DAWN

Interest rate

Page NO.09 ColNo.03

THE new government is expected to be installed shortly. However, the economy is in dire straits and strong economic measures are required urgently to avert a collapse of economy.

We also need to see how other Muslim countries with economies much stronger than us are dealing with their economic problems. Turkey's economy is in a shambles, and the present interest rate is close to 18 per cent. Economists around the world are proposing that it should be raised further to prevent dollarisation of the economy. President Erdogan is resisting and this in turn is compounding the problem.

Pakistan also needs to raise its interest rates dramatically as interest rates in the US and Europe are going up. To attract foreign capital in the country this is an absolute must.

By keeping interest rates low, the previous government did great disservice to the country. It is now necessary to reverse those disastrous policies if the economy is to be saved.

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