

PAKISTAN ECONOMY

Covid-19 Pandemic and Federal Budget 2020-21

Policy Brief

This policy brief reviews the current (FY 2019-20) economic conditions and specifically focuses on the economic issues resulting from the Covid-19 pandemic. The purpose of the review is to provide necessary immediate recommendations to address the economic problems faced in the context of Covid-19. In addition, it aims to devise a reliable, practical and long-term framework for economic development in the domains of Budget 2020-21. Institute of Policy Studies has prepared this brief in the format of an essay supported with relevant economic data in footnotes.

1. Current Economic Condition

For several decades, the people have been hearing the narrative: “Pakistan’s economy is in a dire state and exceptional initiatives are needed to deal with the situation”. However, the situation has worsened¹ during these long decades instead of getting better². Discussions on the need of a new policy plan and setting future priorities tend to increase ahead of every budget announcement. Irrespective of the claims by incumbent governments, the limitations of budget-making authorities have become very obvious in the

last few years. The limitations are: no fiscal space remains for the government to plan some extraordinary measures after taking care of inevitable current expenditures³, and therefore, budget-making and passing process becomes a mere constitutional tradition.

A look at the performance of the incumbent federal government’s two years in office reveals just additions to the drastic economic situation and nothing constructive. As such let us not have high hopes from federal budget 2020-21 in view of the deteriorating figures⁴ of the last few weeks. The effects of Covid-

¹ The average growth rate in the decade of 2000-2010 remained 4.3% and it would decline to 3.8% in the decade of 2011-2020.

² In the last ten years, the budget deficit of the country hovered around 4% to 6 % of GDP and it is due to two main reasons; growth in increment in tax revenues is substantially less than growth in expenditures, significant increase in non-development expenditures and burden of high loans. Every year, the government sets target in budget documents of decreasing the budget deficit. Last year, one of the targets in the IMF agreement was a substantial decrease in fiscal deficit and achieving primary surplus. Therefore, it is not part of the policy of the government to have budget deficit but due to burdens of economic situations.

³ Total expenditures in FY 2018-19 of the country were Rs6419 billion, out of which Rs5589 billion were current expenditures and Rs829 billion were part of development expenditures. However, the total revenues remained at Rs5062 billion (Budget document 2019-20). This means that total income of the country is even not sufficient to fulfill the non-development or current expenditures.

⁴ Inflation ranged between 9% and 10% (8.2% in May 2020), policy rate stayed at 13.25% almost for the whole year (reduced to 8% now), negative growth expected in manufacturing sector due to slow economic business. Decline in the crop yields as compared to targets. Low tax revenue in first three quarters as compared to the target (July 2019 to February 2020, Rs2720 billion) of current fiscal year (2019-20). Poverty and unemployment rates increased. Exports remained stagnant at \$22.5

19 (over the past more than three months) have added to the misery of an already depressed economy⁵. The foreseeable impacts of Covid-19 were evident to some extent but lack of coordination and a comprehensive strategy have enhanced the severity of the situation.

The pandemic is expected to persist for some time and hence it will badly impact the economy. However, there are hidden opportunities in every problem and therefore federal budget 2020-21 should be taken as a starting point for vital decisions on a roadmap for economic prosperity. In this regard, the pandemic has provided relief to government in various aspects. For instance:

- Reprieve in the form of international aid and loans from IMF worth \$1.386 billion while all expenditures by government related to Covid-19 will be excluded from EFF agreement of 39 months. Asian Development Bank (ADB) has provided a loan of \$305 million besides \$200 million by World Bank (WB) to deal with the pandemic. In addition, around \$12 billion in repayments have been rescheduled to 2022 by the G20 countries.
- Significant drop in international oil prices and decline in domestic demand have relieved pressure on balance of payments and hence decline in import bill. The low oil prices will also provide relief to domestic industry and transportation in context of lower costs of operations. Hence, after a long time, the government is presenting a budget when it has no significant compulsions in the domains of debt payments and balance of payments.

