

## **MEDIA COVERAGE**

### **ISLAAH: Immediate Reform Agenda – IMF & Beyond**



Dr. Nadeem Ul Haque

Vice-Chancellor,  
Pakistan Institute of Development Economics

*cordially invites you to the event on*

## **ISLAAH**

### **The Immediate Reform Agenda for Pakistan**

Monday April 01, 2024, 3:30 PM

April 02, 2024

## Web Editions

DAWN

<https://www.dawn.com/news/1825330/liberalising-economy-can-unlock-trillions>

Tribune Express

<https://tribune.com.pk/story/2461553/think-tank-against-debt-restructuring>

The News International

<https://www.thenews.com.pk/print/1175502-120bn-needed-in-external-financing-over-five-years-think-tank>

Geo News

<https://www.geo.tv/latest/537879-120bn-needed-in-external-financing-over-five-years-think-tank>

Business Recorder

<https://www.brecorder.com/news/40296960>

<https://www.brecorder.com/news/40297278?s=08>

The Nation

<https://www.nation.com.pk/03-Apr-2024/pide-unveils-comprehensive-reform-agenda-for-economic-revival>

Islamabad Post

<https://islamabadpost.com.pk/pide-unveils-reform-agenda-for-the-economic-revival/>

Daily Times

<https://dailytimes.com.pk/1183020/pide-unveils-comprehensive-reform-agenda-for-economic-revival/>

**Pakistan Observer**

<https://pakobserver.net/pide-unveils-comprehensive-reform-agenda-for-economic-revival/>

<https://pakobserver.net/wake-up-call-by-pide/>

**APP Pakistan**

<https://www.app.com.pk/national/pide-unveils-comprehensive-reform-agenda-for-economic-revival/#:~:text=The%20agenda%20outlines%20a%20series,of%20the%20economy%20to%20prioritize>

**Bol News**

<https://www.bolnews.com/urdu/pakistan/2024/04/183775/>

**Lead Pakistan**

<https://leadpakistan.com.pk/news/pide-unveils-comprehensive-reform-agenda-for-economic-revival/>

**Independent News Network**

<https://inp.net.pk/news-detail/pakistan/pide-to-introduce-a-comprehensive-reform-agenda-for-economic-revival>

**The Asian Telegraph**

<https://theasiantelegraph.global/?p=9888>

**Urdu Point**

<https://www.urdupoint.com/en/business/pide-unveils-comprehensive-reform-agenda-for-1811336.html>

**Pro Pakistani**

<https://propakistani.pk/2024/04/04/pakistan-needs-120-billion-external-financing-in-next-5-years-to-avoid-default/>

**Daily Pakistan**

<https://dailypakistan.com.pk/04-Apr-2024/1697699>

**Minute Mirror**

<https://minutemirror.com.pk/unlocking-trillions-by-liberalizing-the-economy-207961/>

**StartupPakistan**

<https://startuppakistan.com.pk/pakistan-needed-120-billion-in-external-financing-over-five-years/>

**Voice of Melang**

<https://voiceofmelange.global/?p=10238>

**PKKH TV**

<https://pakistankakhudahafiz.com/wp/economies-that-are-liberalized-can-unlock-trillions/>

**The Truth International**

<https://thetruthinternational.com/latest-updates/think-tank-reports-that-an-estimated-120-billion-in-external-financing-is-required-over-the-course-of-five-years/>

**The Think Tank Journals**

[https://thinktank.pk/2024/04/04/pakistan-taxation-think-tank-calls-for-uniform-tax-rates/#google\\_vignette](https://thinktank.pk/2024/04/04/pakistan-taxation-think-tank-calls-for-uniform-tax-rates/#google_vignette)

**Baluchistan Times**

<https://dailybalochistantimes.com/pide-unveils-comprehensive-reform-agenda-for-economic-revival/>

**Custom Today**

<https://customtoday.media/695739-2/>

**BNN Breaking**

<https://bnnbreaking.com/finance-nav/pide-urges-pakistan-government-for-major-reforms-to-unlock-rs42-trillion-economic-potential>

**The Pen PK**

<https://thepenpk.com/what-does-pides-reform-agenda-offer-for-pakistans-economic-recovery/>

**PAKO PK**

<https://pako.pk/pakistan-requires-120-billion-external-financing-amid-looming-economic-crisis/>

**SKY 24**

<https://news.sky24.press/business/9132/120-billion-needed-in-external-financing-over-five-years-think-tank-says.html>

# Think tank against debt restructuring

## Govt's PIDE proposes alternative strategies to tackle economic challenges

SHAHIBAZ RANA  
ISLAMABAD

A government think tank has opposed public debt restructuring despite serious questions about the sustainability of the debt burden and external financing requirements, which are projected to be a minimum of \$72 billion for the next three years.

The Pakistan Institute of Development Economics (PIDE), funded by the government, has voiced its opposition to debt restructuring, deeming it difficult and time-consuming, as stated in its reforms agenda unveiled this week.

The government has long avoided this path, despite significant challenges such as low foreign exchange reserves, rising interest payments, and subdued economic growth prospects under the International Monetary Fund (IMF) programme.

Pakistan's gross official foreign exchange reserves remain at \$8 billion, with the country set to spend around Rs8.5 trillion on interest payments, while economic growth is expected to remain muted under the new IMF programme. According to the PIDE report, Pakistan's external financing requirements are estimated at \$72 billion for fiscal years 2025 to 2027, with a minimum of \$22 billion needed in the next fiscal year alone.

Instead of debt restructuring, the PIDE has proposed focusing on enhancing economic growth, increasing exports, improving productivity, boosting investment, fostering growth in listed corporates, and developing domestic markets.

The alternatives proposed by the PIDE are known, but the country lacks the enabling environment to implement them.

The PIDE stressed that the external financing requirements for the next fiscal year amount to 171% of the estimated foreign exchange reserves, indicating the coun-

try's economic dependence on the IMF programme, which it sees as a necessity.

The IMF considers Pakistan's debt sustainable as long as the country meets its financing needs with the help of bilateral and multilateral creditors. However, this strategy keeps Islamabad dependent on these lenders, often leading to compromises on political and commercial issues. Out of the estimated \$22 billion needed, Pakistan requires \$12 billion in rollovers from Saudi Arabia, China, and the United Arab Emirates annually.

