

LCCI for resolving issue of rupee devaluation

LAHORE: The Lahore Chamber of Commerce and Industry has urged the government to direct Ministry of Finance and State Bank of Pakistan to immediately intervene in the matter of rupee devaluation as it is bound to hit all the sectors of economy hard.

LCCI President Almas Hyder in a statement on Tuesday said that government should start immediate consultation with the stakeholders as increase in dollar value would spoil trade and economic activities besides hitting the common man.

He said that massive devaluation of rupee will reignite high inflation and halt growth by hitting all the important sectors of economy. Dollar price will lead to increase in import costs, hike in POL prices”, he said and added that recent surge in the prices of the greenback would jack-up the input cost. It seems windfall for exporters but it would not last long. Our competing countries are also devaluing their currencies and we must maintain our competitiveness, he added.

“The Pak Rupee has taken a historic steep fall against the US dollar and plunged to a historic high of Rs 137 in the open markets and 135 in the inter-bank market as the trading was under way. This has happened in aftermath of the government’s announcement to seek IMF support in stabilizing its foreign currency reserves and avoid a severe balance of payment crisis”, he added.

Almas Hyder said the government, Ministry of Finance and State Bank of Pakistan need to ascertain the factors weakening the value of rupee and check the possibilities of undue speculations and panic buying. This will help stabilize rupee and restore the confidence of the business community. He said that an unchecked increase in the dollar rates is multiplying the cost of doing business and badly affecting the industrial, manufacturing and agriculture sectors as Pakistan has to import fertilizers, food items, oil, machinery and industrial raw material.

The LCCI Senior Vice President Khawaja Shahzad Nasir and Vice President Fahim-ur-Rehman Sehgal said that the government should take immediate measures to arrest further devaluation of rupee to avoid more damages to the economy. He said though the weaker rupee benefits the exporters by giving them more rupees per dollar, but this benefit is neutralized by the costly imported inputs of manufacturing sector, including textiles thus eroding the financial advantage of a weaker rupee.

The LCCI office-bearers said that if the greenback continues its upward flight, it will certainly inflate import bill besides lowering the competitiveness of Pakistan’s business and industry.

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