

The Business

Chief Editor

Irfan Athar Qazi

E-mail: editorthebusiness@yahoo.com
thebusinesslhr@gmail.com

Tijarat House, 14-Davis Road, Lahore
0423-6312280, 6312480, 6312429, 6312462
Cell # 0321-4598258

1270-B, Peoples Colony No I, Off: Chenone
Road, Faisalabad, Ph: 041-8555582

ISLAMABAD / RAWALPINDI
N-125 Circular Road, Ph: 051-5551654,
5532761, Cell # 0300-8567331
KARACHI
3rd Floor Kehkashan Mall 172-I Block II PECHS
Opp Rehmania Masjid Main Tariq Road
Ph: 021-34524550, Cell # 0300-8251534

Agriculture tax

The need to avert a Balance of Payments (BoP) crisis and especially this fiscal year's ambitious revenue target all beckon the government to turn its attention to extract due taxes from feudal lords. They have been allowed a constitutional window to keep their tax money with themselves because they have dominated parliament practically since Independence. Since agriculture is a provincial subject and the federal government is unable to tax it, it's come up with a rather smart idea of getting the Federal Board of Revenue (FBR) to offer provinces, in the spirit of cooperation of course, to issue system-generated notices to taxpayers, who declare agriculture income in the federal income tax returns, to duly discharge their tax liabilities with the provinces.

As things stand, taxpayers can use one of two ways to pay income tax on agriculture to provincial governments. One is the book keeping method, where expenditure is subtracted from income, which is then taxed. And the other is the indirect/presumptive method of estimating tax liability by calculating the area under cultivation, then calculating the per-acre yield, then fixing a rate to be paid as agriculture income tax. It is no surprise that almost all landlords prefer the latter because it involves no audits or assessment proceedings, just per-acre taxation. FBR's new offer of sharing the landlords' declared incomes, which can be cross-checked with the taxes paid, ought to bring this difference into sharp focus.

That this thought process started after it came to light that slightly more than 161,000 filers in the country declared Rs 79 billion in agriculture income in tax year 2020 and claimed exemption shows that the government has a very good idea of where it is starting from. It should also know then that this is not the first time that some administration has felt excited about revolutionising tax collection, drawing the fair share from agriculture, and also, for once, meeting the revenue target. Once all the noise was made the FBR did not take any further action and landlords have continued to hoodwink the system. Regardless of how quickly the government follows through on this initiative - or whether it does at all - it is at least good for strengthening the case that provincial governments should change their procedures and insist that agriculture income be taxed in the normal way by presenting accounts instead of deliberately allowing indirect provisions like a per-acre fixed amount. There's no doubt that Finance Minister Shaukat Tarin is watching this very closely.

Everything he has staked on the expansionary budget ultimately rests on the FBR's ability to increase its revenue collection; and that too rather quickly. This matter is now going to test the government's resolve. There's a very good chance, surely, that the first wave of resistance it will face will come from within the government, perhaps from the cabinet itself.

Fledgling steps on a long trail ahead

RAOOF HASAN

The Taliban have announced their first interim government comprising 33 members. With Maulawi Hibatullah Akhonzada as the supreme leader (amir-ul-momineen), Mullah Hassan Akhund will be head of the Leadership Council. He will be assisted by Mullah Abdul Ghani Baradar and Maulvi Abdul Salam Hanafi as deputy prime ministers. Mullah Mohammad Yaqoob Mujahid gets defence, Sirajuddin Haqqani interior, Maulvi Amir Khan Muttaqi foreign, Mullah Hidayat Badri finance and Khairullah Said Wali Khairkhwa information portfolios. They are all senior members of the Taliban and have been part of their previous government in the nineties.

Interestingly, there is no female minister inducted at this stage. More ministers are likely to be announced later. For the Taliban, this is crossing the first hurdle on a long and tough trail ahead. With most of the Western countries unwilling to accord recognition at this stage, it would depend on how this cabinet proceeds with trying to stamp its legitimacy across divides and prejudices.