A finance ministry official stated that debt restructuring was not the only way forward.

The PIDE argued that to reduce its debt burden, Pakistan needs a growth rate of 7% to 8%, requiring an investment rate of 28.8%, which is unattainable due to severe fiscal and external conditions.

The World Bank's Pakistan Development Update report forecasted economic growth rates of no more than 2.3% in the next fiscal year and 2.7% in the following year, with low growth leading to higher unemployment and poverty. The Special Investment Facilitation Council (SIFC) has yet to broker any major foreign investment deals. Prime Minister Shehbaz Sharif, on Tuesday,

reviewed the implementation status of Memorandums of Understanding (MoUs) signed with Gulf countries, but these initial understandings have not translated into concrete agreements.

The SIFC initially aimed to complete the Reko Diq deal by March of this year, but ongoing feasibility studies and price discovery issues may delay the project's completion.

The World Bank warned that Pakistan is expected to face liquidity pressures over the medium term, with significant gross financing needs due to maturing short-term domestic debt, multilateral and bilateral repayments, and Eurobond maturities.

The World Bank report highlighted depleted policy buffers, high debt levels, and tight foreign exchange reserves. The primary deficit is expected to grow to 0.3% of GDP during next two fiscal years and a deeper fiscal consolidation over the medium term will be necessary to restore fiscal and debt sustainability, it added.

The World Bank report stated that with 72% of domestic debt composed of floating-rate instruments, high policy rates (of 22%) directly impact domestic debt servicing, leading to a significant increase in interest payments on domestic debt—which grew by 63.5% during the first half of this fiscal year.

Efforts for fiscal consolidation have been hindered by mounting interest payments, projected to reach Rs9.5 trillion for the next fiscal year without corrective measures.

The PIDE proposed fiscal consolidation beyond tax collection, advocating for a uniform tax rate across all sources of income, abolition of presumptive tax regimes, turnover tax, and alternative corporate tax, along with uniformity in sole proprietor and corporate tax rates, elimination of withholding taxes, and transitioning to an advanced income tax regime.

DESIGN: IBRAHIM YAHYA

Of the estimated \$22b needed, Pakistan requires \$12b in rollovers from Saudi Arabia, China, and the UAE



## \$120bn needed in external financing over five years: think tank

By Mehtab Haider

ISLAMABAD: Pakistan's external financing requirements stand at \$120 billion for the next five-year period which exceeds the gross reserves. The country is nearing a default-like crisis with this status-quo approach.

It was the crux of the presentation spelled out by the Pakistan Institute of Development Economics (PIDE) in its ambitious reform strategy "ISLAH: Immediate Reform Agenda - IMF and Beyond," to propel Pakistan towards economic

*Continued on page 9*

## \$120bn needed

*Continued from page 1*

stability and growth amid its looming financial crises.

This initiative, embodying the ideals of rethink, reform and revive, responds to Pakistan's urgent need for external financing exceeding \$120 billion over the next five years, as highlighted by the recent International Monetary Fund (IMF) report. PIDE's strategy called for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often dominate the discourse on reform in Pakistan.

In the presentation, it was revealed that Pakistan's external financing requirements were estimated at \$22.8 billion in FY23, \$24.9 billion in FY24, \$22.2 billion in FY25, \$24.6 billion in FY26 and \$24.9 billion in FY27.

On other hand, there are "unfavorable circumstances" under which the gross external financing stood at far ahead than the gross foreign exchange reserves as it was hovering around 506.7 percent in FY23, 273.6 percent in FY24, 170.8 percent in FY25, 145.6 percent in FY26 and 125.4 percent in FY27. The current crisis demonstrates that the growth is sporadic as it is showing boom and bust cycles and deficit are unmanageable. The foreign exchange reserves are insufficient and inflation will pose more challenges. The investment in terms of GDP ratio remained low, so all these circumstances pose serious challenges.

Former deputy chairman of the Planning Commission and PIDE Vice Chancellor Dr Nadeemul Haque emphasised the need for a comprehensive approach to address Pakistan's economic challenges, outlining an agenda aimed at tackling key areas such as regulatory modernisation, tax reform, market liberalisation, energy sector efficiency and improvements in agriculture and banking.

A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome regulations hindering business growth and innovation.

Addressing the event, PIDE senior research economists Dr Ahmad Waqar Qasim, Dr Afia Malik and Dr Mahmood Khalid stated that PIDE's economic reform initiative aims to streamline governance by addressing the burden of 122 regulatory bodies operating directly under the federal government, which currently account for over 50 percent of the GDP, as revealed by PIDE's sludge audits. "In our pursuit of economic efficiency, it's imperative to shift from a system of permissions to clear rules, as permissions not only consume valuable time and resources but also incur significant documentation costs, both directly and in terms of missed opportunities. To achieve this, we must prioritise clear rules, digitisation and market liberalisation,

# DAWN

April 03, 2024

## ‘Liberalising economy can unlock trillions’

PIDE calls for uniform tax rates across all sources of income, simplification and certainty of taxation system

By Khaleeq Kiani

---

ISLAMABAD: The Pakistan Institute of Development Economics (Pide), a state-owned think tank, has asked the government to shift gear from bureaucratic permissions to rule-based market liberalisation, exploit over Rs300 billion annual revenue potential from real estate through transparency, generate gains in agriculture sector worth Rs1.7 trillion and open up public land in Islamabad worth Rs2.2tr for private investment — all through immediate and widespread reforms led through firms specialising in digitisation.

In its ambitious reform advice, “ISLAAH: Immediate Reform Agenda — IMF and Beyond”, to the government, the think tank said the proposed plan would respond to Pakistan’s urgent need for external financing exceeding \$120bn over the next five years.

This “is a clarion call for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often dominate the discourse on reform in Pakistan”.

Dr Nadeemul Haque, a former deputy chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), called for uniform tax rates across all sources of income, simplification and certainty of tax system, and tax harmonisation across the country.

“A central component of this strategy is the implementation of a ‘regulatory guillotine’ to eliminate burdensome regulations hindering business growth and innovation,” Mr Haque said.

