

Politicians while differing on political matters

Former governor State Bank of Pakistan Dr Ishrat Hussain has said that the politicians while differing on political matters should unite on a viable long term economic agenda to give confidence of continuity to the investors. He was speaking at the Lahore Chamber of Commerce and Industry on current economic scenario and its solution. LCCI President Irfan Qaiser Sheikh, Vice President Saeeda Nazar, former President Mian Anjum Nisar, former KCCI President Qaiser Ahmad Sheikh also spoke on occasion. Dr Ishrat Hussain said that things can still be managed through better management and strong political will on economic matters with the support of all political forces. He said that agenda should be pursued by successive governments.

He said there are winners and losers in economy. He said government policies benefit on set of entrepreneurs and hurt others. In politics he added you have to please every one.

He said strong economies of past are in trouble. The United States, European Union and Japan are in economic crisis. He regretted that our businessmen still make efforts to enlarge their market share in troubled economies ignoring the fact that almost 73 percent of global growth has shifted to china, India, Indonesia, Africa and surrounding countries. He said we should explore these markets where entrepreneur practices are also similar to ones we practice.

He said the greatest problem that Pakistan faces today is government deficit which is due to three factors. He said of these war on terror is a compulsory expenditure that cannot be avoided. Secondly he added the privatization process has stalled since 2007. In the meantime the public sector companies are posting annual losses of around Rs400 billion.

This loss is financed by the government. He said energy crisis has caused huge circular debt problem that could be resolved by issuing Pakistan Investment Bonds. However he advised that it should be accompanied by measures that plug the gap between the cost of production of power and sale proceeds. He said line losses should be brought at par with the most efficient disco which would plug some gap.

He said exporting industry should be preferred over all other power consumers followed by rest of the industry that create job opportunities. He said CNG rates should be rationalized to bring them at par with petrol.

He said mark up is linked with inflation. He said if interest rate is lower than the inflation it would mean negative real interest and detrimental for the economy. "It would encourage commodity hoarding and speculative activities.

He said businessmen should press the government to control its fiscal deficit that fuels inflation. He pointed out that the highest factor in cost of production is energy while higher interest rates are compensated for exporters by decline in rupee value.

In his welcome address, the LCCI President Irfan Qaiser Sheikh highlighted the issues of unprecedented hike in electricity prices, high markup rates, fast widening trade deficit & declining foreign investment.

Irfan Qaiser Sheikh was of the view that the government should facilitate the local businesses so that the foreign investors could get a positive message regarding investment scenario in the country.

He said that the banking spread in Pakistan the highest in the region. Therefore, the banking sector should be advised to bring down the banking spread in the larger interest of the country.

The LCCI president said that graph of inflation is fast going up with every passing day and measures are needed to control inflation through productive means.

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