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**Dr. Abdul Hafeez Shaikh**  
Advisor to Prime Minister  
on Finance and Revenue



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**ICMA Pakistan:** First of all, congratulations on a very successful visit as part of PM's delegation to attend the UNGA meetings in the USA. Please tell us about the impact of this visit on improving trade and investment relations with the USA?

**Dr. Abdul Hafeez Shaikh:** The visit improved diplomatic relations with the USA and increased the confidence level on both sides. The bilateral trade and economic relations will get promoted. President Trump is keen to increase trade and business relations.

We will receive delegations from the USA for investments in the areas of education, health and transfer of technology. Further, the meetings of Prime Minister with the heads of IMF and World Bank will also deepen partnerships with them.

“ Foreign direct investment increased by 238.7 percent during Jul-Oct FY 2020 and reached to US\$ 650 million as compared to US\$ 191.9 million in FY 2019”

**ICMA Pakistan:** Do you think our economy is out of the rough patch and now moving towards stability?

Ans. During FY 2019, various initiatives were taken with a view to breaking the cycle of recurring instability and to put the economy on the path of stability and sustained growth, such as monetary tightening based on exchange rate; expenditure control and enhancement of regulatory duties on luxury/non-essential imports. All these steps helped in restoring macro-economic stability in the country in the form of sustained adjustment in current account deficit and continued fiscal prudence. For the first time, in many years, current account and primary balance posted a surplus. Particularly, during the month of October 2019, exports increased by 7.3 percent while imports were down by 23.5 percent over the same period last year, thus putting a positive impact on the balance of payment. Similarly, foreign direct investment increased by 238.7 percent during Jul-Oct FY 2020 and reached to US\$ 650 million as compared to US\$ 191.9 million in FY 2019. Healthy investment has been observed mainly in telecommunication and power sector coming from Norway and China, respectively.

In addition, contained fiscal deficit at 0.7 percent during first quarter of current fiscal year, stabilized exchange rate, better performance of stock market and revived interest from international community in Pakistani markets is an indication that economy is moving towards stability and sustainable inclusive growth.

**ICMA Pakistan:** For FY 2019-20, IMF projects GDP growth rate of 2.4% and ADB project it at 2.8% whereas Pakistani economists think that we can achieve better results than projected by these international and regional agencies. What are your comments on this?

**Dr. Abdul Hafeez Shaikh:** Despite positive developments, the government is cognizant of challenges and focused on resolving them particularly, reducing inflation, creating job opportunities and achieving high growth rate. Government is implementing a set of measures to uplift the agriculture, industries and services sector of the economy.

Recently, Moody's upgraded Pakistan's credit outlook to stable from negative amid improvement in balance of payment position and current stability.

Keeping in view the positive developments on major economic indicators, we expect that the economy will likely to achieve better performance as against the projections of IMF and ADB.

**ICMA Pakistan:** Do you think more meaningful structural reforms are needed to achieve economic stability and prosperity?

**Dr. Abdul Hafeez Shaikh:** Every country needs to formulate policies in line with the circumstances through which it is passing. Since Pakistan is an agriculture country with huge rural population policies, therefore the Government has launched the National Agriculture Emergency Program for the development of agriculture and the agro-based industrial sector. Furthermore, Pakistan has a young population with 60 percent youth, therefore, labor incentive industries are being focused to promote at the SME level. Since Pakistan is importing consumable items at a large scale, policies to promote import substitute industries to reduce import bills are being encouraged along with the export package for export-oriented industries having comparative advantage.

Pakistan is using its large amount of foreign exchange for oil import for the purpose of power generation. Government is taking care of policies to promote alternative and renewable energy in the country.

**ICMA Pakistan:** What is the government's policy for containing losses in state-owned enterprises (SOEs)?

**Dr. Abdul Hafeez Shaikh:** The Government is seriously considering the two-pronged strategy; first to reform SOEs to make them more efficient and establish new projects under the Public-Private Partnership basis. Second, the private sector would be encouraged to take over these SOEs/projects so that these could be converted into profitable entities.

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The Government is taking the following steps in this respect.

- a) To appoint professionals from the private sector having good track records of the management, organization and administrative skills as Head of PSEs.
- b) To form a single government holding company to replace and take up the role of different administrative bodies in controlling PSEs.
- c) To undertake reforms in public and civil services and giving more power to the institutions to curb corruption and improve their efficiency and productivity.

**ICMA Pakistan:** Do you think professionals like CMAs need to be taken on board of SOEs to bring cost efficiency in the public sector?

**Dr. Abdul Hafeez Shaikh:** ICMA Pakistan nurtures students and members in a professional way, especially in the field of cost accounting. They may prove themselves as the fittest persons to bring cost efficiency in SOEs or any other public sector organizations. The years-long consistent losses of SOEs make it imperative to reduce not only direct cost of production but also administrative cost so that they may compete in the market, locally and globally. The services of Cost and Management accountants could be utilized at optimum possible level for bringing professionalism and efficiency in SOEs.

**ICMA Pakistan:** There is some resistance from the trading community in documenting the economy. How do you see this challenge and what strategy FBR is adopting to bring the un-taxed sector into the tax net?

**Dr. Abdul Hafeez Shaikh:** The tax net needs to be expanded so as to translate it into the documentation of economy and in this regard, all out efforts are underway.

“The Government has taken various steps to control the rising inflationary pressures. The Provincial governments and district price control committees are monitoring and controlling prices and supplies of essential items”

**ICMA Pakistan:** The general public is perturbed by high inflation. How would you alleviate their suffering?

**Dr. Abdul Hafeez Shaikh:** To alleviate the suffering of consumers due to high inflation, subsidy of Rs. 220 billion

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has been allocated for consumers who use less than 300 units of electricity. Similarly, subsidy of Rs. 1.5 billion have been provided to Roti Tandours for provision of cheap roti to common man. Prime Minister's National Agriculture Emergency Program will ensure smooth supply of food items and uplift of the agriculture economy as a whole.

The Government has taken various steps to control the rising inflationary pressures. The Provincial governments and district price control committees are monitoring and controlling prices and supplies of essential items. ECC of the Cabinet regularly monitors the prices and supply position of essential items. Monitoring Cell in Ministry of National Food Security and Research has started to check the price hike and is ensuring smooth supply of essential commodities across the country.

**ICMA Pakistan:** What role do you foresee for ICMA Pakistan to play in the economic development of the country?

**Dr. Abdul Hafeez Shaikh:** ICMA Pakistan is playing a vital role by educating new generation in the profession of cost and management accountants. ICMA Pakistan can play the desired role in the economic development of Pakistan by imparting updated education to professional accountants; sending their professionals to international seminars and inviting professionals from the renowned institutions of the world.

**ICMA Pakistan:** What message you would like to give to the professional accountants in Pakistan?

**Dr. Abdul Hafeez Shaikh:** My message to the professional accountants would be to keep themselves updated on global developments not only in the areas of finance and accounting but also on economy, IT and technology.

*The Editorial Board thanks Dr. Abdul Hafeez Shaikh, Advisor to Prime Minister on Finance and Revenue for giving his exclusive interview for Management Accountant Journal.*