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Another experiment?

THE PML-N government experimented with the dollar denominated Eurobonds to overcome the dollar deficiency, offering a higher rate of profit than the prevailing market to attract the investors. Now the PTI government, perhaps infatuated with it, has announced the floating of bonds to target overseas Pakistanis. The interest rate offered at 6.25 per cent and 6.75pc for the three-year tenure and five-year tenure respectively is on the higher side and would be a burden on the fragile reserves. In the advanced countries, the return on the deposits of such tenure is not more than 3pc to 4pc.

The bonds are also a form of loans just like borrowing money from the banks. So, it is going to increase the debt burden which is already high. Deposits received from the friendly countries also constitute loans and have to be repaid. It seems that the incumbent government, much like its predecessor, is on a borrowing spree to project an artificial semblance of financial stability.

No concerted effort has been made to curtail the import bill, other than increasing duties. This is not a healthy and sustainable solution. The government should have demonstrated its writ by banning the import of luxury and unnecessary goods which can save $7 to $8 billion without impacting the growth and without affecting 95pc of the population.

This measure would have encouraged preference for ‘made in Pakistan’ and incentivised setting up of manufacturing plants to create wealth and job opportunities.

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