2. Priorities for Budget 2020-21

The budget-making process is an inevitable activity and constitutional compulsion. In this regard, it would be adequate to recommend lowering of non-development expenditures⁶ and rationalization of tax collection mechanism. More importantly, it is necessary to ponder upon the opportunities in the domains of societal priorities, needs and economic activity. Following is a policy discussion on food security, social and health security, energy security, industry sector, services sector, tax collection system and governance issues.

2.1 Food Security

The outbreak of Covid-19 has endorsed the significance of food security, specifically in times of pandemics. Therefore, the agriculture sector becomes the priority area when discussing food security. In this domain, designing a two-tier policy of immediate steps and long-term initiatives that not only cater to the food needs of increasing population but also enhance the export of food items becomes all the more important. On the other hand, the agriculture sector is also significant while considering employment opportunities for a large section of the country's population.

Practical steps for the suggestions given below will help in accomplishing the immediate needs of food security and achieving long-term objectives.

- Wheat is considered the staple food of the country since it is part of daily meals of 72% of the population. On average, an individual consumes 124 kg⁷ of wheat annually. As such what is required is a robust and effective policy

billion for some years, however, imports declined from \$47.3 billion (July to March FY19) to \$39.6 billion (July to March FY20). But most of the items on this list relate to raw materials of the industry, which is not a good sign. Government loans and liabilities reached to Rs44 trillion which are 94% of total GDP.

⁵ At the start of March 2020 (three quarters of the fiscal year had passed) pandemic Covid-19 hit the already depressed economy. The manufacturing sector closed completely due to lockdown and hence increased poverty and unemployment, and expected decline in exports and remittances. On the other hand, the agriculture sector has been severely attacked by locusts, which impacted the yield of major and minor crops in some parts of the country. In the last quarter of FY20, GDP declined by 9% amid fears of negative 0.4% growth at the end of year. In addition to this, 30% decline in tax revenues is seen, budget deficit has gone to 9.6% of GDP and primary deficit stands at 2.9% (however IMF targets were primary surplus at the end of FY20).

⁶ Non-development expenditures in the first two quarters of FY20 were Rs3721 billion and total revenues at Rs3231 billion (SBP quarterly reports).

⁷ GIAN Report Number: PK 1704

to enhance the production of food crops (wheat, rice, corn and sugarcane) to fulfill the domestic needs and exports.

- Import of food crops needs to be discouraged while encouraging import of those crops that act as raw material for national industry. It is also recommended to ban import of food items prepared from non-natural ingredients and expensive items that are used by only the elite. There is also a need to change the behavior of people towards consumption of locally grown fruits, vegetables and crops.
- Livestock⁸ is the biggest subsector of agriculture having a share of 60.54% and contributing 11.22% to the country's GDP, which amounts to Rs1440 billion (2018-19). Livestock exports are 3.1% of the total and provide livelihood to around 4 million of the rural population. It is vital for providing milk, meat, leather, etc. Keeping in view the substantial potential of the subsector, the need is to enhance its role in the domains of domestic and external sectors of the country. However, before devising any policy for this subsector, a detailed livestock census should be conducted since all the relevant data is based on estimated figures of surveys of 1996 and 2006. Small-scale farmers and unemployed rural families should be supported at government level to start livestock farming by following advanced technologies.
- Fisheries is providing livelihood to the population living in the coastal areas of the country and contributing significantly to exports⁹. In FY 2018-19, 575000 metric tons of fish and related items were extracted from the sea and rivers. It is a significant contributor in meeting the demand of meat and productive capacity may be enhanced by merely regulating the sector, and hence increasing the volume of exports. In this regard, smuggling of fish and related items needs to be curbed immediately.

Additionally, small fishermen should be given the status of SMEs and provided financial and technological aid by planning joint programs of SMEDA and financial institutions of the country. On the other hand, advanced fish farming techniques (aquaponics fish farming) should be taken up at government level by initiating the project in specific areas of the country.

