

Mehtab Haider

Govt trying to generate non-tax revenue over and above target: **Shaikh**

ISLAMABAD: Adviser to the Prime Minister on Finance and Revenue Dr Hafeez Shaikh said on Monday the government is trying to generate above target non-tax revenue in the ongoing fiscal year.

He said that the coming months will further strengthen the economy and soon the country will achieve economic prosperity. Shaikh was talking to leading anchorpersons of the electronic media and briefed them about the economic performance of the government in the first quarter of the current fiscal year 2019-20. After the adviser's discourse, the senior anchors asked questions relating to fiscal, monetary and external accounts. Inflation, exports, investment portfolios, State Bank autonomy, agriculture and taxation system were also discussed.

The Adviser to PM on Finance and Revenue reiterated the resolve of the government to eliminate the circular debt by December 2020. He informed them about the precarious economic situation left by the previous government and the challenges the present government had to face more than a year ago. He highlighted that bilateral agreements with the friendly countries and the IMF assistance helped ease pressure on the economy.

Dr Hafeez Shaikh added that the IMF team in its first review has given a very satisfactory report on the economic performance of the government in the first quarter of the current fiscal. The media persons were informed that the government will utilise all its energies to increase the revenue and decrease the expenditure in the remaining quarters of the current fiscal year. He reiterated the steps taken in the budget 2019-20 to curtail expenditure and allocation of increased budget for PSDP and poverty alleviation programmes. The government granted tax exemption on exports and decided to provide subsidy on electricity and gas to the export industry in the budget.

The media persons were further informed that the government is strengthening the economic institutions of the country to get durable economic results. The gathering was told that State Bank, FBR and SECP have been given more autonomy to carry out their official business independently. He stated that due to prudent policies the current account deficit has come down with 63.1 percent in the first quarter of the current fiscal year whereas the volume of exports has increased by 3.8 percent. The trade deficit has decreased by 33.5 percent in the first three months of the current fiscal year.

Meanwhile, Pakistan and the IMF have agreed in principle to jack up the capping limit of sovereign guarantee by allowing additional Rs250 billion in the agreed limit of Rs1.6 trillion to execute power projects. This increased limit of sovereign guarantee will be utilised to execute some CPEC projects as the capping limit of IMF was creating an obstacle in the way for execution of some key future projects for improving much needed energy mix of the country. The affordable energy prices have become a major issue for Pakistan for achieving higher and sustained growth. Although, Pakistan and China have assessed that the demand and supply would remain stable over next 11 years but the affordable prices required improvement in the energy mix.

Secondly, after receiving threats to raise financing of future energy projects under CPEC framework, the government has moved towards making revolving fund operational for ensuring payment of power projects on priority basis from where the national grid is getting electricity from power units under CPEC.

When IMF's Resident Chief in Pakistan was contacted for seeking comments on issue of jacking up sovereign guarantee from limit of Rs1.6 trillion and adding another Rs250 billion for power projects, the IMF high up replied that as the press release establishes a staff level agreement between the IMF and Pakistani authorities on the policies and reforms that could be the base for the completion of first review. The first review, she said, will be completed and approved by the IMF Board of Directors. The IMF team in Washington, in consultation with authorities, are devising the review documents that would be elevated to board for approval. "We will need to wait until this work is finished and the board grants its approval", she added.

When Finance Ministry officials were asked about establishment of revolving fund for ensuring payment to power projects under CPEC framework, this correspondent was informed that the opening of revolving fund by Central Power Purchasing Agency (CPPA) was not required because the CPPA was making payments to IPPs under CPEC that had considerably improved and now it was touching over 90 percent. When asked about specific details of payment made to IPPs under CPEC, the Finance Ministry official replied that the exact figures of payable and made payments could be obtained from the CPPA.

In the recently held Joint Cooperation Committee (JCC) between Pakistan and China here in Islamabad, the Pakistani side stated that the delay of tariff payment is being improved. The Chinese side also noticed that the Pakistani side was taking various measures to balance and coordinate various factors and appreciated these efforts. "It is hoped that the Pakistani side could continue its high attention to related issues, ensure successful project execution and proceed to resolve issues brought by delay of tariff payment and currency depreciation," the JCC noted.