

Miftah accuses PTI govt of mishandling economy

ISLAMABAD: The Pakistan Tehreek-e-Insaf-led government has grossly mishandled the economy during the last nine months of its tenure and the current fiscal year is expected to close with 7.5 percent deficit.

This was stated by former Finance Minister Miftah Ismail while talking exclusively to Business Recorder on the fiscal operation data released by the Finance Ministry on Wednesday.

He said that the government is committing one after another mistake and the biggest failure of the present economic team is its inability to control the budget deficit and then financing it through monetization, which was highly inflationary.

He said that fiscal deficit was highest at 6.6 percent in a budget year of Pakistan Muslim League (N) tenure due to higher spending by the provinces and shortfall of Rs 150 billion in Federal Board of Revenue (FBR) revenue collection.

The present government's first year was disastrous in terms and revenue and expenditure as highest ever shortfall of Rs 500 billion in revenue is projected while there is considerable increase in current expenditure. He said on the one hand development expenditure was slashed by Rs 130 billion while on the other current expenditure was increased considerably.

He said that the government has reduced the current account deficit at the cost of higher fiscal deficit which nowhere in the world has ever happened.

Ismail added that the government's own statements are responsible for destroying market sentiments. Additionally the government's economic team's indecisiveness whether to take the IMF programme or not led to decline in foreign and portfolio investment in the country.

The government, former finance minister said, should have taken the IMF programme much earlier when the country's economic indicators were relatively healthy. However, it decided to approach the IMF programme after exhausting good will of friendly countries.

The government's negotiation position was much weaker after it was evident that budget deficit would cross 7.5 percent of the GDP.

The revenue shortfall is expected to touch Rs 600 billion this fiscal year which would widen the deficit to Rs 7.5 percent at least.

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