

The Business

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Real sacrifice

Eid-ul-Azha is one of the most important festivals of the Islamic calendar. The celebration is in commemoration of the command given by Allah to Prophet Ibrahim (AS) to sacrifice his first-born son Ismail to Him. His ready willingness to submit to the command of Allah by Hazrat Ibrahim (AS) signifies the strength of his unwavering faith in Allah. While commemorating the supreme sacrifice offered by Hazrat Ibrahim (AS) we need to ponder upon its inner meaning. The sacrifice of the animals is apparently a ritual but the essence lies far beyond. Ceremonies or festivals bring people together. They are means of social cohesion and solidarity. The real purpose of Eid-ul-Azha is to create a caring and sharing society and deepen community feelings. However, many people miss the real significance of this day because they confuse it with materialistic assumptions. Some Muslims indulge in the worldly pleasure of outdoing each other in the number of animals sacrificed and make a big show of distributing meat and feasting the poor as a status symbol. It must be clearly understood that Eid-ul-Azha is not for ostentation, but for the Muslims to learn the significance of self-denial by making a sacrifice of something precious to themselves, as Hazrat Ibrahim (AS) did.

When Allah, saw that the Prophet was ready to sacrifice what he loved most for Him, He ordered the angel Jibrail to substitute a ram for Ismail. Hazrat Ibrahim's (AS) unparalleled act of faith and submission to the will of Allah have left an imperishable symbol which is a source of inspiration for all times to come. People demand that such a holy and at the same time festive occasion as the Eid, must not be allowed to be soiled by people who make a profit out of the losses that buyers have borne because of their religious fervour and who have had to pay high prices for their sacrificial animals. The collection of sacrificial animals' skins is an old custom here.

A problem that arises after Eid is that of cleanliness. Apart from the arrangements that the government has made to remove the waste afterwards, the public should also do their duty by helping to dispose of the waste. After all, 'cleanliness is half of faith'. The occasion of Eid-ul-Azha clearly demands that we renew our faith in the principles of piety, devotion and sacrifice. The true spirit of Eid asks for serving and sharing our good fortune with the less privileged and the poor. If one realises that right actions come from right thinking and right direction, and controlling one's impulses and emotions, our lives would be completely transformed. Eid-ul-Azha should serve to renew a sense of consecration towards almighty Allah and rejuvenation of the universal fraternity among the

To be in an IMF pro-

DR ABID QAIYUM SULERI

To be (in an IMF programme) or not to be (in an IMF programme) – that is the question. Following Hamlet's contemplation, the answer is 'to be' because the alternative could be worse.

With the Consumer Price Index at a 14-year high, the policy rate (only half a per cent less than that of default-hit Sri Lanka), the highest trade deficit, the historically low exchange rate of the rupee, and the central bank's foreign exchange reserves in single figures (less than five weeks' import bill), Pakistan is desperately waiting to get its IMF Extended Fund Facility programme resumed. Without resumption of this programme, Pakistan can neither secure external financing from other multilateral institutes nor from friendly countries. Likewise, without a letter of comfort from the IMF, Pakistan's credit rating will remain negative.

Different cabinet members have been claiming for the last few weeks that the resumption of the IMF programme is only a few days away – if wishes were horses. One should acknowledge that, albeit with a delay, and putting its political capital at stake, the coalition government has taken the painful decision of increasing the prices of petroleum products. However, merely doing away with the oil subsidies will not help get the IMF programme resumed.

To avail an IMF bailout package, a country makes two types of commitments: quantitative targets (known as performance criteria and indicative targets) – mostly in domestic currency but some in US dollars, and structural benchmarks (structural reforms). Progress against these commitments is assessed during a review, and a report is presented to the IMF executive board, which decides whether to release the

loan tranche. Unless the board approves a waiver, any missed commitment becomes a 'prior action' (mandatory measure) that a country has to take to get its loan tranche released.

