

FPCCI urges SBP to bring down policy rate to 5pc

KARACHI: The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) on Saturday expressed disappointment at 100bps cut in policy rate by the State Bank of Pakistan (SBP), and urged to bring it down to 5 percent.

The FPCCI urged the central bank to take a more aggressive approach to policy making, where what can be done tomorrow should be done today. In the same spirit, it said it was ready to work closely with the regulator in the quest to bring down the rate to five percent in the shortest possible time, a statement said.

FPCCI President Mian Anjum Nisar in a statement expressed strong reaction to the decision and said the SBP reduction of one percent policy rate was surprising and unfavourable for the bleeding economy. "Given the current deteriorating economic situation, all the central banks are supporting by significant reduction in interest rate along with stimulus packages, while current decision (is) not based on forward-looking inflation," Nisar said.

He urged the SBP to shift its pre-COVID-19 mindset and adopt the policies according to the sentiment of Prime Minister Imran Khan and the businesses community to bring out the economy from this crisis.

He further said the FPCCI deplores the regulator's conservative stance where the speed and the magnitude of the response did not match the havoc caused by the virus.

"FPCCI completely agrees with the external account situation detailed in their monetary policy statement where current account deficit (CAD) will remain in control as was the case in April," the FPCCI president said. May and June imports would be even lower than \$3 billion per month on account of fewer orders placed by importers due to depressed demand under lockdown. Nisar further said since the external situation was manageable as per SBP, there was sufficient information available on the inflation front to forecast a much lower rate than 7-9 percent forecast for next year by SBP.