

The Business

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Strategic domains

The reconstituted think-tank set up by the Prime Minister under the chairmanship of Advisor to the Prime Minister on Finance, Dr Hafeez Sheikh, has proposed six priority domains including boosting social safety nets (Ehsaas programme), the Prime Minister's signature pre-Covid-19 programme targeting the poor and the vulnerable that has witnessed a boost post-Covid-19 through including the daily-wage earners, more particularly the implementation of the Prime Minister's 1.2 trillion rupee stimulus package with a view to ensuring value for money and smooth delivery to the poor and the vulnerable; food security and safety of supply chains (critical post-Covid-19) as there is concern that supply chains may be disrupted due to lockdown (smart or otherwise); kick-starting low and medium cost housing (again the Prime Minister's signature programme pre- as well as post-Covid-19); and making Public Sector Development and provincial development programmes labour-intensive propositions, especially after massive lay-offs due to the contractionary fiscal and monetary policies agreed with the International Monetary Fund (IMF) pre-Covid-19 that stifled aggregate demand, a trend that was exacerbated post-Covid-19. Another domain that came under discussion related to changes in specific taxes that it was agreed must be deliberated upon with the Federal Board of Revenue (FBR) – a proposal that must be fully supported as without consultations with the tax collecting agency there is a danger of setting 'unrealistic' targets.

Finally, the sixth domain relates to the financial and banking sector that is targeted to play a pivotal role in refuelling economic activity through providing subsidised credit for the hard hit sectors particularly with respect to micro finance and facilitating remittance inflows with the overall objective of providing the necessary liquidity to jump start the economy. The first think-tank titled Economic Advisory Council died a natural death through not being summoned after the appointment of Dr Hafeez Sheikh as Advisor to the Prime Minister on Finance. The new reconstituted think-tank's second meeting discussed the discount rate of nine percent as being too high, a rate that does militate against any attempt to fuel aggregate demand, a critical objective post-Covid-19 which perhaps explains why Dr Hafeez Sheikh is reported to have stated that the economy is under acute stress due to demand and supply compression and there is a need to identify measures to boost the economy. It is relevant to note that Governor State Bank of Pakistan maintained that the growth rate would be between negative 0.5 to negative 1.5 percent if the lockdown continues for three months but that the growth rate would plummet further – between negative two to negative three percent – if the lockdown stretches to six months. Unfortunately in recent months there has been heavy reliance on data collected by foreign sources and one would hope that the SBP as well as the Pakistan Bureau of Statistics begin to focus on strengthening their own capacity so

Questions worth billions

FARRUKH SALEEM

Question 1: Why is the price of diesel in Pakistan at Rs80.10 per liter? As of April 24, the international price of diesel stood at \$16.27 per barrel. There are 159 liters in a barrel and that translates into Rs16.37 per liter as the international price of diesel. The difference between Rs80.10 (price in Pakistan) and Rs16.37 (the international price) is a wholesome Rs63.73 for every liter of diesel sold in Pakistan. Yes, every government in the world has taxes on petroleum products and our government just doubled the petroleum levy on diesel from Rs15.49 a liter to Rs30 a liter. Then there's the GST. Imagine: the international price of diesel is Rs16.37 a liter and our government has imposed Rs42 a liter worth of taxes. Are all of these taxes actually going into government coffers?

Question 2: Why is the price of petrol in Pakistan at Rs81.58 per liter? As of April 24, the international price of petrol stood at \$8.06 per barrel. There are 159 liters in a barrel and that translates into Rs8.11 per liter as the international price of petrol. The difference between Rs81.58 (price in Pakistan) and Rs8.11 (the international price) is a wholesome Rs73.47 for every liter of diesel sold in Pakistan. Our government just jacked up the petroleum levy on petrol from Rs17.16 a liter to Rs23.76 a liter. Then there's the GST. Imagine: the international price of petrol is Rs8.11 a liter and our government has imposed Rs35.61 a liter worth of taxes. Are all of these taxes actually going into government coffers?

Question 3: Why is the 'refinery price' of diesel in Pakistan at Rs30.99 a liter when the international price of diesel is Rs16.37 a liter? Where is the difference going?