During the last review (sixth review in February 2022), the IMF declared Pakistan's overall performance "uneven". Pakistan had met all but four (out of 14) quantitative targets. However, there were major gaps in implementation, particularly in the fiscal and structural reform agenda. Only one structural benchmark was met on time, five were met with delay, and seven were not met. The review noted that those gaps arose amidst challenging circumstances, including the Covid-19 pandemic and spillovers from Afghanistan, but also due to a waning decisiveness to push forward agreed reforms.

To get its fourth loan tranche released, Pakistan availed certain waivers and met five prior actions during November 2021-January 2022. A mini-budget (finance bill with the GST reforms) was adopted, the government raised the development levy on petrol and diesel, the State Bank Act was amended, ex-post audit of the procurement of Covid-related supplies and social payments made during FY2020 was conducted by the auditor general of Pakistan, and key information on Covid-related procurement contracts was made public on the PPRa website.

After receiving the fourth loan tranche, the PTI government deviated from the energy sector structural benchmarks and announced a blanket subsidy on fuel and electricity. The PTI government provided this subsidy for five weeks (March 1 - April 9) till it lost majority in the National Assembly and the coalition government came into power. Partly the energy subsidy but also many other unmet commitments of the PTI government irked the IMF.

The incumbent finance minister committed to rolling back those subsidies without ado during his meeting with IMF executive directors in Washington (April, 2022) and during the IMF staff-level meetings in Doha (May, 2022). However, the coalition government took nine weeks (April 10 - June 15) to take allies into confidence and let go of energy subsidies. This delay not only cost the coalition government a loss of dollars (in importing the expensive fuel) and a loss of rupees (amount of subsidy) but a credibility loss too. After giving its words to the IMF's highest level (executive board), the government could not roll back the energy subsidies in April.

The trust deficit between the government and the IMF further widened when the latter found that the federal budget FY2022-23 was not in line with the policy measures that Pakistan had agreed upon during the staff level meetings in Doha (May 2022). Among others, the IMF had concerns about petroleum development levy, personal income tax rates, and over-ambitious provincial surplus targets in the federal budget. Consequently, the federal budget was revised before the parliament adopted it to address IMF's reservations. The recent announcement of the Punjab government to provide free electricity to lifeline consumers (though halted by the election commission of Pakistan till by-elections) has further eroded the trust between the government and the IMF. The IMF encourages targeted subsidies but does not expect a prior consultation on the implications of such measures on fiscal imbalance.

I gave this longish background to explain the circumstances in which the government has to complete a set of prior actions and meet quantitative targets/structural benchmarks for the suc-

cessful completion of ongoing review and sign a staff-level agreement (SLA) with the IMF. As mentioned earlier, rolling back fuel subsidies is just one of the measures for resuming the IMF's programme. It will be followed by an increase in electricity and gas tariffs (to recover the full energy cost). Besides energy reforms, the other important prerequisites include securing a commitment from the provincial governments, through an MOU with the federal government, that they (provinces) would generate a provincial surplus.

Spending a maximum portion of new loans to service the existing loans (primary budget balance); preparation of a plan to establish an appropriate development finance institution to support the eventual phasing out of the State Bank's refinancing facilities; parliamentary approval of a new state-owned enterprises law in line with the IMF recommendations; adoption by parliament of amendments in the Ogra Act (giving the regulator an autonomy to determine the prices of fuel); avoiding the practice of issuing new preferential tax treatments or exemptions; and cabinet approval of the second phase of energy subsidy reforms are some of the other structural conditionalities that the government has to meet for a successful conclusion of the SLA.

Among governance/anti-corruption reforms, the structural benchmarks include establishing a robust asset declaration system. The high-level public officials (grade 17-22 civil servants, elected and unelected members of the federal cabinet) would have to declare their assets. Another structural benchmark for strengthening anti-corruption systems is a mandatory public display on the PPRa website of the information on beneficial ownership of companies that are awarded public procurement contracts for Rs50 million and above.