“In our pursuit of economic efficiency, it’s imperative to shift from a system of permissions to clear rules, as permissions not only consume valuable time and resources but also incur significant documentation costs, both directly and in terms of missed opportunities.

“To achieve this, we must prioritise clear rules, digitisation, and market liberalisation, putting an end to the bureaucratic penchant for permissions and paperwork, thereby overcoming the ‘Permissionistan’ syndrome.

“Drawing inspiration from India’s successful reforms in 1991, it’s evident that piecemeal approaches won’t suffice. Instead, we advocate the implementation of a regulatory guillotine, a proven strategy adopted by countries like Hungary, Mexico, South Korea, and the UAE,” he said.

Dr Nadeem said the government should pay attention to streamlining taxes in a revenue-neutral manner while finalising budget proposals, with a commitment to refrain from introducing new taxes in every budget cycle as tax uncertainty and instability had driven investments underground, hindered firm growth, and impeded corporatisation and listing.

In addressing the income tax regime, Pide suggested a uniform tax rate across all sources of income, with provisions for agriculture income losses carry-forward and adjustment, along with the elimination of the presumptive tax regime and taxes on turnover.

It also called for uniformity in taxation for AOPs, sole proprietors, and corporations, alongside reforms in inter-corporate dividend income and asset sales taxation.

The think tank called for transitioning from withholding taxes to advance income tax mechanisms, besides harmonising the sales tax system across goods and services, expediting the implementation of POS through outsourcing within six months, and transitioning to a VAT mode with consistent rates.

Peshawar - April 03, 2024

## PIDE unveils comprehensive reform agenda for economic revival

### **T M Report**

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strategy, "ISLAAH: Immediate Reform Agenda - IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crises.

This initiative, embodying the ideals of rethink, reform, and revive, responds to Pakistan's urgent need for external financing exceeding USD 120 billion over the next five years, as highlighted by the recent IMF Report, said a press release issued here on Tuesday.

PIDE's strategy is a clarion call for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often dominate the discourse on reform in Pakistan. Former Deputy Chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges. The Pakistan Institute of Development Economics (PIDE) has outlined an agenda aimed at tackling key areas such as regulatory modernization, tax reform, market liberaliza-

tion, energy sector efficiency, and improvements in agriculture and banking. A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome regulations hindering business growth and innovation.

The PIDE VC further added that the agenda outlines a series of innovative reforms designed to rejuvenate Pakistan's economic landscape. These include debt restructuring and intensified cooperation with the IMF, comprehensive tax reforms for a more business-friendly environment, and strategic opening of the economy to prioritize exports and modernize import regu-

lations, he said. Additionally, it addresses energy sector inefficiencies, agricultural and banking sector improvements, and the development of real estate and capital markets to encourage investment and deepen capital market participation, he said.

The anticipated impacts of these reforms are substantial, promising to catalyze investment, foster job creation, and facilitate higher GDP growth. Addressing the historical event, Dr. Ahmad Waqar Qasim, Dr. Afia Malik, and Dr. Mahmood Khalid Senior Research Economists of PIDE, also took part in presenting PIDE's pioneering study.

Peshawar - April 03, 2024

# PIDE unveils comprehensive reform agenda for economic revival

## TIMES REPORT

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strategy, "ISLAAH: Immediate Reform Agenda - IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crises. This initiative, embodying the ideals of rethink, reform, and revive, responds to Pakistan's urgent need for external financing exceeding USD 120 billion over the next five years, as highlighted by the recent IMF Report. PIDE's strategy is a

clarion call for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often dominate the discourse on reform in Pakistan. Former Deputy Chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges. The Pakistan Institute of Development Economics (PIDE) has outlined an agenda aimed at tackling key areas such as regula-



tory modernization, tax reform, market liberalization, energy sector efficiency, and improvements in agriculture and banking. A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome reg-

ulations hindering business growth and innovation. The PIDE VC further added that the agenda outlines a series of innovative reforms designed to rejuvenate Pakistan's economic landscape. These include debt restructuring and intensified coop-

eration with the IMF, comprehensive tax reforms for a more business-friendly environment, and strategic opening of the economy to prioritize exports and modernize import regulations. Additionally, it addresses energy sector inefficiencies,

agricultural and banking sector improvements, and the development of real estate and capital markets to encourage investment and deepen capital market participation. The anticipated impacts of these reforms are substantial, promising to catalyze investment, foster job creation, and facilitate higher GDP growth. Addressing the historical event, Dr. Ahmad Waqar Qasim, Dr. Afia Malik, and Dr. Mahmood Khalid Senior Research Economists of PIDE, also took part in presenting PIDE's pioneering study. They stated that PIDE's groundbreaking economic reform initia-

tive aims to streamline governance by addressing the burden of 122 regulatory bodies operating directly under the Federal Government, which currently account for over 50% of the GDP, as revealed by PIDE's Sludge Audits. Nadeem ul Haque further stated that amidst the urgent need for tax simplification and policy certainty, this budget season demands immediate attention towards streamlining taxes in a revenue-neutral manner and ensuring stability for a decade, with a commitment to refrain from introducing new taxes in each budget cycle. "The power sec-

tor crisis in Pakistan extends beyond mere electricity theft or 'kunda' connections; it reflects systemic issues rooted in inadequate management, planning, and centralized decision-making" Afia Malik added. Vice Chancellor PIDE further stated that Real estate stands as a focal point of discussion, yet its current state reveals a fragmented market marred by insider trading practices like 'qabza'. Reorganizing the market could yield substantial benefits, potentially unlocking a revenue gain of up to PKR 300 billion.

# PIDE unveils comprehensive reform agenda for economic revival

OUR STAFF REPORTER  
ISLAMABAD

Unfolding its reform agenda for economic revival, Pakistan Institute of Development Economics (PIDE) has anticipated that rezoning and market-based high-rise developments, removing bureaucratic hurdles in seeds approval for agriculture, and resolving issues faced by real estate stands have the potential to gain approximately \$66 billion.

