

Volume - I

**PIDE KNOWLEDGE
ARCHIVES**



Editor

FIZZA KHALID BUTT

**PAKISTAN INSTITUTE OF DEVELOPMENT
ECONOMICS (PIDE)
ISLAMABAD**

CONTENTS

Acknowledgement	v
Foreword	vii
AGRISIS	1
Wheat Support Price: A Note for Policy-makers	3
Agriculture in Pakistan: A Revisit	13
The Sugar Industry of Pakistan—Understanding Structural and Regulatory Underpinnings of the Current Sugar Crisis	18
Does Free Market Mechanism Offer a Win-Win Situation to Wheat Consumers and the Government?	27
ECONOMY AND MONEY MARKET	
The Cost of Disinflation: The Sacrifice Ratio?	37
Pakistan’s Five Currency Crises	43
Higher Taxes Reduce Economic Growth: Overwhelming International Evidence	52
POVERTY ALLEVIATION	61
National Poverty Estimates 2018-19	63
Moving up the Energy Ladder: The Impact of BISP Cash Transfers on Fuel Choices	67
LAW AND ORDER	75
The Economic Analysis of Law in Pakistan	77
Towards a Stable Economy and Politics	84
Import and Export Policy Orders and Amendments	94
HUMAN CAPITAL	101
Is Pakistan Talent Repellant?	103
Bangladesh and Pakistan: The Great Divergence	110

ACKNOWLEDGEMENT

While compiling this book of all PIDE's knowledge briefs of year 2020, I realized how much I learned while arranging them, and the urge to say "Thank you" to Dr. Nadeem Ul Haque has been in my hindsight since then. I would take this opportunity to thank him for this great opportunity of learning. I must say I have to acknowledge the constant support given by Dr. Durr-e-Nayab throughout. A book requires contributions and I would like to thank all the contributors of these knowledge briefs, these articles are compiling information and touching upon all the points any policy maker or a researcher must have. I am hopeful that this book will help readers and researchers to identify and understand the issues, solutions and way forward. I'll thank all the support staff who made the publication and availability of this book possible.

Fizzah Khalid Butt

FOREWORD

There's a dearth of knowledge in many of the fields in the Pakistani context. The compilation of facts and figures to make their information is an easy task for many and debates on those are found everywhere. Pakistan Institute of Development Economics, as the nation's think tank, took a step to make that information more formal and in form of knowledge.

The first theme of the book is Agrisis (Agricultural crisis in Pakistan), most of our economy is based on agriculture which is indicative of a clear hurdle in economic growth if utility from agriculture lapses at any moment, however, recent times have seen the wheat, sugar and cotton crisis. The articles in the book reflect upon the issues that are causing the agricultural crisis and also tend to provide solutions and ways forward. They intend to factually highlight both demand and supply-side issues along with an eye on regulatory issues. The solution is always twofold and never a good idea to focus or blame a particular side. The agriculture potential in Pakistan is enormous and should be used rightly with the right kind of knowledge about the problems to set up milestones to achieve.

Inflation is mostly unwanted and governments always seek strategies to keep the economy stable and inflation under control, there can be issues sometime in the money market that make inflation a necessity, which then affects the tax system and other economic issues. Disinflation can be a solution then? It is hard to say as it comes with its issues like GDP losses etc. which then can create other kinds of issues. The intertwined issues of the economy are highly debated but seldom presented with solutions and pieces of evidence but the theme of Economy and money market provides our readers a chance to ponder on the issues in detail.

Poverty alleviation is the aim of every government and with focus on the idea the poverty rate is going down in past sometimes, and with government governmental funds the life of people is getting better, this may sound untruthful given the circumstance we look around but the research shows an uplift in the lifestyle of people lessening the poverty impact. Also, with careful funds transfer, energy needs can be elevated, which can help both the demand and supply sides. The thorough knowledge accumulation provides us insights that aren't apparent otherwise and that is one of the aims of this book to make policymakers, researchers, and other officials aware of the current situation for a clear analysis.

Similar is the case with regulations and law, they play an important role in the economy of a country. Regulations and laws are important to regulate markets in fair competition, govern systems and institutions, and reform the political setups as well. The law and order are important not only for the stability of the country and people but also for the markets and institutions. The insights from our knowledge briefs can provide a better vision in understanding the role of laws, statutory orders, and governance.

Mentioning different aspects of the economy, the often forgotten is "Human", the potential of humans and the human capital, it is important to note that economies are for

humans and humans build up states and nations. But why is there less focus on the human potential and the human capital, why aren't they being utilized and why is our nation hushing it down? We need to allow the talented youth to come forward and make a difference to the nation's development, as can be seen in comparison with our neighbouring and other countries.

This book is a compilation of well-researched knowledge briefs by the researchers at PIDE to strengthen the knowledge bank of most needed Pakistani and global issues. We are hopeful that more upcoming volumes will help the researchers and policy makers strengthen their analysis, policies and researches based on our knowledge archives!!!