

# Inflation

Continuous efforts of the government along with proactive policy measures with favourable trend in global commodity prices, the inflation is on downward trajectory since the start of the FY 2014-15. In April 2015, it has reached at the level of 2.1 percent the lowest since September 2003 on year on year basis. Achievement of lowest inflation rate is contributed by stability in exchange rate, better production of minor crops as compared to last year and vigilant monitoring of prices both at federal and provincial level as well better supply of commodities. A high powered committee under the chairmanship of the Finance Minister called National Price Monitoring Committee (NPMC) has played a very active role on this score which reviewed the prices and supply of essential consumer goods and took proactive measures during the year to ease supply position of essential items and maintained the price stability.

Provincial governments also kept a constant watch on prices and supply of essential items and took various proactive measures to ease the prices for the benefit of common man in the country. District Price Control Committees were activated to check and maintained the price stability and established Sasta Bazars for the consumers where they were provided essential food items at reasonable rates. The government is working on revival of Executive Magistracy System, which will further help to ensure price stability through better price check.

Prudent expenditure management in containing the budget deficit, appropriate fiscal and monetary policies also helped in bringing down the inflation. Decline in global prices of imported items significantly impacted domestic price level and bring down inflation rate. Global Oil prices have fallen by nearly 30 percent over the last six months. The government reduced the

petrol and diesel prices in the wake of falling global market oil prices to pass on its benefit to the general consumer. Its impact has become visible in domestic market prices where prices of essential consumer items declined substantially and common man got significant relief in their cost of living. The CPI headline inflation recorded at 4.8 percent for first ten months (July-Apr) of the fiscal year 2014-15 which is the lowest since 2003. Other price indices also followed the same pattern of downward movements and provided relief to the common man at large.

## Measures of Inflation

Various parameters are used to measure inflation like Consumer Price Index (CPI), Wholesale Price Index (WPI) and Sensitive Price Indicator (SPI). These important parameters of prices indicate a substantial deceleration in inflation. Average inflation measured through Consumer Price Index (CPI) at 4.8 percent in July-April 2014-15 against 8.7 percent in the same period last year while Wholesale Price Index (WPI) inflation at 0.03 percent as compared to 8.3 percent last year. Similar is the trend in Sensitive Price Indicator (SPI) for 53 essential items which registered a rise of 1.9 percent against 9.8 percent in the same period last year. The divergent trend in the price indices is due to their composition, coverage and nature of items. Wholesale price covers the items which are offered for sale in bulk by the producers and manufacturers in primary market. Its prices are influenced immediately by trend in imports prices and local productivity. WPI inflation stayed in negative zone for the last five months in a row which is the reflection that inflationary pressure will further ease out in coming months. The overall improvement in price situation reflects the

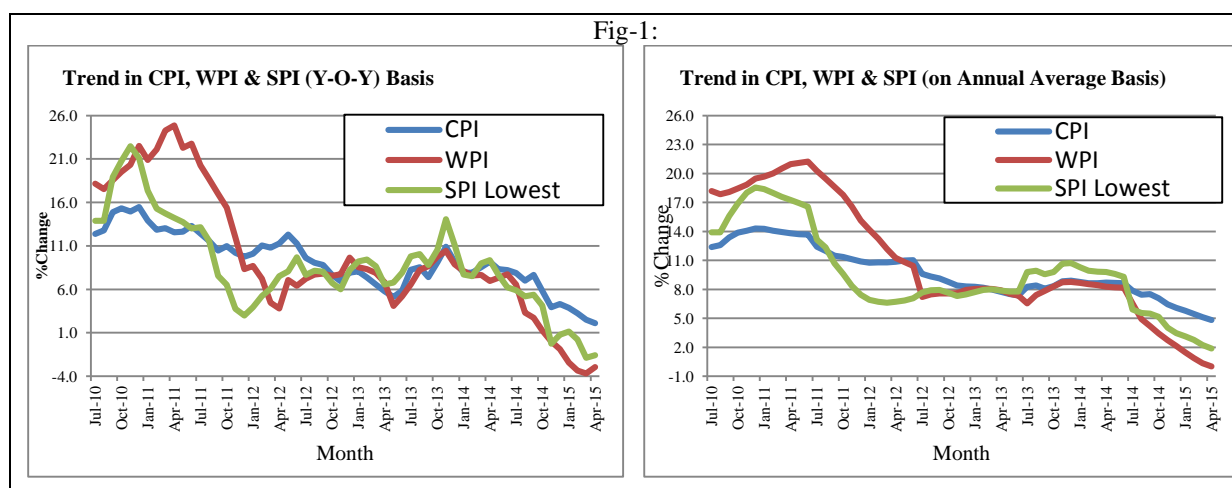
combined effect of better supply position of essential items and lower fuel prices which has transmitted into domestic prices through

transport and imports costs that has caused declaration in WPI.

**Table 7.1: Inflation Rate (CPI) Year-On-Year basis**

Period	CPI	WPI	SPI
Jul-14	7.9	6.6	5.9
Aug-14	7.0	3.3	5.2
Sep-14	7.7	2.7	5.4
Oct-14	5.8	1.3	4.1
Nov-14	4.0	0.0	-0.3
Dec-14	4.3	-0.9	0.8
Jan-15	3.9	-2.4	1.1
Feb-15	3.2	-3.4	0.2
Mar-15	2.5	-3.7	-1.9
Apr-15	2.1	-2.9	-1.6
<b>Jul-Apr (2013-14)</b>	<b>8.7</b>	<b>8.3</b>	<b>9.8</b>
<b>Jul-Apr (2014-15)</b>	<b>4.8</b>	<b>0.03</b>	<b>1.9</b>

Source: Pakistan Bureau of Statistics (PBS)



In Pakistan oil prices has been on downward trajectory since September 2014 and its pass on effect has been realized in domestic prices. However, the passing on impact of reduction in oil prices to the general consumer differs considerably across the regional countries depending on state taxes and imports location and policies of the government. The comparative trend of fuel prices in Pakistan VS regional countries shows the most marked decrease in oil prices in Pakistan. Variation in the prices of oil affect prices of all goods and services which are even produced domestically, the sharp decline in global fuel prices had pulled