Question 4: Why is the 'refinery price' of petrol in Pakistan at Rs35.73 a liter when the international price of petrol is Rs8.11 a liter? The difference is huge. Where is the difference going?

Question 5: What on earth is the 'Inland Freight Equalisation Margin (IFEM)'? Why are the buyers of petrol being charged Rs3.73 per liter just for transporting a liter of petrol? Manipulation under the IFEM runs into many many billions a year, every year. Where are these billions going?

Question 6: For the record: between 2006 and 2014, an amount of Rs289 billion was collected from the buyers of diesel in Pakistan under 'deemed duty'. Where has that money gone?

Question 7: For the record, between 2004 and 2018, an amount of Rs810 billion was distributed out to oil companies as 'price differential claims'. Who benefited? Question 8: What is the 'petrol price formula'? Someone is benefitting to the tune of Rs30 billion a year, every year. On June 22, 2018 the chief justice of Pakistan said that he "wants to know how oil prices are decided in the country" and that Ogra should come up with a formula within 10 days. Our daily consumption hovers around 556,000 barrels a day (pre-corona) which means 88.4 million liters a day or 32 billion liters a year. That makes the above questions worth Rs500 billion a year, every year.

The right to health

INAYATULLAH KHAN

Spring is a time of health, joy and energy. This time around, however, it is visibly desolate and dreary. The usual abundance of vegetation, fresh air, and flowers has been bedeviled by the dreadful Covid-19.

We know for a fact that wars, diseases and famines have ravaged civilizations, deserted towns and perished cities, but somehow this spring will particularly remain a grim reminder of how vulnerable human beings are, despite their spectacular advances in medical sciences, to disease. The post Covid-19 world is likely to be different in more than one way.

Covid-19 has created a public health crisis of enormous proportions worldwide, Pakistan being no exception. Both in the developed and in the under-developed world, healthcare systems were caught unprepared to adequately respond. In the context of Pakistan, given the highly contagious nature of Covid-19, providing intensive care to the affected – with less than 3000 ventilators – would be next to impossible.

The enormity of the challenge demands extraordinary response, at the policy, institutional and implementation levels. At the highest policy level, it is rather surprising that health is still not recognized as a fundamental right under the 1973 constitution of Pakistan. Article 9 of the constitution is re-

lated to the fundamental right to life. In the absence of an express article in the constitution envisaging health as a fundamental right, this article is often interpreted as covering the fundamental right to health also. More specifically, medical relief is mentioned in Article 38 in the Principles of Policy. However, that article makes medical relief contingent on the availability of resources.

The UN Human Rights Declaration (1948) declared health as a fundamental right. The WHO constitution also envisages "the highest attainable standard of health as a fundamental right of every human being". Pakistan is also committed to Universal Health Coverage (UHC) under Sustainable Development Goal 3.

The implications of this policy gap are not less significant. In the WHO report titled 'Health at a Glance: Asia Pacific 2018', Pakistan's health indicators are seen as among the worst in the regional and peer economies. The Global HDI Report 2019 clearly places Pakistan way behind India and Bangladesh, even the average of the entire South Asia, in terms of HDI. Its health spending, a paltry 2.8 percent of GDP, is far below the WHO standards. We have one doctor for 963 persons, one dentist for 9,413 persons and one bed for 1068 persons.

Institutional overlap, resistance to reform, turf war and inadequate coordination are no less significant factors hampering the provi-

