

## **Mutual Benefit Card/Coupon System**

How it will affect the economy like Jordan whose population is only 6 million and annual budget is 4.7 billion dinars which is never collected as such and always have a deficit of 5-7%. The internal loan is 77 billions dinars and external loan is 27 billion dinars. The currency is connected to dollar with the ratio of 1 dollar equals to .71 dinars. Foreign aid ranges from 200 to 340 million dinars. Unofficial unemployment rate is 30% and same amount is living below poverty line. Budget collection varies from 3 to 3.7 billion dinars and expenditure forecast in this year is 4.7 billion dinars. The MBC System is devised to remove poverty and ultimately economic depression which not only comes alone but along with host of other ills and problems. The reasons for poverty are many but some of them have mentioned as

1. Unemployment
2. Low wages
3. More mouths to feed that means more population
4. Direct and indirect taxes
5. Illiteracy.

Almost all the above mentioned ills are due to lack of good governance or in other words that it is the fault of state. If we take the Govt. point of view which is lack of enough funds available to eliminate the poverty causing all these problems? Next important question is what the sources of govt. funds are.

1. Taxes which all govt. impose on all its public to run the country. Direct taxes are collected from the salary of the employee and there is no escape for the poor employee whose wages are already low. A private sector employee escapes this harsh treatment by giving something underhand to tax collecting authorities and hence get away with the maximum income earned. This kind of corruption is very common in the third world countries that are already poor. In order to increase the funds of the state the govt. imposes taxes in all the commodities and services it

is providing which indirectly increases the cost of production and hence make the living of an average individual all the more difficult. Why this is so? The reason is simple the taxes are against the human nature and hence it is forbidden in Islam (Surah Tuba verse 29) but only Zakat is permitted and if Zakat is properly given then there will be no poverty in Muslim countries. But unfortunately most of us are Muslim by name. The increase in indirect taxes on essential commodities will be a deterrent to the new industry so the private sector has only two options.

1. Don't declare the correct amount of end product produced.
2. Don't register yourself as a production house which is the usual way in the most of the underdeveloped countries that are already poor. This effect the incentive for establishing new industry so the govt. doesn't get the lion share of taxes from these production houses because if these production houses declare their production then they go into loss because of the large amount of income taxes imposed on them. So this is a vicious circle and the budget of these countries increase in deficit year after year. So what is the solution? Apparently there is none but there is one if you read Quran and Hadith carefully. Our creation from Allah Sub Ha Na WA Tallah is on incentive basis so the prophets, angels, Jinnat and Human Beings will be rewarded according to their deeds and will have many grades. This has been repeated in almost every page of Quran and Sunnah. So why not look into a system which is based on Quran and Sunnah and this is what MBC System is all about which will make the state very rich and hence it will not impose any taxes and will provide all the facilities to the public. MBC System is one of the systems which once implemented will.

1. Remove all kinds of taxes or reduce to such an extent that the cost of production becomes less than half.
2. This will produce an industrial boom and hence employment.
3. The state become very rich in the shortest period of 30 days after implementation of MBC System and will collect at-least three times the total annual budget without asking anybody to pay any tax.
4. Boom in employment sector is guaranteed in the shortest possible time of 30 days (see the text).
5. If the state becomes so rich then it will increase the salary of all the employees specially the lower grade so that their quality of life improves tremendously.
6. Since the taxes are eradicated then there is no Black money which will come into circulation immediately and will be the major factor in the industrial boom and ultimately all this money will end up in Govt. funds and the Govt. will invest it in every major private establishment (see the text).
7. This is not unIslamic because there is no concept of Black money in Islam and same will be the case of money laundering. These two terminologies have no meaning in Islam and are conceived mainly by Jews because of the interest on lending money they have created. Now the question is how the system will work as this seems to be wishful thinking and not a reality. Let's prove it otherwise.

In order to achieve all these goals the MBC System proposes of printing a legal tender called coupon or a card which have to be

purchased with real state currency and will vary in value which depends upon the time and amount of purchase. This new legal tender has to be printed by the state with the same standard as the actual currency but in different size, shapes and denomination so that it is not confused with the actual currency. The larger value coupons will be in the currency notes of different denomination to be used again and again like the actual currency and will also be available in debit card form, Coupon accounts and the ATM machines. The only difference is that this is the legal tender only inside the country and it is not recognize outside the state. A small instrument will be available to check the Genuineness of the coupons at a very low cost and it will have an unlimited shelf life and can be exchange or sold for real currency at the prevailing open market rate.

Where will and how these coupons will be used and what will be its face value?

