

PBIF chief for measures to maintain rupee value

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REPORT

KARACHI: If no measures been taken to maintain the Pak rupee value, trade and business in the country will adversely affected and inflation rate will be raised creating trouble for all sectors including business community, Pakistan Businessmen and Intellectuals Forum (PBIF) president Mian Zahid Hussain said.

Expressing deep concern, he said frequent increase in price of US dollar has worsened the trade activities and increased the cost of doing business.

Open market rate of USD has increased by Rs 5 which caused reduction of over 600 points in stock exchange.

He said economic decline is due to political instability and terror activities. Political leaders and policy makers should work together for political stability and sustainable peace in the country, in order to attain the economic stability.

He said effective July 16; the State Bank has increased interest rate by 1 percent and new policy rate is set to be 7.5 percent which will increase the cost of doing business as well as inflation. Current account deficit has reached \$16 billion in July to May 2018 which was \$11.1 billion during the same period of previous year.

Estimation for inflation this year was 5.2 percent, which is now revised to 6 percent while the facts and figures indicate that it will hit 7 percent.

PBIF chief said State Bank has estimated the growth rate for the current year by 5.5 percent which was targeted to be 6.2 percent.

The impact of growing exports has been reduced by the increased imports, specially the strong demand for productive imports like metals; transport, machinery and petroleum to support increased economic activity and rapid increase in international oil prices have pushed the current account deficit to the level which is not sustainable in the short run.

Mian Zahid said despite various administrative measures and devaluation of PKR by 15 percent, Pakistan has reached to the highest trade deficit in the history.

During the last fiscal year, import bill has widened by 15.1 percent which is the highest ever import bill. During the year, imports have been increased by 15.1 percent while exports grew by 13.7 percent. Exports totalled to \$23.2 billion while imports totalled to

\$60.9 billion resulted in trade deficit of \$37.7 billion, which is 16 percent higher than that of the year 2016.

Mian Zahid Hussain said immediate measures are required to be taken to boost exports so that trade deficit can be controlled. He said constant devaluation of PKR requires immediate attention. Instead of short term policies, long term and sustainable policies should be implemented to support the declining economy of the Country.