

The infrastructure of pakistan



Infrastructure is basic physical and organizational structures needed for the operation of a society or enterprise, or the services and facilities necessary for an economy to function. It can be generally defined as the set of interconnected structural elements that provide framework supporting an entire structure of development. It is an important term for evaluating a country or region's development. Infrastructure plays a pivotal role in the development and is a major contributor to growth of a country. A strong efficient and affordable infrastructure is critical element of good investment climate and therefore is precondition to sustain the growth momentum. High growth in recent years is increasing pressure on existing infrastructure in Pakistan needs heavy investment in physical infrastructure to improve delivery of services and to enhance its internal and global competitiveness. Pakistan has experience in attracting private sector investment in energy and telecommunications. Investment infrastructure required in sectors like; energy, roads, transportation & logistics, solid waste management, food security and water.

2. Introduction

2.1 An Overview of Pakistan's Infrastructural situation

At the time of partition in Independence, Pakistan got almost a waste land and most of the developed areas came under the territory of India. So, Pakistan had to work for primary foundation of infrastructure. The comparatively poor infrastructural situation of Pakistan by international standards has severe effect on the lives of people. The electricity shortages, lack of proper water and sanitation provisions. Above all, increase of population to an alarming level is making our problems worse. The

Government of Pakistan and its people face an uphill battle against poor infrastructure. According to the World Economic Forum Survey (2006-07) of 125 countries, Pakistan ranked 67th in basic infrastructure category. Historically, a continual imbalance between demand and supply of infrastructure facilities is seen. In The Global Competitiveness Report (GCR) 2012-2013, released by the World Economic Forum, Pakistan is graded among bottom 20 of the 144 economies around the world. Pakistan lacks a long-term view of competitiveness in accordance with this report.

Pakistan: Economic Indicators

3. 1 Transport sector:

Pakistan with a population of 170 million has a reasonably developed transport infrastructure. The transport and communications sector accounts for about 10. 0 percent of the country's GDP, and 22. 0 percent of Gross Fixed Capital Formation in FY07/08. It provides over 2. 3 million jobs in the country (6% of all employment) and receives 12-15 percent of funds from the annual Federal Public Sector Development Program (PSDP). Apart from being a significantly large source of budgetary expenditure, the transportation sector imposes huge demand on Pakistan's energy supply, absorbing approximately 35% of total energy annually.

- Road transport acts as a backbone of Pakistan's transport system. About 80 percent of Pakistan's total traffic is being carried by 9, 574 km long National Highway and Motorway network which accounts 3. 65 percent of the total road network. Road traffic (both passenger and freight) has grown significantly faster than the national economy over the last decade.

Currently, it is accounting for 91 percent of national passenger traffic and 96 percent of freight.

- Port traffic in Pakistan grows at 8 percent annually in recent years. About 95 percent of all international trade is being handled through two major ports (i. e. Port Karachi and Port Qasim). Port Gwadar, being operated by Singapore Port Authority, is aiming to develop into a central energy port in the region. 14 dry ports provide high value external trade.

- Pakistan Railways (PR) has a broad gauge system (with a small network of meter gauge in the South East). The network consists of the main North - South corridor, connecting the Karachi ports to the primary production and population centers in Pakistan. The track is in good condition with an axle-load of 23 tons and maximum permitted speeds of 100/110 kph.

- There are 36 operational airports. Karachi is Pakistan's main airport but significant levels of both domestic and international cargo are also handled at Islamabad and Lahore. Pakistan International Airlines (PIA), the major public sector airline, though facing the competition from a few private airlines, carries approximately 70 percent of domestic passengers and almost all domestic freight traffic.

3. 2 Power sector:

Power sector in Pakistan is characterized as semi-public and semi privatized vertically integrated sector. The main players of the sector are: WAPDA, KESC, NEPRA, PPIB and the Ministry of Water and Power. In case of electricity generation WAPDA produces 66. 5 per cent electricity with 13, 083 MW installed capacity and has 100 percent share in the distribution sector. There

are 13 million customers out of an estimated 22 million households. About 55 percent of the total population is estimated to have access to the electricity. Rest of the population is using alternative sources of power as oil and so on. In the private sector IPPs have 30 percent share with 6, 005 MW installed capacity in the total installed capacity of 19, 550 MW while the share of nuclear capacity is around 4 percent (462 MW). Currently energy demand is increasing at the rate of 7. 4 per cent per annum which created shortage of around 2, 000 MW of electricity. To maintain the high economic growth rate in the country, Pakistan needs policy reforms and restructuring of the sector to attract investment in the generation and the distribution sector.