The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strategy, "ISLAAH: Immediate Reform Agenda - IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crises. The Pakistan Institute of Development Economics (PIDE) has outlined an agenda aimed at tackling key areas such as regulatory modernization, tax reform, market liberalization, energy sector efficiency, and improvements in agriculture and banking. A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome regulations hindering business growth and innovation.

Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque said that the agenda outlines a series of innovative reforms designed to rejuvenate Pakistan's economic landscape. These include debt restructuring and intensified cooperation with the IMF, comprehensive tax reforms for a more business-friendly environment, and strategic opening of the economy to prioritize exports and modernize import regulations. Additionally, it addresses energy sector inefficiencies, agricultural and banking sector improvements, and the development of real estate and capital markets to encourage investment and deepen capital market participation. The

anticipated impacts of these reforms are substantial, promising to catalyze investment, foster job creation, and facilitate higher GDP growth. PIDE's groundbreaking economic reform initiative aims to streamline governance by addressing the burden of 122 regulatory bodies operating directly under the federal government, which currently account for over 50% of the GDP, as revealed by PIDE's Sludge Audits.

Nadeem ul Haque further stated that this budget season demands immediate attention towards streamlining taxes in a revenue-neutral manner and ensuring stability for a decade, with a commitment to refrain from introducing new taxes in each budget cycle. In the realm

crucial. Tax simplification demands administrative changes, particularly digitization, and market-driven documentation practices, ensuring policy consistency over a decade. The FBR's attention should be directed towards administrative efficiency, while ensuring zero harassment in tax matters.

In fostering economic growth, it's imperative to embrace openness by revitalizing our import-export dynamics. Currently, import substitution strategies have rendered all KSE-100 firms inward-looking, a trend that urgently requires reversal. Facilitating this transition necessitates the promotion of trading houses as intermediaries in trade, potentially offering performance-

a revenue gain of up to Rs. 300 billion. Key decisions entail the abolition of FBR valuation and DC rates, regulatory oversight of file trading by SECP to treat files as securities, and the separation of regulation from real estate business operations. Additionally, organizing the real estate brokerage sector, revising rental laws, and relaxing zoning regulations for vertical and mixed-use development across cities are imperative steps forward. State-captured real estate represents an underutilized but immensely valuable resource, hindering downtown growth and contributing to urban sprawl nationwide.

With thousands of government houses occupying vast swathes of prime land in Islamabad alone, the unrealized, particularly evident in Islamabad where thousands of government-owned properties occupy prime land, amounting to a staggering PKR 2,278.6 billion in unrealized value. Unlocking this potential through rezoning and market-based high-rise developments could attract over \$58.8 billion in investment, create 351,000 job opportunities, add 44.4 million sq. ft of commercial space, and generate an annual rental income exceeding Rs. 446.8 billion.

He further said that in the agriculture sector, bureaucratic approval processes hamper the seed industry, fostering the proliferation of low-quality seeds and imposing unnecessary costs on farmers. Despite the private sector's readiness to lead, inefficiencies in seed testing and approval procedures persist, resulting in limited access to high-quality seeds for small farmers. Addressing these challenges, estimated to yield a potential gain of Rs 1,722 billion, requires discontinuing commodity operations like wheat interventions, implementing market-driven solutions, and stimulating private investment through tax incentives.

## Central component of PIDE strategy is implementation of a 'Regulatory Guillotine' to eliminate burdensome regulations hindering business growth and innovation

of tax exemptions and administrative reforms, it's imperative to halt all forms of concessionary financing and discriminatory fiscal incentives among businesses. Streamlining tax administration through automation to minimize human interaction is essential, coupled with the abolition of the arbitrary 'filer' and 'non-filer' distinction, as well as the elimination of 'FBR Rates' for property valuations. Tax administration must evolve towards automation, with a focus on accountability and responsibility within a technologically adept framework. An independent and tech-savvy entity should spearhead revenue collection, leveraging modern auditing techniques. In line with this, suspending tax return audits for first-time filers over the next five years is

based incentives such as tax rebates. Streamlining incorporation processes with no fees and facilitating easy listing are vital steps. Key decisions include the removal of additional customs and regulatory duties, phasing out SRO-based exemptions within three years, and eliminating tariff cascading.

The power sector crisis in Pakistan extends beyond mere electricity theft or 'kunda' connections; it reflects systemic issues rooted in inadequate management, planning, and centralized decision-making. Vice Chancellor PIDE further stated that real estate stands as a focal point of discussion, yet its current state reveals a fragmented market marred by insider trading practices like 'qabza'. Reorganizing the market could yield substantial benefits, potentially unlocking

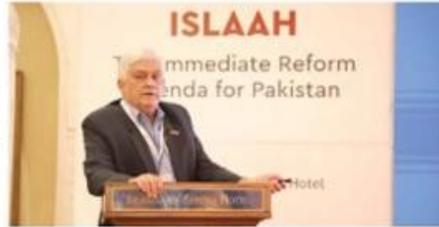
## PIDE unveils comprehensive reform agenda for economic revival

PPA

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strategy, "ISLAAH: Immediate Reform Agenda-IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crises. This initiative, embodying the ideals of rethink, reform, and revive, responds to Pakistan's urgent need for external financing exceeding USD 120 billion over the next five years, as highlighted by the recent IMF Report. PIDE's strategy is a clarion call for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often dominate the discourse on reform in Pakistan.

Former Deputy Chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges. The Pakistan Institute of Development Economics (PIDE) has outlined an agenda aimed at tackling key areas such as regulatory modernization, tax reform, market liberalization, energy sector efficiency, and improvements in agriculture and banking. A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome regulations hindering business growth and innovation.

The PIDE VC further added that the agenda outlines a series of innovative reforms designed to rejuvenate Pakistan's economic landscape.



These include debt restructuring and intensified cooperation with the IMF, comprehensive tax reforms for a more business-friendly environment, and strategic opening of the economy to prioritize exports and modernize import regulations.

Addressing the historical event, Dr. Ahmad Waqar Qasim, Dr. Afia Malik, and Dr. Mahmood Khalid Senior Research Economists of PIDE, also took part in presenting PIDE's pioneering study.

