

### **ICCI resents further raise in SBP policy rate**

ISLAMABAD: The Islamabad Chamber of Commerce & Industry has resented the State Bank of Pakistan decision to further hike the policy rate by 100 basis points taking it to 13.25 per cent.

The ICCI has termed it an unhealthy decision as it would further enhance the credit cost for private sector, increase cost of doing business, discourage new investment and affect the overall economic growth of the country. It called upon the government to withdraw this decision to save the economy from further problems.

Ahmed Hassan Moughal, President; Rafat Farid, Senior Vice President and Iftikhar Anwar Sethi Vice President, Islamabad Chamber of Commerce & Industry said that the interest rate has almost doubled since January 2018 that was not good for business sector. They said that at the one hand, the government was giving assurances to promote ease of doing business, but at the other hand, it was taking decisions that would create more difficulties for the private sector. They said that the economy of Pakistan was passing through a tough period, and it was the need of the hour that government should have reduced interest rate to provide easy credit to private sector for expansion of businesses and better growth of economic activities.

However, making 100bps hike in interest rate would add to the problems of private sector and discourage new investment as no investor would like to invest in Pakistan in an environment of exorbitant credit cost.

Ahmed Hassan Moughal said that with increase in interest rate, banks would now prefer to invest in government's securities that would bring them risk-free high returns. This situation would squeeze credit availability to private sector leading to further slump in business and economic activities. He urged that government should review the hike in interest rate and take measures for creating an enabling environment for private sector.

Saeed Ahmed