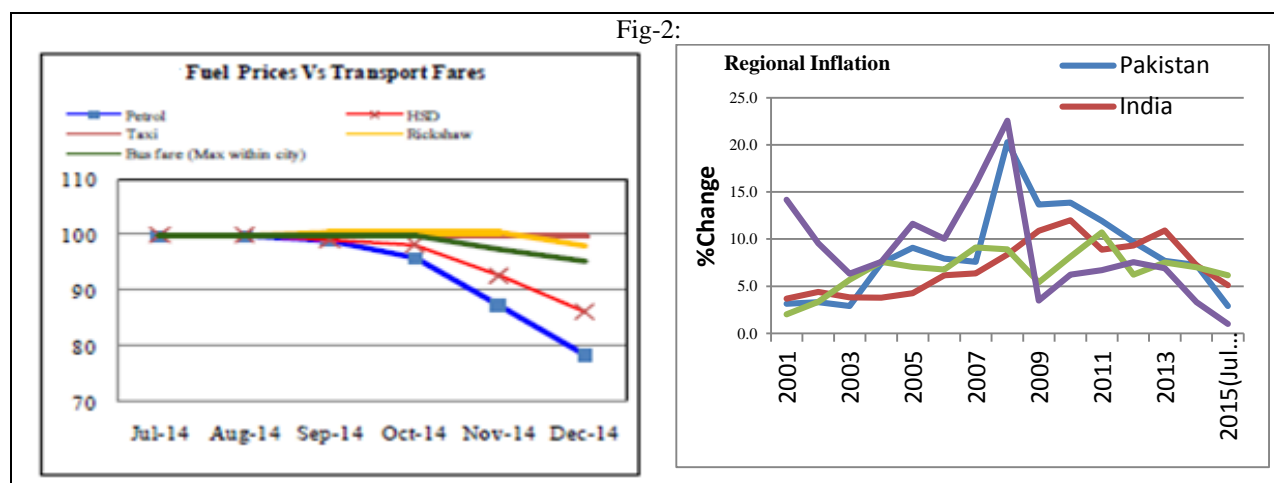
down inflation in Pakistan as well as across the region. Government of Pakistan adopted more friendly policy towards the pass on benefit of decline in global oil prices to general consumer and succeeded to provide maximum benefit to common man as compared to regional countries as shown below in the Table 7.2. In view of falling global oil prices, the Prime Minister wrote letter to Provincial Chief Ministers to extend the benefit of reduction in oil prices domestically to the people by lowering the transportation fares and the prices of essential commodities.

**Table 7.2: Price of Petrol**

Date	Pakistan Petrol (Pak Rs / Liter)	India Petrol (Pak Rs/Liter)	Sri Lanka Petrol (Pak Rs/Liter)	Nepal Petrol (Pak Rs/Liter)
1-Jan-14	112.76	115.71	123.67	129.71
1-Feb-14	112.76	115.71	123.67	129.71

**Table 7.2: Price of Petrol**

Date	Pakistan Petrol (Pak Rs / Liter)	India Petrol (Pak Rs/Liter)	Sri Lanka Petrol (Pak Rs/Liter)	Nepal Petrol (Pak Rs/Liter)
1-Mar-14	110.03	116.88	123.67	139.69
1-Apr-14	108.31	115.44	123.67	139.69
1-May-14	107.97	115.44	123.67	139.69
1-Jun-14	107.97	114.25	123.67	139.69
1-Jul-14	107.97	117.58	123.67	139.69
1-Aug-14	107.97	115.84	123.67	139.69
1-Sep-14	106.56	115.84	119.85	132.77
1-Oct-14	103.62	108.41	119.85	130.18
1-Nov-14	94.19	102.63	119.85	127.72
1-Dec-14	84.53	101.18	114.51	122.73
1-Jan-15	78.28	94.12	114.51	113.25
1-Feb-15	70.29	90.25	89.32	108.76
1-Mar-15	70.29	96.64	-	-
1-Apr-15	74.29	95.86	-	-



Historically viewed, Pakistan’s experience in inflation rate over the last 25 years can be expressed in four distinctive phases as reported in Table 7.3. Inflation was at double digit in the first seven years during 1990s. In the next 10 years from 1997 - 2007, inflation was contained to single digit in the range of 3 percent to 9 percent. However, it remained very volatile during 2008 to 2012 and remained almost at

double digit with varying magnitudes. Since 2013 till now April 2015, inflation moved at slow pace despite some policy adjustments. The decline in international commodity prices in 2014-15 has been in the order of crude oil (-)45 percent followed by wheat (-)31 percent, palm oil (-)27 percent, Sugar (-)26 percent, Soybean oil (-)25 percent, Urea (-)11 percent and Tea (-)8 percent which has fed into domestic prices.

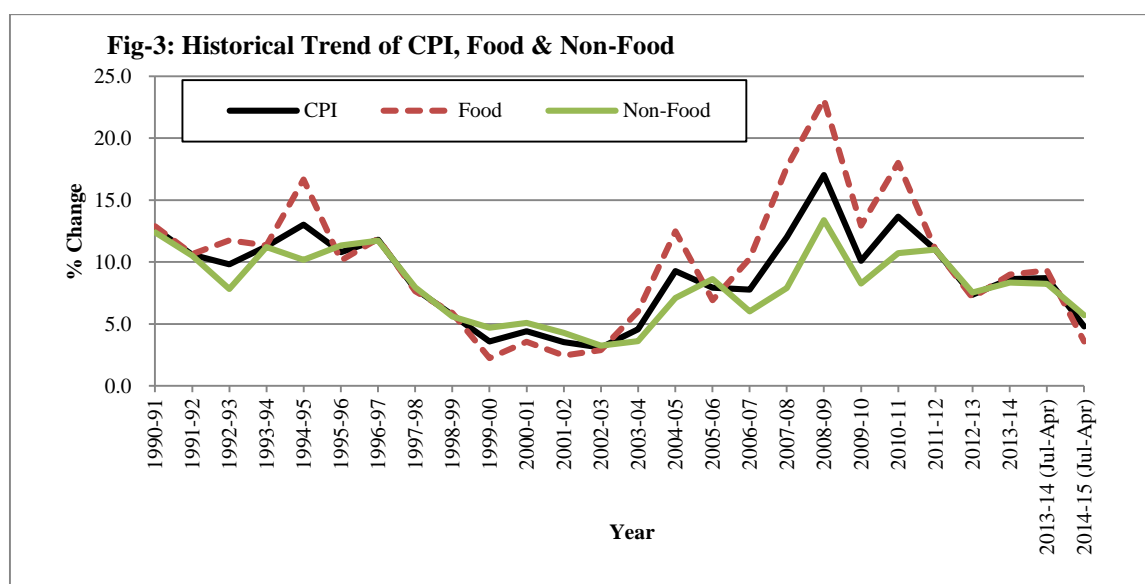
**Table 7.3: Historical Trend in Headline Inflation**