Nadeem ul Haque further stated that amidst the urgent need for tax simplification and policy certainty, this budget season demands immediate attention towards streamlining taxes in a revenue-neutral manner and ensuring stability for a decade, with a commitment to refrain from introducing new taxes in each budget cycle. The adverse effects of tax uncertainty and instability, as highlighted by the PIDE State of Commerce Report, cannot be overstated, as they have driven investments underground, hindered firm growth, and impeded corporatization and listing. In addressing the income tax regime, we advocate for a uniform tax rate across all sources of income, with provisions for agriculture income losses carry-forward and adjustment, along with the elimination of the presumptive tax regime and taxes on turn-

over.

In the realm of tax exemptions and administrative reforms, it's imperative to halt all forms of concessionary financing and discriminatory fiscal incentives among businesses. Streamlining tax administration through automation to minimize human interaction is essential, coupled with the abolition of the arbitrary 'filer' and 'non-filer' distinction, as well as the elimination of 'FBR Rates' for property valuations.

In fostering economic growth, it's imperative to embrace openness by revitalizing our import-export dynamics. Currently, import substitution strategies have rendered all KSE-100 firms inward-looking, a trend that urgently requires reversal. Making exports a national priority demands a shift towards a pro-export trade policy, encouraging all large firms to venture into the global market and aspire to become multi-billion dollar entities. Facilitating this transition necessitates the promotion of trading houses as intermediaries in trade, potentially offering performance-based incentives such as tax rebates. Streamlining incorporation processes with no fees and facilitating easy listing are vital steps. Key decisions include the removal of additional customs and regulatory duties, phasing out

SRO-based exemptions within three years, and eliminating tariff cascading. Export subsidies should be contingent on performance, while corporate exporters could benefit from tax incentives tied to export values. Recognizing markets as efficient allocators of resources and wealth generators, it's crucial to address the over-regulation and bureaucratization stifling Pakistan's markets, fostering an environment conducive to investment.

"The power sector crisis in Pakistan extends beyond mere electricity theft or 'kunda' connections; it reflects systemic issues rooted in inadequate management, planning, and centralized decision-making," Afia Malik added.

Vice Chancellor PIDE further stated that Real estate stands as a focal point of discussion, yet its current state reveals a fragmented market marred by insider trading practices like 'qabza'. Reorganizing the market could yield substantial benefits, potentially unlocking a revenue gain of up to PKR 300 billion. Artificially administered prices, such as DC rates and FBR valuations, obstruct market development, compounded by the hindrance posed by multiple land rates for taxation. Regulatory incentivization of information hiding exacerbates transparency issues, with real estate agents wielding significant influence. Regulatory negligence has led to file trading becoming the predominant transaction mode. Moreover, zoning rules contribute to urban sprawl and market segmentation. Key decisions entail the abolition of FBR valuation and DC rates, regulatory oversight of file trading by SECP to treat files as securities,

and the separation of regulation from real estate business operations. Additionally, organizing the real estate brokerage sector, revising rental laws, and relaxing zoning regulations for vertical and mixed-use development across cities are imperative steps forward. State-captured real estate represents an underutilized but immensely valuable resource, hindering downtown growth and contributing to urban sprawl nationwide. With thousands of government houses occupying vast swathes of prime land in Islamabad alone, the unrealized, particularly evident in Islamabad where thousands of government-owned properties occupy prime land, amounting to a staggering PKR 2,278.6 billion in unrealized value. Unlocking this potential through rezoning and market-based high-rise developments could attract over USD 58.8 billion in investment, create 351,000 job opportunities, add 44.4 million sq. ft of commercial space, and generate an annual rental income exceeding Rs. 446.8 billion.

In the agriculture sector, bureaucratic approval processes hamper the seed industry, fostering the proliferation of low-quality seeds and imposing unnecessary costs on farmers. Despite the private sector's readiness to lead, inefficiencies in seed testing and approval procedures persist, resulting in limited access to high-quality seeds for small farmers. Addressing these challenges, estimated to yield a potential gain of PKR 1,722 billion, requires discontinuing commodity operations like wheat interventions, implementing market-driven solutions, and stimulating private investment through tax incentives.

## PIDE unveils comprehensive reform agenda for economic revival

### Staff Reporter

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strategy, "ISLAAM: Immediate Reform Agenda - IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crisis.

This initiative, embodying the ideals of rethink, reform, and revive, responds to Pakistan's urgent need for external financing exceeding USD 120 billion over the next five years, as highlighted by the recent IMF Report, said a press release issued here on Tuesday.

PIDE's strategy is a clarion call for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often

dominate the discourse on reform in Pakistan.

Former Deputy Chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges.

The Pakistan Institute of Development Economics (PIDE) has outlined an agenda aimed at tackling key areas such as regulatory modernization, tax reform, market liberalization, energy sector efficiency, and improvements in agriculture and banking. A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome regulations hindering business growth and innovation.

The PIDE VC further added that the agenda outlines a series of innovative reforms designed to rejuvenate Pakistan's economic landscape.

These include debt restructuring and intensified cooperation with the IMF, comprehensive tax reforms for a more business-friendly environment, and strategic opening of the economy to prioritize exports and modernize import regulations, he said. Additionally, it addresses energy sector inefficiencies, agricultural and banking sector improvements, and the development of real estate and capital markets to encourage investment and deepen capital market participation, he said. To achieve this, we must prioritize clear rules, digitization, and market liberalization, putting an end to the bureaucratic penchant for permissions

and paperwork, thereby overcoming the 'Permissionistan' syndrome.

The anticipated impacts of these reforms are substantial, promising to catalyze investment, foster job creation, and facilitate higher GDP growth.

Addressing the historical event, Dr. Ahmad Waqar Qasim, Dr. Afa Malik, and Dr. Mahmood Khalid Senior Research Economists of PIDE, also took part in presenting PIDE's pioneering study.

They stated that PIDE's groundbreaking economic reform initiative aims to streamline governance by addressing the burden of 122 regulatory bodies operating directly under the Federal Government, which currently account for over 50% of the GDP, as revealed by PIDE's Stodge Audits.

In our pursuit of economic ef-

iciency, it's imperative to shift from a system of permissions to clear rules, as permissions not only consume valuable time and resources but also incur significant documentation costs, both directly and in terms of missed opportunities.

