

Govt mulls alternative economic plan

ISLAMABAD: Chairing a meeting of the Economic Advisory Council (EAC) on Sunday, Prime Minister Imran Khan instructed the Ministry of Finance to continue talks with the International Monetary Fund (IMF) but also keep an alternative strategy ready, sources confided to The News.

According to sources, Federal Minister for Finance Asad Umar briefed the meeting on talks with the IMF and said the government will have to take tough economic decisions. Some participants of the meeting expressed their reservations about taking tough decisions, as it might create political problems for the government.

On this, the prime minister instructed the Ministry of Finance to devise an alternative strategy and Plan-B. However, the sources made it clear that devising Plan-B did not mean that Pakistan will not go for the IMF package.

According to sources, the prime minister had called a meeting of the EAC in two weeks which will decide on the options the government might take. The prime minister agreed in principle to clip the powers of the Federal Board of Revenue (FBR) in order to ensure ease of doing business with the aim to boost exports and reduce imports.

The PTI-led government is now fully convinced that the policy and tax administration must be separated from the FBR in such a way that the fiscal policy should not drive all other dimensions of the national economy.

Official sources told The News on Sunday night that the premier had decided to constitute a committee with the mandate that all recommendations finalised by Adviser to PM on Commerce Abdul Razak Dawood would be accepted to boost exports.

The Subcommittee of Economic Advisory Council (EAC) on Competitiveness found the FBR as a stumbling block to achieving ease of doing business. The premier agreed in principle that whatever the Ministry of Commerce would recommend would be implemented without delay.

On the stuck-up billions of rupees refunds, the official said the government had decided to clear the backlog. It was decided that the State Bank of Pakistan would clear the amount after receiving confirmation of receiving the Letter of Credit (L/C) on the basis of export proceeds.

The premier also agreed to provide Rs5 billion for five million housing projects as seed money, and it was also decided that \$40 million loan amount would be provided to the Pakistan Poverty Alleviation Fund (PPAF) for alleviation of poverty.

On the IMF, the EAC was told that the Pakistani team would contact the bank in Washington this week as there were Thanksgiving holidays last week. According to an official statement issued here on Sunday, Prime Minister Imran Khan chaired a meeting of the Economic Advisory Council in Islamabad.

Minister for Finance, Asad Umar; Minister for Planning, Makhdoom Khusro Bakhtiar; Adviser to PM, Dr Ishrat Hussain; Syed Saleem Raza, former Governor State Bank; Dr Naveed Hamid, Professor at Lahore School of Economics; Sakib Sherani, Economist; Dr Faisal Bari, Associate Professor at LUMS; Dr Asad Zaman, VC Pakistan Institute of Development Economics; Dr Abid Qayyum Sulehri, ED Sustainable Development Policy Institute; Governor State Bank, Tariq Bajwa; Secretary Finance, Arif Ahmad Khan; Adviser/Executive Director General (IERU), Dr Khaqan Hassan Najeeb and other senior officials were present during the meeting.

The meeting was briefed on policy recommendations for mobilising finance for development, enhancing exports, strengthening SMEs, tax reforms, job creation impact of major policy actions and social protection priorities in Pakistan in the light of the deliberated proposals of the working groups of Economic Advisory Council.

The policy recommendations were finalised to focus on acceleration of under-utilised areas, including agriculture, housing, small & medium enterprises in terms of incentives, reliance on export-oriented and labour intensive growth, reversal of anti-export bias, enhanced system automation and use of technology, transparency in trade regime, facilitating importers, job creation through skill development, ease of doing business through a business-friendly environment while focusing on productivity and moving on technology sophistication.

Prime Minister Imran Khan approved the policy recommendations for a medium term structural reform framework of the economy. The prime minister also approved a social protection framework to ensure that the vulnerable segments of the society were protected.

The comprehensive social protection framework aims at overcoming the challenges of poverty, health, stunted growth, education and enabling the youth realise their potential and extricate themselves out of generational poverty traps.

Finalisation of these policies is for laying the foundation of a sustainable, inclusive, job creating and export oriented economic growth strategy as part of the government's 100 days plan.