Monetary Economics Assignment

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Government of pakistan in april cut the benchmark interest rate by 200 basis points to a 1.5 years low at 9% to help businesses and people to overcome their losses and grow their business in this difficult time.

Earlier, the SBP allowed businesses and people to defer payment of bank loan principal for one year, but they would continue to pay interest money against the loans.

As government has cut down the interest rate it will help businesses because government has ease the lockdown and all the businesses are opening and due to low interest businesses will avail all the opportunity to gain from this and grow their business and their pockets.

Overall the petrol prices are going down which will also effect the prices of other goods and indirectly effect all the businesses. In result goods prices will go low.

According to my perspectives these steps are good for short period of time for long term this will not help because it will effect the government reserves. And also our gdp will fall down and experts have issues the reports that our exports are dropped 54% and imports are dropped 32% and remittance have remained on the same line.

These policies will help businesses and business man for shorter period and it will slowly and gradually effect our reserves. Due to locust attack many agricultural fields are destroyed and will also effect the farmers and indirectly the prices will go high and demand will increase in result there will be shortage.