



TEAM:

MUHAMMAD FAREED

UMAIR AHMED

AHMED ALI

A P O L O G Y



The background features a collage of financial data. On the left, a candlestick chart shows price fluctuations. In the center, there are stacks of gold coins, some with '100' and 'FAITH' visible. On the right, a line graph with a blue trend line is overlaid on a grid. At the bottom, a bar chart shows data for years '06, '07, and '08, with a value of '734' above one of the bars. The overall color palette is dominated by green and gold tones.

**HIGHER INTEREST RATE POLICY
IS
STABILIZING PAKISTAN'S ECONOMY
IN THE LONG RUN**

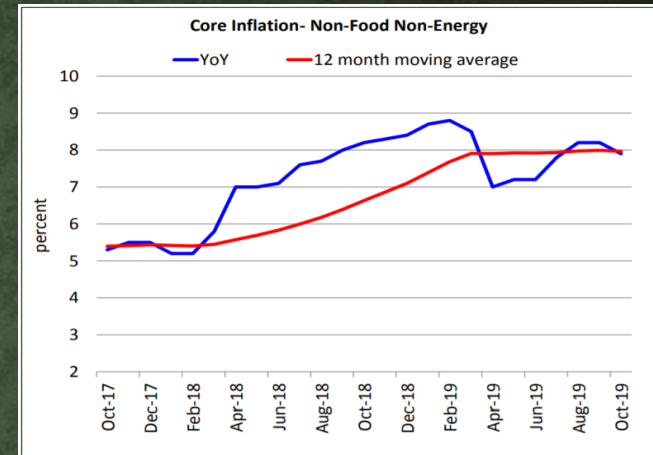
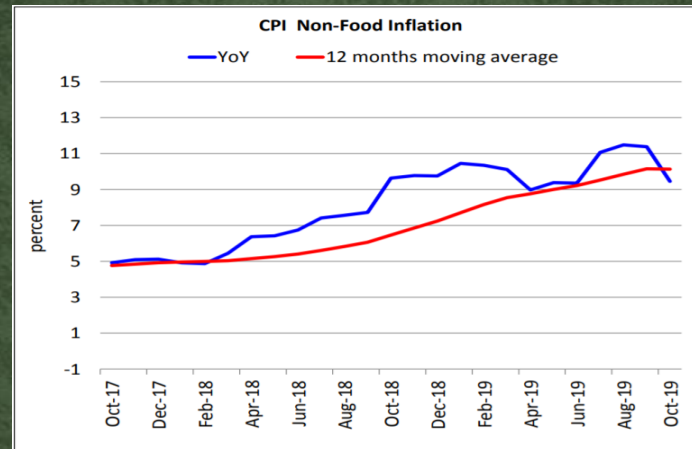
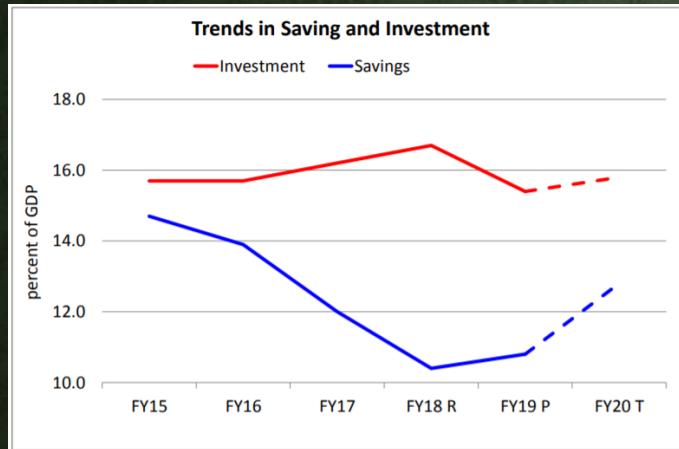
CONTENTS

- Why policy rate was increased?
- How increase in policy rate stabilizes economy
- Conclusion

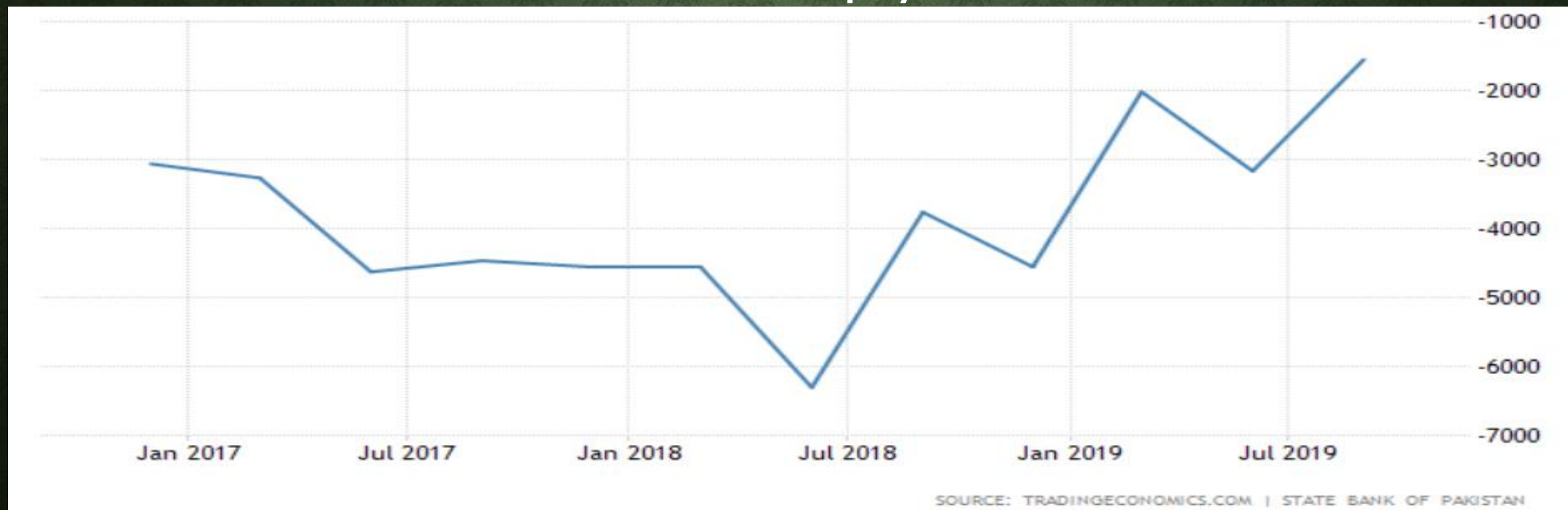
WHY POLICY RATE WAS INCREASED?



WHY POLICY RATE WAS INCREASED?



Balance of payment



HOW INCREASE IN POLICY RATE STABILIZES ECONOMY

- Reduces money supply
- Reduces purchasing power parity
- Curtails investment
- Reduces consumption
- Increases investment in financial asset
- Reduced money supply makes local currency stronger

CONCLUSION

- Measures suggested
 - Reduce import of luxury items
 - Import of necessary consumable goods having no substitutes
 - Import of capital nature goods
- Structural improvements
 - Ease of doing business
 - Investors' confidence building measures
 - Availability of energy
 - Documentation of economy
 - Building infrastructures

THANK YOU