3. 3 Education sector:

The overall literacy rate (10 years & above) which was 57. 4 percent in 2008-09 has increased to 57. 7 percent in 2009-10, indicating 0. 5 percent increase over the same period last year. Male literacy rate (10 years & above) remained 69. 3 percent in 2008-09 and 69. 5 percent in 2009-10 while it increased from 44. 7 to 45. 2 percent for females during the same period. Literacy remained higher in urban areas (73. 2 percent) than in rural areas (49. 2 percent) during 2009-10. Province wise literacy data of PLFS (2009-10) shows Punjab stood at maximum percentage with Baluchistan at least.

HIGHLIGHTS OF ECONOMIC SURVEY 2010-11

According to the Ministry of Education, there are currently 228, 376 institutions in the country. The overall enrolment is recorded at 38. 22

million and an increase of 0.7 percent is recorded in teaching staff (1.41 million) in comparison with the last year value of 1.40 million.

3.4 Medical sector:

At present, there are sufficient medical facilities available in Pakistan which include hospitals, dispensaries, basic health units and maternity and child health centers and their number compares well with the other developing countries.

Hospitals = 972

Availability of Doctors = 144901

1222 persons per doctor

Dispensaries = 4842

Dentists = 10508

16854 persons per dentist

Basic Health units = 5344

Nurses = 73244

Maternity and child care centres = 909

1701 persons per hospital bed

During 2010-11, 35 basic health units and 13 rural health centers have been constructed. While 40 rural health centers and 850 basic health units have been upgraded. Some 96,000 Lady Health Workers (LHWs) have been

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trained and deployed mostly in the rural areas. Moreover, some 8 million children have been immunized and 24 million packets of ORS distributed. Various health programmes with a special focus on major public health problems have been carried out. These include cancer treatment, AIDS prevention and Malaria Control Programme. The total outlay of health is budgeted at Rs. 42. 0 billion (Rs. 18. 7 billion development and Rs. 23. 3 billion current expenditure) which is equivalent to 0. 23 percent of GDP which is 79 billion as compared in 2009-10.

3. 5 Water and Sanitation sector:

The Water and Sanitation situation in Pakistan is not very good. Presently, irrigation uses about 93 percent of water available in Pakistan. The remaining 7 percent is available for supplies to urban and rural populations and industry. Most of the urban water is supplied from groundwater sources via tube wells except for the cities of Karachi, Hyderabad and part of Islamabad. Rural water supply is mostly from groundwater and irrigation canals. According to the MTRF, about 65 percent of the total population in Pakistan has access to safe drinking water. Inadequate and irregular water supply due to low pressure has forced people to install electric pumps, bore holes, dig wells and build large storage tanks to increase the water supply thus causing inequitable distribution.

Sanitation Situation in Pakistan

There is no proper waste collection system and no controlled landfill sites. Pakistan spends around 0. 1 percent of its GDP on water supply and sanitation. Also people are not aware of the relationship between ways of disposing off waste and the resulting environment and health problems. Lack

of long term plans, ad-hoc and counter-productive policies add to the problems. The MTDF envisages that by 2010, access to clean water in Pakistan will be increased from 65 to 76 percent and access to sanitation will be increased from 42 percent to 50 percent. This means that Pakistan will have to spend around 1.3 percent of GDP on Water and Sanitation or around Rs. 120 billion. The Government expects private sector to contribute around 50 percent of this amount.

Population, a major problem in Infrastructure

Pakistan, it is the sixth most populous country in the world. Internal pressures in the country with the world's sixth largest population with a population exceeding 180 million people. At 2.03 percent Pakistan has the highest population growth rate in South Asia.

It is expected that by 2030 Pakistan's population will exceed 242 million.