	CPI	Food	Non-Food
1990-91	12.70	12.90	12.40
1991-92	10.58	10.64	10.52
1992-93	9.83	11.74	7.81
1993-94	11.27	11.34	11.22
1994-95	13.02	16.67	10.17
1995-96	10.79	10.13	11.34
1996-97	11.80	11.89	11.73
1997-98	7.81	7.65	7.94
1998-99	5.74	5.90	5.61
1999-00	3.58	2.23	4.69

**Table 7.3: Historical Trend in Headline Inflation**

	CPI	Food	Non-Food
2000-01	4.41	3.56	5.09
2001-02	3.54	2.44	4.28
2002-03	3.10	2.89	3.24
2003-04	4.57	6.01	3.62
2004-05	9.28	12.48	7.10
2005-06	7.92	6.92	8.63
2006-07	7.77	10.28	6.02
2007-08	12.00	17.65	7.90
2008-09	17.03	23.13	13.37
2009-10	10.10	12.93	8.26
2010-11	13.66	18.02	10.71
2011-12	11.01	11.03	11.00
2012-13	7.36	7.12	7.53
2013-14	8.62	9.00	8.35
<b>(Jul-Apr)</b>			
2013-14	8.69	9.34	8.23
2014-15	4.81	3.59	5.69

Source: Pakistan Bureau of Statistics (PBS)



### Consumer Price Index (CPI)

Consumer Price Index (CPI) capture prices of 487 items prevailing in 76 markets in 40 big cities. These 487 items has further been categorized 139 as food items and the remaining 348 items as non-food items while the CPI component Core inflation comprise of 43 commodities which are mainly non-food non-energy items. Consumer price index, the most frequently used indicator of inflation averaged at 4.8 percent during (July-April) 2014-15. Food and non food inflation during the period was recorded at 3.6 percent and 5.7 percent. Their contribution to the overall CPI inflation worked out at 1.3 percent and 3.5 percent,

respectively. The comparatively slower movement in food prices inflation versus non food is attributed to a pronounced decrease in price indices of 11 major food items i.e. potatoes (-67%),vegetable ghee (-10.3%),chicken (-9.4%),cooking oil (-9.3%), wheat (-9.2%), rice (-8.2%), Mustard Oil (-2.6%), Fish (-2.4%), Egg (-2.4%) and Fresh Fruits (-0.9%). The deflationary impact of these 11 food items to the overall CPI inflation is estimated as (-1.31%). Within the food items, the prices of perishable food items has declined significantly as is evident from its current year index reduction to 2.2 percent against 17 percent last year.

The sub indices constituting the non food group of CPI behaved differently. The biggest increase came from education where it increased by 15 percent in current year which is much more against the increase of 8.8 percent witnessed in the same period last year. In the housing and household operational groups, it increased by 7 percent as compared to 8 percent. Clothing and footwear group increased by 8.4 percent while the remaining other non-food prices groups with exception of transport registered increase in the range of 0.2—5 percent. The sharp reduction in transport group -3.1 percent over corresponding

increase of 5.0 percent has been mainly due to reduction in domestic fuel prices and corresponding decline in buses fares and taxi services. The trend of Consumer Price Index (CPI) by commodity groups are given in Table 7.4.

Both POL prices and PKR exchange rate anchor inflation expectations. Successive downward revisions in POL prices and a stable PKR along with subdued global commodity prices are, therefore, expected to keep inflation low in months ahead.

**Table 7.4: Composition of CPI Inflation (July-Apr)**

Commodity	Weights	% Change Inflation		Point Contribution	
		2013-14	2014-15	2013-14	2014-15
<b>General (CPI)</b>	<b>100.00</b>	<b>8.69</b>	<b>4.81</b>	<b>8.7</b>	<b>4.8</b>
<b>Food Group</b>	<b>37.47</b>	<b>9.34</b>	<b>3.59</b>	<b>3.5</b>	<b>1.3</b>
a) Food Products, Beverages and Tobacco	34.83	9.00	2.69	3.1	0.9
i) Non- perishable	29.84	7.73	2.78	2.3	0.8
ii) Perishable	4.99	16.81	2.21	0.8	0.1
b) Alcoholic Beverages	1.41	15.27	21.29	0.2	0.3
c) Restaurant & Hotels	1.23	12.04	7.54	0.2	0.1
<b>Non-Food</b>	<b>62.53</b>	<b>8.23</b>	<b>5.70</b>	<b>5.2</b>	<b>3.5</b>
Clothing & Foot wear	7.57	13.10	8.43	1.0	0.6
Housing, Water, Elec. Gas & other Fuel	29.41	8.58	6.57	2.5	1.9
Furnishing & Household Equip.	4.21	8.73	7.08	0.4	0.3
Health	2.19	6.62	5.84	0.1	0.1
Transport	7.20	4.67	-3.08	0.3	-0.2
Communication	3.22	3.25	0.24	0.1	0.0
Recreation & culture	2.03	9.18	3.80	0.2	0.1
Education	3.94	8.79	14.61	0.4	0.6
Miscellaneous	2.07	5.16	5.53	0.1	0.1
<b>Non-Food Non Energy</b>	<b>53.52</b>	<b>8.26</b>	<b>6.93</b>	<b>4.4</b>	<b>3.7</b>

Source: Pakistan Bureau of Statistics (PBS)

**Table 7.5: Price Indices of Major food Items in CPI**

	Items	Weight	%Change	Impact
			Apr15/ Apr 14	
1	Potatoes	0.48	-66.47	-0.32
2	Vegetable Ghee	2.07	-10.34	-0.21
3	Chicken	1.36	-9.38	-0.13
4	Cooking Oil	1.75	-9.33	-0.16
5	Wheat	0.35	-9.21	-0.03
6	Rice	1.58	-8.02	-0.13
7	Wheat Flour	4.16	-7.08	-0.30
8	Mustard Oil	0.10	-2.60	0.00
9	Fish	0.30	-2.44	-0.01
10	Egg	0.46	-2.41	-0.01
11	Fresh Fruits	1.86	-0.91	-0.02
	<b>Total</b>	<b>14.47</b>		<b>-1.31</b>