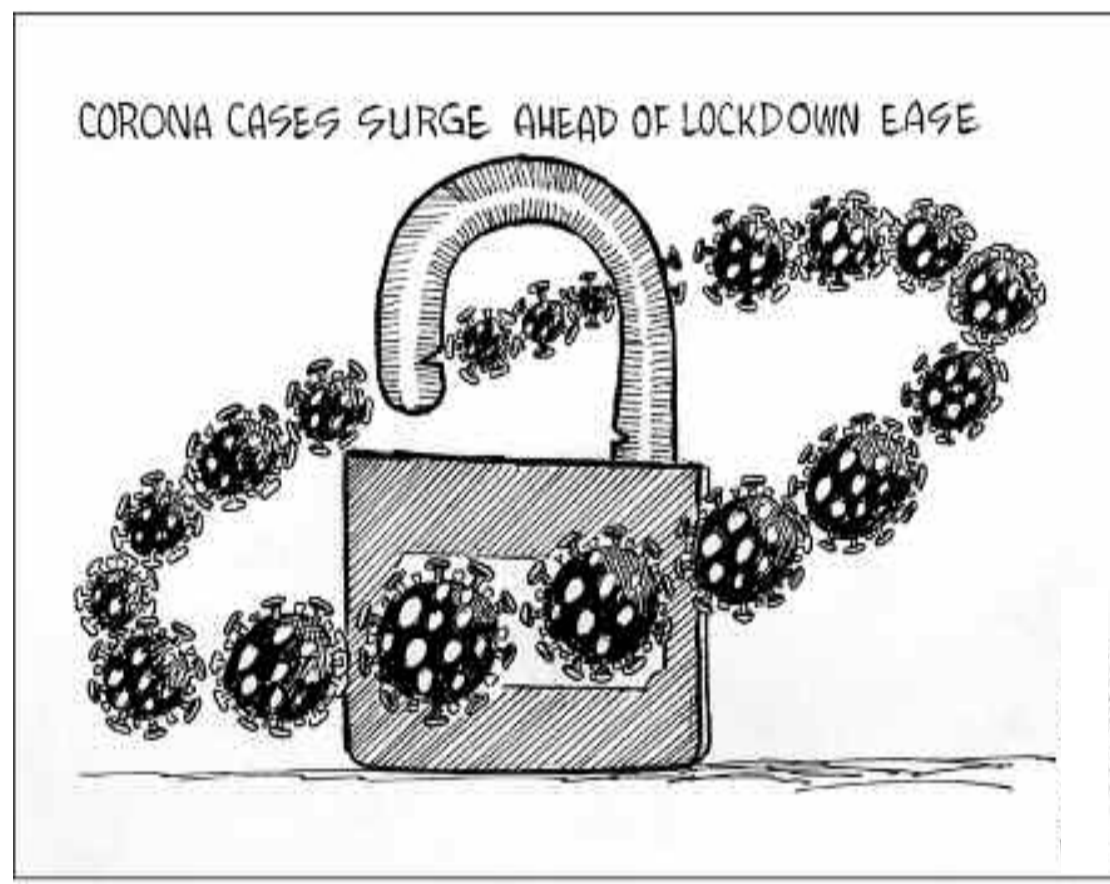
sion of quality health services in Pakistan, especially in the post 18th Amendment dispensation. To make matters worse, at the operational level, Pakistan's current health system is not providing 'value for money' even for the existing resources, and is inefficient, ineffective, less accountable, and often non-responsive. Covid-19 has indeed posed a plethora of challenges, but it has also provided an opportunity to revamp the outdated system for a healthy and prosperous nation. This opportunity calls for action at the policy, institutional and operational levels. Pakistan can organize and finance its healthcare system in light of the regional and global experiences. SDG Target 3.8 requires all countries to "achieve UHC including financial risk protection".

In Pakistan the predominant mode is 70 percent out-of-pocket health spending, the most inequitable of all. The National Health Service in the UK is financed mainly through general taxation while in the US health is financed mostly through private health insurance, leaving 30 million uninsured. Austria, Germany, and South Korea have organized financing predominately through premiums-based system (SHI), that hinges on the solidarity principle where payment is according to ability to pay and service is according to the needs. These countries have been relatively more successful in handling the pandemic than the for-profit private finance model of America. Pakistan's

current health model is partially financed through general taxation, but 70 percent of people pay out-of-pocket at the point of service. This taxation model is regressive with over 60 percent taxes indirectly hitting the poor. Further, due to elite capture, the salaried middle class end up paying.

Given the low capacity in taxation system, that too regressive in nature, the premium-based system of SHI is considered by experts to be a viable and sustainable option for Pakistan. Many developing countries including Rwanda and Nigeria are implementing such pre-payment pooling/ SHI arrangements so that no one faces financially unbearable hardships at the point of service. In 2006, the health department in KP had worked on an SHI model, starting from government employees, with the technical assistance of GIZ in consultation with religious scholars. Unfortunately, the project was shelved by the succeeding government.

