DAWN

7th November, 2019

Editorial

## Cut in NSS rates

THE latest cut in the rates of National Savings Schemes will hit some of the most vulnerable sections of society the hardest, and for this reason the government should have taken more time to consider the step. The announcement itself came late at night, which might suggest some protracted deliberation, but pensioners, widows and those with meagre savings, with no capacity to bear risk, have been sorely disappointed. The government's view is that the cut was necessary because of a fall in the rate of the Pakistan Investment Bonds and Treasury Bills, to which these certificates are ultimately pegged. But the fact that the government is in dire need of expenditure cuts at a time of mounting fiscal pressure is also inescapable.

There are a large number of people who rely on savings certificates for a significant share of their monthly income, and for whom there are no other safe investments available in society. It is a little disconcerting to hear the sound of celebrations in the stock market after this rate cut, because these certificates are competitors of the brokers, and once the rates decline, money moves away from them towards the stock market instead. Hopefully, the inclination to use rates to herd people towards the stockbrokers was not factored into the decision, because the reality is that the government is touting the recent upswing in the stock market as a measure of its success. It would be regrettable if the fiscal balance is being stabilised on the backs of pensioners and widows, but it would be even more reprehensible if the government were trying to herd more people towards the trade floor in an effort to further fuel the rise of the index. In any case, it is the responsibility of every government in every age to safeguard the interests of pensioners and widows, regardless of macroeconomic considerations. That responsibility must be lived up to by those who have made this decision.