1. It will be used in all Govt. services and commodities and will replace the actual currency when buying these services. The only difference will be that you have to multiply the actual currency bill with 2 and that amount will be number of coupons to be surrendered to buy that commodity. Example currency bill is 100. Payable in 200 coupons and the private sector it will be used as 15% in coupons and 85% in cash. What is the benefit?

1. When you pay in coupons to the govt. services your saving will vary from 50 to 75% depending upon the commodity and service provided by the state and the amount of tax imposed on them. The coupon value will be so less that even price of double amount of the coupons will be one third of the present price to be paid. All the services under Govt. control can be directly purchased with the coupons instead of cash. In the private sector the cost of production will become one third because of cheap commodities available but with the condition that you have to pay 15% coupons plus cash which will be less than two third of present price of the merchandize. Seeing these benefits everybody will try to collect money and buy these coupons in bulk as early as possible. At the start of the implantation of this system Govt. will offer a discount price for the purchase of these coupons see details in text and the result is less the price in coupons the more the saving is. This option is given on the certain amount of currency depending upon the country that if it purchased within 30 days the coupon rate will be cheapest and the coupon will become costlier in the second and third month after which it will become stable.

2. The second incentive will be duty free options. The govt. will give a duty free option on all the goods purchased in the period of these 30 days or taken an option for the import of the goods at the later date. Most of the black money will be used to import machinery and setup industry and this is how all the Black money is ending up into Govt. accounts. End result. The state has become so rich that after the 30 days it announces that there are no direct taxes of any kind and indirect taxes are already slashed as the coupons are sort of indirect taxation of the very less amount. In this way Govt. lost all the money which it used to collect at the end of the year. But the benefit is that it has collected many more times within thirty days and much more to come by the end of the year.

### **How the MBC System will work for Jordan?**

For Jordan the currency is dinar but one dinar has 100 fils. So each fil will buy 5 coupons if the money spent is at least 5000 dinars in the first 30 days. In the next thirty days the rate will be 4 coupons per fil in the third month the rate will be 3 coupons per fil or 30000 dinars will be written off as a duty on the goods imported in Jordan. This will be decreased to 15000 in the next month and 10000 in the third month. One can have also the option of taking half coupons and half duty free merchandise in any month. So the condition is that one has to deposit 5000 dinars in the first month.

### **Formation of JMF (Jordan Monetary Fund)**

Govt. will announce the bids to sell its coupons. Any agency JMF giving the lowest bid will be given the charge to sell these coupons

with the condition of employing 50 thousand people as an agents for a certain yearly fee and agent get 10% commission for every coupon sold. The agents will be selected from the unemployed persons who are literate. Their monthly quota will be fixed beyond which they can't sell the coupons. 10% commission is a lot of money which they can share with the valued client who is willing to purchase coupon frequently and the discount coupon agent will give from his share of 10% can vary from person to person and maybe between 4% and 8% depending on the client. The agents who can't pay the fee in the beginning once in a year will have their quota cut to half till they pay their annual fee then the quota will restored to full amount. The second, third and fourth unsuccessful bidders will be appointed as the auditors of the JMF and they are all private sector companies and nothing to do with the Govt. Any case of fraud detected by these agencies will also be verified by the Govt. machinery who were collecting taxes will be employed for this purposes but their word is not final and other two or three agencies will also verify the fault. What are the benefits to the auditors in this? They will get the handsome fee to be paid by JMF and any case of fraud or a mistake JMF will be fined ten times the amount involved. Half of it will go to Govt. and half to the auditor detecting mistake so there is no question of fraud but mistake can happen and incase of fraud by JMF agency will become bankrupt if the fraud can runs into billions of dollars. Now the ultimate result is that the state has not to borrow any money from outside and retire all debts so in other words good bye to I.M.F. and World Bank. Anybody who looks at the system might say that it is paradise for rich and hell for poor because rich can afford a very large sum in the very first month and benefits through out the year but poor haven't got the money to buy these cheap coupons because large sum is needed to buy these coupons at the cheapest rate. So how can the poor are benefited from this system? It's a good question but if you look in the details of the system it makes a lot of room as well. How?

1. 20, 30 or 100 poor get together and purchase the cheap coupons offered by the govt. But one can reject this condition and say that this is not a justice.
2. **Multiplication Effect.**

A rich or clever businessman will buy these coupons at the cheapest rate and will also take 5-6% share from the agent's commission as well. He comes back home and sell the coupons at the cheapest rate like the Govt. and there is no restriction on the amount purchased. Now a poor person who has only got one dinar can also buy the coupons at the cheapest rate. Within no time this rich man or clever businessman will have sold out all his coupons and has gained 5% of the commission which he got it from agent and is ready to purchase new coupons. In this way he will keep on buying and selling as long as the demand lasts. In the end of the period he has earned so much of the profit which may be 100 to 200% that he can buy duty free or cheap coupons from this profit on the last day of offer. The end result is that even the poorest person has got the same rate as the rich but for the 5% profit which the clever businessman got from the agent. Within one month all the unused money will either be used in buying coupons or buying duty free goods. Think of population of 6 million people of Jordan who will pour all their savings into Govt. accounts to buy these cheap coupons or take duty free options. Why?

