

Finance adviser vows measures to stabilise forex supply

ISLAMABAD: Adviser to the Prime Minister on Finance, Revenue and Economic Affairs Abdul Hafeez Shaikh on Tuesday vowed measures to check outflows of dollars from the country as tight greenback supply led to weakening of rupee in the past couple of months.

Shaikh was talking to a delegation of foreign exchange dealers led by the President Malik Bostan of Forex Association of Pakistan that called on the adviser. The delegation proposed various measures, aiming at improving foreign exchange of the country.

The adviser assured the delegation that their proposals would be considered positively.

Secretary Finance Naveed Kamran Baloch, Governor State Bank of Pakistan Reza Baqir, senior officials of ministry of finance and representatives of foreign exchange dealers attended the meeting.

The association's representatives said smuggling of dollars to Afghanistan and Iran is a serious issue and the government agencies should take strict action against such elements who are involved in foreign currency smuggling. The delegation said people, who are travelling abroad, are carrying six million dollars per day. The delegation proposed the government to revise the foreign currency's limit for people, who are travelling abroad, in order to reduce the outflow of dollars.

The rupee has depreciated by 37.45 percent since January 2018 to have become one of the 13 worst performing currencies in Asia. Currency market is closely watching the SBP's exchange rate policy moves and how it intervenes to arrest slide in rupee value that is also building up inflationary pressures. The rupee failed to take respite from an unabated downtrend with analysts dreading a flood of price waves to hit below the belt of masses.

Consumer inflation stood at 8.82 percent year-on-year in April. The headline consumer inflation was recorded at 3.8 percent in the corresponding period a year earlier. The central bank warned that it would further increase from an average seven percent in the July-April period of the 2018/19 fiscal year.

The State Bank of Pakistan raised interest rate by 150 basis points to 12.25 percent in the monetary policy announcement last week. The hefty increase was aimed at to stabilise the battered rupee and contain inflationary pressures.

The currency dealers further expressed concern over under-invoicing by some importers and suggested that the customs authorities should take over the goods, by auctioning them, of the importers who are involved in under-invoicing causing losses to the exchequer. The delegation also offered its support to improve foreign exchange of the country.

Our Correspondent