

FPCCI laments high policy rate

KARACHI: Central bank's current policy rate, the highest in the region, is making it impossible for the industry to survive amid an already high cost of doing business, rendering it almost unable to compete in the international market, officials said on Friday.

"Policy rate in India is 5.15 percent, China 4.35 percent, Sri Lanka 8 percent, Malaysia 3 percent, Thailand 1.25 percent, and Indonesia 6.5, while in Pakistan it is 13.25 percent," said Mian Anjum Nisar, President Federation of Pakistan Chambers of Commerce and Industry (FPCCI), in a statement.

"Economists have consensus on the use of expansionary monetary policy in the state of low economic growth and reduction in GDP (gross domestic product) to control over the damaging effects of low growth on employment and investment."

Nisar said on one hand State Bank of Pakistan was continuously following contractionary monetary policy, while on the other, the government was not providing input material to the industry such as energy at affordable rates.

"Industry is also facing high cost of doing business in Pakistan due to infrastructure and policy bottlenecks, while continued monetary tightening has constrained private sector cash flows and NPLs (non-performing loans) are rising," the FPCCI chief said.

He said the NPLs had increased by more than 23 percent since it the adoption of tight monetary policy.