To achieve this, we must prioritize clear rules, digitization, and market liberalization, putting an end to the bureaucratic penchant for permissions and paperwork, thereby overcoming the 'Permissionistan' syndrome.

Drawing inspiration from India's successful reforms in 1991, it's evident that piecemeal approaches won't suffice. Instead, we advocate for the implementation of a regulatory guillotine, a proven strategy adopted by countries like Hungary, Mexico, South Korea, and the UAE, among others.

Nadeem ul Haque further stated that amidst the urgent need for tax simplification and policy certainty, this budget season demands immediate attention towards streamlining taxes in a revenue-neutral manner and ensuring stability for a decade, with a commitment to refrain from introducing new taxes in each budget cycle.

He said the adverse effects of tax uncertainty and instability, as highlighted by the PIDE State of Commerce Report, cannot be overstated, as they have driven investments underground, hindered firm growth, and impeded corporatization and listing.

In addressing the income tax regime, we advocate for a uniform tax rate across all sources of income, with provisions for agriculture income losses carry-forward and adjustment, along with the elimination of

the presumptive tax regime and taxes on turnover, he said.

Furthermore, we call for uniformity in taxation for AOPs, sole proprietors, and corporations, alongside reforms in inter-corporate dividend income and asset sales taxation.

Nadeem said that transitioning from withholding taxes to Advance Income Tax mechanisms is also essential.

He said harmonizing the sales tax system across goods and services, expediting the implementation of POS through outsourcing within six months, and transitioning to a VAT mode with consistent rates are imperative steps forward.

Additionally, excise duties should be increased on products detrimental to health and the environment, such as tobacco and beverages, to promote public well-being and sustainability.

# Pakistan OBSERVER

April 03, 2024

## PIDE unveils comprehensive reform agenda for economic revival

### STAFF REPORTER

The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strate-



gy, "ISLAAH: Immediate Reform Agenda- IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crises.

This initiative, embodying the ideals of reform, and

revive, responds to Pakistan's urgent need for external financing exceeding \$120 billion over the next five years, as highlighted by the recent IMF Report, said a press release issued here Tuesday.

Commenting on the reform strategy, the Vice-Chancellor Pakistan Institute of Development Economics (PIDE), Dr Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges. PIDE has outlined an agenda aimed at tackling key areas such as regulatory modernization, tax reform, market liberalization, energy sector efficiency, and improvements in agriculture and banking, he added.

April 03, 2024

# PIDE unveils comprehensive reform agenda for economic revival

MT REPORT

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strategy, "ISLAAH: Immediate Reform Agenda - IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crises. This initiative, embodying the ideals of rethink, reform, and revive, responds to Pakistan's urgent need for external financing exceeding USD 120 billion over the next five years, as highlighted by the recent IMF Report. PIDE's strategy is a

clarion call for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often dominate the discourse on reform in Pakistan. Former Deputy Chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges. The Pakistan Institute of Development Economics (PIDE) has outlined an agenda aimed at tackling key

areas such as regulatory modernization, tax reform, market liberalization, energy sector efficiency, and improvements in agriculture and banking. A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome reg-

ulations hindering business growth and innovation. The PIDE VC further added that the agenda outlines a series of innovative reforms designed to rejuvenate Pakistan's economic landscape. These include debt restructuring and intensified coop-

eration with the IMF, comprehensive tax reforms for a more business-friendly environment, and strategic opening of the economy to prioritize exports and modernize import regulations. Additionally, it addresses energy sector inefficiencies,

agricultural and banking sector improvements, and the development of real estate and capital markets to encourage investment and deepen capital market participation. The anticipated impacts of these reforms are substantial, promising to catalyze investment, foster job creation, and facilitate higher GDP growth. Addressing the historical event, Dr. Ahmad Waqar Qasim, Dr. Afia Malik, and Dr. Mahmood Khalid Senior Research Economists of PIDE, also took part in presenting PIDE's pioneering study. They stated that PIDE's groundbreaking economic reform initia-

tive aims to streamline governance by addressing the burden of 122 regulatory bodies operating directly under the Federal Government, which currently account for over 50% of the GDP, as revealed by PIDE's Sludge Audits. Nadeem ul Haque further stated that amidst the urgent need for tax simplification and policy certainty, this budget season demands immediate attention towards streamlining taxes in a revenue-neutral manner and ensuring stability for a decade, with a commitment to refrain from introducing new taxes in each budget cycle. "The power sec-

tor crisis in Pakistan extends beyond mere electricity theft or 'kunda' connections; it reflects systemic issues rooted in inadequate management, planning, and centralized decision-making" Afia Malik added. Vice Chancellor PIDE further stated that Real estate stands as a focal point of discussion, yet its current state reveals a fragmented market marred by insider trading practices like 'qabza'. Reorganizing the market could yield substantial benefits, potentially unlocking a revenue gain of up to PKR 300 billion.



## PIDE unveils comprehensive reform agenda for economic revival

■ OUR CORRESPONDENT  
ISLAMABAD

The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strategy, "ISLAAH: Immediate Reform Agenda-IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crises. This initiative, embodying the ideals of rethink, reform, and revive, responds to Pakistan's urgent need for external financing exceeding USD 120 billion over the next five years, as highlighted by the recent IMF Report. PIDE's strategy is a clarion call for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often dominate the discourse on reform in Pakistan.

Former Deputy Chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges. The Pakistan Institute of Development Economics (PIDE) has

outlined an agenda aimed at tackling key areas such as regulatory modernization, tax reform, market liberalization, energy sector efficiency, and improvements in agriculture and banking. A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome regulations hindering business growth and innovation.

The PIDE VC further added that the agenda outlines a series of innovative reforms designed to rejuvenate Pakistan's economic landscape. These include debt restructuring and intensified cooperation with the IMF, comprehensive tax reforms for a more business-friendly environment, and strategic opening of the economy to prioritize exports and modernize import regulations. Additionally, it addresses energy sector inefficiencies, agricultural and banking sector improvements, and the development of real estate and capital markets to encourage investment and deepen capital market participation. The anticipated impacts of these reforms are substantial, promising to catalyze investment, foster job creation, and facilitate



higher GDP growth.

