

Government confident about success of amnesty scheme

Finance Minister Asad Umar on Monday said that the government is going to launch a tax amnesty scheme, urging all those who have not yet declared their assets to take advantage of the scheme. Addressing an event titled "A Roadmap for Stability, Growth and Productive Employment" here, the finance minister said that Pakistan has moved out of economic crisis phase and entered the stabilisation phase. The economy was in a critical phase but now it is out of it as well as moving towards growth, he remarked.

Umar further said that the government is bringing an asset declaration scheme. "There should be no doubt that the scheme will be successful when people know they won't be able to hide their assets when it expires." He said that the government is to make entire tax collection system simple for which the administration and policy wings will be separated, the board of directors of Federal Board of Revenue (FBR) is being changed. He said that now the FBR board will consist of the members from private sector having real knowledge of business. He said that upcoming tax system will altogether be reformed and simplified; adding easy forms and less questions will be introduced to facilitate the taxpayers in filing returns.

The minister maintained that the FBR should integrate its database and simplify the mechanism for filing taxes. He added that the FBR would give a simplified tax system in this budget. "Instructions in Urdu will be available on the website. They will not be hidden in some drawer. We have to create transparency," the minister said. "The FBR capacity to reach those who are not paying the right taxes has improved immensely," he stressed.

Finance Minister Asad Umar said that Pakistan's talks with the International Monetary Fund (IMF) are in final stage and the government will ensure that it will be the last programme. He said that a policy framework has been prepared and shared with the IMF. It has been sent to the committees of the Parliament and the Senate too. "The numbers will be shared after the loan details have been decided."

Pakistan has been facing three main problems on its economic front since long including revenue collection, exports and investments. "These three chronic issues have been haunting Pakistan since decades," he added.

The country lacks savings and its ratio is the lowest in the region as it is 30 percent of DGP in India and at a point reached 45 percent of the GDP in China while in Pakistan it remains around 10 percent. The country is exporting less. The government is paying Rs 800 billion on interest payments on debts, the finance minister said.

He also criticised former finance ministers Ishaq Dar and Miftah Ismael on rupee exchange rate, saying one of the former ruling party's finance ministers was against depreciation of rupee while other was in favour of depreciation.

Those who have purchased US dollars must sell them out as within next few days the rupee value will improve which will cause financial losses to those having dollars with them.

"We have increased prices of electricity and gas. Liquidity is being restored for exporters and demands of Rs 45 billion has been received. Trade within the region will increase our economic growth for which a number of steps are under consideration." He said that he along with senior officials was leaving for the USA where trade ties with Afghanistan, Turkmenistan and China will be discussed with the officials of the countries.

The minister said that the government wants to improve trade ties with India, adding that improvement in relations with India after the upcoming Indian elections is expected. He said that Pakistan can become a

corridor for India, China and other countries to do trade. The government will take significant steps to boost the agriculture growth by providing all kinds of facilities to the farmers so that per acre yield can be increased which will increase rural income.

"A large portion of our population doesn't want to practice conventional banking system but wants Islamic banking system, therefore the government is set to encourage Islamic banking system to facilitate this portion of the population and this will provide additional liquidity in the economy. Digital financial system will be promoted and public-private partnership will be encouraged in social and infrastructure sector," he said.

"The exchange rate is not a sign of a strong economy. At one point, the Pakistani rupee was stronger than the Japanese yen, even though the latter's per capita income was much higher than ours," he explained.

He also expressed his frustration with television anchors who have been critical of his policies, suggesting that reporters covering the economic matters have a much better understanding of the technicalities of the economy, therefore TV anchors must sit with relevant beat reporters and share their knowledge on how to report on economic matters.

Returning to the rupee's rapid slide, Umar said that past governments had "ruined" the economy by artificially maintaining the exchange rate, and insisted that the practice needs to end. "In order to end the practice [of artificially maintaining the exchange rate], economic fundamentals need to be strengthened," he explained. "By artificially maintaining the exchange rate, we harm our farmers and exporters and give a free subsidy to foreign traders."

He also regretted that "fake news reports are being circulated so that more investors park their money in foreign currency instead of stocks," leading to speculative pressure on the exchange rate.

The finance minister said that, instead of taking easy decisions influenced by "the news cycle or elections", the PTI government wants to strengthen the economy by devising policies that will strengthen the economy in the long-term. He said that policies are not an issue but implementation of the policies always remains a serious challenge. Due to poor implementation of policies, Pakistan is even behind many African countries on many fronts including GDP growth and social indicators.

Industrial zones will be made functional and state-owned entities will be privatised to bring efficiency and get rid of financial crisis. "We have started integrated poverty reduction programmes," he said.

The minister said that all above steps will lead to highest economic growth by utilising all available resources. He said that the IMF has stated if the PTI government-devised economic reforms programme continues for the long run, Pakistan's GDP will be \$2 trillion in 2047.

Housing and tourism sectors have real potential to bring significant investment and people must take advantage of the opportunities. Inflation will come down and will be stable. "We will end it once for all. Exports will reach \$40 billion dollars in the next four years. Debt to GDP ratio will come to an end. Sick units will be privatised or steps would be made to improve their performance," he added. He said if the above economic reforms agenda is implemented, the next finance minister after 4 years will not be talking of these economic ills. By 2023 when PTI will complete 5 years term Pakistan's GDP growth will be highest of 15 years, Umar concluded.

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