At the highest policy level, the challenge of Covid-19 beacons us to move towards categorically declaring health as a fundamental right in the constitution of Pakistan. The development of a robust decentralized state-of-the-art health care delivery system and financing based on the solidarity principle of SHI would not only lead to a healthy population but also sustained economic growth and an egalitarian social order. Will those in the power corridors pay heed to this



Refugees at risk

BY ARHAMA SIDDIQA

Countries are still struggling to mitigate Covid-19's impact on the economy and urging their citizens to continue self-isolation. This advice is impossible to follow for people who have been driven from their homes altogether.

According to the UNHCR, out of the 70 million displaced people worldwide, almost 40% are refugees. In the Middle East, refugees predominantly derive from Syria and Palestine. Turkey, Lebanon and Jordan host nearly 3.6 million, 1.5 million and 660,000 Syrian refugees, respectively. Besides, nearly 2.2 million recorded Palestinian refugees reside in Lebanon and Jordan.

The displacement has placed tremendous pressure on the entire region. It has also caused systematic retrogression of refugee rights and their standards of living. In Jordan and Lebanon, as per national policies, the camps along with the whole country have been placed on lockdown since March. The UN Covid-19 response for refugees has principally been managed in line with the host governments' response.

Refugee camps provide an ideal setting for any epidemic to spread. Since most camps are slightly more than panicles of tents or deserted buildings, people live in conditions of severe overcrowding. For instance, in almost 67% of households in Jordan's refugee camps, more than three people share a room. Moreover, access to basic needs such as water, energy and healthcare were already inef-



fectually distributed in 'pre-corona' times. The challenge to provide these has now increased substantially.

Secondly, proportionate to the rise of Covid-19 cases, instances of xenophobia and anti-refugee discrimination have also increased. In Lebanon, officials have enforced stricter curfews in refugee camps premised on the longstanding beliefs that these spaces are 'polluted'. In line with these parochial notions, at least 21 cities in Lebanon have implemented harsher restrictions on Syrian refugees which do not apply to Lebanese citizens. These constraints have made it hard for health workers to cover refugee camps, frustrating health efforts.

Thirdly, many cities in both Lebanon and Jordan do not have the needed support from the central government to respond to the needs of the Syrian refugees. Palestinian refugees living in Lebanon rely almost entirely on the UN Relief and Works Agency for Palestine Refugees (UNRWA) support because they are excluded

from social services provided by the government.

International law already specifies principles to abide by while carrying out all kinds of emergency responses. These include the Universal Declaration of Human Rights (Article 25), the 1951 UN Convention relating to the Status of Refugees (Articles 3, 23, 24 and 33) and the International Covenant on Economic, Social and Cultural Rights (Article 12). All stipulate that in situations of health emergencies, access to medical services must be safeguarded on a non-discriminatory basis, particularly for vulnerable or marginalised groups.

In light of Covid-19, all actions undertaken to curb the virus must be in accordance with doctrines of inclusivity and fairness. It is also crucial that awareness campaigns regarding Covid-19 be circulated amongst asylum seekers. Moreover, medical staff should be deployed to all refugee camps and on-ground humanitarian workers should be supplied with protective equipment. It is also necessary that along with improving access to basic facilities, quarantine capacities be established in the camps and food distribution services be restructured so as to prevent large gatherings.

In order to conduct an effective pandemic response, the ongoing crisis necessitates a 'whole-of-community' approach. This requires governments to strike the right balance between imposing assertive measures to protect human lives and at the same time respecting human dignity and equality.

And now the locusts are on their way!

SHARIQ JAMAL KHAN

The world is still grappling with the brutal global economic consequences of the Covid-19 pandemic. Pakistan has also experienced severe economic distress due to the disease. As if that were not enough, it is now certain that enormous locust swarms are set to invade Sindh after May 15. The swarms could devastate agriculture not only in Sindh but in other parts of the country as well by devouring precious crops. This could further weaken Pakistan's economy and trigger a food crisis. During the 41st Desert Locust Control Committee (DLCC) meeting of the UN's Food and Agriculture Organization (FAO) in Addis Ababa in December 2019, it was stated by the Iranian delegate that the level of infestation in Iran in 2019 was the highest in 50 years! The situation is, therefore, grim for Pakistan too.

