

New economic policy urged for balancing growth

KARACHI: Pakistan Businessmen and Intellectuals Forum (PBIF), president Mian Zahid Hussain has emphasised that the new economic policy should be based on possible downturn and balancing growth and sustainability objectives while also putting more emphasis on reforms to adapt to a fast changing global economy.

The reforms will require inclusive and growth friendly budget re-composition to upgrade tax, social spending, and active labour market policies, as well as investment in infrastructure for better public service delivery.

Mian Zahid said that, it's inevitable to address multilateral issues, including corporate taxation, climate change, and corruption to achieve sustainable economic growth in Pakistan.

He said that the talks between Pakistan and International Monetary Fund (IMF) for the next bailout programme are heading towards its final phase. A staff level mission from IMF will be visiting Pakistan this month to finalise the Memorandum of Economic and Financial Policies (MEFP), which will be presented to IMF board and the remaining process for the bailout package will most likely to conclude before the end of the current fiscal year.

He said that IMF's condition of generation 34 percent revenue (PKR 5.4 trillion) is not looking achievable for the current fiscal year 2018-19 though the FBR has proposed government to fix its revenue target in the range of PKR 5.1 trillion in the upcoming budget against revised estimates of PKR 4.1 trillion for the ongoing fiscal year.

Apart from revenue, curtailing of primary balance within the desired limits will be the biggest challenge for the government to strike the staff level agreement with the IMF for the bailout package.

Before the meeting between Finance Minister Asad Umar and IMF's officials in Washington DC on the next bailout programme, in a report: "World Economic Outlook (WEO), Growth Slowdown, Precarious Recovery" IMF had projected a sharp decline in GDP growth rate for Pakistan from 5.2 percent in 2018 to 2.9 percent in 2019 and a further decline to 2.8 in 2020.

It projected a sharp rise in inflation from 3.9 percent in 2018 to 7.6pc in 2019. Report further states that in the absence of further adjustment policies in Pakistan, growth is projected to remain subdued at about 2.5 percent, with continued external and fiscal imbalances weighing on confidence of the economy. Gross general debt to GDP ratio was estimated at 77 percent during 2018-19, 79.1 percent in Fiscal year 2019-20, 81 percent in Fiscal year 2020-21 and 82.6 percent in Fiscal year 2021-22. It is then further expected to rise up to 85.6 in the fiscal year 2023-24. The IMF had also estimated Pakistan's primary deficit at 2.1 percent in Fiscal year 2018-19 and came down to 1.7 percent during this fiscal year before rising again to 2.2 percent in fiscal year 2019-20.

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