

Business community's mixed reaction to monetary policy announcement

KARACHI: The business community has given a mixed reaction to the State Bank's announcement to keep the basic policy discount rate unchanged.

Korangi Association of Trade and Industry Patron-in-Chief S. M. Muneer and President Saleem-uz-Zaman welcomed the decision of the State Bank of maintaining the policy rate at 7 percent.

However, they also suggested some more reduction in the policy rate due to the Covid-19 pandemic.

Muneer said that Monetary Policy Committee also decided to continue with the fiscal, monetary and credit stimulus, which was a wise decision.

He said that according to the MPC report the figures of industrial production indicated a recovery in the large manufacturing industries which was an encouraging sign.

KATI President Saleem-uz-Zaman said that now they were waiting for the announcement of the national industrial policy and hoped that the prime minister would give more relief to the SMEs.

KATI leadership also applauded the efforts by the economic team of the prime minister for creating a viable environment for business and industrial activities.

Abdul Hadi, Site Association of Industry president, called the 7pc policy rate insufficient and urged the State Bank governor to bring it down to 4.0pc in view of the extraordinary circumstances.

He said that the policy rate in Bangladesh was 4pc, and it was 4.5pc in India. Pakistan's 7pc was very high, and a reduction in the policy rate was essential to make Pakistani exporters competitive. Abdul Hadi also demanded reduction in electricity and gas tariffs.

The SAI president further said that after the corona devastation, Pakistan had started receiving canceled export orders from China, Bangladesh and India, which the country should take full advantage of, but first the government had to reduce production cost of industries then "we can easily enjoy the export advantages". He said if this was done, the country's exports would increase to \$40 billion in the next two years.