Locusts are insects that are characterised by their tremendous ability to hop and cruise. They have perfected this specialised mobility with the help of their strong hind legs that can catapult them into the air with great ease. Another evolutionary typicality that they exhibit is called phenotypical plasticity which allows them to change their behaviour and form. Thus, from solitary, non-interacting individuals, these entomological chameleons can become highly sociable insects.

This spectacular transformation is reportedly triggered by serotonin, a natural chemical that generates the feelings of happiness in an organism. An integral part of the human body as well, serotonin is nicknamed the happy chemical. The behavioural gregarisation of the locusts activates mutual amity, propensity to act communally, swarm formation and the urge to migrate en masse. Terrifyingly, large locust swarms can be several hundred square kilometres long and may contain up to 80 million adult locusts per square kilometre!

If a locust invasion occurs in Sindh, it may lead to appalling economic hardships. The Covid-19 pandemic is already causing supply chain uncertainty, market chaos, lockdowns, panic buying, scarcity of food items and

trade disruptions. Evidently, the food supply mechanism is not monolithic in nature: it is a highly intricate mix that involves producers, transporters, middlemen, static and mobile markets, market managers and consumers. The locust infestation could create more problems.

Currently, the Department of Plant Protection (DPP), a wing of the Ministry of National Food Security and Research, is tasked with locust control. However, the situation on ground and the gargantuan size of the challenge indicate that the department is too small and ill-prepared to tackle the issue. The federal government must create a financially and administratively autonomous Federal Locust Control Authority which should, in conjunction with the provinces, assess the situation, generate funds and plan remedial measures. To begin with, the National Action Plan for Desert Locust Surveillance and Control 2020 must be implemented vigorously under the aegis of the authority.

A monitoring and information collecting system should be designed to identify the routes of the swarms so that their movement could be observed. Surveys should be conducted and information gathered about the type, size and density of the swarms. Pakistani officials need to remain in constant touch with Iranian and Indian officials to ensure better cooperation. Local residents should be made part of this exercise as their knowledge about locusts is extensive.

Pakistan must also consult with the FAO regarding the selection of pesticides, a comprehensive treatment model and clean up strategies. FAO can also help Pakistan procure safer biopesticides. Manpower should be carefully chosen and properly trained for the purpose of mechanised spraying. Both land-based and aerial spraying should be used to kill the rampaging swarms. Reportedly, Pakistan has only two crop-spraying planes which simply cannot deal with the threat being faced by the country. The required number of planes could be rented out from other countries. Drones could be used for the purpose as well. They could also be employed for aerial surveys.

The latest locust emergency is about to knock at our doors.

Letters to the Editor

Awareness and enforcement

The government has chosen to relax lockdown measures, even though the infections curve continues to rise. The recent spike in infections has been reported as locally transmitted. The government is in a tough spot given that the shuttering of businesses has deprived many of their livelihoods. Despite the continued emphasis on social distancing and other SOPs, blatant violations are not uncommon in streets, markets, and other public places. The sight

on the day of the opening of the NADRA office speaks volumes of the government's failure to properly implement relevant safety measures.

It is obvious that we have failed to educate the public on the precautions to be observed in different situations. In a disproportionately poor and illiterate society, the internet is not an effective medium for disseminating information on SOPs. Practical demonstrations of SOPs in a variety of situations, i. at work, while travelling, when shopping, need to be broadcast on more accessible platforms such as radio and television, and then strictly enforced.

Saud Bashir Bajwa LAHORE

Starting start-ups

In Pakistan, the start-up culture is yet to take-off. In a situation where neither the public nor the private sector can provide jobs to college-educated youth, establishing your own start-up sounds does not sound like a bad idea. However, the problem is: where does the money come from? Every start-up requires a certain amount of capital from outside investors in its initial stages. Given the difficulties in acquiring

this seed money, many lose hope and try to search for a job at an established firm to secure their future. Unfortunately, the government has not done much to motivate the fresh graduates to start their own business.

The incumbent government undertook an initiative to encourage unemployed youth to start their own businesses by providing them with soft loans under the "Kamyab Jawaan Program". Let us hope that more efforts will be made by the government and policy makers to ignite creativity and innovation among our youth.

Iqbal Hussain LAHORE