

Industry leaders await budget with dread

KARACHI: Business leaders in the port city are resigned to a budget that they insist is being written under International Monetary Fund (IMF) dictation.

Their treaties have found few takers in Islamabad and now await the announcement with an air of quiet resignation and wistful dread.

A number of business leaders talking to Dawn were unanimous in their opinion that a budget under the IMF umbrella could not be business or people-friendly particularly when the country's major economic indicators were already weak and imbalanced.

The Federation of Pakistan Chambers of Commerce and Industry President Daroo Khan Achakzai wondered what could be expected of the next budget (2019-20) which would be prepared under the harsh IMF conditions.

The head of the apex body of trade and industry went on to say: 'It would be foolish on part of the business community or people at large to expect relief from the budget at a time when the government accepted IMF's harsh conditions to get bailout package.

However, he advised the government not to put further burden on masses as they would not be able to sustain and was quick to say that at most attempts should also be made to improve ease of doing business and contain costs close to regional countries so that export were not hurt.

Pakistan Bedwear Exporters Association Chairman Shabir Ahmed said that if government withdraws zero rating facility to export sector, as is looking increasingly likely, it would hurt export sector as huge funds would again be stuck with in the government's refund machinery and cause a liquidity crunch for firms.

He further said when we look at 10-month performance of the government, during which it failed to achieve any targets; it is easy to expect how the next budget would be. It is not only about fixing the targets but achieving these targets is the hallmark of any government's performance, he maintained.

Citing an example, he said that by raising policy rate to 12.25 per cent, the government is discouraging investment and encouraging people to put their funds in fixed deposits. The only ray of hope one could see through the tunnel, he said, is the appointment of private sector tax expert, Shabbar Zaidi and business and people at large have high hopes that he would succeed in broadening the tax net which is the core issue of country's economy.

Korangi Association of Trade and Industry President Mohammad Danish Khan said without expanding tax net, the economic woes would never be over and was quick to point out that the short period given for availing the amnesty scheme will inhibit results.

He suggested that government should at least give 90 days to avail the amnesty scheme because for all practical purposes, only 20 working days were available for availing the scheme, he added.

The Overseas Investors Chamber of Commerce and Industry (OICCI) Secretary General Abdul Aleem said undoubtedly these are challenging times for the country and the economy. But he still hopes the government will not surprise on the fiscal policy measures more than what has already been indicated in the form of key deliverables as part of the commitment towards anticipated agreement with the IMF.

In terms of specific measures in the budget 2019-20, OICCI anticipates aggressive growth in tax revenue through targeted broadening of tax base for which there is great potential but will require strong commitment and support from all stakeholders, he maintained.

Pakistan Business Council Chief Ehsan Malik said the budget making for next fiscal year would be delicate balance between pragmatism and principles.

The principles would call for revival of industry by promoting investment, bringing down cost of doing business, encouraging higher exports and broadening tax base to alleviate the disproportionate burden on manufacturing, he added.

On the other hand, pragmatism will push the economic managers towards cash flow accounting through measures such as retaining sales tax from exports to meet IMF commitments.

He said the industry has slim hope of some principles overriding pragmatism which is founded on Shabbar Zaidi's appointment as the FBR chairman and Razak Dawood's continuing thrust to balance trade.

By Parvaiz Ishfaq Rana