

Engineering-, electronics-related industries: Experts underline need for expanding industrial base

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ISLAMABAD: Economists at a seminar have underlined the need for expanding Pakistan’s industrial base from textile, leather, cement, and fertilizer sectors to engineering and electronics-related industries in a bid to rid the country from the vicious circle of continued economic crisis.

Speaking at an event titled, “A Vision for Forgotten Economy” organised by the Pakistan Institute of Development Economics (PIDE) here on Friday, Dr Nadeemul Haque, vice chancellor PIDE said that in Pakistan same industrialists are operating in power, textile, cement, fertilizer, and automobiles sectors.

He added that these industries are getting major chunk of subsidies, while services sector gets no subsidy and agriculture gets a little bit; under such a situation growth of the industrial sector is an uphill task.

In Pakistan, universities are set up in bungalows and apartments which are only teaching English language courses. Majority of Pakistani graduates tend to go towards CSS, Banks and some go to their family businesses, Dr Haque said. He added that Pakistan needs a policy to encourage local entrepreneurship. Furthermore, the government in a bid to satisfy the people keep on announcing various temporary incentives for them in the name of “relief” which is purely a Pakistani word, instead of announcing relief, the government needs to focus on “opportunity”. If the authorities are creating opportunities, it will greatly help grow all the segments of the economy and rid the poor of any help of the politicians. They can help themselves if provided with an “enabling environment”, Dr Haque stressed.

The economists were unanimous that the government must allocate sufficient amount for research and development in science and technology sector in a bid to boost local products aiming at enhancing country’s exports.

Economist Dr Izza Aftab of Beaconhouse National University Lahore, responding to various questions regarding what should be done in short term and what should be done in longer term to put the economy on the right track and what are the solutions to our different economic problems, said that Pakistan’s economy always remained in problems because of the flawed policies, the problems included current account deficit, and discrepancy in export and imports.

She said the country had a huge consumer group but local investment and savings had never supported the requirements of the 223 million people owing to various reasons, but from now onwards the policymakers must shift their focus to manufacturing electronics and engineering products having local as well as global demand.

Current account deficit pressurized exchange rate, annually the country has to return up to \$10 billion dollars to their masters. Pakistani economy is totally depending on debt and there is a dire need to change it.

Unfortunately, in the past 74 years, Pakistan has failed to produce local a motor bike, saying today, the country's spending on vehicle import stand at \$1.99 billion dollars which is equivalent to national remittances. "We have to develop our industry to rid dependency on loans," she said. Over \$11 billion dollars are spent on oil imports; there should be strict control on importing foreign vehicles.

Protection should be waived off now from the already protected sectors and should focus on new sectors otherwise; the country will face the same situation in the future.

Disproportionate protection must be phased out and the country should start producing what global consumers want to purchase.

In the long run, the government needs to reform structural issues which range from agriculture to industry and services sectors. Political parties must agree for a 25-30 years economic development programme.

The country needs consistent and inclusive growth aimed at creating job opportunities, massive protection to textile, cement and leather industry must come to an end as the country is providing these sectors incentives for the past 60 years and now needs to identify new manufacturing sectors for future especially engineering and electronic.

Palm oil imports must be substitute as the country was spending around \$1.5 billion on palm oil imports.

Reforms in the Federal board of Revenue (FBR) are seriously needed and trust among the taxpayers and the authorities must be build.

The government as a policy should totally ban the import of cars and other vehicles, adding that instead of importing automobiles the government must ask the manufactures to setup local plants to start production, this will not only provide desired vehicles to the people but will also bring investment and create jobs.

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