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ZAHEER ABBASI & ZULFIQAR AHMAD

Economy now on path to stability, says Hafeez

ISLAMABAD: Adviser to Prime Minister on Finance Dr Abdul Hafeez on Sunday maintained that the Pakistan's economy is on path to stability after recovering from crises and the government is now in a position to deliver on the expectation of the people.

Speaking at a press conference along with Chairman Federal Board of Revenue (FBR) Shabbar Zaidi and Secretary Finance Naveed Kamran Baloch ahead of the arrival of International Monetary Fund's (IMF) mission in Pakistan, he insisted that Fund's country director visit was scheduled previously and is a "routine visit" and not an unusual one.

Shaikh added that foreign exchange reserves and exchange rate is stable and there is also stability in the stock market. The government would move one step ahead from stability to fulfill people's expectations, he further stated.

"We are working for the people and not lobbies and vested interest and resisted strong group in efforts of documentation of the economy and would never bargain on collection of taxes from the rich," he maintained.

The adviser also acknowledged that inflation is one of the major challenges for the government and we have been able to suppress it below expectation and are pursuing needed policies of not borrowing from State Bank of Pakistan (SBP) because it is inflationary and contract-nary monetary policy to further deal with it.

The adviser also recounted that how bad was the economic situation when the present government came to power with current account deficit of over $19 billion and higher fiscal deficit.

He said that the government had taken difficult decisions to deal with the economic challenges and now those difficult decisions have started yielding positive results with current account deficit reduced by $6 billion, export showing growth and imports on contraction.

"We have set a revenue collection target of Rs5.5 billion to lessen dependence on other countries, and as per July 2019 data, the current account deficit has been reduced to $13.5 billion from $19.5 billion and monthly current account deficit has fallen by 73 percent," he added.

He said that according to two-month data, there is a growth of 15 percent in tax collection as July-August 2019 tax collection was recorded at Rs590 billion against Rs509 billion for the same period of last fiscal year in spite of low tax collection from custom duty due to import compression.

He said that number of filers has increased from 1.9 million to 2.5 million and this number would be further increased. The adviser said that government has also fulfilled its promise to make refunds payment of all those refunds whose Refund Pay Orders (RPOs) were ready.

We have made payment of Rs22 billion and there is no sales tax refund pending whose RPO is ready, he said, adding from August 23, 2019 onwards, all the sales tax refunds would be made electronically by 16th of every month.

Shaikh said that during the last two weeks, two important decisions have been taken with – to private loss making entities and a list of 10 units have finalize besides identifying 20 entities for fast track restructuring.

We are also privatizing electricity distribution companies including National bank of Pakistan and State Life Insurance Corporation, he said.

Adviser on Finance also claimed that the government is making progress to reduce the electricity circular debt by controlling power theft and stated that this is a very important and continuous reform in the power sector.

Sheikh said that the government is expecting Rs1 trillion from non-tax revenue with Rs200 billion from cellular companies' licenses, Rs300 billion from sale of RLNG power plants and Rs400 billion from SBP profit which would help reduce loans.

He said that he wants to share good news that government has not borrowed any money from SBP and no supplementary grant was released and has taken only Rs24 billion to finance deficit of Rs270 billion because there was a benefit of Rs246 billon from total debt stock due to improvement in exchange rate.

Adviser said that growth target of 2.4 percent would be easily surpassed owing to growth from agriculture sector which is priority of the government.

Replying to a question, he said that 0.6 percent primary deficit target would be achieved by increasing revenue to a limit, decreasing expenditure to a limit as well as expected higher non-tax revenue inflows and increasing economic activity and government is moving in this direction. The government is working to facilitate the businesses through ease of doing business, providing subsidy on gas and electricity and credit.

"The government's policy is to undertake all those things required to exclude Pakistan from grey list of Financial Action Task Force (FATF)," he added.