Addressing the historical event, Dr. Ahmad Waqar Qasim, Dr. Afia Malik, and Dr. Mahmood Khalid Senior Research Economists of PIDE, also took part in presenting PIDE's pioneering study. They stated that PIDE's groundbreaking economic reform initiative aims to streamline governance by addressing the burden of 122 regulatory bodies operating directly under the Federal Government, which currently account for over 50% of the GDP, as revealed by PIDE's Sludge Audits.

In our pursuit of economic efficiency, it's imperative to shift from a system of permissions to clear rules, as permis-

sions not only consume valuable time and resources but also incur significant documentation costs, both directly and in terms of missed opportunities. To achieve this, we must prioritize clear rules, digitization, and market liberalization, putting an end to the bureaucratic penchant for permissions and paperwork, thereby overcoming the 'Permissionistan' syndrome. Drawing inspiration from India's successful reforms in 1991, it's evident that piecemeal approaches won't suffice. Instead, we advocate for the implementation of a regulatory guillotine, a proven strategy adopted by countries like Hungary, Mexico, South Korea, and the UAE, among others.

Nadeem ul Haque further stated that amidst the urgent need for tax simplification and policy certainty, this budget season demands immediate attention towards streamlining taxes in a revenue-neutral manner and ensuring stability for a decade, with a commitment to refrain from introducing new taxes in each budget cycle. The adverse effects of tax uncertainty and instability, as highlighted by the PIDE State of Commerce Report,

cannot be overstated, as they have driven investments underground, hindered firm growth, and impeded corporatization and listing. In addressing the income tax regime, we advocate for a uniform tax rate across all sources of income, with provisions for agriculture income losses carry-forward and adjustment, along with the elimination of the presumptive tax regime and taxes on turnover. Furthermore, we call for uniformity in taxation for AOPs, sole proprietors, and corporations, alongside reforms in inter-corporate dividend income and asset sales taxation. Transitioning from withholding taxes to Advance Income Tax mechanisms is also essential. Harmonizing the sales tax system across goods and services, expediting the implementation of POS through outsourcing within six months, and transitioning to a VAT mode with consistent rates are imperative steps forward. Additionally, excise duties should be increased on products detrimental to health and the environment, such as tobacco and beverages, to promote public well-being and sustainability.

In the realm of tax exemptions and administrative reforms, it's imperative to halt all forms of concessionary financing and discriminatory fiscal incentives among businesses. Streamlining tax administration through automation to minimize human interaction is essential, coupled with the abolition of the arbitrary 'filer' and 'non-filer' distinction, as well as the elimination of 'FBR Rates' for property valuations. Tax administration must evolve towards automation, with a focus on accountability and responsibility within a technologically adept framework. An independent and tech-savvy entity should spearhead revenue collection, leveraging modern auditing techniques. In line with this, suspending tax return audits for first-time filers over the next five years is crucial. Tax simplification demands administrative changes, particularly digitization, and market-driven documentation practices, ensuring policy consistency over a decade. The FBR's attention should be directed towards administrative efficiency, while ensuring zero harassment in tax matters.

# PIDE unveils reform agenda For economic revival

Former Deputy Chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges

DNA

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strategy, "ISLAAH: Immediate Reform Agenda - IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crises. This initiative, embodying the ideals of rethink, reform, and revive, responds to Pakistan's urgent need for external financing exceeding USD 120 billion over the next five years, as highlighted by the recent IMF Report. PIDE's strategy is a clarion call for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often dominate the discourse on reform in Pakistan.

Former Deputy Chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges. The Pakistan Institute of Development Economics (PIDE) has outlined an agenda aimed at tackling key areas such as regulatory modernization, tax reform, market liberalization, energy sector efficiency, and improvements in agriculture and banking. A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome regulations hindering business growth and innovation. The PIDE VC further added that the agenda outlines a series of innovative reforms designed to rejuvenate Pakistan's economic landscape. These include debt restructuring and intensified cooperation with the IMF, comprehensive tax reforms for a more business-friendly environment, and strate-



gic opening of the economy to prioritize exports and modernize import regulations. Additionally, it addresses energy sector inefficiencies, agricultural and banking sector improvements, and the development of real estate and capital markets to encourage investment and deepen capital market participation. The anticipated impacts of these reforms are substantial, promising to catalyze investment, foster job creation, and facilitate higher GDP growth. Addressing the historical event, Dr. Ahmad Waqar Qasim, Dr. Afia Malik, and Dr. Mahmood Khalid Senior Research Economists of PIDE, also took part in presenting PIDE's pioneering study. They stated that PIDE's groundbreaking economic reform initiative aims to streamline governance by addressing the burden of 122 regulatory bodies operating directly under the Federal Government, which currently account for over 50% of the GDP, as revealed by PIDE's Sludge Audits. In our pursuit of econom-

ic efficiency, it's imperative to shift from a system of permissions to clear rules, as permissions not only consume valuable time and resources but also incur significant documentation costs, both directly and in terms of missed opportunities. To achieve this, we must prioritize clear rules, digitization, and market liberalization, putting an end to the bureaucratic penchant for permissions and paperwork, thereby overcoming the 'Permissionistan' syndrome. Drawing inspiration from India's successful reforms in 1991, it's evident that piecemeal approaches won't suffice. Instead, we advocate for the implementation of a regulatory guillotine, a proven strategy adopted by countries like Hungary, Mexico, South Korea, and the UAE, among others. Nadeem ul Haque further stated that amidst the urgent need for tax simplification and policy certainty, this budget season demands immediate attention towards streamlining taxes in a revenue-neutral

manner and ensuring stability for a decade, with a commitment to refrain from introducing new taxes in each budget cycle. The adverse effects of tax uncertainty and instability, as highlighted by the PIDE State of Commerce Report, cannot be overstated, as they have driven investments underground, hindered firm growth, and impeded corporatization and listing. In addressing the income tax regime, we advocate for a uniform tax rate across all sources of income, with provisions for agriculture income losses carry-forward and adjustment, along with the elimination of the presumptive tax regime and taxes on turnover. Furthermore, we call for uniformity in taxation for AOPs, sole proprietors, and corporations, alongside reforms in inter-corporate dividend income and asset sales taxation. Transitioning from withholding taxes to Advance Income Tax mechanisms is also essential. Harmonizing the sales tax system across goods and services, expediting the implementation of POS through outsourcing within six months, and transitioning to a VAT mode with consistent rates are imperative steps forward. Additionally, excise duties should be increased on products detrimental to health and the environment, such as tobacco and beverages, to promote public well-being and sustainability. In the realm of tax exemptions and administrative reforms, it's imperative to halt all forms of concessionary financing and discriminatory fiscal incentives among businesses. Streamlining tax administration through automation to minimize human interaction is essential, coupled with the abolition of the arbitrary 'filer' and 'non-filer' distinction, as well as the elimination of 'FBR Rates' for property valuations.

