

Our Staff Reporter

Economy on the mend: SBP governor

LAHORE: State Bank Governor Reza Baqir told an audience of business leaders in Lahore on Saturday that the reasons behind the increasing trade deficit in recent years was the absence of a market-based exchange rate, and tried to reassure them that the economy is gradually improving.

‘In previous years, whenever the trade deficit increased, the exchange rate did not adjust as it was kept fixed. And it led to increase in the deficit since there was an intervention in the system,’ Mr Baqir said while talking to the business community here at the office of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI).

‘We have brought the exchange rate in the market system by devising a policy that ensures monitoring of supply and demand movements,’ he added.

The SBP chief claimed that due to a sustained policy focus, the country’s exports had increased by 10 to 20 per cent. The government, he said, desired increase in profitability of private business and to promote employment. And if the private sector still has some issues with the public sector, the government would make all out efforts to remove hurdles.

‘We believe in competition, as without this we cannot progress. So the private sector must come forward and do its part for the prosperity of this country,’ he said.

He said the country’s economic condition was gradually improving as reforms are introduced. Not that long ago, he reminded his audience, the foreign exchange reserves of the country were inadequate to meet its external debt service obligations. ‘So we brought reforms, entered into an agreement with the IMF and devised effective policies’ he said, adding that the situation is better now than it was 6 months ago.