

PR

Emergency interest rate cut to bolster economy: Ismail Sutta

KARACHI: Following the twin shocks of COVID-19 and global oil price plunge, Pakistan's export-driven economy has signaled for immediate backing by the State Bank of Pakistan in the form of a policy-rate cut by as much as 3.5 percent to bring it down to single-digit, says Ismail Sutta, Chairman of Economic Council of Employers' Federation of Pakistan (EFP-EC).

Ismail says that the government's resolve to contain the spread of virus is commendable and foreign industries are now considering relocating to Pakistan. Sutta reinforced how these times call upon the fed to take a bold step and slash the policy rate because foreigners have taken out their investment even at the existing high returns. Hence, any changes in interest rate will only help consolidate the internal environment instead of doing any harm.

On behalf of the manufacturers, the EFP-EC Chairman, voiced note that incentives such as import-duty slash on requisite raw materials must continue to remain unabated, as it will ensure economic stimulus.

He said the global oil price plummet comes as a mercy at a time when the entire machinery has shifted gear on exploiting the optimum export potential. Sutta opined that a rational [but guaranteed] lowering of interest rate together with [now] cheaper oil import shall raise future expectations of investors and serve as vantage point for Pakistan in steadily conquering the budding trade gap in GSP+ backed markets of Europe. Moreover, it will also make business climate more lucrative for foreign investment in the ongoing pandemic.