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SUBJECT = MONETARY ECONOMICS

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**ANALYSIS OF CURRENT MONETARY ECONOMIC POLICY**:

The government of Pakistan decreases the interest rate what will be the effect of interest rate on the businesses and also the country`s inflation? What to do in current situation?

**[Answer]:** As we know that the State Bank of Pakistan (SBP) decrease the interest rate to single digit which is 8% nice to hear, People can take loans from the banks easily and start doing their businesses and do investments which will help the country`s economy and the unemployment rate will be reduce. But still the inflation rate is running in speed of 8.

Because of Corona Virus all the countries economy is affected badly, all businesses are going in deficit. In current situation I would say that the interest rate should be reduce from 8% because we are not that much developed country we are still a poor country we cannot endure the lockdown as compare to other countries.

We still have the highest interest rate in all over the Asia.

Some countries listed below with interest rate

India = 4.4

Bangladesh= 6

Sri Lanka = 5.5

I am in favor in Pakistan government policy to reduce the interest rate more so the people will be able to take loans and start doing new businesses and do investments so the unemployment will be vanished. There will be inflation but now we have to start the businesses.