

Finance minister calls for overhaul of military pensions

Published on July 11, 2024

Document Date: Sun, Jun 14 2026 10:27:52 am

Category: ,English,Latest -

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Finance Minister Muhammad Aurangzeb on Thursday stated that the military's pension structure is unique, requiring a complete overhaul of its service structure, and announced one year for implementing new pension regulations. He stated that their unique structure necessitates a comprehensive change in their service system, with a one-year timeframe to adopt new pension laws. According to Express News, he said this at the National Assembly's Finance Committee meeting, chaired by Syed Naveed Qamar, on Thursday. The meeting included a briefing on ongoing negotiations with the International Monetary Fund (IMF). The minister pointed out the heavy burden pensions place on the national treasury, with Rs1 trillion spent annually. He announced the introduction of new schemes in the budget to reduce pension costs, including a voluntary pension scheme for new employees. The finance minister informed the committee that

all macroeconomic indicators showed positive trends in the previous fiscal year, with inflation decreasing. He noted that difficulties arose in 2023 when the IMF program was suspended, particularly regarding the repatriation of profits by investors. However, the situation has significantly improved. Aurangzeb highlighted that the International Finance Corporation (IFC) provided a \$400 million loan to PTCL. He assured that there are no longer import restrictions, and there is no pressure to artificially suppress any commodities. He further emphasised the stabilisation of the forex market and the goal to increase the tax-to-GDP ratio to 13%, as the IMF indicates that no country can sustain a 9% tax-to-GDP ratio. Aurangzeb expressed gratitude to provincial finance ministers for their support of agricultural income tax and stressed the importance of bringing everyone into the tax net, aligning with the IMF's demand for taxation on actual income. He mentioned efforts to increase public trust in the Federal Board of Revenue (FBR) with Rs60 billion in additional refunds issued last fiscal year. He highlighted that government expenditures are significantly impacted by debt and interest payments and suggested promoting public-private partnerships for development budgets. The finance minister also reiterated introducing austerity measures to reduce government expenses, including the dissolution of five ministries and the decision to shut down the Public Works Department due to financial losses. Aurangzeb concluded by noting the positive progress in negotiations with the IMF and expressed

confidence that an agreement would be reached within the current month.