- One of the alarming issues in agriculture is post-harvest food loss and an Asian Development Bank (ADB) report¹⁰ estimates that the country could save almost \$1 billion by tackling only 75% of the problem. On the other hand, a large quantity of fruits is lost in orchards due to non-availability of labor and lack of interest of existing potential labor. In this regard, entrepreneurial training programs need to be initiated for local youth in which they are imparted skills in food processing and packing. Banks and financial institutions should be encouraged to finance the projects, which would not only bring employment but enhance the business skills of youth. This scheme could also help in curbing to some extent the losses incurred in fruit and crop fields due to urbanization.
- The barren and unutilized agriculture lands of the country should be allotted on easy long-term lease plans to graduates of agriculture universities. This step will help in improvement of agricultural production and increase in employment. Along with that kitchen or rooftop gardening in urban areas needs to be encouraged.
- The import of edible oil¹¹ is a significant burden on the import bill. However, indigenous resources may be efficiently utilized to lower this burden. Most of the agriculture land of the country is suitable for edible oil-rich crops such

⁸ Pakistan has approximately 47.8 million cows, bulls etc., 40 million buffaloes, 31 million sheep, 76 million goats, 1.1 million camels, and 0.4 million horses (Pakistan Economic Survey 2018-19).

⁹ Rs39 billion in FY 2018-19.

¹⁰ "Dysfunctional Horticultural Value Chains and the Need for Modern Marketing Infrastructure: The Case of Pakistan," Brief of ADB, October 2019.

¹¹ Pakistan is the fourth biggest country for edible oil import. It imported \$1.767 billion of edible oil in FY19, which is 37% of total food imports.

as soybean¹², sunflower¹³, canola, corn and olives. Enhancing the production of these crops by providing financial and technological incentives to farmer will help in saving foreign reserves and increase in viability of food security.

- It has been previously mentioned in the brief that an individual consumes on average 124 kg of wheat annually, but the actual figure is 102 kg¹⁴. The difference is food loss, which is equivalent to 5 million tons of wheat annually. For this reason, it can be said that the country's real problem is food loss and not food scarcity.
- The shifting of rural skilled farmers to urban areas should be discouraged along with ensuring some level of agricultural activity while establishing new urban societies.
- The Plant Protection Department, which has four different tasks (plant quarantine, registration of pesticides, locust control and survey, and aerial wing), is dormant since almost two decades. The department needs to be reinstated in its true spirit for controlling locust attacks in future.
- It is also a significant point to ponder that why locust attacks have become so severe. The widespread commercial use of hybrid seeds may possibly be the reason in addition to environmental issues. In this regard, indigenous research needs to be conducted.

2.2 Social Security

2.2.1 Health Sector: Health is the second sector whose vulnerabilities and shortcomings have been exposed during this pandemic. The issues of both quantity¹⁵ and quality¹⁶ should be taken care of in

this sector. The vulnerabilities of public health services are not confined only to Pakistan but such issues are being faced worldwide. It may be due to complete reliance on the practice of allopathic means of medicine¹⁷. The focus should be on orthodox and conventional means of treatment and promotion of curative rather than preventive means. These are topics that need to be the part of research.

- Public awareness needs to be enhanced regarding severe side effects of allopathic medicines specifically in minor and negligible medical issues. These issues may be catered with preventive measure, herbal medicines and intake of food mentioned in sayings of Prophet Muhammad (SAAW). This enhances immunity of the body and there may be no impact of seasonal minor diseases. Currently financial aid is inclined towards research and development of allopathic way of treatment and medicines. However, other means of medicines and treatments claim to be more effective than allopathic and therefore, resources should be utilized for research in this domain.
- The pandemic has endorsed the importance of health sector and therefore share of allocated funds¹⁸ in budget should be increased.

