

**Body finalises short-term strategic domains to boost economy**

ISLAMABAD: A meeting of a think tank, to assess the emerging economic slowdown and its impact on business due to the Covid-19, has decided that fiscal proposals including changes in rates of sales tax, refunds etc would be deliberated with the Federal Board of Revenue (FBR) in detail, so that the next federal budget addresses these burning concerns, which are essential to spur consumer spending.

The Thinktank recently formed by the Prime Minister, has selected six broad priority domains to boost social safety nets, ensure food security and give maximum boost to economy through accelerating aggregate demand, easing out supply concerns and ensuring stability of financial system.

Advisor to Prime Minister on Finance and Revenue Dr Abdul Hafeez Shaikh chaired 3rd meeting of the think tank, here Sunday, to assess the emerging situation resulting from the Covid-19-related economic slowdown, and its impact on individuals and businesses.

According to the sources, the thinktank also discussed the proposal to consider reduction in general sales tax (GST) rate from 17 to 15 percent and would discuss its details with the Federal Board of Revenue (FBR).

They said that the think tank also decided to meet on a weekly basis before the announcement of the upcoming budget-2020-21 that is expected to be unveiled in first week of next month.

The sources said that it was also discussed that the reduction in sales tax rate would have to be harmonized both at domestic and import stages. The rate of GST on goods and services that fall in the domains of the Centre and provinces respectively, also required to evolve consensus on a single rate, they said.

The forum selected six broad priority domains including boosting social safety nets (Ehsaas and allied initiatives), food security and safety of supply chains, boosting role of banks and financial institutions in appropriately designing incentives for market participants, kick-starting low and medium-cost housing projects, making the PSDP and Provincial ADPs responsive to labour intensive propositions, and business facilitation through fiscal interventions.

Moreover, proposals related for financial and banking matters including review of payroll re-financing scheme, incentives to banks to finance the Micro Finance Institutions (MFIs) and Micro Finance Bank (MFB), measures for enhancement of remittances and injecting additional liquidity to commercial banks by cutting CRR/SLR and CCB, were decided to be dealt, by the forum in more details.

It was further decided that implementation review of PM Economic Stimulus Package (worth Rs1,240 billion ) would be a regular feature in next think tank meetings to ensure value for money, apart from smooth service delivery to the deserving segments of the society.

The advisor to the prime minister on finance concluded the session with the consensus decision that detailed roadmaps for chosen six domains would be prepared, so that respective ministries are engaged, to create further value in on-going plans meant for giving economic boost.

The forum has the mandate to provide cognitive support to on-going response of the federal government apart from extending help in designing new initiatives and mid-course correction of interventions already under execution. The forum has representation from eminent public finance practitioners, financial analysts, bankers, development and monetary economists, and academia.

The advisor to the prime minister on finance engaged all participants in extensive deliberations, while defining that the focus of the forum would remain on the short-term urgently needed measures to give boost to the economy, which is under acute stress due to both demand and supply compression.

He emphasized the need to learn from international experience in designing fiscal, monetary and other policy responses by the federal as well as the provincial governments.

The think tank has devised an “Impact and Urgency Response Matrix” by identifying multiple actionable themes with low, medium and high economic impacts, pitched against short, medium and long-term horizons.

The participants discussed the evolving economic scenario, and identified priority areas, which carry the potential of giving maximum boost to economy through accelerating aggregate demand and easing out supply concerns, while also ensuring stability of financial system, which is equally critical in robust recovery of the economy.

Dr Shaikh emphasized the need for evolving roadmap for chosen domains, thereby bringing clarity about what needs to be done and who will do it. The need for real-time data and research was highlighted in development of clear roadmap and implementation framework.

The participants included Advisor to PM on Commerce, Finance Secretary, Dr Ishrat Husain, Shaukat Tareen, Dr Ijaz Nabi, Sultan Ali Allana, Arif Habib, and Dr Waqar Masood.