

MARKETS



As far as the urban versus rural petrol pumps are concerned, although the region dummy that uses urban as the base category, is positive but it is not significant. Similarly, the urban/highway interaction term is also positive, hinting that the petrol pumps that are on highways in urban areas are more profitable. Our results also show that the PSO petrol pumps are the most profitable. Although, petrol is a homogeneous product, identity of the company is important, which is also the evidence found by Gagné, Nguimbius, and Zaccour (op cit.).

There are some limitations that must be kept in mind while interpreting the results. Although, most of the petrol pumps in our sample make positive gross profits, some handsomely so, it must be borne in mind that we could not get data on some of the financial aspects of the petrol pumps. Land is an expensive factor of production and the land on which petrol pumps are set up could have huge opportunity cost. Therefore, taking fixed costs into account could potentially change the picture. Similarly, the start-up cost of a petrol pump is high, which must be dug deeper into in future research.

As we discussed in the description of the sample, our ability to collect more in-depth data and larger sample was hampered by cost considerations. Although, our results are in line with the existing literature but to have a better understanding of the petrol pump business, future research should be based on a larger sample. The theoretical literature shows that why and where a retail business is placed is very important, therefore, the process of finding a location for petrol pump should be one of the focal points of the future research. The caveats notwithstanding, our results show that petrol pump is a lucrative business as all but eight petrol pumps in our sample had positive gross profits. Some petrol pumps even make profits to the tune of millions of rupees per month. This finding is contrary to what the normal belief is about the viability of opening and running a petrol pump, under the current rules and regulations.

Government's Role in Markets: Should the Government be All Encompassing in the Wheat Market – A Survey

"Here's a farmer, that hanged himself on the expectation of plenty" - Shakespeare

Being the staple food as well as leading cash crop, the illegal storage of nearly 2-2.4 million wheat and jute bags makes one question the procurement process of the Sindh government. The leading report of falsification of procurement to meet the local demand of wheat to get the approval of export has shed light on the procurement decision process of the government. Provincial government could not procure wheat despite the presence of adequate stock, leading to illegal storage and price hikes in the market.

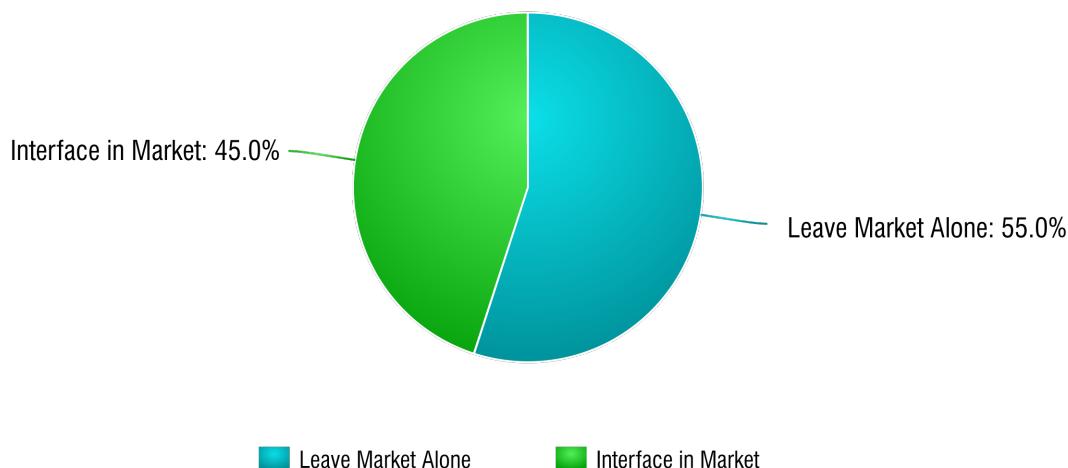
Institutions such as National Accountability Bureau (NAB), FIA are expected to carry out various actions against such mafias. But the question that arises by looking at the historical events; is why these institutions were not able to take steps against such mafias. All these events have clearly shaken the beliefs of the public that government can do better in this.

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A twitter poll has been carried out by Dr Nadeem ul Haque at PIDE on the wheat crisis. The poll shows the clear low expectations of the public on role of the government amidst the wheat and sugar crisis in the country. Being severely affected by such events, now the citizens have least expectations from the government and its process.

Should the Government Intervene?



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As a matter of fact, it is a crucial and essential need of the hour that government should intervene in such crisis. Prime Minister Imran Khan has declared that strict steps will be taken against all names involved in the scams; but clearly the government should also reconsider the procurement and trading decisions. Pakistan is producing sufficient quantity to meet the domestic demand. All country needs to do is to intervene at the right place and in an effective way in the market to reduce cartelization in markets of staple foods as well as other cash crops.