

Senate Pre-Budget Speech

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February 20, 2007

1. Budget of any country is the plan of government to reflect the aspirations of the people and the directions to defend the motherland through economic management.

2. When we talk of Defence of Country, it is first and foremost through freedom. Freedom through democracy, through free media, and through laws which protect the weaker section of society. In addition to freedom, we also need to defend physical frontiers and internal security. AlHamdulillah we practice democracy, has freedom of media, introduced recent laws to defend women and has strong Defensive Deterrence Policy to protect our frontiers.

* Recall my letters to Chairman, Senate Standing Committee on Finance.

Attachment 'A'.

3. I congratulate this House for strengthening democracy by having pre-budget session to give guidance to government in framing budget.

4. In last eight months of 2006-07 budgetary year, Pakistan continues to be threatened by international terrorism. On our north west we have aggressive but weak government, on our east we have economically and ambitious country while on our West we have a country under U.S threat and pressure. The entire region and Muslim Umah is under pressure. In this scenario, our government has a challenge to frame a new budget 2007-08. This government of President of Musharraf under the economic management of Prime Minister has managed economy so well that we believe that it will take Pakistan to greater heights economically.

5. Pakistan today has an economy with GDP growth of 7%, have absorbed the shocks of October, 2005 earthquake, rising oil prices and inhospitable weather. Due to consistent, transparent and predictable economic policies, Pakistan has attracted record high Foreign Direct Investment (FDI) of over \$ 3.5 billion (2.7 per cent of GDP) last year. This year, foreign investment is expected to be over \$ 6 billion inspite of continued terrorism attacks and incidents.

6. The past large fiscal deficits of 7 per cent of GDP has been now brought down to average of 3.5 per cent during last 7 years. The country today has achieved financial discipline to move forward in economic development. All this must translate to better living conditions of all segments of our population in all areas of Pakistan that means trickle down affects of economic development. The economic strength gives us the confidence that we can achieve the vision of Quaid, the dream of Iqbal for a just and egalitarian society.

7. I recommend the following the guiding principle in framing budget:

- I. Focus on Common Man
- II. Development of all Areas of Pakistan
- III. Strong Defence of Frontiers and Internal Security
- IV. More steps towards Food and Energy Security
- V. Investment in Environment Friendly Projects

With above focus, now let me suggest what is needed in framing our next budget.

1. Focus on Common Man. Towards this we need to take following specific actions.
 - a. Reduce poverty by allocating more funds to poverty alleviations programmes like “Rozgar”.

- b. Give detailed performance of Khushali Bank versus similar private sectors banks and if necessary, support them.
- c. Ensure minimum legal wages of Rs. 4,000 per month to all working working class man and woman. This is fundamental to peace in industrial environment.
- d. More Investment funds in both public and private institutions engaged in technical/vocational training for increasing job opportunities to less educated.
- e. Provide basic facilities of clean drinking water, health care, education and electricity to all citizens.
- f. Contain inflation and provide relief to common man.
- g. Food security by providing food stamps to less privileged section of our society.
- h. Invest in judiciary to provide speedy justice to common man. Let us look judicial network and number of magistrates, and judges and the cases pending, I am sure judiciary must have given proposals with budget requirements.
- i. Protect growing middle class: tax structures be adjusted as follows:

Person having 0.15 M Per year
 0 rated as against 1.2% Details in Attachment ‘B’

- j. This is possible only if Industries are strengthened, I present here Attachment ‘C’ to become part of recommendations received from member of FPCCI.

2. Development of all areas of Pakistan

- i. PSDP should be spread in manner that less developed areas of Pakistan, like Northern Areas, AJK, Balochistan, Tribal Areas of NWFP and rural areas of Sindh and Punjab get more funds. Recommend that President of Pakistan announces Package 2 for NA’s on similar lines as President’s Package 1 of Oct. 2004 towards making NA’s more developed and bring it at par with other areas.

- ii. Increase revenue through direct taxes to fund our development while indirect taxes be contained since they cause inflation and burden the common man. Major source of direct taxes should come from Doctors, Engineers, Lawyers, Consultants and Real Estate business who have so far not paid their due share.
- iii. Increase NFC award to provinces towards greater provincial autonomy in developing their resources.
45% of divisible pool.
- iv. Lets put a lid on corruption at district level in our projects that is so rampant today. That it is reducing value of mistrust in developing.
- v. Develop resources of Gold in Northern Areas.
- vi. Develop Thar Coal Project by offering tariffs and incentive to produce Coal Energy.

3. Strong Defence of Frontiers and Internal Security

- i. Our forces need to be technological advance due to numerical strength of our adversary. Towards this, investment is required to be made specially in upgrading our Navy and Air Force and Army.
- ii. For internal security we should increase the special intelligence well equipped to meet the threat international terror.
- iii. Privatization process be transparent and continued since it bring funds plus strong defence of failing units.
- iv. Increase our foreign trade specially to reduce trade deficit with certain countries. This will help get funds for defence and internal security.
- v. Increase export of Pak produced arms. We should also encourage arms production by private sector.

4. More steps towards Food and Energy Security

- i. Agriculture is backbone of our economy today we need to examine how much more is needed to protect and grow the agriculture sector.
- ii. I present here recommendations received from Pakistan Poultry Association as Attachment ‘D’.
- iii. Energy needs must be met by investment in Coal and Alternate Energy such as Wind Mills and Solar Energy.

5. Investment in Environment Friendly Projects

My Secretariat in Karachi held Round Table Meeting on Environment and subsequently a committee ESAC was formed which prepared a Report on Karachi environment with recommendations. I believe these recommendations can be applicable to any city of Pakistan. I present the Report on Attachment ‘E’.

- i. Solid Waste Management
- ii. Water Treatment before disposal into sea
- iii. Hybrid vehicles to improve environment and reduce cost

8. Minister in his concluding speech should not talk of economy, since it is strong and every one is convinced. What he should state why out of 36 only 16 recommendations from the Senate last year were accepted. Attachment ‘F’. In addition he should give response to all suggestions made from the floor. He should state how next budget will move us closer to Quaid’s vision and Iqbal’s dream of egalitarian society. I recommend, towards egalitarian society we must increase our social sector budget from present 4.5 per cent of GDP to 10 per cent of GDP. Only a quantum jump will bridge the existing gap.

9. This expenditure is possible by increased revenue, reducing duplication of district provincial and federal expenditures in areas that belong to provinces. This way, we shall also achieve the provincial harmony and autonomy towards strengthening Pakistan.