Pakistan's health and education infrastructures are poorly funded, and experts have questioned the quality of what is being provided with existing budgets. With a weak economy and low growth, food insecurity and unemployment present further challenges. The problem is that a lot of the population is illiterate and does not have proper training, and cannot participate meaningfully in the economy. Hence growing population demands growth in production or otherwise the infrastructure is affected especially the social infrastructure. Growing population creates a greater need of infrastructural development

NATIONAL LOGISTIC CELL (NLC)

National Logistic Cell (NLC) was created in 1978 as a crisis management organization of Federal Government. It works in close co-operation with the Pakistan Army and is primarily being manned by manpower drawn from there. The prime function of NLC is to provide a back up support to the armed forces in peace and war and resolve logistic problems in transportation of important commodities. Therefore, Armed Forces personnel have to be actively involved in administration, management and control of NLC. NLC ensures smooth transportation of essential commodities all over the country on a self supporting basis, without placing any burden on government resources.

Role and Functions

1. Prepare long term (perspective), medium term (Five & Three Year) and short term (Annual) plans.
2. Technical appraisal of the development projects / programmes pertaining to Roads & Road Transport, Railways, Ports & Shipping and Air Transport sub-sectors and processes these through DDWP / CDWP and ECNEC.
3. Monitoring/Evaluation of existing programmes/institutions and recommend measures for improvement.

Is infrastructure of Pakistan well established?

According to World Bank's World Development Report (1994), the adequacy of infrastructure helps to determine one country's success and another's failure, in diversifying production, expanding trade, coping with population growth, reducing poverty or improving environmental conditions. The report

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also states that 1 percent increase in the stock of infrastructure is associated with a 1 percent increase in gross domestic product (GDP) across all countries.

Weak infrastructure has been one of the major factors restricting Pakistan's economic growth and damaging its investment prospects. For example, according to an estimate by

Planning Commission, inadequate power and energy supplies may force firms to generate their own power which can tie up as much as 12% of their capital. Power shortages are estimated to cost as much as 6% of the annual production. Unfortunately, Pakistan has often faced energy shortages mainly due to inadequate infrastructure and resources.

Likewise, infrastructure inadequacies, as well as inefficiencies in transport logistics such as roads, ports and rail transport, have been costing the economy more than Rs. 150 billion every year. Moreover, these have also resulted in loss of competitiveness

Infrastructure is a backbone of the economy and a well developed infrastructure is not only important to attract foreign investment, it also needed to maintain high growth rate.

Due to increasing economic growth, population and urbanization, demand for new infrastructure projects, investment and pressure on the existing infrastructure is increasing. All this require huge investment in roads, energy, water and other public utility projects. The required investment cannot only be done by the public sector due to shortage of funds, lack of

capacity to handle PPP projects and efficiency issues. PPP are projects involving both the public and private sectors. The involvement of each sector can be to varying degrees and the partnership can take different forms. One of the common PPPs arrangements is a contractual arrangement under which a private party agreed to finance, construct and operate a facility for an agreed period of time and transfer the facility to a government or other concerned public agency on expiry of the stipulated period. One of the options to meet the demand of infrastructure development is PPP (public private partnership) (PPP) with local currency financing.

Financing Infrastructure:

Pakistan's balance of trade deficit has been steadily rising over the years due to the increasing propensity to import and the devaluation of the Pak Rupee continues to be persistent talking point. In such an environment, it would be highly inadvisable to burden the economy with a high foreign debt quotient and put further destabilizing pressures on the country's economy.

The natural solution therefore presents itself in the form of bridging the required gap in Pakistan's infrastructure funding through the local capital markets. There have been numerous examples of private investment being raised in this manner to fund infrastructure projects from both developed countries and the so-called developing nations. However, it also remains true that what may work in one economy doesn't necessarily work in ours and therefore a more thorough analysis of the local markets is warranted in order to better understand how to best approach this funding dilemma.

The Pakistani economy has grown at an average of 7 percent over the last four years.

Furthermore, the stock market of Pakistan is one of the fastest growing markets in Asia, boosting both local and foreign investor confidence and accelerating the growth of capital inflows. The country's capital markets have also grown at a phenomenal rate, with both institutional and private investors willing to dig deeper into their pockets than they have at any point in the past.

Despite the growth seen in Pakistan's capital markets, private investment continues to account for only a small proportion of overall infrastructure funding.