

HOW TO HELP AZAD JAMMU AND KASHMIR THROUGH MBBS (MUTUAL BENEFIT BOND SYSTEM)

ABSTRACT:

I have developed a new financial instrument which will be much more valuable than the bonds or the treasury bills government sells in the open market to raise much needed funds to run the country. These are all interest based instruments and can only be used by institutions. The instrument I am proposing is without interest and will be used by everybody to purchase goods and services in the government and private sector resulting in up to **66%** discounts. (We are taking the example of **Azad Jammu and Kashmir**)

INTRODUCTION:

Float bonds which can be used by everybody rich or poor and are not debt to the province so there is no question of interest.

- 1.** Buy all goods and services under the state government control with these bonds and these bonds will replace Rupees with bonds.
- 2.** Rs.10 million prize draw from the bonds bought by the public every day.100 prizes of Rs.100, 000
- 3-** At least 100 % return within 30 days and more in later months.
- 4-**There will be zero unemployment and all government services salary will be at least three times from the present salary.

EXAMPLE: ONE Rupee will buy 6 bonds on the condition that the amount should be RS.100, 000 or multiple of it paid to the state government and the government will issue 600,000 bonds. Fewer amounts will get the rate of five, four and three. This MASSIVE discount period is only for first month at the start of the implementation of this system. In the second month the rate will be 5 and in the third month the rate will be 4 but the rate of 3 will apply to subsequent months for the same amount.

WHERE THESE BONDS WILL BE USED?

All the state government controlled services and commodities.

EXAMPLE: A bill of (any service or Commodity) RS.100 can be paid with 200 bonds and there will be no exception to this rule. A NET DISCOUNT OF **66%**.

A simple formula will apply: Total bill in Rupees x2 is the number of bonds surrendered. Price in bonds will not be less than the cost price but without the direct indirect taxes and the duties which are added to the present cost to make it very expensive.

Azad Jammu and Kashmir

POPULATION AND SOURCES OF REVENUE

The population of **The Azad Jammu and Kashmir (AJK)** is **4.5** Million, now almost **5** million in 2016 .Rough estimates show that if only 20% of AJK's population (suppose 1 million) spends Rs.100, 000 within 24 hours the AJK government would collect **Rs.100 billion**, which is much more than the **Rs.68 billion** needed by the AJK government in one year. AJK budget for the year 2015-16 was Rs.68 billion. An amount of Rs 56.5 billion has been allocated for current expenditures in the budget. During the coming fiscal year, an amount of 16.56 billion was estimated from the state resources, Rs 780 million were expected as royalty of Mangla Dam, share from the federal taxes was estimated Rs 16.75 billion and share from the Kashmir Council taxes was estimated Rs 13 billion.

So It will attract at least **1** million people to take this opportunity as early as possible. And if one is sure of making 100% profit within 30 days there will be many more that will help themselves.

The percentage of population joining this race then the calculation will be

(investing Rs.100, 000) **1%- 50,000 = Rs. 5 billion**

5% - 25 0,000 = Rs.25 billion

10 % - 500,000 = Rs.50 billion

20 % - 10, 00,000 =Rs. 100 billion

RESULT: AJK Government gets at least Rs. 100 billion within a very short period of time of few days and much more in the rest of the year. One immediately thinks who will bear the loss and this loss to the state will not be more than total year budget which it collects in one year with all the taxes and the duties but the bond price is simply a cost price without any kind of tax or duty.

WHO WILL SELL THESE BONDS?

AJK government will float tenders to select a private agency (**AJKMF**) **Azad Jammu and Kashmir Monetary Fund** JUST A NAME IS GIVEN TO THIS ORGANIZATION with the lowest bid WHERE AS second, third and fourth bidders will be auditors of the AJKMF. This agency will employ at least **200.000** unemployed on 10% commission basis and without any salary. These agents will have to pay Rs. 5000 as an annual fee to the AJKMF in order to build the infrastructure for the sale of bonds. Agents' quota will be Rs. 300,000 per month or they will be allowed to sell their whole year quota in one day or in a month. This will only materialize if the agent shares his commission with the buyer. The greater the share of commission the quicker the sale. The investor or a buyer will sell these bonds at the same rate of 6 per Rupees and his bonds will sell like hot cakes every day as there is no condition of the amount of money to purchase the bonds. In this way even the poorest person will get the same or near the same rate as the investor earns a profit from the commission which he takes from the agent and makes almost 100% profit by only investing Rs. 100,000. He will sell these bonds repeatedly and will keep almost 6% profit every day till the demand lasts.

NOW THINK HOW MUCH FUNDS AJK GOVERNMENT HAS ACCUMULATED

MUCH MORE THAN FEW YEARS BUDGET IN MATTER OF ONLY ONE MONTH.

At the end of 30 days or even much earlier the AJK government declares tax free state forever.

With the removal of all kinds of direct and indirect taxes and duties the price of oil electricity telephone and of all other services under the AJK government control is now almost 66% less than before as these are being purchased by bonds (which is the cost price) and not with Rupees. The production cost of everything has come down tremendously.

In order to provide cheap bonds throughout the year government offers three types of registration fees.