Source: Pakistan Bureau of Statistics (PBS)

### Core Inflation

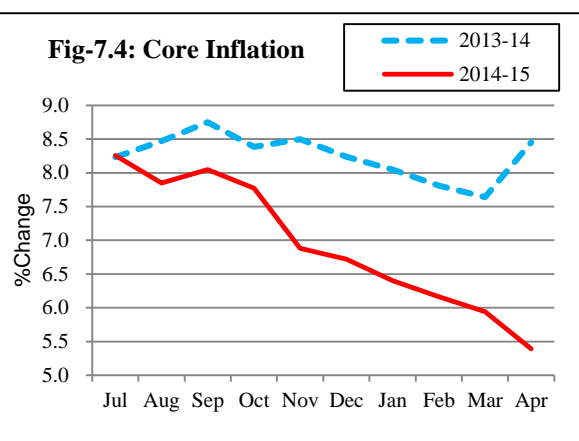
Core inflation is measured through the indices of 43 commodities and represents the rate of increase in cost of goods and services excluding food and energy prices. It is effected by monetary policy and is mostly relevant to SBP. Core inflation remained quite subdued since November 2014 onward owing to the lag impact

**Table 7.6: Core Inflation**

Month	2013-14	2014-15
Jul	8.2	8.3
Aug	8.5	7.9
Sep	8.7	8.1
Oct	8.4	7.8
Nov	8.5	6.9
Dec	8.2	6.7
Jan	8.1	6.4
Feb	7.8	6.2
Mar	7.6	5.9
Apr	8.5	5.4
Average (Jul-Apr)	8.3	6.9

Source: Pakistan Bureau of Statistics (PBS)

of tight monetary policy which continued to prevail till November 2014. Other reason for slow pace of core inflation is that with reduction in food and fuel prices, the prices of 43 commodities measuring core inflation has also been reduced which has pushed down core inflation significantly over corresponding increase of last year.



### Monthly Inflation Trend

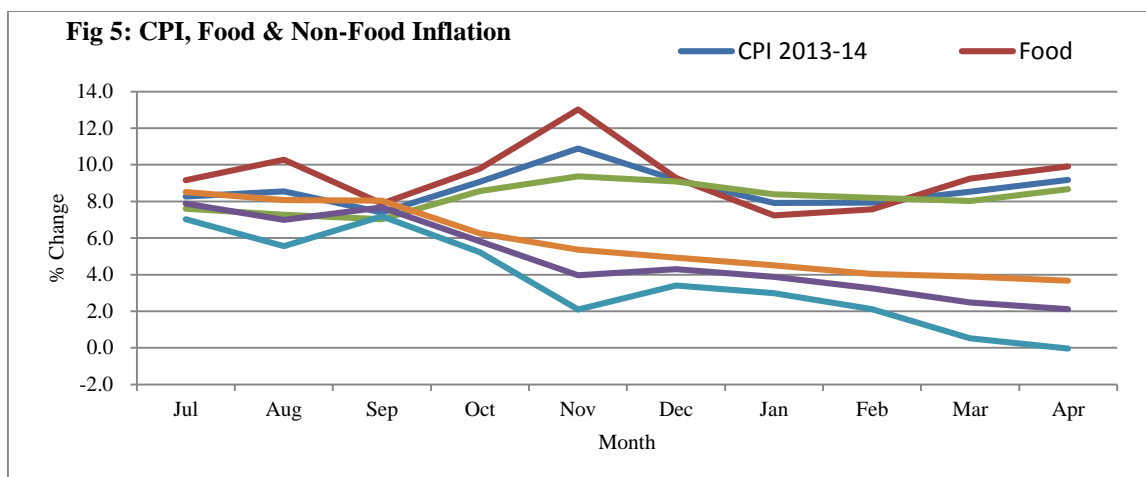
Inflation rate on month to month basis (Y-o-Y) for the period July-April 2014-15 as documented in Table 7.7 suggests that overall inflation continued to exhibit a declining trend since July 2014. On year-on-year basis the overall inflation stood at 7.9 percent in July 2014 and declined to 2.1 percent in April 2015.

The food inflation during the period increased at much lower rate against non-food and overall CPI inflation because of significant decline in prices of food items. Food inflation decelerated from 7.0 percent to -0.03 percent in April 2015. The non-Food inflation decelerated from 8.5 percent in July 2014 to 3.7 percent in April 2015.

**Table 7.7: CPI , Food and Non-Food Inflation**

	CPI	Food	Non-food	CPI	Food	Non-food
	2013-14			2014-15		
Jul	8.3	9.2	7.6	7.9	7.0	8.5
Aug	8.5	10.3	7.3	7.0	5.6	8.1
Sep	7.4	7.9	7.0	7.7	7.2	8.0
Oct	9.1	9.8	8.6	5.8	5.2	6.3
Nov	10.9	13.0	9.4	4.0	2.1	5.4
Dec	9.2	9.3	9.1	4.3	3.4	4.9
Jan	7.9	7.2	8.4	3.9	3.0	4.5
Feb	7.9	7.6	8.2	3.2	2.1	4.0
Mar	8.5	9.3	8.0	2.5	0.5	3.9
Apr	9.2	9.9	8.7	2.1	-0.03	3.7
May	8.3	7.4	9.0	-	-	-
Jun	8.2	7.4	8.9	-	-	-
<b>Average (Jul-Apr)</b>	<b>8.7</b>	<b>9.3</b>	<b>8.2</b>	<b>4.8</b>	<b>3.6</b>	<b>5.7</b>

Source: Pakistan Bureau of Statistics (PBS)



