



## Mr. Asad Umar

Federal Minister for Planning, Development and Special Initiatives

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**ICMA Pakistan:** How do you foresee the economic challenges for Pakistan in the post-COVID-19 scenario?

**Asad Umar:** The Pakistan economy is currently recovering from two consecutive crises. The first one, which continued in most of 2018 and 2019, compelled necessary macroeconomic adjustments needed to correct the accumulation of unsustainable external BOP deficits. The second one is associated with worldwide lockdowns, including Pakistan, during February – August 2020 due to the COVID-19 pandemic. The recovery from both of these shocks is already underway with a V-shape and broad-based provisionally estimated GDP growth estimated at 3.9 percent during 2020-21. The agriculture sector posted robust growth at 2.8 percent while the large-scale manufacturing posted positive growth of 9.3 percent

In the post-COVID-19 scenario, the main risk factor appears to be the recently observed resurgence of new waves of infections worldwide and also in Pakistan, necessitating the imposition of new restrictions on social contacting that will impact the process of economic recovery. The effects on the economic outlook will depend on the intensity of the pandemic and the duration of restrictions. But specific well-designed government policies both domestically as well as in Pakistan's trading partners may soften the economic burden of these necessary restrictions.

Another risk factor is the potential widening of the trade deficit, which if growth in remittances stalls, could lead to pressures on the exchange rate. Should this risk materialize, then inflationary build-up could necessitate an adjustment in the central bank's discount rate.

“The smart lockdown policy was effective in protecting both lives and livelihood. As a result, Pakistan's economy is among the few economies which did not experience a major contraction in economic activities”

**ICMA Pakistan:** Lockdown has a devastating effect on the poor and daily wagers. What are the major initiatives which the government deployed in dealing with this issue?

**Asad Umar:** During February August 2020, the 27.3 million informal sector workers were most at risk of losing their jobs due to the lockdown situation across the country. These informal workers are mainly engaged in sectors most likely to be adversely impacted due to the shutdown of economic activity.

According to the Special Survey for COVID-19 impact by the Pakistan Bureau of Statistics (FBS), 35.04 million of the population and 22% of the workforce were severely affected by COVID-19, 49% of the workforce lost their jobs and 12% experienced a decrease in income. The majority of the affected workforce (74%) works in informal sectors. The opening up of the construction sector and smart lockdown policies helped in reducing the impact of COVID-19 on unemployment and poverty. Secondly, the stimulus package of Rs.1.2 trillion mitigated the impact of poverty and economic loss.

Keeping in view the situation, the government took the following remedial measures to curb the negative impact of the Pandemic on the poor and daily wagers.

- The ECC of the Cabinet on 26th May 2021 approved Rs 48 billion for the second phase of the Ehsaas Program to provide one-time cash assistance of Rs. 12,000 per beneficiary to four million additional beneficiaries badly affected due to smart and micro lockdowns during the COVID-19.
- Rs. 200 billion is allocated by the Ministry of Finance for targeted payments to daily wage workers working in formal industries that have been laid off due to COVID-19.
- Ehsaas Emergency Cash program was launched by the Prime Minister on April 1, 2020, in the context of the economic hardships being experienced by the vulnerable due to the ongoing coronavirus crisis. The financial assistance under the program is meant to help them buy rations so that they don't go hungry. The

program covers more than 15 million families; 12,000 per family, a total budget of Rs. 203 billion.

- Rs. 50 billion was allocated for Utility Stores Corporations to subsidize the essential items.
- Electricity bills could be repaid in 3 installments for domestic consumers consuming units up to 300 units.

In FY 2022 allocation for the Ehsaas program has been increased from Rs 208 billion to Rs 260 billion.

- Under National Poverty Graduation Program, 59,986 livelihood productive assets have been transferred to the ultra-poor households till 31st May 2021 while during May, 4048 livelihood assets were distributed out of which over 94 percent assets have been transferred to women.
- PPAF through its 24 Partner Organizations has disbursed 46,218 interest-free loans amounting to Rs 1.93 billion during May 2021. From July 2019 till 31st May 2021, a total of 1,358,066 interest-free loans amounting to Rs 47.78 billion have been disbursed to the borrowers.
- Under Kamyab-Jawan Youth Entrepreneurship Scheme, Rs 8,556 million has been disbursed till April 2021 to the youth for various businesses. SBP offers loans to MSMEs not to lay off their employees at concessionary rates than the discount rate of 7 percent.
- The government policy of smart-lock down has saved millions of households from abject poverty and hunger. Even when the infection rate was high in the country, the government has allowed some sectors to function by maintaining SOPs to avoid complete and collapse and civil unrest.
- Food provision through Langar (food for poor) through public-private partnership on major cities and towns of the country.

