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Interest rates to come down as inflation eases: SBP governor

KARACHI: The State Bank's Monetary Policy Committee is independent and interest rate decisions are taken after considering inflation, SBP Governor Reza Baqir said on Monday while answering questions raised by the Karachi Chamber of Commerce and Industry (KCCI).

Responding to KCCI demand for reducing the policy rates, he assured that the SBP would go for the same as soon as the inflation rate starts coming down.

"Rest assured and trust us, we are moving gradually. We will cut down interest rate when inflation drops," he remarked.

Baqir, while detailing the economic improvements at the meeting, said the foreign investment is increasing whereas exports in quantitative terms are also rising.

Moreover, the SBP and KCCI also decided to form a focal group for jointly working on promotion of small and medium enterprises sector.

The group was proposed by SBP governor in response to the concerns raised by KCCI members during his visit to the chamber. He said the country's economic situation is improving and main indicators are turning positive while adding that the exchange rate has not only stabilised but has started to come down.

He emphasised on the creating awareness among the business community about SME regulations and financing mechanism so that small and medium entrepreneurs could better avail the SME financing facilities aimed at fast growth of this sector.

Monetary policy on 22nd

The SBP on Monday said the monetary policy will be announced on Friday.

The Monetary Policy Committee will meet on Friday at SBP Karachi to decide about the interest rate. The committee in the last monetary policy announcement, kept the interest rates unchanged at 13.25 per cent.

Since the inflation is still high, there is little chance for downward change in the interest rate in the next week.