**Inflation by Income Group**

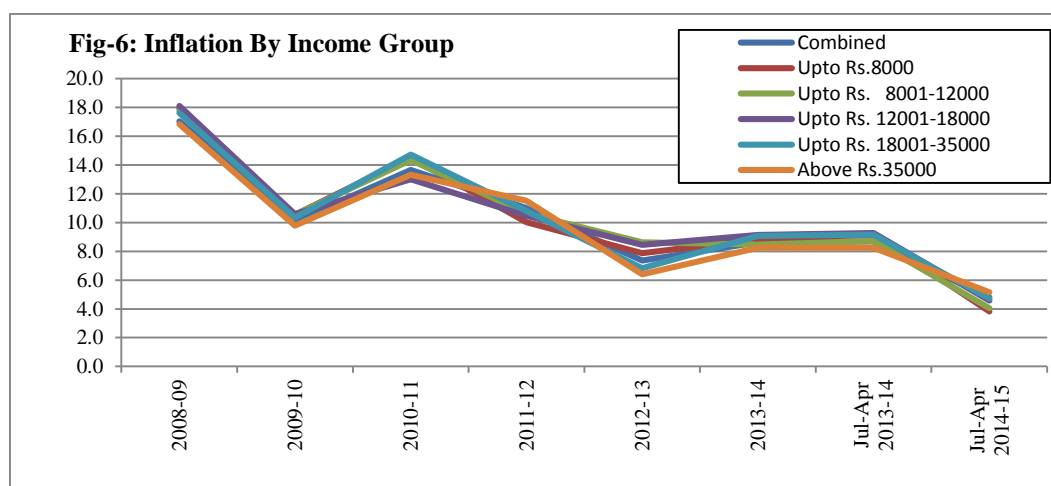
Inflation effects all segment of society but the degree of impact varies in scale and intensity, depending upon the economic status of individual. Analysis of ten months (July-Apr) inflationary trend across five income groups indicates the highest inflation at 5.2 percent for the highest income groups while rest of the four

income groups experienced almost the same level of inflation rate. In Pakistan, majority of the population spend about half of their income on food. Hence food takes a greater share in total expenditure for poor than the other income groups. The inflation for various income groups during Jul-April 2014-15 is document in the Table 7.8.

**Table:7.8 Inflation by Consumer Income Groups (Base Year 2007-08=100)**

	Combined	Upto Rs.8000	Upto Rs. 8001-12000	Upto Rs. 12001-18000	Upto Rs. 18001-35000	Above Rs.35000
2008-09	17.0	18.0	17.8	18.1	17.6	16.8
2009-10	10.1	10.5	10.5	10.6	10.3	9.8
2010-11	13.7	14.5	14.3	13.0	14.7	13.3
2011-12	11.0	10.0	10.6	10.5	10.8	11.5
2012-13	7.4	7.9	8.6	8.4	6.8	6.4
2013-14	8.6	8.8	8.5	9.1	9.1	8.3
<u>Jul-Apr</u>						
<u>2013-14</u>	8.7	9.2	8.7	9.3	9.2	8.2
<u>2014-15</u>	4.8	3.8	4.0	4.6	4.7	5.2

Source: Pakistan Bureau of Statistics (PBS)



### Global Inflation

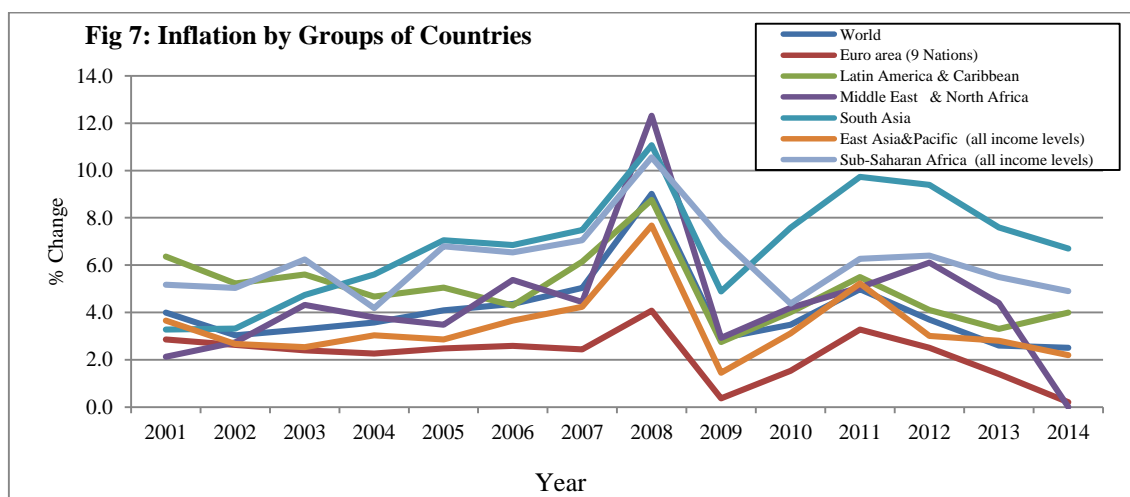
Currently owing to openness of economies and flow of foreign goods, services, capital and business, trade has surged within and across countries and the cost of many goods has been internationally integrated and the increasing global integration of markets, cost and production has helped to reduce domestic

inflation. Global inflation has received a substantial attention in recent years. It provides an insight in making trade and financial decisions. Consumer price inflation differs considerably across the regions. The chart below shows the six regions inflation for the period 2001-2015. The period is characterized by high inflation rates in South Asian, Latin America and the poor region of Africa.

**Table 7.9: Inflation By Regional Groups And Level Of Economic Development**

Year	World	Euro area (9 Nations)	Latin America & Caribbean	Middle East & North Africa	South Asia	East Asia & Pacific (all income levels)	Sub-Saharan Africa (all income levels)
2001	4.0	2.9	6.4	2.1	3.3	3.7	5.2
2002	3.0	2.6	5.2	2.7	3.3	2.7	5.0
2003	3.3	2.4	5.6	4.3	4.7	2.5	6.2
2004	3.6	2.3	4.7	3.8	5.6	3.0	4.2
2005	4.1	2.5	5.0	3.5	7.0	2.9	6.8
2006	4.4	2.6	4.3	5.4	6.8	3.7	6.5
2007	5.0	2.4	6.1	4.4	7.5	4.2	7.1
2008	9.0	4.1	8.8	12.3	11.1	7.7	10.6
2009	2.9	0.4	2.8	2.9	4.9	1.4	7.1
2010	3.5	1.5	4.0	4.2	7.6	3.1	4.4
2011	5.0	3.3	5.5	5.1	9.7	5.2	6.3
2012	3.7	2.5	4.1	6.1	9.4	3.0	6.4
2013	2.6	1.4	3.3	4.4	7.6	2.8	5.5
2014	2.5	0.2	4.0	-	6.7	2.2	4.9

Source: World Bank



### FAO food Index

According to FAO, global food prices fell across all commodities with dairy and sugar prices experiencing the most drastic decline. The drop in dairy products prices reflect the impact of abolition of the milk quota system which raised expectation of abundant supply. Dairy prices were also influenced by imports

prohibition imposed by the Russian Federation. The decrease in sugar prices was mainly due to the report of higher than expected sugar cane production in Brazil, the world’s largest sugar producer and exporter. India’s recently announcement of raising sugar import tariff from 25 percent to 40 percent in bid to support falling domestic prices, weighted on international sugar quotation. Rising production



of palm oil, wheat, and corn have resulted in excess supply globally. International palm oil prices continued to ease as higher than expected

output in Indonesia and Malaysia with weak global demand. While decline in Wheat prices was due to large supply and slow trade activity.

