



ECONOMIC RELEASE





SBP leadership shall prove to be a bigger Corona

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It is shortsighted, misconceived and frankly mindless and calls for immediate revamping of the top management at State Bank of Pakistan, says Chairman of Economic Council of Employers' Federation of Pakistan (EFP-EC) on the recent policy rate cut, says a Press release.

Ismail says, the State Bank has announced a new refinancing scheme and hopes that a 7 percent maximum end-user rate for 10 years will reinvigorate the industrial base but with consistent market failures and rentier class mentality, this attempt is poised to reverberate with the producers and instead add to the additional carnage of the internal environment. The EFP-EC Chief says, when export-led growth is the target, and then manufacturers should be the first ones to be incentivized not inflation, which otherwise could be also be tackled using other innovative financial measures.

"We are talking about saving the existing industry from crisis and the State Bank thinks that new industries will be set up at 7 percent," Ismail battered. While lamenting the decision-makers at the central bank and terming them a bigger virus than the Corona, Suttar, stated that it is the own risky bet of the SBP of putting the country in the hot money trap by going to the IMF in the first place and blatantly ignoring the plight of SMEs and business community.

Further, the EFP Economic Council noticed that the Current Account Deficit is massively down, reserves just started to swell, oil prices have nose-dived [to benefit economy for about US\$8 bn] and the masses are begging for fiscal support to meet their consumption needs amid a high on-average inflation rate. On the other hand, hotels and airlines have taken the biggest revenue slump in decades with domestic markets shuttering, the SBP must redraft its monetary policy carrying interest cut similar to one exercised by Turkey that has cut the reverse repo rate by more than expected.

On behalf of the manufacturers, the EFP-EC Chairman, demanded prompt and snappy dissolution of the SBP Governorship and quid pro quo offering to the [now] anguished business community resulting from this reckless move on reverse repo rate. – PR

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