It may be true that this announcement may not be strictly in accordance with the expectations which had been generated on account of multiple statements made by the Taliban leadership regarding the inclusivity of the dispensation, but then this cannot be held against them either because making the government is strictly their prerogative. Objections should be raised if its conduct does not meet the more substantive bar of granting human rights and the rights of women to education and work.

The challenges ahead for the Taliban government are principally three-fold. The first one is maintaining unity within. Winning a war after twenty long years of struggle naturally breeds expectations among the rank and file, all of which may not be possible to meet. This may not be the case here, but it has been a subject of much speculation. It was expected also because the naysayers, bitterly unwilling to accept the Taliban reality, are going to do just about everything to cast doubts about their ability to rule as a well-knit unit. So, first and foremost, practical steps should

be taken to help nip this divisive talk. Then there is the issue of governance. Afghanistan has suffered long at the hands of leaders whose sole consuming interest was to pilfer and make merry. The SIGAR papers, which have been made public regarding twenty years of the US-led occupation of the country, have volumes on the criminal mismanagement of operations and how a deceptive perception of winning the war was cultivated much against the reality on ground. The documents also speak disparagingly of the leadership that was hoisted upon Afghanistan through a flawed and fraudulent process where each election proved to be more controversial than the previous one.

Consequently, no attention was paid to alleviating the sufferings of the people at the grassroots level who fare much worse today than they did before the introduction of 'democracy' in Afghanistan. This so-called leadership just melted away before the Taliban onslaught with the president decamping with bags full of illicit millions. The rest of them have also run away to their chosen homelands. It appears that aliens were 'imported' solely for the purpose of pulling off a heist and then making good with their loot.

These are no examples to be replicated by the Taliban. They cannot indulge in luxury. They will have to quickly turn a new leaf dedicated to serving the people and helping them tackle their grievances. In the same context, they will also have to deal effectively with the signs of disturbances which have been reported from some areas. Use of the cane is not the way out. Instead, communication channels will have to be established to ward off the fears that these people may be harbouring. They have to be assured that their rights would be respected. There must be no apprehension to rake their minds.

It is also in the domain of governance that effective measures will have to be employed to eliminate all stations of terror from the country. Their continued presence on its soil can spell disaster for it, its neighbours, the larger region and the world. They must be uprooted. The third and most critical aspect of the recovery process is the economy. Afghanistan is virtually on the verge of bankruptcy. The previous rulers left nothing in the

kitty. It has to be brought back from the brink. That requires sources of income. With the West inimical to the idea of releasing even funds which legally belong to the Afghan state and the international lending organisations having blocked the passage of aid, it is going to be a tough job.

The ideal thing for the international community should have been to stay engaged with the Taliban government and provide humanitarian assistance so as to give it space to come good on its promises. Instead, it is doing the opposite, thus creating serious issues for the economic survival of the nascent government. This is neither in the interest of the Taliban government, nor the Afghan people who need support in this hour of transition. I have a strong feeling that the bulk of the burden may fall upon the regional countries, more specifically Afghanistan's neighbours. They will have to get together and come up with ways and mechanisms to sustain the Taliban government through these testing times and also make it viable over the long run. Let's face it: if the key objective is to banish terrorism from this part of the world, the spectre of poverty will have to be countered. With the Western community having taken an adversarial position, it is the regional countries which cannot afford infliction of terror in their neighbourhood. It, therefore, becomes essential for them to join hands and show solidarity with the Afghan people in their hour of need. It is no wonder that the Taliban leadership has made a special appeal to China to recognise it. Maybe they can see through the maze that China is positioned to play a pivotal role in the emergence of Afghanistan as an economically stable and functioning state.

Afghanistan has waged through fire for over forty years. It stands on the crossroads between transiting to becoming a viable state dedicated to the service of its people, or plunging again into the pit of plunder. If the first does not materialise, the second would suck it into a hell hole again. That not being an option, it is left to Afghanistan's neighbours and regional friends to extend support to the new government to help it tide over difficult times. It is all the more necessary to ensure that Afghanistan does not become a hotbed of terror again.