The battle for Punjab



M SAEED KHALID

Three months after the dramatic change of government in Islamabad, Pakistan's political and economic turmoil is far from over. What was carried out as a surgical procedure in April by unravelling an unsteady coalition has brought unforeseen post-operative complications. What went wrong? The short answer is: almost everything.

To recap, the 1992 World Cup-winning captain challenged the umpire's marching orders. The cricketer, who used to pray atop the container for the umpire's finger to go up back in 2014, now refuses to play as per the old rules. He claims that the people still support him – and brings out a number of his supporters regularly to prove the point.

Imran Khan failed to act judiciously by not dissolving the assemblies before the no-confidence motion against him was tabled. In desperation, he tried to dissolve the National Assembly and call early elections at a time when the particular rule no longer allowed him to do so. As a prime minister, he acted like someone who wanted to either violate the rules or throw them in the dustbin – the actual representation of the term, 'my way or the highway'.

In another unforeseen development, the umpire's 'neutrality' in the removal of the league's adverse reactions among the veterans. As weeks passed, his gambit appeared to be paying off. His supporters turned up in droves to challenge the 'imported govern-

ment'. This mass mobilization increased the pressure on state institutions which are believed to have played a role in cancelling the 25th May long march.

Imran Khan is down but by no means out; he is a fighter and his relentless attacks on the coalition government led by Shehbaz Sharif – already beset with a global energy price hike – have pushed the ruling parties to the wall. In a situation obeying Murphy's law, small coalition partners are also getting impatient as the promises made to them haven't been honoured yet.

Troubles don't come alone. The Sharif family's home province Punjab is becoming a major battleground of Imran's political and psychological war against them. It could very well be the stage for a rehearsal of early general elections so fervently demanded by the PTI and put off by the ruling coalition as they try to complete the remaining year of the legislature.

As days pass, the relevance of the upcoming Punjab by-elections assumes great importance. In 2018, Imran Khan, as the prime minister, mishandled the country-sized province when instead of naming a party stalwart as Punjab's chief minister, he brought a relatively unknown political figure to deal with the future of 120 million people. Later, he refused to make amends. While it is true that some former prime ministers had followed this route, the selection of a lightweight candidate as speedy Shehbaz Sharif's successor eventually led to the PTI's lacklustre performance in the largest province.

Now the chips are down as the by-elections are to be held for 20 provincial assembly seats on July 17, which were declared vacant on account of desertion by a group of MPAs previously affiliated with the PTI. This could be a make-or-break day for political formations as accusations of pre-poll rigging fly with greater frequency and intensity.

Both the PML-N and PTI are seeing the by-elections as a crucial step to move forward. The election result will also clarify who between Hamza Shehbaz or Pervaiz Elahi will emerge victorious in the chief minister election on July 22. The outcome

will have a direct bearing on the perceived fairness of the electoral process in Punjab and beyond as we move to the next general elections, likely to be held latest by October/November 2023.

The results of the by-elections for 20 provincial assembly seats in Punjab will also help gauge Imran's claims of popular support following his removal in April 2022. He resorted to desperate steps which showed his aversion to playing by the rules. In a state of panic caused by the realization that he was no longer considered indispensable, Imran tried to dissolve the National Assembly. Failing that, he tried to derail the process, which ended in the resignation by the speaker of the National Assembly.

PTI MNAs' attempt to resign from the National Assembly while simultaneously drawing their salaries and allowances is in total disrespect of democratic norms. It is well-known that Khan has overruled his party MNAs' pleas against leaving their seats. Nor have they responded to the National Assembly's calls to verify their resignations individually. This is a case of 'to have your cake and eat it too'.

