

**Business community voices concern over rapid devaluation of rupee**

KARACHI: Business and industrial community have expressed deep concerns over serious devaluation of rupee against dollar and urged the government that it should quickly act to control this damaging trend to bring stabilization in exchange rate to protect national economy from further damages.

They said that hike in the rupee dollar parity is due to inefficiency of the policymakers. They noted that rupee plunged to life-time low position and would not attract the investors.

Karachi Chamber of Commerce and Industry (KCCI) president Junaid Esmail Makda said that dollar rose sharply to all time high of Rs134 which has to be controlled otherwise, it would have a devastating impact on all segments of society, particularly the middle and lower segments of the society, besides making the poor more poorer due to unbearable inflation.

He said State Bank has devalued Pakistani rupee from time to time during the last six to eight months and the rupee plunged terribly against dollar on Tuesday in response to the government's decision to rush towards the IMF.

“We fear that the rupee may fall further in the coming months keeping in view Pakistan's dwindling foreign exchange reserves,” he alerted, adding that such abrupt devaluations in the past brought about economic distress, which lasted for several years. Makda said that currency devaluation for a country like Pakistan would have negative economic implications in the long run.

“Although the exporters will be happy to see rising value of dollar and the country's economic indicators will also display some improvement in exports but this increase can only be attributed to dollar value as the export volume remains the same,” he said, citing the fact that Pakistan's exports had descended sharply to many destinations around the world because of rising cost of doing business.

KCCI president said it must be kept in mind that the rising dollar would lead to costlier imports and the exporters would also bear the brunt due to rise in the cost of imported raw materials, pushing the economy into further deep crisis.

“Despite so many measures taken to discourage the imports including the imposition of regulatory duty on many items, Pakistan's imports remain inelastic and a weaker rupee will not help,” he said, adding that mostly, they consist of raw materials (petroleum, chemicals and metals), intermediate goods or machinery. He said any devaluation would increase their cost thus making Pakistani exporters less competitive.

Junaid Makda said that it has taken almost 10 years to rebuild investor confidence to an extent as foreign investors are gradually making a comeback. If the currency is devalued, it would send a

negative signal to potential investors. He further warned that the depreciation would terribly affect the lives of the masses as it would increase prices of all essential items and result in sky-rocketing inflation that would eventually lead to higher interest rates which might surge to double digit. He advised that the federal government to take measures to stop further devaluation of rupee against dollar before it's too late. Instead of approaching the IMF, steps have to be taken to create an enabling business environment which is the only way forward to pull the economy out of crisis, he proposed.

President of Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Ghazanfar Bilour expressed dismay over rising prices of all essential items and utilities, which are going to seriously hurt the common man and the cost of doing businesses.

Bilour said that people's expectation from the new government are fading fast and the expected relief for the poor masses is nowhere in sight.

“Devaluation of rupee will bring a massive hike in the prices specially petroleum prices and other imported raw material. It will seriously affect the overall economy and already stressed export performance,” he said.

Bilour demanded the government to bring certainty to its economic policies as its uncertain stance on many issues is seriously affecting the country's economy.

Secretary General (Federal) of the Businessmen Panel (BMP) Ahmad Jawad said that supply of dollar was tight and this factor was causing increase in demand. He said some quarters were of the opinion that people got panic due to weak economic fundamentals so they prefer to keep dollars as a safe-haven, this factor is pushing the rates up. He suggested Finance Minister Asad Umer may devise a comprehensive strategy to improve the supply of the greenback.

Ahmed Jawad made it clear that depreciation of rupee means a burden on economy.

“It increases the cost of debt-servicing by both private sector and the government. Cost of foreign travel and education also increases and so does the inflation,” he noted. BMP leader said it is important to stabilize the value of rupee, to save the economy from problems related to depreciating rupee.

“Our economy is in shambles, we cannot afford to make mistakes anymore. Let's hope that the good sense will prevail and SBP will intervene to stabilize the rupee,” he said, adding that Pakistan faced financing gaps as it has been hit by a large fiscal and current account deficit, a low level of reserves and a currency that is too rigid. He said China's involvement in Pakistan's economy could bring both benefits and risks.

Jawad said rupee devaluation should be the last straw on the back of the camel.

In any case, if past instances can teach us a lesson, it is that devaluation and imposition of additional tariffs only aggravate the situation further. “In each previous instance, abrupt devaluation brought about economic distress, which lasted for several years.” He said there is no

justification in repeating actions that have failed in the past.

President of Korangi Association of Trade and Industry (KATI) Danish Khan noted that crushing stock market is a sign of instability and it should be recovered soon to win the confidence of investor.

He said that in the first speech after election victory, the PM Imran Khan vowed the measures to cut production cost of industry and cost of doing business. He said industry was waiting for relief.

KATI's Senior Vice President Faraz-ur-Rehman said that due to increased prices of gas the challenge of production cost faced by industry become more severe and now government would going to IMF for a bailout package, If energy prices would increase due to this, it would cause disastrous effects for the ailing industrial sector of the country.

Chairman and CEO of KITE, Zubair Chhaya, urged the government to secure industries from the sheer consequences of policy changes in the line of IMF demands.

The patron-in-chief of KATI, S.M Muneer said that common man would face the worst consequences of this situation.

Vice President KATI, Maheen Salman, said that hike in commodities would add miseries to the life of common people.

N H ZUBERI