2.2.2 Volunteer Sector: The volunteer sector holds a significant position in social services and security. The pandemic, on the one hand, has exposed the lack of coordination, ill governance and chaos in government quarters and, on the other hand, has demonstrated the passion for helping and volunteerism among the common people. The

¹² Soybean can be planted in all four provinces of the country. Pakistan Agricultural Research Council (PARC) has identified 36 different areas in the country that are suitable for soybean.

¹³ Sunflower is also another common crop and can be planted in almost all areas of the country.

¹⁴ A daily newspaper renowned for economic and business reviews published a research report that states: A person on average eats 4 chappatis a day. Weight of one chapatti 70 grams, total weight consumed per day 280 grams. The total wheat consumed by an individual in a year would be 280 grams x 365 days = 102 kg.

¹⁵ In public domain: 1,279 small and big hospitals, 5,671 dispensaries, 747 child and maternity centers, total beds in all hospitals and dispensaries are 132,227, for 80% (poor and middle income) of total population. It means for every 1,300 people, there is one bed in hospitals.

¹⁶ Almost all public hospitals, except some in the big cities, lack basic facilities and equipment; and oxygen cylinder is included in these categories of basic facilities. The situation of ventilators has been exposed by outbreak of the pandemic.

¹⁷ Other means of medicine that have less or no side effects are; homeopathy, naturopathy, herbal medicines, phytotherapy and younani medicines.

¹⁸ There were Rs11 billion (current expenditure) and Rs12.6 billion (development expenditures) allocated in Federal Budget of 2019-20.

government announced a relief package of Rs12,000 for three months for the lowest income groups of the country, but it is the volunteer sector that provided items of sustenance to the destitute and successfully blocked the way of possible panic and chaos.

- Charity and volunteerism have emerged as an internal strength of Pakistan's society on which the nation should be built. It is also evident that the sector has throughout history worked without any support from government. However, the so-called war on terror has increased problems for people and organizations operating in this sector. In this regard, legislation is required to enhance the behavior and trends of organized volunteerism and on the other hand, strict filter and controls need to be implemented on funding coming from abroad that may influence the sector negatively.
- The system of zakat and usher is an extraordinary one that requires more emphasis. The system is working at the governmental level and the severity of its breakdown can be gauged from the fact that zakat funds collected at zakat institutes go to waste¹⁹ and a big chunk is used on organizational matters. Various researchers²⁰ have calculated the potential of the country in the domains of zakat, usher and other charity, and believe that the social security system could be run solely on these funds if managed properly and without corruption. Historically, this system has proved its usefulness in eradicating poverty and if revived and implemented with honesty and in true spirit, may bring exceptional results for the country.

2.3 Energy Security

Energy security is as important as food and social security and holds an inevitable position in running of businesses and industry. Serious efforts in the last few years have spared the country from serious

issues and complexities following the outbreak of the pandemic. However, looking at the energy mix²¹ of the country, a large portion of energy is still obtained from oil and related items, which is not only adding burden on the import bill but also on consumers.

- Pakistan's geographical location has enriched it with huge resources of renewable energy. In order to utilize these resources for obtaining energy, awareness among the general public and stakeholders, policy building and legislation through incentives, provision of training and necessary equipment are some of the issues that need to be addressed while gaining benefits at industry level.
- Packages to encourage and take advantage of utilizing energy through renewable energy sources (solar, wind, etc.) may be linked with incentivized construction sector in a way that a person who builds a new house (1 kanal area at least) and installs renewable energy source should be given tax rebate equivalent to cost of installation. Similarly, factory and mill owners should also be encouraged on the same lines and incentives may include subsidy in utility bills and income tax. Legislation on net metering was done a long time ago, but implementation process is so slow that during almost last five years only 3,000 people benefited from the facility. There is a need to launch awareness campaign in this regard along with providing solutions to relevant problems.
- Pakistan has five oil refineries and the lockdown due to the pandemic led to a decline in demand of oil in the country. This resulted in shut down of operations of two of the refineries because of completely filled storage facilities. Therefore, the benefits of low international oil prices could not be availed by Pakistan due to storage issue. The government should go for forward contracts of oil on current prices and

¹⁹ The Auditor General submitted a report in the Supreme Court which disclosed fraud and embezzlements of Rs3.67 billion out of total funds of Rs5.96 billion of Pakistan Bait ul Maal and Zakat Department.

