

Plight of Pak rupee

Pakistan's economy has become a source of major worry for every Pakistani as the worsening economy is directly & indirectly affecting every faction of our society and especially the common man with low income.

It is surprising to note that our economy came under discussions by the various world leaders on international forums. The speaker of National Assembly of Argentina in recent IPU Geneva showed his sympathies and concerns & was worried as to how Pakistan will get out of this economic mess. It is unfortunate that our worst growing economic conditions are creating negative perception all over the world.

It has become a political trend that every government changes previous policies and such inconsistent economic steps dent the confidence of both local and foreign investors. It is unfortunate for the nation that the financial institutions like stock markets and State Bank have been heavily politicised resultantly compromising their actions.

The instability in the whole political, social and financial systems contributes as the main cause of putting our economy in the doldrums where corruption also plays a major negative role in the economic growth. Accountability institutions have become subservient to the will of the government in power and cross the thin line from accountability to political victimisation. Hence these have listed its deterrent effects. I as former top law enforcer and subsequent as interior minister will not be hesitant to say that the top appointments like DG FIA/, chairman NAB, Prosecutor NAB, governor State Bank, chairman FPSC and all four provincial chief justices and chief justice of Pakistan must be vetted and approved by Parliament. It is also imperative that the constitutional protection to the civil servants may be restored enabling them to do their jobs on merit and not to the will of their political masters.

The role of constitutional portfolios and bureaucracy are the real forces to push the country to stability and economic growth. The basic setback is the growing overload of debts on our economy. Our economy is drowning because even the new government itself is the biggest critic of its own economy paying less importance to put it on the right track. You cannot expect the economy to improve when you are constantly spreading a negative image of it.

The loss of control and lack of ability to set the economy on right track has shocked the public in terms of sudden unprecedented depreciation in our currency. This third time steep decline in value of its rupee has further hit our economy. This latest slide of rupee overnight has shaken the people and they were even shocked to hear that their prime minister was claiming that he was not aware of this decline of which he came to know through television. As former interior minister it is hard for me to believe this claim unless it is presumed that the financial system and intelligence system of the governments have been collapsed and failed to inform such big negative development to the chief executive of the country and finance minister including the President of Pakistan.

The nation needs to know who gave this shot of unprecedented devaluation of rupees and what was the check & balance on such authority that was playing with the fate of nation without fear.

There is another question which needs to be responded by the government if this sharp slide of rupee was a secret understanding between IMF & government, whereas apparently one can assess that it looks to be a part of the deal with IMF to devalue Pak rupees but is being kept away from the eyes of public. If that is so then IMF has won and common man of Pakistan has lost to the world economy controller as IMF would further use its influence and we will see further devaluation of rupee and more increases in prices of essential-items.

These uncontrolled economic jolts have shaken the stock market and the investors are losing confidence whereas the government still has not set a clear direction to put the economy on the right track. The nation would like to know as to how the government will block the further slide of rupee in coming days.

We are in critical terms with IMF as it is continuing to impose tough conditions to bail us out. The foremost usual conditions, being pressed by the IMF, are the devaluation of our currency, increase in electricity price and increase in gas tariffs and substantive increase in taxes. Unfortunately it looks like that the recent decline of value of rupee was one of the conditions of the IMF, which it has agreed in secret.

The government has put the blindfolds and by allowing the free float of the rupee it has apparently pre-qualified the country to sign an agreement with the IMF. Parliament is blacked out totally about this agreement and any such secret agreement will fire back in coming months which will further embarrass the govt. We have jumped into liberalisation and privatisation that may result into massive decline in investments, GDP growth, massive unemployment, massive increase in poverty, and horrendous increase in crimes and finally the political crises, which might bring the serious problems for the present government. A shaky and weaker government cannot be decisive and will be unable to take solid steps to re-energise the continuously falling economy.

We are expected to hit the record high of rupees against 1 dollar if the government kept on working at this pace. The current rate of Rs140 has already jolted the whole nation so much that they are in huge panic and this irresponsible approach is going to further damage the national economy.

The State Bank is likely to start excessive money printing, which will lead to further devaluation of the currency and it will further lead to more inflation and this growing inflation will further price hike and common man will come under unbearable pressure of price hike. Devaluation of rupee will force the government to protect the local trade, balance of payments deficit, repayment for local and foreign borrowings and it will be difficult to maintain the foreign exchange reserve intact. Currently, the foreign exchange reserves of Pakistan stand at \$16.95 billion which is continuously declining due to uncontrolled Hundi/Hawala.

Let us hope the govt intelligently plays some role and concentrate to increase its exports and cut the imported products. Let us hope that the government announces foreign debt retirement programme to get rid of huge external debt of over \$99 billion and it is going to be added up with the next instalment from IMF. We have yet another liability in terms of Sukuk bonds to the tune of \$7.3 billion. These above factors are attributing towards more inflation and the present inflation rate of 6.50% is likely to go up further building pressure on the ever-growing volatile company.

The growth rate is reported as 5.8% and we need to grow upward by boosting our agriculture sector and pay more attention development infrastructure. Agriculture contributes at present about 24 percent of Gross Domestic Product (GDP) of Pakistan, which should be enhanced by increasing industrial production.

Our textile sector is almost finished and our major production of grey cloth is declined in the international market and our major export earning production has lost its space in Europe.

Our economy needs high potency of steroid in terms of strong revival factors to be inducted by increasing our exports and cut down the import drastically. The government needs to control the upward trend of inflation and work to increase the growth rate. Further increase in debt will further bring irreversible dents in the economy.

Once again advocate for the adoption of Turkish model of economy.

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