

STATE BANK'S STEP OF ABRUPTLY REDUCING DISCOUNT RATE

PRESS RELEASE

Saifullah Gondal - Secretary/Media Coordinator
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PROF. KHURSHID AHMAD



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Ex-Member Senate of Pakistan

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Islamabad (August 11, 2012): Naib Amir of Jamaat-e-Islam and ex Senator Prof. Khurshid Ahmad has expressed his very strong reservations about the timing of the State Bank's step of abruptly reducing discount rate by 150 base points. According to Prof. Khurshid there is no doubt that the economy is in a serious crisis and its primary causes relate to unscrupulous Government borrowings, lack of a comprehensive integrated economic policy directed towards financial discipline, growth generation, employment creation and reduction of inter-personal, inter-regional, inequalities along with failure to an appropriate policy to meet the energy challenges. Mere reduction of discount rate in isolation cannot move the economy out of this all-round crisis. "The reason given by the Bank about the decline in the rate of inflation is problematic as all indications suggest that inflation would be between 10 to 11 percent. The apprehension expressed in the press and the economic community about political nature of this step to give relief to the Government in interest payments on internal debt does not seem to be without substance", he emphasized and said that "the independence of State Bank in respect of monetary policy must be jealously safeguarded."

"Miss-governance and corruption are the hall marks of this Government and its performance both on the economic and political fronts is highly disappointing. It is already in confrontation with the Judiciary and now it seems that even the independence of the State Bank of Pakistan is being compromised", he stressed. Prof. Khurshid has warned the nation that the political and economic crisis is escalating every day and it is in the best interests of the country to go to the people for fresh mandate through transparent elections so that new leadership should come to handle the gravest economics crisis of our history.