Before we try to assess the results of the Punjab by-elections and their aftermath, it may be worthwhile to think of the growing deterioration of ethics in the country's politics and governance. Is it right for politicians to occupy high offices while they are under trial on corruption charges? They should voluntarily leave those positions and opt for the Shahid Khaqan Abbasi model till their cases are disposed of.

Similarly, it is about time to restore the sanctity and impartiality of the office of the president, badly eroded by the incumbent's partisan attitude after his party lost the no-confidence vote.

What happens on and after July 17 can have serious repercussions for the future of democracy. The losing party is likely to question the fairness of the elections in 20 constituencies, thereby throwing a spanner in the electoral process in the period ahead. In that eventuality, a review of the electoral system would be badly required, hopefully leading to urgently needed electoral reforms and a code of conduct.

Time for a reboot

MUSTAFA ABDULLAH BALOCH

It has been almost two months that the unity government has taken charge after a rollercoaster ride of no-confidence motion and its aftermaths. The challenge was not easy for PM Shehbaz Sharif and his allies as they all were on the moral high ground before taking charge.

But they took it as a challenge despite the poor economic situation and isolation from the international community, especially after the former PM directly blamed the US for regime change; it was an empty slogan as there was no concrete evidence to justify the claims of a foreign conspiracy. All this summed up as a tough challenge for the current government which rose up with the narrative to fix the distorted economy and put the country back on track. But things were not simple as the previous government had agreed to strict conditions with the IMF and provided subsidies on fuel prices just as it realized that it was to dissolve soon. This was the PTI's political revenge against its opponents despite knowing that the salaried and daily wagers would not be able to sustain its repercussions.

It is undoubtedly a challenging task for the unity government to perform on two prime fronts: economy and foreign affairs. However, expecting too much from them in this limited time will be unfair as the country's political situation is not as smooth as it should be for uninterrupted progress. But having said, expectations from the government are too high, so the leaders have no option but to perform. Despite all the odds, there has been a sincere effort by the unity government to control the damage done by Khan's government. Also, Foreign Minister Bilawal Bhutto is working tirelessly to engage with the international community and restore diplomatic relations. The previous government left sour relations with the US, China and other Western powers, but Bilawal Bhutto has managed to break the ice by gracefully reviving the diplomatic ties; his idea of 'trade over aid' has been largely appreciated. It was essential for Pakistan to avoid any sort of diplomatic tussle with a coun-

try that has influence on the IMF, as the latter has already put strict economic conditions on Pakistan. Recently a breakthrough development regarding Pakistan coming out of the FATF's grey list raised immense hope in our economic and diplomatic fronts. This news brought some positivity in this tough time.

Khan also ruined our brotherly relations with China, which has always been a support system for Pakistan. His confused foreign policy cost the nation billions of dollars as CPEC was halted for a long time under his rule, but the FM's maiden visit to Beijing did wonders for the country. Following his official visit, Pakistan signed a \$2.3 billion loan facility agreement with China, which was much-needed amidst the economic crisis. On the other hand, CPEC's revival is also a positive sign for Pakistan's development. The results of these steps will take time to become visible, but one thing is for sure: the direction has now been set towards success and things are being auto-corrected.

The Sri Lanka economic situation is a test case for Pakistan; we can learn from their mistakes and improve our financial policies. The tough decisions taken by the unity government today are difficult for the people to bear, but ultimately it will give long-term sustainability to the economy. The recently imposed import ban is an opportunity to encourage local industries; this will boost growth and also increase employment opportunities. The more we depend on local industries, the better it will be for our economy. This is the best way to move forward. Pakistan is a country of 220 million people with strong determination and courage; when this nation can defeat terrorism, it can also overcome this economic crisis. All we need to do is work hard, create diverse opportunities, increase productivity, encourage local production, minimize imports, and maximize exports. Self-dependency is the only way to counter this economic challenge.

A potential sector which largely remained ignored by our policymakers is IT. If this sector gets due attention, it will result in the influx of billions of dollars into our economy.