²⁰ A recent research by teachers of Quaid-e-Azam University revealed the potential of zakat and other charities as \$6 billion annually.

²¹ Total installed energy capacity (2018) 35,979 MW and 67% of this is produced from thermal (coal, oil, gas and others), 24% from hydel sources, 4% from nuclear sources and approximately 5% from renewable sources.

ask oil-rich friendly countries for deferred payment of one year. This will reduce burden on import bill.

- There is no role of Pakistan National Shipping Corporation (PNSC) in oil shipments of the country²². Pakistan pays international shipping companies \$5-6 billion annually under the head of freight charges. It is worth mentioning that PNSC is one of the few profit-making SOEs²³. Pakistan could save \$5-6 billion annually without spending a dime if oil shipment is completely assigned to PNSC.

2.4 Manufacturing Sector

The pandemic has also exposed the lack of diversity in the country's industry sector. The demand for medical equipment and instruments has increased exceptionally at the international level and those countries having the capacity to respond to demand or expand their potential to cater the need have benefited a lot.

Pakistani industrialists have innovative ideas and skills but in order to materialize these ideas, they should be incentivized and facilitated at the governmental level.

- There are around 3.3 million cottage and small industry or manufacturing units, which are providing employment to 16% of the total labor force of the country. They lack the government's attention despite contributing 30% to GDP. In order to revive the sector, the government should advise banks and financial institutions to provide loans on relaxed terms and conditions.
- Small and medium level enterprises encompass various sectors from agriculture, textile to fisheries, and need special attention. In order to enhance their technical capacity, import duty should be waived off on advanced technology equipment, which would equip SMEs

(contributing 30% to GDP) to significantly contribute in the export pool. Recommendations regarding establishment of food processing units in food security sector need special initiatives.

- Bank loan facilities should also be extended for SMEs and in this regard banks should design financial models on basis of partnership and mutual risk sharing.
- Lack of government supervision and assistance is decreasing the export potential of various manufacturing units²⁴. In order to revive and enhance their potential, immediate steps of tax rebates (export-related taxes) and concessions in utility charges should be given in the budget. Special incentives at government level should be given to these industries for enhancement of their potential and technology by importing advanced machinery.

2.5 Services Sector

The services sector is the biggest sector of the country in the context of its contribution to GDP, i.e. 61% (Pakistan Economic Survey 2019). In addition, the subsectors of wholesale and retail trade, transportation and communication, and banking also add to the importance of the sector.

2.5.1 Communication: Information Technology (IT) is one of the main organs of communication. Contrary to the negative impacts of the pandemic, it has enhanced opportunities of high growth in digital and cyber world. The use of technology has increased manifold during lockdown in the domains of education, health, retail trade and marketing. On the other hand, the impact of the pandemic on behaviors reveals a long-term opportunity for the IT sector. The use of digital communication at corporate level is resulting in reduction of various fixed costs (rents of offices, etc) and on the other hand relief in the form of slowing migration of people to big cities. Keeping in view the emergence

²² Total volume of international trade of Pakistan is almost 100 million ton annually and 15% of it is shipped by PNSC and none in the domain of oil shipments of the country.

²³ PNSC is earning net profit of Rs2.5 billion annually since the year 2000.

²⁴ Surgical Instruments manufacturing industry in Sialkot has potential of exporting these instruments and equipment. Export volume of this sector is declining, in FY2018 it was \$441 million which reduced to \$437 million in FY2019. Leather industry and knife manufacturing industries are some other examples in this regard.

of its extraordinary importance, the sector demands serious efforts.