TAIMUR K BANDEY

Anyone venturing towards the daunting and a much-needed task of creating a single and national curriculum for schools in Pakistan will surely face unprecedented obstacles, varied criticism from several quarters and a nightmarish situation of where to start, how to start, whom to involve etc. However, I feel the greatest challenge lies in the type of goals and outcomes one tries to achieve through this macro restructuring of the curriculum and how the contributions of various stakeholders need to be prioritised in the planning stages.

SNC Class prep to Class 5 is now being implemented across a majority of cities and provinces and we realise that many of the factors mentioned above were either overlooked or deliberately sidelined for political rather than academic reasons. Today we see a government in power that is in a hurry to make and forcibly implement this very sensitive document across the country before they hit the campaign trail for the next general elections in 2023. The rush seems to be because they want to go back to the electorate and show them how they promised one curriculum for all and how they delivered it during their five-year term. What we don't see is anyone giving a thought on the implications of this rushed process and the far-reaching consequences of some of the ideas indoctrinated through this curriculum.

Interestingly, when critics - and by this I mean academics, educationists, etc - raise questions on the SNC, they are either shot down by name calling such as 'mafias', or ridiculed as ignorant goons who don't know anything. The effort sadly is not to engage with the content raised and no debate or discussion is taken seriously or in the right perspective. Curriculum-making is a very technical exercise that should be done by experts in the field only. It has to keep a vision in mind and then work in that direction, sign posting its implementation over a period of time. It is not an overnight task by any means in terms of making and in terms of implementation. This has been the practice globally wherever a single national curriculum has been

made or implemented.

We are not just unclear about the long-term vision behind the SNC, but are also confused and worried about some of the changes being forced through it. Instead of aping the small islands of success in the education sector of Pakistan, the same small droplets of hope have been attacked repeatedly by the government - spearheaded by the PM himself. 'Elite School Mafias', 'English medium' are said to be the core problem of our messed up society; 'Foreign Culture' is being engineered in our system through 'Private English Medium' schools etc. These are some of the many taunts received by a system that didn't force its way out there, but took shape because of the missing quality education in the public sector.

The world over we have private and public school systems and instead of focusing on what private schools have done, perhaps the government should have focused more on what sadly public schools have not been able to do. This has been the foundation of the SNC which claims to erase the private school 'mafia' culture, content and mindset and create one single document of 'quality education' for public school and madrassah students as well. Instead of learning from the quality content and best practices of private schools, the government forced its own curriculum on them and others. While the SNC shows a qualitative jump for certain primary year subjects and content, it messes up with the learning curves of the private schools.

The world is moving towards greater focus on science and technology, and latest developments are added to the science content and upgraded each year. The SNC has not only abolished Science as a subject from grade 1 to grade 3, it has clubbed it with social studies and taught under general knowledge, in Urdu and in a quiz form. Children in grade 4 and especially those in grade 5 this year, who have been studying social studies in English from grade 1 onward, are forced to study social studies in Urdu under 'Muashrati Uloom' only to be taught again in English in Grade 6 and beyond. I am very eager to understand the logic behind this particular move.

Article 22 of the constitution of Pakistan clearly states that no person attending any educational institution shall be required to receive religious education if such instruction relates to a religion other than her/his own.

While non-Muslims are now being taught about their respective religions separately for the first time - and one wonders how this alone will be implemented in poorly resourced schools across smaller towns and villages of Pakistan - a lot of the content in English language, Urdu language, Social studies etc is fairly religious by nature, essence and application. No wonder a petition was filed by minority communities' representatives against the SNC.

In this era of glaring patriarchy, misogyny, sexism and violence against women in Pakistan, SNC content and prescribed books should have bent over backwards to talk about feminism, gender equality, women's rights explicitly or implicitly. We should have seen several women change makers and those who have been in positions of power and authority as role models. Barring a few mentioned here and there, the illustrations in SNC books largely show men in most professions and women as passive home makers or teachers.

