

PIDE hosts session on conversation on economy

peshawar – Dr Nadeem-ul-Haque, Vice Chancellor Pakistan Institute of Development Economics (PIDE), here on Sunday hosted an ‘Informal Conversation on Pakistan’s Economy’ which was also attended by senior politician and former minister for privatization Daniyal Aziz.

The session was attended online by number of PIDE economists in-person while many other members of the institute, according to a statement issued by PIDE here.

During the session, issue of high inflation came under discussion in the conversation with exploring its short and long term options. The pros and cons of measures such as administrative controls, increasing interest rate and structural changes for long term inflation management were thoroughly discussed.

Daniyal Aziz considered ‘inflation’ to be the biggest challenge for the new government. He said that regulating the monetary side instruments of the State Bank of Pakistan (SBP) in particular, the interest rate has been misused. He initiated his conversation using some statistics of the 2003-08 period which he termed as the basis of all current economic ills of the country.

Daniyal was also critical of the rise in Gross Fixed Capital Formation (GFCF) in the same time period due to lack of impact it had in increasing production in the country. In short, he termed the economy as a bubble during these years and the bubble continues to hamper Pakistan even today.

Furthermore, he opposed the government policies during the COVID induced economic crisis through initiatives such as TERF etc. Daniyal expressed that these schemes make the policy rate set by the SBP in the Monetary Policy ineffective as the schemes offer a much lower rate than the policy rate decided by SBP.

Daniyal Aziz was critical of SBP’s shortcomings in meeting the inflation target as set out by the ministry of finance on most of the occasions, and also suggested strict action against the SBP governor in future if this continues.

Lastly, Daniyal Aziz put forward the idea of a policy sensitivity analysis for both the fiscal policies and the monetary policies to better reflect the ground realities in PIDE’s policy suggestions to the government.

Dr Nadeem, VC PIDE assured of full support on POPE’s behalf for resolving economic issues and also directed relevant researchers to initiate work on the areas discussed.

Dr Nadeem-ul-Haque, invited him to have a conversation with a group of economists from PIDE, to decode the future roadmap of the newly formed government about the state of Pakistan’s economy.

Daniyal Aziz towards the end of the meeting requested PIDE to do a broad-spectrum sensitivity analysis of both fiscal as well as monetary sides, to get a clear

picture of the economy so that the institute can advise the government well. PIDE assured of full support in this regard.