- 1.** Pay Rs. 10,000 in the start of the year and get the rate of 6 for the rest of the year and this will suit the professional's and salaried person'
- 2.** Pay Rs.10,000 yearly and get 20,000 new bonds at the rate 6 every month but one has to collect 10,000 bonds (equal to fee) to get this cheap rate throughout the year. Higher the registration fee more the entitlement of cheap bonds. This registration will suit any small time business who will sell his product cheaper provided 15% bonds are also paid with rest of cash money by the customer SEE THE NEXT REGISTRATION FOR FURTHER EXPLANATION OF 15% BONDS. This will apply to all goods in private sector and does not apply to the government sector. This is a big incentive to accept bonds in the private sector as the business accepting more bonds will have more business than the trader not accepting the bonds so the bonds market will multiply and there will be a constant need for bonds in the open market.
- 3.** Third type of registration will be of Rs. 100,000 which will entitle the business to sell its products through the AJKMF. The value of merchandise sold through this source will help the

business to get the 6 bond per Rupees rate .But with one condition of surrendering 15% bonds at each transaction

EXAMPLE: MERCHANDISED SOLD THROUGH the AJKMF Rs.1000. BONDS SURRENDERED 150 (15 %) ARE DEPOSITED IN STATE ACCOUNT TO BE SOLD AGAIN SO THE CYCLE OF BONDS IS ESTABLISHED .A receipt of bonds surrendered is obtained from the AJKMF for evidence of sale of merchandise and this receipt will entitle the traders to get cheap bonds or the duty free option throughout the year BUT THE SAME RECEIPT CAN BE USED ONCE ONLY.

WHAT IS THE BENEFIT TO BUSINESS?

1. CHEAP BONDS THROUGH OUT THE YEAR

2. The quota which can be sold is ten times the amount of Registration but not more unless the registration fee is increased. Now all the business will opt for this registration in order to reduce the cost of production. These 15% bonds the business will get back through a chain of dealers sub dealers and ultimately the customer will pay this bond portion as he will get the end product very cheap because of tremendous cut in the cost of production by the factors already mentioned. This will replace the GST or the VAT or the two price system seen all over AJK. Almost everybody will sell their product through this channel as it will be much costlier to sell the product outside this system as cheap bonds are not available otherwise.

According to rough estimate at least Rs.1 billion transactions are carried out every day in AJK and at each transaction 15% bonds are being surrendered, the price of 15 bonds is Rs. **2.5** so **2.5%** of **10** billion will be Rs.**250** million which goes into government account without any compulsion every day.

Now the AJK government is sitting in the driving seat and all the money in banks of private sector has been transferred into AJK government account and banks are no more the lenders but are borrower from the AJK government which is the only source left and will invest in business with sound feasibility study checked by the provincial central bank. AJK government will offer to invest 80% and the bank will bring investor who is willing to pool rest 20%. This 20% will be deposited in the bank and the bank will oversee the running the business, running expenses will be given to the investor from its share of 20%. There will be no collateral and share of the profit and loss will be shared in the ratio of 60 and 40. The bank will share the 60% with the investor and 40% will go to state funds and the state will provide everything under its control below cost which will farther reduce the cost of production and at the same time will **MARKEDLY** improve the profit margins OF ALL THE BUSINESSES. No major business can refuse this offer. Any bank showing repeated loss will go out of business as there will be no more funds available from the AJK government source and all other interest based sources are not available any more. Interest based banking is gone forever in the province or it may be at a very small scale and the AJK government will not offer loans on interest as these are not any more profitable and risk free as there is no collateral. **The amount of profit government will share will be unimaginable.**

THEN WHY NOT INVEST ON PROFIT AND LOSS SHARING BASIS

Last but not the least government will acquire all the land on lease without any force and will provide all the needs to the formers **THROUGH CORPORATE FARMING SECTOR HIRED BY THE AJK GOVERNMENT below cost and will become the shareholder according to the mutual contract with the land owner .**

Corporate farming

The significance of the agriculture sector in AJK economy is undeniable. Initiatives are required to be taken in the water sector, which is essentially related to the development of agriculture. In addition, plans shall be taken for the following initiatives for the agriculture sector:

1. Through elimination of taxes and adjustment in input cost the prices of fertilizers, urea, seeds, and pesticides shall be reduced by 50 %.
2. With a view to easing the emerging shortages in the market for tractors and other agricultural machinery and equipment, the import policy shall be revised to allow imports of all equipment, which are not manufactured locally, with no duty. There will be no GST or withholding tax on such imports. This shall be subject to the options available under MBBS. This will not hurt local industry.
3. To ensure cheap availability of credit to agriculture sector, the financial institutions shall provide loans on profit and loss sharing. The profit and loss sharing ratio shall be determined from case to case basis and shall be applicable for all types of new loans and financing of tractors and tube wells etc.
4. The agricultural bank shall be restructured with a view to providing better services to farmers.
5. The package for corporate farming shall be formulated and shall be implemented to gain the benefits of large scale.

This package will go a long way to enhance farm productivity and incomes of farmers. Since the majority of low income groups are living in rural areas of AJK, improved agriculture performance will impact positively on the economic lives of such people.

DRUG ABUSE ELIMINATED

When all the possible land is being cultivated by best agriculture engineers there will be much better yield and much more profit to land owner then who will not join hands with the provincial government.

THE OBVIOUS BENEFIT WILL BE NO MORE POPPY CULTIVATION IN COUNTRIES WHICH ARE POOR AND LARGELY DEPEND ON THE POPPY CROP. NOW THERE IS NO MORE POPPY AND NO MORE DRUGS.

Massive development in AJK

As there will be a massive development in AJK in the form of massive infrastructure, roads hospitals colleges and universities and massive irrigation facilities to cultivate all the possible land to grow crops of all kinds. This will further improve law and order situation so the terrorism will be become a bad dream of the past.