Most English book covers from grade 1 to grade 5 show women in headscarves only. What message are we sending to our kids at large? Yes, we are a conservative society where most women cover their heads, but are other women who don't cover worth talking about? Must we drive a certain narrative in the minds of the young when data and statistics prove how unsafe Pakistan is for women and how badly we fare on most international benchmarks for women?

A single document alone does not make a society classless. Despite the SNC, there will be schools and parents better equipped to impart the same content in a much better and qualitative way compared to their less privileged counterparts in public schools, madrassahs or even economically challenged private schools. The same content/topic will have a different vibe in a sound private school classroom compared to a poorly resourced

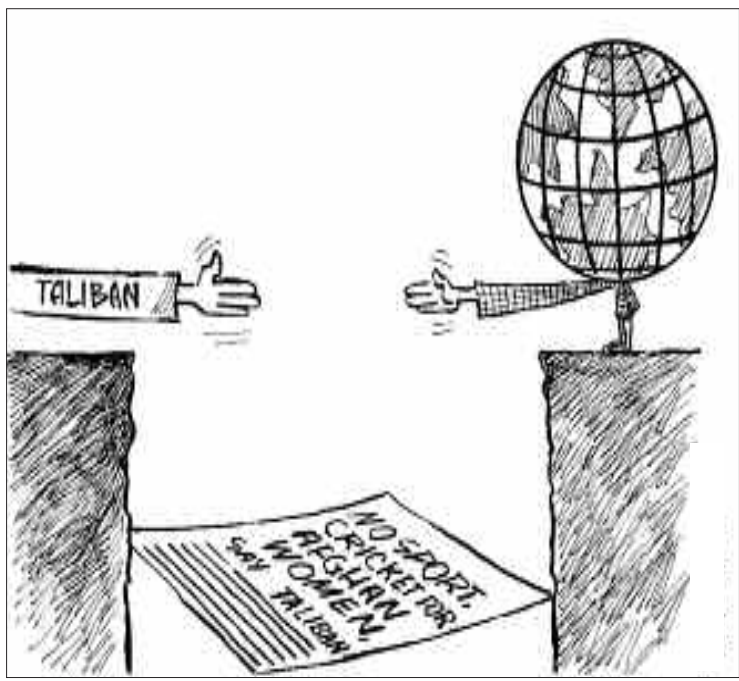
classroom elsewhere. The SNC will, therefore, enhance the gulf it rightly wanted to erase. It will enhance the gap between private and public schools now that both will study the same curriculum but will be divided on the lines of school resources, qualitative teachers, equipment, technology and even results.

We are living in the 21st century and our goal should have been to uplift public-sector schools and madrassahs in terms of facilities, teacher training, resources, environment etc. Global citizenship is not an option anymore. We are in direct competition with the world and have to wonder why only our private sector kids can compete with the best in the world and how are they reporting success in international competitions, foreign admissions and even within the various sectors of the country. That should have been our vision to assimilate all of that for all.

The SNC was not the first and only starting point. What we now see is a beautiful dream destroyed by a rushed in, poorly designed and badly implemented framework. Also, the implementation of the SNC, like any other curriculum, is bound to have teething problems in terms of teachers adapting to the new content with or without training. Delayed NOCs for some books mean delayed teaching. New paradigms of assessments, subjects and content are bound to make students struggle as well. All of this will happen when the student's learning journey is already badly impacted due to a pandemic. A rushed in SNC in its infancy, coupled with the severe repercussions of Covid-19 will surely compromise the quality of education. Was this the best time to bring in such an advance and quick academic change?

We should listen to the critics, engage with them in a healthy debate and try and come out with better solutions. Sindh should be heard on why it is not implementing the SNC, and their reasons should be made public for their perspective as well.

All of this is very important because at the end of the day it is not about our PM, the PTI, politics or the opposition parties. It is only and only about the children of Pakistan.



What's the future of the Rupee?

DR. FARRUKH SALEEM

Ten years ago a dollar was worth Rs86. Now you need Rs170 to buy a dollar. For the past ten years the rupee has been falling an average of 10 percent a year, every year.