- Pakistan has substantial potential in this field, therefore, it should jumpstart programs in the domains of infrastructure and skills. Assistance and incentives in technical aspects (increment in bandwidth speed, education and training regarding software and hardware, and provision of connectivity in remote areas of the country) will bear fruit due to presence of skilled human resources potential. In this regard, possible increase in demand of internet requires enhancement in whole bandwidth infrastructure rather than just internet speed.

The role of Ministry of Information Technology is very important in developing programs to utilize indigenous human resources potential to develop software and applications that not only cater to the domestic demand but also add to export income.

- The change in priorities and behaviors will demand development of new physical infrastructure that would end the importance of many old ones. Therefore, there is a need to develop a comprehensive strategy that would help the economy and also untap various new opportunities for employment. In this regard, research activities at academic institutions should be maneuvered towards these domains.
- A significant cut in funds of higher educational institutes in last year's budget led them to manage 70% of their expenditures by themselves. This raises the question that should these universities still be categorized as public. In this regard, the role of HEC has also become very controversial. It is therefore recommended to increase the allocations in the budget for higher educational institutes and HEC in coordination with industry design projects and programs that not only provide funds but also enhance coordination among academia and industry.

2.5.2 Banking Sector: The resilience of the banking system has emerged positively during the pandemic

but viability of these strengths will be shown once the economy starts moving at full throttle. On the other hand, the role of banking sector in running the economy is important. In this regard, following measures will be helpful in current economic situation:

- Further reduction in policy rate²⁵ by State Bank of Pakistan (SBP) is suggested so that savings are maneuvered towards investment.
- Industrial and business loans should be distributed at rapid speed and introduction of new models based on partnership will enhance the confidence of business sector.
- Small and medium enterprises should remain focus of attention as far as partnership schemes are concerned because one of the major problems these enterprises face is of capital. In addition, industries that focus on exporting their products should be given special concessions and privileges in investment schemes.

2.5.3 Tourism: Tourism remained priority sector of incumbent government and undoubtedly it has created many opportunities for the country. However, the impact of the pandemic on transportation has limited the take up of opportunities. It is believed that behavior of people has shifted more towards religion and this increases the potential of religious tourism. It is therefore the right time to prepare for the potential in this area and the outcome may emerge after international travelling starts.

- Prime Minister of Pakistan has recently reopened the tourism industry but in current situation international tourists may not come. However, opportunities of local tourism are available and for this the quality and quantity of tourism-related facilities (transportation, food, residence, etc.) should be ensured.

2.6 Overseas Pakistanis

The issue of unemployment in the country has intensified and due to Covid-19 it is feared that a number of overseas Pakistanis, especially from the Gulf countries, may return. Despite the obvious

²⁵ Currently it is 8%.

impacts, no serious efforts are seen by the government quarters. In this regard, while designing the policy, following three aspects need to be taken into account:

- Diplomatic efforts should be utilized to reduce the chances of returning of Pakistani expats from overseas and also to delay their arrival as much as possible. This whole effort should be an organized procedure.
- Opportunities should be created for inducting returned overseas in various sectors.
- The savings of returned expats may be utilized in productive domains so as to enhance the economic development of individuals as well as of the country.

2.7 External Sector

The external sector may be seen in three sections: exports and imports, remittances, and external loans. One of the major economic challenges the country is facing is current account deficit, which is also related to this sector.

The lockdown and decline in international demand have badly impacted the sector and specifically exports of the country. On the other hand, the impact of the pandemic on major world economies led to unemployment of a large number of overseas Pakistanis, which has triggered a major decline in remittances. Thirdly, the heavy burden of international loans and their payment is another big challenge in this domain.

Detailed and comprehensive policy suggestions pertinent to the sector are mentioned in relevant sections of the brief. But one of the significant aspects needs to be mentioned here. Considering the current economic condition and changing dynamics at international and national levels, demand renegotiation of the IMF program since keeping existing economic and structural conditions intact may lead to more disaster for the economy than bringing any benefit.

