

### **The ball is in PM's hand**

The Pakistan Tehreek-e- Insaf (PTI) government is all set to present its first full year's national budget this month. We have been told that it would be an "austerity" budget but its contours would be known only when it is unveiled before the nation on 11th June by Prime Minister's finance advisor Abdul Hafeez Sheikh. What is known so far is that the government has set an ambitious revenue target of Rs5.5 trillion – almost 35 percent higher than the revised target for the current fiscal year.

Many people expressed skepticism that whether such a target is achievable when the government miserably failed to hit the current target. Secondly, Shabbar Zaidi, the new head Federal Board of Revenue (FBR), is yet to roll out his strategy. Zaidi also needs to explain how his strategy will be different from the previous one to ensure that the new target is achieved. If history is any guide than successive governments have been in the habit of setting high economic targets, particularly when they have signed a loan package with the International Monetary Fund (IMF) but most of the times these targets are revised halfway through. And ironically, the IMF history is also not very different.

During its programs, the fund becomes too generous to give waivers and when the program is near completion it takes out its balance sheet to tell borrowers about the lacking in implementing the program. In the previous IMF program with the Pakistan Muslim League- Nawaz (PML-N), the fund had been lavishly praising the government's performance in the quarterly reviews without highlighting the shortcomings. And it was only in the last couple of reviews that it started bringing up the shortcomings. In fact, it is the responsibility of our own leaders and economic team that they should professionally and realistically assess the situation and tell the people the factual position instead of painting a rosy picture out of political expediency.

Prime Minister Imran Khan has made a passionate appeal to people to pay their taxes and held out the assurance that their tax money would not be misused. The government seems to be, so far, relying on "carrot" to see if its appeal works but has not yet spelt out its strategy that what it would do in case these appeals fell on deaf ears as happened in the past. The government has also adopted the same strategy for those who have amassed black money and have asked them to whiten their wealth through amnesty scheme by paying a meagre amount of four to six percent to the government's kitty.

The government amnesty scheme is no different from the previous ones but it is the first such scheme by the PTI which has come into power in the center for the first time. While everyone would wish government success in its plan, someone must enlighten it that status quo can never change the mindsets and the system. The PTI which came into power nearly a year ago with the slogan of change has in fact not brought about any innovation or change in the revenue collection system that could bolster the hope for a change.

Instead of setting ambitious targets, which often become unachievable, as well as raising the tax rates, the government needs to improve and reform the tax collection system so that the existing targets can be achieved without any difficulty and then steadily go after ambitious targets. The government's economic team, led by Abdul Hafiz Sheikh, based its optimism for a higher revenue collection on the data. For example, the data of utility connections in industrial category which run

into hundreds of thousands, while only 40,000 are registered with the FBR. The government plans to find out those who have not registered with the FBR and then make them to pay their taxes.

But it is not the first time that the innovative use of official data is made the basis for setting high economic targets but they have hardly produced any positive results in the past. Moreover, it should be an ongoing strategy and high revenue targets for a single year could not be set just on this basis. The government needs to learn lessons from its neighbors like India on how did they improve their tax-to-GDP ratio? And how did they broaden their taxpayers' base and brought in more people in the tax net.

The government team should focus on reforming the tax collecting machinery that has become obsolete and creaky and which needs to be drastically overhauled. The economy no doubt is in dire straits and it can ill-afford to be ignored without taking robust measures to fix it. Pakistan needs to work out homegrown solution to address these problems on its own. There are precedents in the world where countries have come out of economic crises worse than Pakistan and there are also examples where countries which were not facing very serious economic situations failed to address them properly which created more complications for them. Time is ripe for the Pakistani leadership to rise to the occasion and instead of tall claims and lipservice, it should take practical steps to address the serious economic challenges faced by the country.

The government needs to take parliament into confidence on the current economic situation and its strategy about dealing with this situation. In a democratic culture, it is the only way to resolve these issues. If parliament is ignored as it is being done so far and instead of deliberating on the real issues faced by the country it is reduced to a forum for shouting contests and settling political and personal scores, the government would not be able to achieve its agenda, no matter how ambitious and people-friendly it may be. The current economic team of the government is made up of technocrats and apolitical people who would hardly be interested in taking parliament into confidence over its strategy but since the current dispensation is led by a prime minister, a politician and elected person, he needs to take initiative on his own to take the elected representatives on board to ensure success of his economic strategy.

The ball is in yours' court, Mr Prime Minister! The writer is a senior journalist based in Islamabad

By Zeeshan Haider