



Revival of Pakistan's Economy – Need of the Hour

The Finance Minister presented the Federal Budget for FY2022-23 with the hope that Pakistan will now be in the right direction. To date this article is being written, the IMF has not yet agreed on various steps and it wants tax collection targets to be more aggressive. The common man's life in Pakistan is becoming miserable with every passing day, due to extreme price hikes in petroleum products. The cost of essential commodities is all crossing double rates, leading to a low decline in purchasing power parity of people.

A target of over Rs. 7 trillion needs to be achieved which is very aggressive; however 220 million Pakistanis are always ready to compromise for the survival of this country. But how long will they bear the brunt of high taxes, higher electricity rates, high cost of living, and lack of basic amenities that affect economic sustainability, or, is there a way out?

We are a highly indebted country. According to a World Bank Report, Pakistan's debt to GDP ratio is 83 percent. I may mention here that over 77% Debt to GDP ratio is considered alarming.

Japan is also a highly indebted country, having a 257% Tax-to-GDP ratio. We can observe their high-Tech economic turnaround. The USA has a 133% tax to GDP ratio. For many years as a nation, we have believed our economy can't survive without their USD.

Pakistan will be celebrating its 75th Independence Day on 14th August 2022, still, we are expecting a political miracle for an economic turnaround.

Karachi is the economic hub of Pakistan which became the 5th worst city in the world from the point of view of basic living facilities. From a technological point of view, we are far behind the international level. All Pakistanis are dreaming to get foreign visas because, in their opinion, life is not spent on patriotism only; we also need opportunities and many more things for survival and growth. Since independence, we have just been dreaming.

But a million-dollar question arises here: without internal debt and especially foreign debt economic turnaround is

not possible. Can't we survive without USA and USD? Most economic experts would say "ABSOLUTELY NOT". But I still believe we can turn around. Rather than focusing only on imported technology and branded items, we should focus on and mobilize our own



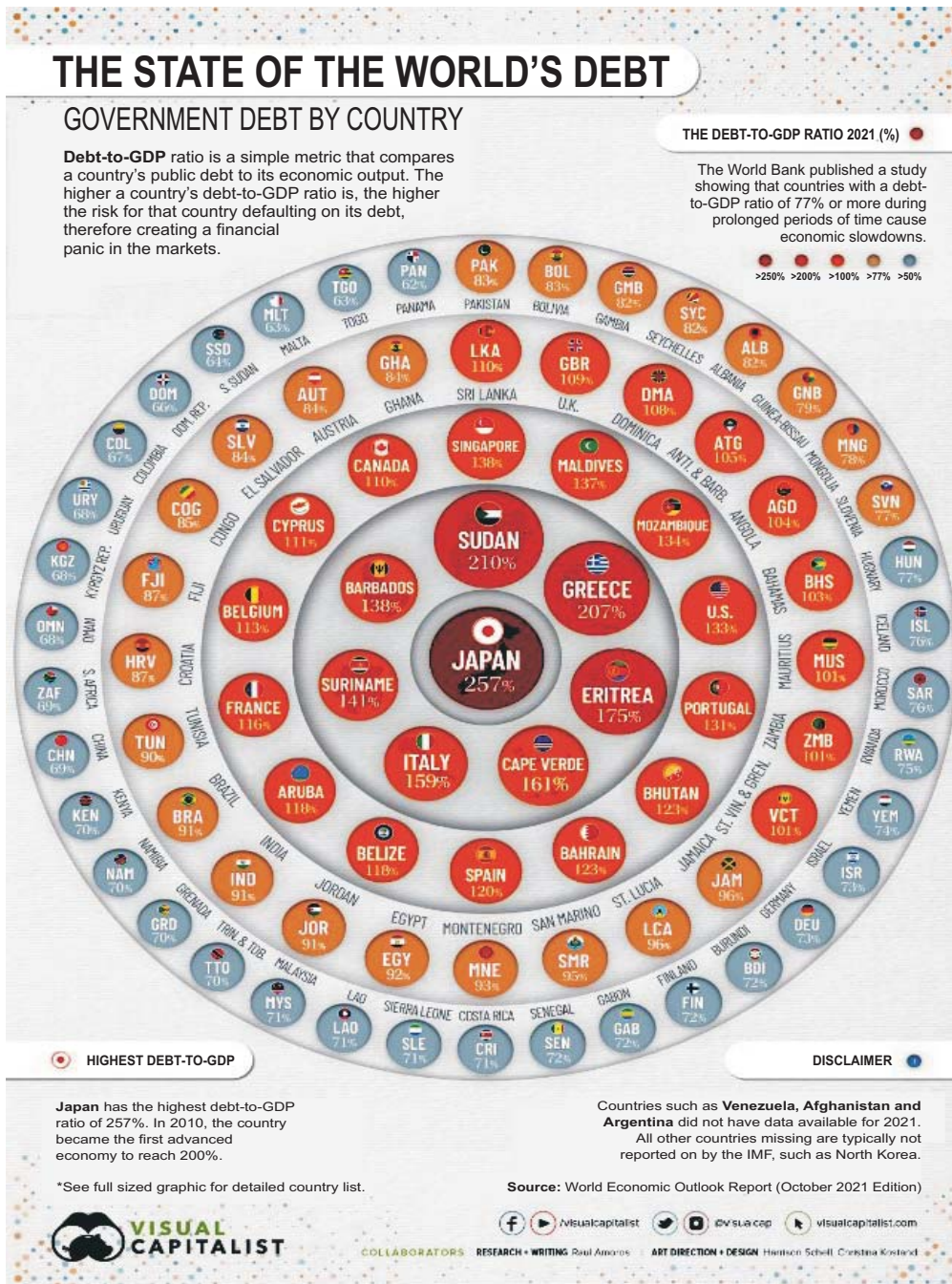
Syed Shariq Waqar, FCMA

resources. We can produce everything in our country. We have the best fruits, best vegetables, best milk, the best meat, best cotton, best rice, best wheat, and even the best-drinking water. Now we need to plan what we need and can produce in-house, and the generation of funds should not be an issue. We have Rs. 7 trillion-plus Pak Rupee circulation in the economy and for the economy, money needs to exchange hands rather than being held in one place. We

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should have to come out from our political point scoring system. We must avoid allegations and start delegation of power. If we build hospitals without foreign funding with our own money, even with charity-based money, why not business units on a crowdfunding basis.

We have a network of the Railway system which needs to be revived. We need not always look for imported buses to solve our transport issues. Pakistan is a nation of creative people, who need to be utilized with their full potential.



<https://www.visualcapitalist.com/global-debt-to-gdp-ratio/>

IMF only needs to recover their USD loan, which can either be collected through taxes as it should be on our strategy. Our taxation system is becoming so complex like the electrical-wiring system, that any tax imposed either directly or indirectly on businesses will have an eventual impact on end consumers.

Although from an accounting point of view, income tax is not an expense, rather it is a sharing of profit, as tax helps the Government to run the country's affairs everywhere. In Pakistan, especially, perspectives are different about taxation.

We can finance the Budget deficit by generating a 'state revival fund' like many other funds and sincerely utilize it for the betterment of our country. Every Pakistani should contribute as it costs nothing, just Rs. 2,000 per citizen annually, and those who have deep pockets can do more. I Believe, we can do miracles.

About the Author: The writer is a Fellow member of ICMA and has over 25 years of diversified experience in different trades' e.g. manufacturing, retail, aviation, and education industry. He is also associated as freelance faculty at several MBA Universities. He also contributes to TV talk shows on economic front programs.