## PIDE unveils comprehensive reform agenda for economic revival

The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strategy, "ISLAAH: Immediate Reform Agenda - IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crises.

This initiative, embodying the ideals of rethink, reform, and revive, responds to Pakistan's urgent need for external financing exceeding USD 120 billion over the next five years, as highlighted by the recent IMF Report, said a press release issued here on Tuesday. PIDE's strategy is a clarion call for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often dominate the discourse on reform in Pakistan. Former Deputy Chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges.

The Pakistan Institute of Development Economics (PIDE) has outlined an agenda aimed at



tackling key areas such as regulatory modernization, tax reform, market liberalization, energy sector efficiency, and improvements in agriculture and banking. A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome regulations hindering business growth and innovation.

The PIDE VC further added that the agenda outlines a series of innovative reforms designed to rejuvenate Pakistan's economic landscape.

These include debt restructuring and intensified cooperation

with the IMF, comprehensive tax reforms for a more business-friendly environment, and strategic opening of the economy to prioritize exports and modernize import regulations, he said. Additionally, it addresses energy sector inefficiencies, agricultural and banking sector improvements, and the development of real estate and capital markets to encourage investment and deepen capital market participation, he said.

The anticipated impacts of these reforms are substantial, promising to catalyze investment, foster job creation, and facilitate

higher GDP growth.

Addressing the historical event, Dr. Ahmad Waqar Qasim, Dr. Afia Malik, and Dr. Mahmood Khalid Senior Research Economists of PIDE, also took part in presenting PIDE's pioneering study. They stated that PIDE's groundbreaking economic reform initiative aims to streamline governance by addressing the burden of 122 regulatory bodies operating directly under the Federal Government, which currently account for over 50% of the GDP, as revealed by PIDE's Sludge Audits.

In our pursuit of economic efficiency, it's imperative to shift from a system of permissions to clear rules, as permissions not only consume valuable time and resources but also incur significant documentation costs, both directly and in terms of missed opportunities.

To achieve this, we must prioritize clear rules, digitization, and market liberalization, putting an end to the bureaucratic penchant for permissions and paperwork, thereby overcoming the 'Permissionistan' syndrome.

Drawing inspiration from India's successful reforms in 1991,

it's evident that piecemeal approaches won't suffice. Instead, we advocate for the implementation of a regulatory guillotine, a proven strategy adopted by countries like Hungary, Mexico, South Korea, and the UAE, among others.

Nadeem ul Haque further stated that amidst the urgent need for tax simplification and policy certainty, this budget season demands immediate attention towards streamlining taxes in a revenue-neutral manner and ensuring stability for a decade, with a commitment to refrain from introducing new taxes in each budget cycle.

He said the adverse effects of tax uncertainty and instability, as highlighted by the PIDE State of Commerce Report, cannot be overstated, as they have driven investments underground, hindered firm growth, and impeded corporatization and listing.

In addressing the income tax regime, we advocate for a uniform tax rate across all sources of income, with provisions for agriculture income losses carry-forward and adjustment, along with the elimination of the presumptive tax regime and taxes on turnover, he said. **APP**

April 03, 2024

# PIDE unveils reform agenda for the economic revival

*By Staff Reporter*

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) has launched an ambitious reform strategy, "ISLAAH: Immediate Reform Agenda - IMF and Beyond," to propel Pakistan towards economic stability and growth amid its looming financial crises. This initiative, embodying the ideals of rethink, reform, and revive, responds to Pakistan's urgent need for external financing exceeding USD 120 billion over the next five years, as highlighted by the recent IMF Report.

PIDE's strategy is a clarion call for a systemic overhaul to ensure economic progress and prosperity, moving beyond the narrow interests that often dominate the discourse on reform in Pakistan. Former Deputy Chairman of the Planning Commission and Vice Chancellor of the Pakistan Institute of Development Economics (PIDE), Dr. Nadeem ul Haque, emphasized the need for a comprehensive approach to address Pakistan's economic challenges.

The Pakistan Institute of Development Economics (PIDE) has outlined an agenda aimed at tackling key areas such as regulatory modernization, tax reform, market liberalization, energy sector efficiency, and improvements in agriculture and banking. A central component of this strategy is the implementation of a 'Regulatory Guillotine' to eliminate burdensome regulations hindering business growth and innovation.

The PIDE VC further added that the agenda outlines a series of innovative reforms designed to rejuvenate Pakistan's economic landscape. These include debt restructuring and intensified cooperation with the IMF, comprehensive tax reforms for a more business-friendly environment, and strategic opening of the economy to prioritize exports and modernize import regulations.

Additionally, it addresses energy sector inefficiencies, agricultural and banking sector improvements, and the development of real estate and capital markets to encourage investment and deepen capital market participation. The anticipated impacts of these reforms are substantial, promising to catalyze investment, foster job creation, and facilitate higher GDP growth.

Addressing the historical event, Dr. Ahmad Waqar Gasim, Dr. Afia Malik, and Dr. Mahmood Khalid Senior Research Economists of PIDE, also took part in presenting PIDE's pioneering study. They stated that PIDE's groundbreaking economic reform initiative aims to streamline governance by addressing the burden of 122 regulatory bodies operating directly under the Federal Government, which currently account for over 50% of the GDP, as revealed by PIDE's Sludge Audits.