Fig-8:



Source: Food and Agriculture Organization (FAO)

**Wholesale Price Index**

The wholesale price index is designed to measure the directional movement of prices. The index recorded an increase of 0.03 percent during July-Apr 2014-15 against a rise of 8.3 percent during the same period last year which is the most appreciated development and a significant abatement of price pressure over the course of year. The trend of wholesale price index by commodity groups indicates that

highest rate of decrease witnessed in the non-food group -1.26 percent, against a corresponding increase of 9 percent last year. 16 out of 67 non-food items in various sub groups of WPI has registered decline in their prices. Their deflationary impact to the overall WPI movement is estimated as -4.8 percent. A pronounced decline has been noted in fuel and fuel related items-- furnace oil -1.4%, diesel -1.75 % and kerosene -0.1%.

**Table 7.10: Wholesale Price Index**

Commodity	Weights	(% ) Change		Impact	
		July -Apr			
		2013-14	2014-15		
General (WPI)	100.00	8.28	0.03	8.28	0.03
Agriculture Forestry & Fishery	25.77	10.74	0.87	2.77	0.22
Non-Food	68.89	8.94	-1.26	6.16	-0.87
Ores & Minerals	12.04	13.96	2.30	1.68	0.28
Food Products, Beverages	31.11	6.74	3.08	2.10	0.96
Other Transportable Goods	22.37	5.16	-7.17	1.15	-1.60
Metal Products Machinery	8.71	5.66	2.91	0.49	0.25

Source: Pakistan Bureau of Statistics (PBS)

**Table 7.11: Price Indices of Major Items In WPI**

	Items	Weight	%Change Apr-15/ Apr-14	Impact
	Non-Food Items			
1	Furnace Oil	3.27	-42.8	-1.40
2	Kerosene Oil	0.22	-37.9	-0.08
3	Diesel Oil	5.27	-33.2	-1.75
4	Other Leather N.E.C	0.26	-32.4	-0.08

**Table 7.11: Price Indices of Major Items In WPI**

	Items	Weight	%Change Apr-15/ Apr-14	Impact
	Non-Food Items			
5	Motor Sprit	1.53	-31.4	-0.48
6	Insecticides	0.13	-19.4	-0.02
7	Cotton Yarn	5.25	-15.4	-0.81
8	Hard Board	0.16	-13.6	-0.02
9	Nylon Yarn	0.17	-10.6	-0.02
10	Printing Paper	0.43	-8.5	-0.04
11	Blended Yarn	0.17	-5.6	-0.01
12	Cultivators	0.06	-3.1	0.00
13	Soaps & Detergent	0.82	-2.0	-0.02
14	Natural Gas Liquefied	5.74	-1.3	-0.07
15	Motor Cycles	0.26	-0.5	0.00
16	Cement	1.81	-0.3	-0.01
	<b>Total</b>	<b>25.50</b>		<b>-4.8</b>

Source: Pakistan Bureau of Statistics (PBS)

**Sensitive Price Indicator (SPI)**

SPI covering 53 essential items of daily use increased by 1.9 percent during July-April 2014-15 compared to 9.8 percent in the same period last year. The 53 essential items in SPI to be further bifurcated into categories of food, non-food and items of utilities indicates a significant decline in prices of potatoes, vegetable ghee, chicken, wheat, rice etc. The declining impact of

10 food items with decrease in their prices has been estimated (-) 3.2 percent while that of four items of utility contributed as (-)1.8 percent.

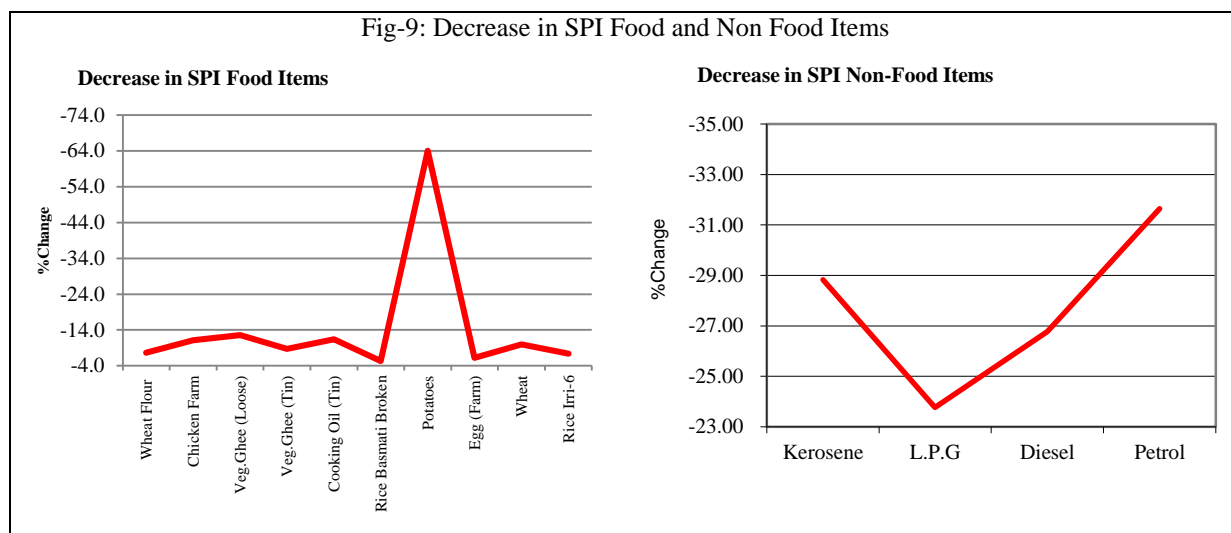
Following the general improvement in supply of essential items and their easy availability, the SPI recorded a substantial slow growth for six months of the current year with a pronounced decrease (-)2.0 percent in the months of March and April 2015.

