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## The decline of the rupee

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The fact that the government is not unveiling its plan to put the economy on a right path is fuelling uncertainty and destabilising the Pakistani rupee's position in finance market. Our history tells us that such situations have invariably pushed us to approach the IMF. In a situation similar to ours, the IMF generally recommends currency devaluation.

Devaluation in our case has always been accompanied by inflation that has, in turn, stifled the intended impact on trade. The conditions for the success of devaluation in terms of price elasticity of demand and supply in the trade sector in Pakistan don't exist. There is no denying the fact that the rupee is overvalued, but this should be cured through taming inflation. Our present economic prescriptions are not well-thought-out. Increases in utility tariffs and interest rate are causing cost-push inflation. This combined with reduction in the PSDP will slow down economic growth. This culminates in further instability in the exchange rate. We should make use of a selective mix of macroeconomic policies insofar that it doesn't trigger inflation.

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