1. With the help of coupons they will reduce their routine bills to half which is a lot of saving whether he is poor or rich.
2. He will sell these coupons later on at the higher price and will make profit.

So it is an incentive based system which has created a euphoria of business without any experience and overhead charges so even a housewife sitting at her home's comfort will buy and sell coupons and make profit. The second

most flood gate of money will come from the Govt. offer of registration. There are three categories of registration.

### **Category I registration**

This category includes businesses that establish a special relationship with the agency appointed by the Govt. for selling the coupons by agreeing to sell their entire output through this agency for pre agreed market prices plus 5% cash or 15% coupons. This will entitle them to import all their materials and needs into Jordan duty free, equal to what they sell to this agency or buy cheap coupons throughout the year. The quota for the amount sold through this agency will be 10 times of registration fee. The combined effect of duty free options and cheap coupons will cut the cost of production to more than 50% hence every thing produced in Jordan will be at least 40% cheaper when there is also Zero tax.

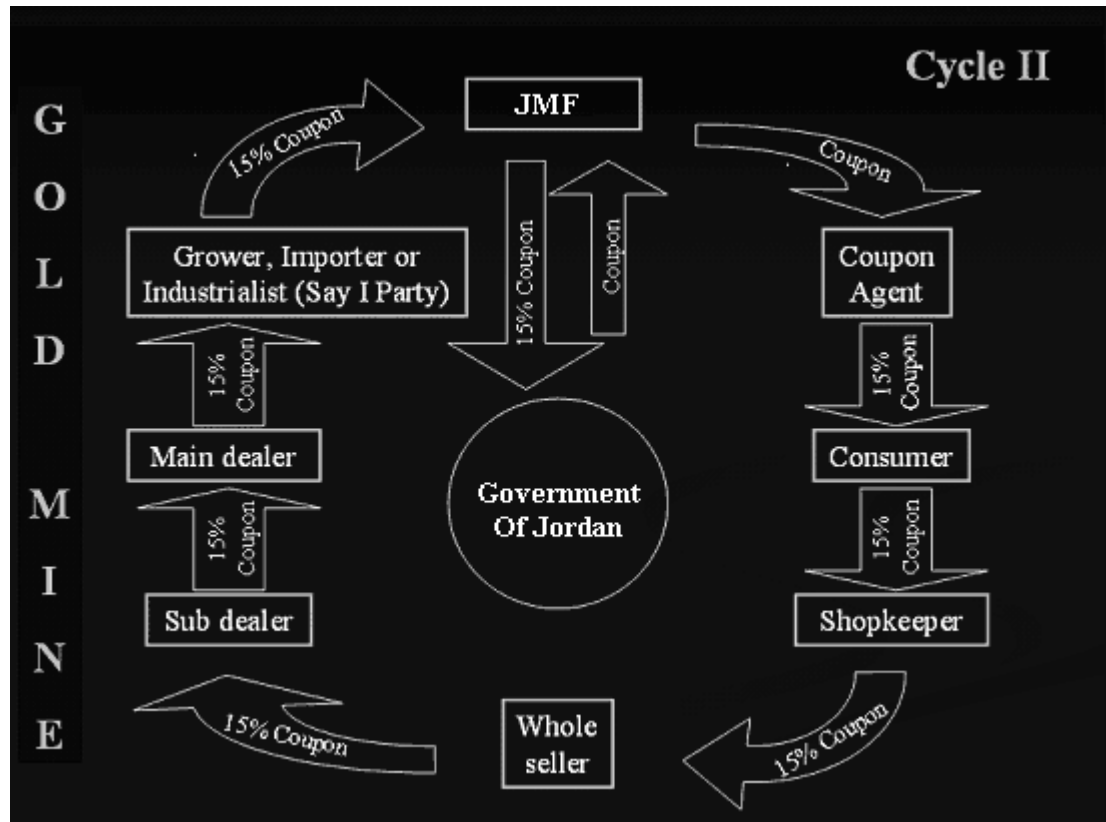
### **Category II registration**

All businesses who pass their products or services onto an end user i.e. consumer can register at the start of the year for 1000 dinars (minimum). This fee entitles the business to get 1,000,000 coupons for 2000 dinars provided that 500,000 coupons are collected during the month shall be surrendered and exchanged with the new coupons with new numbers without any additional cost.

