

HOW TO HELP KHYBER PAKHTUNKHWA

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 **Khyber Pakhtunkhwa**.)

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 Provincial Government control with these bonds and these bonds will replace Rupees with bonds.
- 2.** Rs.100 million prize draw from the bonds bought by the public every day.1000 prizes of Rs.100, 000 (Total Expenses on prizes, Rs.**4 billion** per year)
- 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 provincial 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 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.

KPK POPULATION AND SOURCES OF REVENUE

The population of Khyber Pakhtunkhwa (KPK) is 29 Million, Rough estimates show that if only 20% of KPK's population (suppose 6 million) spends Rs.100, 000 within 24 hours the KPK government would collect **Rs.600 billion**, which is much more than the **Rs.488 billion** needed by the KPK government in one year. KPK budget for the year 2015-16 is Rs.488 billion, the province received over Rs.250.89 billion from federal divisible pool and Rs.30.14 billion for the war on terror. Total estimated federal transfers are budgeted at Rs371bn, of which federal tax assignment receives the largest share at Rs251bn, As per official documents for current financial year, the provincial revenue receipts are estimated at Rs 54.424 billion, that is comprising of a tax receipt of Rs 22.594 billion, including general sales tax on services of Khyber Pakhtunkhwa, which is Rs 14 billion and non-tax receipts of **Rs 31.830 billion**. Direct taxes of the province include taxes on agriculture income, property, land revenue, profession, trade and calling etc. The revised estimate of direct taxes for financial year 2014-15 is Rs 2.682 billion. The budget estimates 2015-16 is Rs 3.801 billion shows an increase of 64 percent over budget estimates of 2014-15. Indirect taxes are a major component of tax receipts and comprise of provincial excise, GST on services, motor vehicle tax, stamp duties, electricity duty etc. The revised estimates for financial year 2014-15 from direct taxes was Rs 17.149 billion and budget estimates 2015-16 at Rs 18.793 billion.

So It will attract at least 20 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%- 300,000 = Rs. 30 billion

5% - 15, 00,000 = Rs.150 billion

10 % - 30, 00,000 = Rs.300 billion

20 % - 60, 00,000 =Rs. 600 billion

RESULT: KPK Government gets at least Rs. 600 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?

KPK government will float tenders to select a private agency (**KPMF**) **KHYBER PAKHTUNKHWA MONITORY FUND** JUST A NAME GIVEN TO THIS ORGANIZATION with the lowest bid WHERE AS second, third and fourth bidders will be auditors of KPMF. This agency will employ at least **1 million** unemployed on 10% commission basis and without any salary. These agents will have to pay Rs. 5000 as an annual fee to KPMF 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. Greater the share of commission 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 KPK 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 KPK government declares tax free province 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 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 KPMF. 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 KPMF 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 KPMF 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 KPK. 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.100 billion transactions are carried out every day in KPK and at each transaction 15% bonds are being surrendered, the price of 15 bonds is Rs. 2.5. So 2.5% of 100 billion will be Rs.2.5 billion which goes into government account without any compulsion every day.

Now the KPK government is sitting in the driving seat and all the money in banks of private sector has been transferred into KPK government account and banks are no more the lenders but are borrower from the KPK government which is the only source left and will invest in business with sound feasibility study checked by the provincial central bank. KPK 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 KPK 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 KPK 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 KPK GOVERNMENT below cost and will become the shareholder according to the mutual contract with the land owner .**

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 than 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 KPK

As there will be a massive development in KPK 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 farther improve law and order situation so the terrorism will be become a bad dream of the past.

HOW THE TERRORISM WILL BE ELIMINATED

National Guard force consisting of 100,000 able persons will be employed at a salary of 50,000 Rs .per month out of which 25000 Rs will be given on registration and rest at the end of the month .National Guards will be will be given the basic training with small arms equipment. Their job will be to protect the infiltration from Afghanistan .Eight hour duty with three times meals and free education and health facilities will also be provided. The total expenditure on National Guard will not be more than Rs .10 billion which can be easily included in the annual budget.