On top of that, smart lockdown policy and not shutting down the entire economic activity have benefitted the daily wage workers and poor. The smart lockdown policy was effective in protecting both lives and livelihood.

“Yes, I do agree with you that professionals like Management Accountants can play a pivotal role in formulating economic policies and strategies in their relevant fields”

**“ I would welcome the ICMA Pakistan to collaborate with the Planning Ministry through a structured MoU that could cover sector-wise studies which mainly focus on reducing the cost of doing business and improving productivity in the Pakistani industrial sector ”**

As a result, Pakistan's economy is among the few economies which did not experience a major contraction in economic activities. Planning Commission has estimated the impact of Ehsaas programs on income inequality and poverty indicators. The stand-alone impact of Ehsaas transfers in 2020-21 is estimated to have resulted in a reduction in income inequality and poverty headcount, both, by 2 percentage points.

**ICMA Pakistan:** What are your views on positive repercussions on initiatives taken in Budget 2021-22 on industry and economy?

**Asad Umar:** For the next fiscal year 2021-22, the Government has announced several measures to support employment and business activities for the low-income households and the SMEs sector. The budget for 2021-22 builds on the V-shaped economic recovery. The budget aims at a bottom-up approach by targeting 4 to 6 million low-income households through specific economic empowerment measures. These include:

- (1) each citizen will be eligible for an interest-free business loan of up to half a million.
- (2) each farmer will be eligible for an interest-free loan of Rs. 150,000 for each crop season.
- (3) each farmer will be eligible for a loan of 2 lacs for the purchase of agriculture implements.
- (4) each low-income household will be eligible for an interest-free loan of 20 lacs for building a house
- (5) each low-income household will receive a Sehat Insaf card and
- (6) One member of each household will be eligible for free skills training.

Real GDP growth of 3.94 percent in FY2021 is a V-shaped economic recovery that shows concerted efforts of the government for addressing structural issues to avoid further macroeconomic imbalances.

The government also took some immediately requisite measures for sustainable and robust growth along with protecting the most vulnerable segments of society.

The government has set its priorities in the current budget by enhancing the development budget from Rs 630 billion (revised) to Rs 900 billion with an aim to boost economic growth, reducing unemployment, and poverty. Given this, the development priorities in FY2022 are ensuring Food,

water, and energy security, improving the critical road infrastructure, advancing on implementation of the China-Pakistan Economic Corridor (CPEC), establishment and operationalizing of Special Economic Zones (SEZs), Sustainable Development Goals (SDGs), combating climate change, Technology-driven knowledge economy and removing regional disparities.

**ICMA Pakistan:** Professionals like Management Accountants can play a pivotal role on the Advisory Board constituted by the Planning Ministry to suggest policy guidelines? What is your viewpoint in this regard?

**Asad Umar:** The Advisory Committee/ Board stands constituted to promote public and private sector interface and develop a participatory approach in decision making and work as a strategic think tank to guide on policy issues that are addressed by the Planning Commission.

There are six sub-groups including Economy & Finance, Industry & Enterprise, Agriculture & Water, Construction & Urban renewal, ICT & Public Health, and drinking water & Sanitation. Yes, I do agree with you that professionals like Management Accountants can play a pivotal role in formulating economic policies and strategies in their relevant fields.

**ICMA Pakistan:** ICMA Pakistan and Planning Ministry can work together to combat COVID-19 implications on Industry?

**Asad Umar:** I am aware that ICMA Pakistan is one of the leading institutes that play a key role in regulating and providing highly skilled professionals in the field of cost and management accounting. I would welcome the ICMA Pakistan to collaborate with the Planning Ministry through a structured MoU that could cover sector-wise studies which mainly focus on reducing the cost of doing business and improving productivity in the Pakistani industrial sector.

Moreover, I believe ICMA Pakistan can assist the Planning Ministry in both setting out and supporting the implementation of a good governance reforms agenda for the public sector. These potentially joint activities between the ICMA and the Planning Ministry will assist in improving the overall competitiveness and growth prospects of the economy.

*The Editorial Board thanks Mr. Asad Umar, Federal Minister for Planning, Development & Special Initiatives for giving his exclusive interview for Management Accountant Journal.*