**Table 7.12: (%) Change in prices of major items of SPI**

Items	Weight SPI	(% CHANGE) Apr-15/ Apr-14	Impact
<b>Decrease in Food Items</b>			
Potatoes	1.25	-64.01	-0.80
Veg.Ghee (Loose)	2.71	-12.61	-0.34
Cooking Oil (Tin)	2.30	-11.36	-0.26
Chicken Farm	3.56	-11.17	-0.40
Wheat	0.91	-9.99	-0.09
Veg.Ghee (Tin)	2.71	-8.68	-0.24
Wheat Flour	10.90	-7.65	-0.83
Rice Irri-6	0.19	-7.34	-0.01
Egg (Farm)	1.19	-6.25	-0.07
Rice Basmati Broken	1.90	-5.36	-0.10
<b>Total</b>	<b>27.63</b>		<b>-3.15</b>
<b>Decrease in Non-Food Items</b>			
Petrol	5.12	-31.65	-1.62
Kerosene	0.02	-28.83	0.00
Diesel	0.28	-26.78	-0.07
L.P.G	0.27	-23.77	-0.06
<b>Total</b>	<b>5.68</b>		<b>-1.76</b>

Source: Pakistan Bureau of Statistics (PBS)

Fig-9: Decrease in SPI Food and Non Food Items



### National Price Monitoring Committee

National Price Monitoring Committee (NPMC) has been constituted on 24<sup>th</sup> January, 2011 under the chairmanship of Secretary Finance Division, comprising Ministry of Commerce, Ministry of Industries, Ministry of National Food Security & Research and Secretaries of the concerned departments of provincial governments. NPMC has mandated to (i) assess the demand and supply of key commodities (ii) to take/ propose corrective measures as necessary. The present government is keeping a close watch on the movement of the prices of essential consumer items which is evident that Federal Minister for Finance chairs the NPMC meeting regularly. The Committee since July 2014- April 2015 has also played an active role to control prices and ensure smooth supply of essential items. The committee has made following deliberations:

- A sub committee comprising Ministries of National Food Security & Research, Industries & Production, Commerce and Finance was constituted to develop actionable plan/measures for removing hike in the prices of pulses, milk powder, tomatoes and other minor crops.
- Competition Commission of Pakistan (CCP) to take measures to control hoarding, profiteering and breaking cartelization in order to pass on the benefits to general consumers.
- Ministry of IPC was instructed to expedite the process of revival of the Executive Magistracy System.

### Following of the above Decisions are discussed as follow:

- Ministry of National Food Security & Research has prepared the report on the actionable plan and would brief the NPMC.
- Competition Commission of Pakistan (CCP) has initiated a large scale country wide probe into the essential food commodities. Letter were sent to DCOs of 19 districts across the country to get data on mechanism for determining prices and to identify main undertakings/ associations that are involved in trade of essential food items. The Commission, on conclusion will take strict action to counter anti-competitive activities. CCP would brief the meeting on the progress of the decision of NPMC.
- The Council of Common Interest (CCI) approved in principle on 29<sup>th</sup> May 2015, the proposed Amendments in the Code of Criminal Procedure (CrPc) 1898 for restoration of Executive Magistracy and to place the draft bill in this regard before the Parliament. Ministry of Law, Justice and Human Rights and all three provincial government of Sindh, KPK & Punjab have supported the proposal and have shown their consent to become a party in the appeal filed in the Honorable Supreme Court of Pakistan by Government of Balochistan.

### Sasta Bazaar Prices

A review of prices trend of 19 selected items prevailing in the first week of May 2015 in Sasta Bazaar of the country including Islamabad reveals a wide variation in their prices to be

compared with open market prices. Items with significant decline in their prices at Sasta Bazar include potatoes, onion, tomatoes, red chilies,

garlic, pulses and chicken farm etc. as may be seen from the Table given below.