2.8 Taxation

Tax revenue is one of the major sources of revenue for the country and therefore holds a significant position in the budget. The alarming aspect in this regard is that no significant increase has been seen

in tax revenues in the last three years. It is undoubtedly due to lack of coordinated planning and incompetence of the relevant individuals and institutions.

Pakistan's tax to GDP ratio is 10%, one of the lowest in the world. A good taxation system must be just, provide easement to people and impose less burden on tax payers. In order to make the tax system more effective and in compliant with current environment, the most important aspect is to increase the trust of people in the government. This will also ensure tax payers that their money is not being wasted and neither distributed in government corridors. This is the very reason that Pakistanis are on top of the list in charitable activities but lowest in paying taxes.

The second most important aspect is revamping the tax system – from oppressive and fear policy towards trust-building and friendly environment. In addition, tax collection process should also be made simple and understandable for every individual.

- Imposing any new tax in current times would be considered as ignorant behavior of the government. In fact, in order to bring relief in the lives of people, rationalization of taxes is recommended. In this regard, rebates and concessions in domains of GST and income tax will increase the disposable income of people and ultimately have a positive impact on domestic demand.
- Reliance on indirect taxes should be discouraged and focus should be shifted towards direct taxes. The depressed nature of the national economy, high inflation and difficulties for low-income people call for measures to increase domestic demand. In this regard, it is necessary to ensure that there is no decline in nominal income of low-income group.
- Strict action against tax defaulters is needed and nonproductive tax rebate schemes (amnesty scheme, etc.) should be banned and more efforts should be put in establishment of a strong and viable tax system.
- Rationalization of subsidies should also be done and the sectors lacking the capacity to compete in international markets should not be given

subsidy to export products. A recent example in this regard is the sugar scandal and shortage of sugar at national level.

2.9 Governance Issues

The real problem of Pakistan is not scarcity of resources but ill management and bad governance. Irrespective of great potential of efficacy in a policy suggestion, if not implemented in its true spirit, would lose credibility. The chronic ills of corruption, nepotism, incompetency, lack of responsibility in managing resources, and lack of basic ethical values are making every effective and sound policy guideline practically ineffective.

On the other hand, in the current environment, there is a need to reduce polarization among institutes, organizations, political parties and individuals. A consensus among all the stakeholders needs to be developed through a comprehensive economic policy. However, the current situation in this regard is bad and not suitable for economic stability.

- The increment in responsibility of provinces after 18th Amendment demands a suitable environment to design comprehensive plan and strategy to cater to any emergency related to Covid-19. In this regard, role of National Finance Commission (NFC) is very important and therefore serious discussion may be held on issues of NFC. Additionally, other stakeholders (volunteer sector, industry, etc.) should be taken on board while designing policy.
- The chronic ill of corruption should be dealt with an iron hand and the involved people

should be severely punished. It is also necessary that persons convicted for corruption should not be allowed to directly or indirectly hold any public office forever.

- The hiring procedure of public officers should include traits of honesty, truthfulness and high moral values in addition to professional competency. The hiring of people on the top post of prominent public offices may be replaced with the criteria of promotion for these posts. This will increase the sense of competence, confidence and effort to work hard in employees and also bring benefits to organizations. The governance model of SOEs earning profits may be made model for other organizations.
- Only a few weeks have passed since the outbreak of the pandemic but a shift in behaviors and work culture has emerged while coping with the lockdown and social distancing. These social behaviors and norms are temporary but a focus on the positive impacts of these shifts may lead to permanent adoption of these behaviors. For example, business activity in the markets and shopping areas is restricted till evening, which is a good start to adopt the policy of utilizing maximum daylight for business activities. Similarly, simplicity and humbleness needs to be promoted in living style and eating behaviors and austerity parameters in non-development expenditure of the country.

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