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## Private investment Plan: Government to reduce discount rate, trims down levy

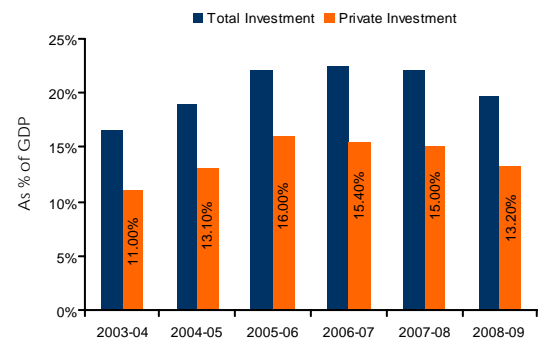
### MAINLY CONSIDERING SECTORS THAT COULD ALLOW EXPORT GROWTH TO INCREASE BEYOND \$5BN TO \$10BN.

GoP has recently planned the 10th 5 years plan to encourage private investment through assorted measures including reduction in discount rate and cut back on tariff structures by encouraging the import of capital supplies. In accordance with plan the discount rate in the country would be condensed gradually as the monetary situation of the country perks up. At present the investment situation was slackened because of multiple factors, mainly poor law and order situation, high interest rate, lack of competitiveness, energy crisis and many others. However, the government planned to take both short and medium-term measures to encourage growth of private investment.

- In the plan the government would reduce the tariff structure by encouraging the import of capital goods. Import of capital goods including basic machineries and equipments were necessary for economic development, and through reduction on duties, private sector would be encouraged to import further.
- In proportion to the annual plan 2010-15 the prices of investment goods have increased faster than those of consumer goods and through reduction on import duties would greatly help bring down its prices, which in turn will stimulate investment in the country.
- The plan document revealed that the government would provide level playing field for enterprises of different sizes by bringing the small and medium enterprises into the tax net and into the regulatory framework.
- The government also planned to quicken the implementation of the programme to computerised land records, which would generate economic activity and deepen the financial and capital markets and accelerate the route of privatisation by depositing greater prominence on the use of domestic capital markets.
- The government would assemble enabling legal and capital formation, identify sectors that could allow export growth to increase beyond \$5 billion to \$10 billion (engineering, chemicals, steel, agro-livestock, pharmaceuticals).
- According to the plan, the government would develop public-private partnerships as large corporations have the managerial capacity and capital to pursue this programme.

## Projected Stance

The government in the next five years would provide infrastructure support for large corporations like improvement of large scale industry required allocation of large tracks of land near the port and developing a global mind set that enables a company to gain volume and become internationally competitive. Given the dynamic economies of scale and opportunities for continuous technological progress inherent in manufacturing, it must prolong to play a major role in heaving productivity and growth of the Pakistan economy. The government also planned several measures for development of large firms, which could play a significant role in increasing investment and economic development of the country. Although Scanty pace in Private investment counted a major part over the fiscal year; however, the implementation of plan may seek better economic revival and may further accommodate private investment.



Source: Economic Survey 08-09