A registration fee of 5,000 dinars entitles the business to buy 3 times the number of coupons collected at the special rate of 500 coupons per dinar.

### **Category III registration**

It is difficult for small traders and specially retailers to buy large quantities (annual requirement) of coupon in the first month of the fiscal year. Under this category they can deposit a registration fee of 5000 dinars in the first month. This will entitle the business for 2.5 million coupons per month at the special rate of 500 coupons per dinar.



### Corporate Farming:

MBCS Govt. will give rights to the selected corporate farming organizations through bidding process and will provide best up-to-date machinery, equipment, free water, very low cost electricity and fuel. Airplanes will be used for spraying the pesticides and the sowing the seeds on these areas. All the boundaries will vanish except on papers and computers so that if anybody wants to sell his/her land it can be done easily without fear of any litigation. The MBCS Govt. is now sharing the profit with these corporations and is giving subsidies to keep the cost of production of these crops much less than at present. The end result will be every piece of land will be cultivated with high class quality of crops and at the cheapest production cost under MBCS Govt., and will export these crops and will earn much needed foreign exchange and will also sell these crops inside Pakistan with profit

through corporate farming agencies. Hence the prices of these crops will be easily regulated by the MBCS Govt. As there is no compulsion few big landlords might not agree to give their lands on lease as they will see their wings being cut completely. Under these conditions they will not be able to cultivate their lands as their production cost will be much higher than the cost of production of the corporate sectors and hence will not be able to sell their produce in the market. Farther more they will not get cheap labor which they used to get before and hence they have no way but to opt for the leasing arrangement which will give them more profit.

### **Interest free banking.**

This seems to be impossible under the present circumstances as interest has very deep and firm roots in the whole world. We consider this to be easily possible if the MBC system is implemented in its totality. With the result all kinds of money inside and outside Pakistan in the banking sector or otherwise will be attracted and will fill the MBCS Govt. accounts because of massive incentive of reduction in prices ( $1/3$  of the present price with help of buying cheap coupons) and duty free options will attract all the black money (about 100 billion dollars) lying inside and outside Pakistan which is mainly used for smuggling purposes. This massive increase in MBCS Govt. accounts will drain all the money in the banks belonging to the private sector. In other words this will shift private accounts to MBCS Govt. accounts in the same bank according to the new arrangement. Once there are little or no funds available to banks from the private sector they will have to depend upon the MBCS Govt. who will be more than willing to provide funds on loan but only on profit and loss sharing basis. The Banks then will have no other option left but take loan from the MBCS Govt. and

invest in the Private sector on the same basis but after thoroughly checking the feasibility studies so that the investment is profitable. Any bank constantly losing will not be given fresh loans hence facing a situation of closing down. This source of income of banks will be much more than the present one as 100s of new businesses and industries will be setup from these loans on profit and loss sharing basis.

**Role of central Bank:**

1. Banks will not advance any cash to the private concern but will provide all the necessary equipment, land, buildings and setup industries on turn key basis (BOT) according to the specifications of the private investor.
2. The investor has to deposit at least 20% of the total capital and running expenses will be provided from these funds.
3. The bank can act as a partner in profit and loss sharing or lease all the equipment or charge rent of the equipment or building.
4. Any business running into loss and can't pay the rent or lease money the bank has a choice to buy the business at the open market rate with mutual agreement.
5. No collateral will ever be needed as 20% advance is the only collateral.
6. Bankruptcy law will cease to exist.
7. All kinds of over invoicing in setting up industries with the help of loans will be eliminated.
8. Liquidators and all kinds of liquidation process will be just like a bad dream.
9. Central bank will check every feasibility report through his own experts before allowing the banks to go ahead with investment.

**Result:**

Banks' profit will increase many folds by advancing interest free banking with the simple reason that 100 times more industry will be built as the availability of massive funds without collaterals is easy to get. Banks will also make profit by buying and selling coupons of their own of coupon account holders. The interest based banking will be wiped out because there is no money available to invest and even if the money is available nobody is willing to take money on interest basis.

Now imagine the profit MBCS Govt. is sharing with the banks as every business will go for loans which are easily available and at profit and loss sharing basis with no preconditions of collaterals. The total amount of money earned by MBCS Govt. in this way will run into trillions. Under this situation there is nobody loser but only loser is the interest based banking. Bedar Pakistan has not only invented a system which starts a perfect way of Islamic banking which does not exist anywhere in the world but also earns huge amounts of profit to the MBCS Govt. strictly according to Islamic teachings.