markets.
- The **PML** government will play a major role in creating the ability in the industrial sector to engage in "**catch-up competitiveness**" by absorbing, adapting and improving on the technologies that underpin new products, services and processes. This catch-up competitiveness will be developed through consolidating entrepreneurship, high quality technical education provision and market friendly institutions and infrastructure.

PML INDUSTRIAL GROWTH PLAN

The **PML** government will implement a multi pronged action plan to achieve Pakistan's industrial growth in the future.

1. Creation of modern and effective institutions for developing technological and design capabilities.

This would require a major **Human Resource Development Programme** based on creation of high quality technical universities, model poly technical and vocational training institutes and funding for technical trainings in foreign institutes. Model poly technical universities will be established in each province of Pakistan. The standards of technical education and management of these universities will be based on the model adopted by China, Singapore and other East Asian countries. These world class technical universities besides recruiting top quality Pakistanis will also induct international faculty members. These universities will conduct research and development to direct manufacturers towards innovation and improvements in design, process and management. The **PML** government would seek collaboration of the great manufacturing nations of the world besides financial collaboration of the World Bank, Asian Development Bank and the overarching patronage of brotherly Islamic countries..

The **PML** government would establish a **Skill Development Fund** for training engineering and technical students and personnel in local and foreign institutions.

2. Provision of high quality physical infrastructure

This infrastructure would include the establishment of export processing zones, industrial parks, communication networks development by providing quick links to airports, railway stations, truck terminals, dry ports and markets through upgrading highways etc.

3. Provision of high quality facilities

This would require setting up of research and testing facilities, starting environmental protection initiatives and projects, setting up of quality standards, creation of technical and marketing databases and establishing new institutions as well as developing existing institutions.

4. Attract domestic and foreign investments in the engineering clusters

This imitative will focus on encouraging industrialised countries and international companies to establish their industries in the proposed clusters and assist these clusters in establishing links with the world.

5. Improving business climate for the private sector

This will include rationalization and reduction in taxes, rationalization of labour laws and revamping industrial regulations.

6. Mineral and natural resources

The mineral and natural resource strategy of the **PML** government will have 3 components namely **(1) Exploration, (2) Development, (3) Marketing**. Currently this sector contributes less than 2% of the national GDP which will be enhanced to 4% by the **PML** government in the first year. Promotion of private sector participation and rationalization of existing laws and regulations to remove obstacles in attracting investments will be the basic strategy.

7. Power Generation

With Pakistan's oil, gas and coal reserves, its vast irrigation system, abundant solar and wind energy potential the **PML** government will harness all mineral and natural resources to generate sufficient and cheap electricity for the people of the Pakistan. A comprehensive power development programme with the private sector as a key partner will be implemented to make Pakistan self sufficient in power generation. The **PML** government will construct five dams in the country in the next five years with one in each province and AJK. The cumulative contribution of the 5 dams to the national grid will be 10,000 megawatts. The water reservoirs of these large dams will also be used for irrigation purposes.

To attain self sufficiency in power generation, to minimize the current use of natural gas as transport fuel so as to make it fully available for the industrial and power sector the production of bio fuel will be taken up on war footing.

SERVICES

1. Job creation in construction and housing industry

To stimulate job creation in the vital construction and housing industry the **PML** government will rationalize government stamp duty, commercial zoning regulations, development charges, rent restriction ordinance and promote construction of properties for rental purposes.

2. Tourism, hotel and resort development

The **PML** government will boost tourism, hotel and resort development for income generation and employment by means of developing tourist resorts, theme parks and promoting hotel chains and entertainment industry.

3. Communications and transport services

The **PML** government will work to improve and modernize intercity and urban transport and road networks while developing mass transit train networks for mega cities.

4. Whole sale and retail trade

The **PML** government to promote whole sale and retail trade will develop urban commercial centres, linkages between urban and rural marketing networks and provide marketing linkages between micro credit based activities and larger marketing networks.

FISCAL AND FINANCIAL MANAGEMENT

Pakistan is caught up in a vicious cycle of financing and service delivery. The fiscal squeeze due to low revenues and high debt service etc has meant low level of spending on public services. This has led to a low potential tax base which does not augur well for the programme of reducing social deficit in health, education, water supply, sanitation, access to justice, reduction of infrastructure deficit and outlays for maintenance of the irrigation system, buildings and road networks. With the belief that creation of fiscal space is absolutely essential for sustainable, pro poor investments and accelerated economic activities The **PML** government will follow a three pronged strategy to break the vicious cycle:

1. Public expenditure management.
2. Strengthening of revenues.
3. Improving planning, documentation and accountability of public expenditure.

A debt management strategy to restructure and reduce national debt will be adopted. High interest commodity loans will be swapped with low interest loans. The retirement of high cost loans will create a fiscal space for the government. Subsidies which will not explicitly target the poor will be phased out. Simultaneously a policy of moving expenditures towards the social sectors at the cost of non productive sectors will be adopted. Outlays for expenditures in buildings, roads and irrigation will be increased to compliment the development activity. In addition receipts from privatisation as a revenue source to finance the social and economic sectors will be targeted. The fiscal reforms measures envisage a broadening of the tax base and restructuring of national and provincial taxes and duties.

- The **PML** government will ensure enhancement of the current national investment rate from 6% to 24% in next 2 years.
- The **PML** government will focus on domestic savings and achieve a national savings rate of 25% in the next two years
- The **PML** government will bring the debt to GDP ratio from the current 80% down to 50% in the first 2 years and to 0% in the next 4 years.

The **PML** government in order to successfully implement the sectoral reforms mentioned above and to reduce poverty in Pakistan will focus on

- 1. Governance reforms**
- 2. Social sector reforms**
- 3. A private sector led economic growth strategy**

With the belief that **good governance is good politics**, the governance reforms initiated by the government of the **PML** government will revolve around the following principles.

- **Performance based governance with focus on outcomes, achievements and results.**
- **Creating a nexus between resource allocation and effective delivery.**
- **Passing on the benefits of macro-economic stability to the people through focused investments.**



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