Why? A currency is like a commodity whereby the price is determined by the forces of demand and supply.

Our exports roughly equate to the demand for rupees in the global marketplace and our imports roughly equate to the supply of rupees in the global marketplace. Look what we did in July-August: exports \$4.6 billion (demand for rupees) and imports \$12.1 billion (supply of rupees). The supply of rupees far exceeds the demand and the resultant fall of the rupee. The higher the supply the lower the price and vice versa.

What that means is that we are supplying too many rupees and consequently the forces of demand and supply have pushed the rupee down. Over the 5-year PPP-period beginning in 2008, the Pakistani rupee lost 20 percent of its value against the dollar. Over the 5-year PML(N)-period beginning in 2013, the Pakistani rupee lost 26 percent of its value against the dollar. Over the 37-month PTI-period beginning in 2018, the Pakistani rupee has lost 36 percent of its value against the dollar.



pressure on the rupee). Then there's Afghanistan. Before the Taliban takeover Afghanistan used to be flooded with dollars and, according to money market sources, a billion dollars a year spilled over into Pakistan. That's a billion dollars worth of supply into Pakistan. The Biden Administration froze \$9 billion, the IMF suspended \$460 million, the World Bank halted \$5.3 billion, the EU suspended \$1.17 billion in aid and the Afghanistan Reconstruction Trust Fund (ARTF) terminated \$12.9 billion worth of commitments.

The situation has since reversed-Afghans are now buying dollars on the Pakistani kurb market. That's an additional downward pressure on the rupee.

What's the future of the rupee? In 2018, when the PTI formed the government, a dollar was worth Rs123. Since May 2021, over the past four months, the rupee has lost an additional 10 percent.

In the next 12 months, the State Bank of Pakistan (SBP) has to pay out \$15 billion. The pressure on the rupee, it seems, is relentless. If the current trajectory continues the rupee-dollar parity could test the Rs200 mark in the next two years.

A falling rupee means 'imported inflation'. We import petrol, diesel, wheat, sugar, cotton, fertilizer, machinery, iron, steel, tea, chillies, palm oil-and the price

The differential in the rate of inflation can roughly be equated to the quantum of downfall in the value of the Pakistani rupee. Over the 37-month PTI-period beginning in 2018, the Pakistani rupee has lost 36 percent of its value against the dollar.

In the real world, the determination of a currency's rate of exchange is a much more complicated affair. The rate of inflation, for instance, plays a major role. From the real world, the rate of inflation in Pakistan has been hovering around 10 percent while the same in the US has been around 4 percent. The differential in the rate of inflation can roughly be equated to the quantum of downfall in the value of the Pakistani rupee.

The rate of interest also has an impact on the rate of exchange. Generally speaking, a higher rate of interest offering lenders a higher rate of return relative to other countries tends to attract foreign capital and cause the rate of exchange to rise. In the real world, it gets a lot more complicated than that when investors begin to calculate the real rate of interest (which is the nominal rate less inflation).

Currently, the rate of interest in Pakistan is around 7 percent while the rate of inflation is in the double digits meaning that the real rate of interest is in the negative (thus a downward

of electricity is tied to the dollar. That means a falling rupee will usher in another round of price increases. We are trapped in a vicious cycle-and the only way out is structural reforms.

In a nutshell, a whole host of cartels-including electricity, sugar, fertiliser and automotive-have been holding our economy hostage. While these cartels are bent upon seeking 'rent' we need to move from 'rent seeking' cartels to an export-led competitive economy.

The good news is that we have a highly competent professional as SBP Governor. In my opinion, Dr Reza Baqir will not try to influence the direction of the rupee but the SBP will sell dollars to scare away speculators if and when speculators jump in. The good news is that if the forces of demand and supply are to cause a further devaluation of the rupee, rest assured that the downfall will be orderly-courtesy SBP. Currencies is the result of a number of interrelated elements that reflect the overall financial condition of a country with respect to other nations.