Govt's helplessness against inflation challenge explained

epaper.brecorder.com/2019/05/04/1-page/779841-news.html

May 3, 2019

ZAHEER ABBASI

ISLAMABAD: Advisor to Prime Minister on Finance Dr Abdul Hafeez Shaikh has stated that there is a need to increase revenue collection in line with future requirements and reduce the budget deficit, adding that new measures and policies would have to be taken in budget for the next fiscal year.

Speaking at a business conference here on Friday, Dr Abdul Hafeez Shaikh said that inflation in the country is major concern for the government but the government has no control on oil prices as increase in oil prices in the international market has negative impact on the domestic market as well.

He said that Pakistan's history is not good with regard to attracting foreign direct investment (FDI) and increase in country's exports and consequently the country stands among the list of countries which have been left behind in development. He said that successive governments have failed to attract foreign direct investment and witness growth in exports because exchange rate was not market-based.

He said that this was the reason that Pakistan's current account deficit increased to $19 billion in last fiscal year. Additionally, the advisor also pointed out the annual losses of state-owned enterprises (SOEs) and circular debt and stated that SOEs' losses increased to Rs 200 billion annually while circular debt remains from Rs 300 to Rs 400 billion annually. He said that average annual losses of SOEs and circular debt are to the tune of Rs 600 billion.

Hafeez Shaikh said he is very optimistic that time has come to undo this trend of losses and as the budget for next fiscal year is a few weeks away, the economic framework would have to be prepared to reduce the budget deficit.

He said that revenue mobilisation would have to be increased in accordance with the future requirements and new policies and measures are needed to be introduced in the budget for next fiscal year in this regard.

The advisor recounted that as minister for privatisation during 2003-2006 he had been able to privatise energy sector, telecommunication, banking and other entities whereas no entity was privatised during the last thirteen years.

He said he is hopeful that an agreement would be reached with the International Monetary Fund (IMF), which would bring about improvement in relations with other multilaterals lending agencies. He said that role of private sector is very important to increase trade and China-Pakistan Economic Corridor (CPEC) must be made a project to change the life of ordinary citizens. He said the government has taken steps to reduce the expenditure and improve the economic condition.