

RCCI voices concern over sharp fall in PKR value

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REPORT

ISLAMABAD: The Rawalpindi Chamber of Commerce and Industry (RCCI) has voiced serious concerns over the sharp fall in the value of Pakistani rupee against the US dollar.

Talking to a trade delegation at chamber house RCCI President Zahid Latif Khan here on Tuesday, it would unleash a new wave of inflation in the country and create additional problems for business and industrial activities.

He said the fall of rupee from Rs122 per dollar to Rs128 per dollar in a single day should be a cause of great concern for policymakers and monitoring bodies. He said the rupee was devalued by about five per cent in December last year in a similar manner and another devaluation of over 5 per cent in a single day would create new challenges for the economy. This would be the fourth round of devaluation since December 2017 when the currency was hovering around Rs105 to the US dollar, he added.

He said instead of withdrawing support for the rupee in the daily market, State Bank of Pakistan (SBP) should make efforts for a stable currency as currency volatility is disturbing the long-term business planning efforts of the private sector.

Zahid Latif Khan said falling value of rupee would increase the debt burden on the country as a Rs1 devaluation causes a Rs60 billion jump in the public debt burden. He stressed that government should take urgent measures to end volatility and bring stability in the local currency.

RCCI Chief cautioned that It must be kept in mind that the rising dollar would lead to costlier imports and the exporters will also bear the brunt due to rise in cost of imported raw materials, plunging the economy into further deep crisis.

Zahid Latif further said that the government's move to increase the policy rate by 100 bps to 7.50 percent, would increase cost of doing business.