Table 7.13: Comparison of Prices of Kitchen Items in Sasta Bazar and Open Market

SL. NO.	COMMODITY	UNIT	ISLAMABAD			PUNJAB			SINDH			K.P.K			BALOCHISTAN			NATIONAL AVG.		
			Sasta/Itwar/ Sahulat Bazar Price 10.05.2015	Open Market Prices 07.05.2015	Difference (Sasta bazar- Open market)	Sasta/Itwar/ Sahulat Bazar Price 10.05.2015	Open Market Prices 07.05.2015	Difference (Sasta bazar- Open market)	Sasta/Itwar/ Sahulat Bazar Price 10.05.2015	Open Market Prices 07.05.2015	Difference (Sasta bazar- Open market)	Sasta/Itwar/ Sahulat Bazar Price 10.05.2015	Open Market Prices 07.05.2015	Difference (Sasta bazar- Open market)	Prices Notified by DC Quetta on 10-02-2015	Open Market Prices 07.05.2015	Difference (Prices Notified by DC - Open market)	Sasta/Itwar/ Sahulat Bazar Price 10.05.2015	Open Market Prices 07.05.2015	Difference
1	WHEAT FLOUR AV. QLT.	10 KG	380.00	384.38	-4.38	363.13	371.07	-7.95	N.A	403.08	N.A	N.A	370.83	N.A	405.00	410.00	-5.00	382.71	387.87	-5.16
2	RICE BASMATI BROKEN	KG	76.25	83.75	-7.50	55.05	69.73	-14.68	71.00	73.08	-2.08	65.00	68.33	-3.33	80.00	80.00	0.00	69.46	74.98	-5.52
3	RICE IRRI-6	KG	55.00	61.25	-6.25	50.00	53.47	-3.47	49.00	51.54	-2.54	40.00	42.50	-2.50	N.A	46.00	N.A	48.50	50.95	-2.45
4	CHICKEN FARM	KG	145.00	167.13	-22.13	143.20	158.60	-15.40	N.A	157.50	N.A	156.00	174.00	-18.00	N.A	180.00	N.A	148.07	167.45	-19.38
5	EGG (FARM)	DOZ	68.00	72.50	-4.50	64.13	67.33	-3.20	N.A	65.92	N.A	80.00	79.17	0.83	N.A	90.00	N.A	70.71	74.98	-4.28
6	COOKING OIL (TIN)	2.5 Ltr.	465.00	465.00	0.00	456.50	465.57	-9.07	N.A	468.00	N.A	455.00	455.00	0.00	N.A	490.00	N.A	458.83	468.71	-9.88
7	VEG.GHEE (TIN)	2.5 KG	460.00	460.00	0.00	451.00	457.00	-6.00	N.A	453.00	N.A	450.00	450.00	0.00	N.A	480.00	N.A	453.67	460.00	-6.33
8	VEG.GHEE (LOOSE)	KG	140.00	146.25	-6.25	133.96	137.80	-3.84	140.00	141.54	-1.54	150.00	153.33	-3.33	160.00	170.00	-10.00	144.79	149.78	-4.99
9	BANANAS	DOZ	95.00	145.00	-50.00	66.07	75.93	-9.86	60.00	63.08	-3.08	75.00	78.33	-3.33	N.A	75.00	N.A	74.02	87.47	-13.45
10	MASOOR PULSE WASHED	KG	140.00	154.38	-14.38	128.79	145.51	-16.72	130.00	133.08	-3.08	125.00	128.75	-3.75	100.00	145.00	-45.00	124.76	141.34	-16.59
11	MOONG PULSE WASHED	KG	172.50	183.13	-10.63	146.38	170.20	-23.83	165.00	173.08	-8.08	162.50	165.00	-2.50	130.00	180.00	-50.00	155.28	174.28	-19.01
12	MASH PULSE WASHED	KG	185.00	193.75	-8.75	159.21	187.41	-28.20	155.00	163.08	-8.08	180.00	186.67	-6.67	150.00	210.00	-60.00	165.84	188.18	-22.34
13	GRAM PULSE WASHED	KG	82.50	97.19	-14.69	73.43	87.17	-13.74	90.00	93.08	-3.08	90.00	95.00	-5.00	80.00	110.00	-30.00	83.19	96.49	-13.30
14	POTATOES	KG	16.00	31.88	-15.88	14.57	19.69	-5.12	15.00	16.54	-1.54	22.50	25.83	-3.33	N.A	18.00	N.A	17.02	22.39	-5.37
15	ONIONS	KG	56.00	69.38	-13.38	45.21	56.05	-10.83	50.00	53.08	-3.08	40.00	55.00	-15.00	N.A	35.00	N.A	47.80	53.70	-5.90
16	TOMATOES	KG	68.00	93.13	-25.13	51.29	68.13	-16.84	45.00	53.08	-8.08	60.00	60.83	-0.83	N.A	40.00	N.A	56.07	63.03	-6.96
17	SUGAR	KG	60.50	62.44	-1.94	57.36	59.07	-1.71	58.00	58.62	-0.62	58.00	60.00	-2.00	N.A	60.00	N.A	58.46	60.03	-1.56
18	RED CHILLIES POWDERED	KG	280.00	307.50	-27.50	220.29	256.14	-35.85	295.00	296.15	-1.15	220.00	230.00	-10.00	N.A	290.00	N.A	253.82	275.96	-22.14
19	GARLIC	KG	110.00	186.25	-76.25	130.71	148.64	-17.92	135.00	159.23	-24.23	80.00	103.33	-23.33	N.A	125.00	N.A	113.93	144.49	-30.56

Source: Pakistan Bureau of Statistics (PBS)

Provincial governments also monitor the prices and supply of essential items and taking various proactive measures to ease the prices for the benefit of common man in the country. The provincial governments have also activated their District Price Control Committees to check and maintain the prices and established Sasta Bazars for the consumers where they can get essential

food items at reasonable rates. In the National Price Monitoring Committee meetings the provincial governments were urged to continue the efforts to address the price disparities among the provinces and to monitor the prices minutely and focus on its rising trend, investigate and take necessary steps to control undue price hike so that the benefits may reach to the consumers.

Table 7.14: SPI Prices of 28 Items (Province Wise)

SL. No.	COMMODITY	UNIT	Islamabad	Punjab	Sindh	KPK	Balochistan	National Avg.
			AVG	AVG	AVG	AVG	AVG	AVG
<b>PRICES ON 07-05-2015</b>								
1	Wheat	10 KG	342.50	321.92	308.75	326.25	407.50	330.61
2	Wheat Flour Av. Qlt.	10 KG	384.38	368.44	382.02	370.42	430.00	380.05
3	Rice Basmati Broken	KG	83.75	67.58	75.93	59.67	67.50	69.55
4	Rice Iri-6	KG	61.25	53.04	46.01	47.50	45.50	50.33
5	Bread Plain Med.Size	EACH	40.00	41.25	44.75	35.00	37.50	40.82
6	Beef	KG	321.25	291.18	309.04	280.84	360.00	304.03
7	Mutton	KG	686.25	609.46	600.10	550.00	560.00	598.96
8	Chicken Farm	KG	167.13	162.09	199.52	167.00	195.00	175.64
9	Milk Fresh	LTR	89.38	72.36	79.75	77.50	85.00	77.19
10	Milk Powdered (Nido)	400GM	360.00	358.75	355.00	350.00	350.00	355.88
11	Egg (Farm)	DOZ	72.50	67.16	72.23	79.59	95.00	73.40
12	Mustard Oil	KG	240.00	172.16	156.01	201.67	190.00	177.92
13	Cooking Oil (Tin)	2.5 Ltr.	465.00	465.19	480.00	465.00	487.50	471.26
14	Veg.Ghee (Tin)	2.5 KG	460.00	458.31	465.00	460.00	487.50	463.62
15	Veg.Ghee (Loose)	KG	146.25	136.83	139.14	156.67	150.00	141.81
16	Bananas	DOZ	145.00	73.31	60.77	76.04	70.00	74.51
17	Masoor Pulse Washed	KG	154.38	148.57	133.27	124.38	122.50	139.40
18	Moong Pulse Washed	KG	183.13	170.18	170.93	162.50	160.00	169.02
19	Mash Pulse Washed	KG	193.75	187.73	163.58	169.59	170.00	178.18
20	Gram Pulse Washed	KG	97.19	86.90	83.27	91.25	95.00	88.11
21	Potatoes	KG	31.88	19.11	13.20	22.92	19.00	18.90
22	Onions	KG	69.38	55.29	48.58	53.75	30.00	51.38
23	Tomatoes	KG	93.13	67.11	42.96	55.42	42.50	58.69
24	Sugar	KG	62.44	58.93	57.78	59.00	57.50	58.71
25	Red Chillies Powdered	KG	307.50	263.50	270.60	235.00	245.00	262.23
26	Garlic	KG	186.25	147.56	136.68	127.92	137.50	143.78
27	Cooked Beef (Plate)	EACH	88.75	74.23	78.51	103.34	110.00	83.73
28	Tea (Prepared)	CUP	20.00	18.62	20.28	15.00	20.50	18.89

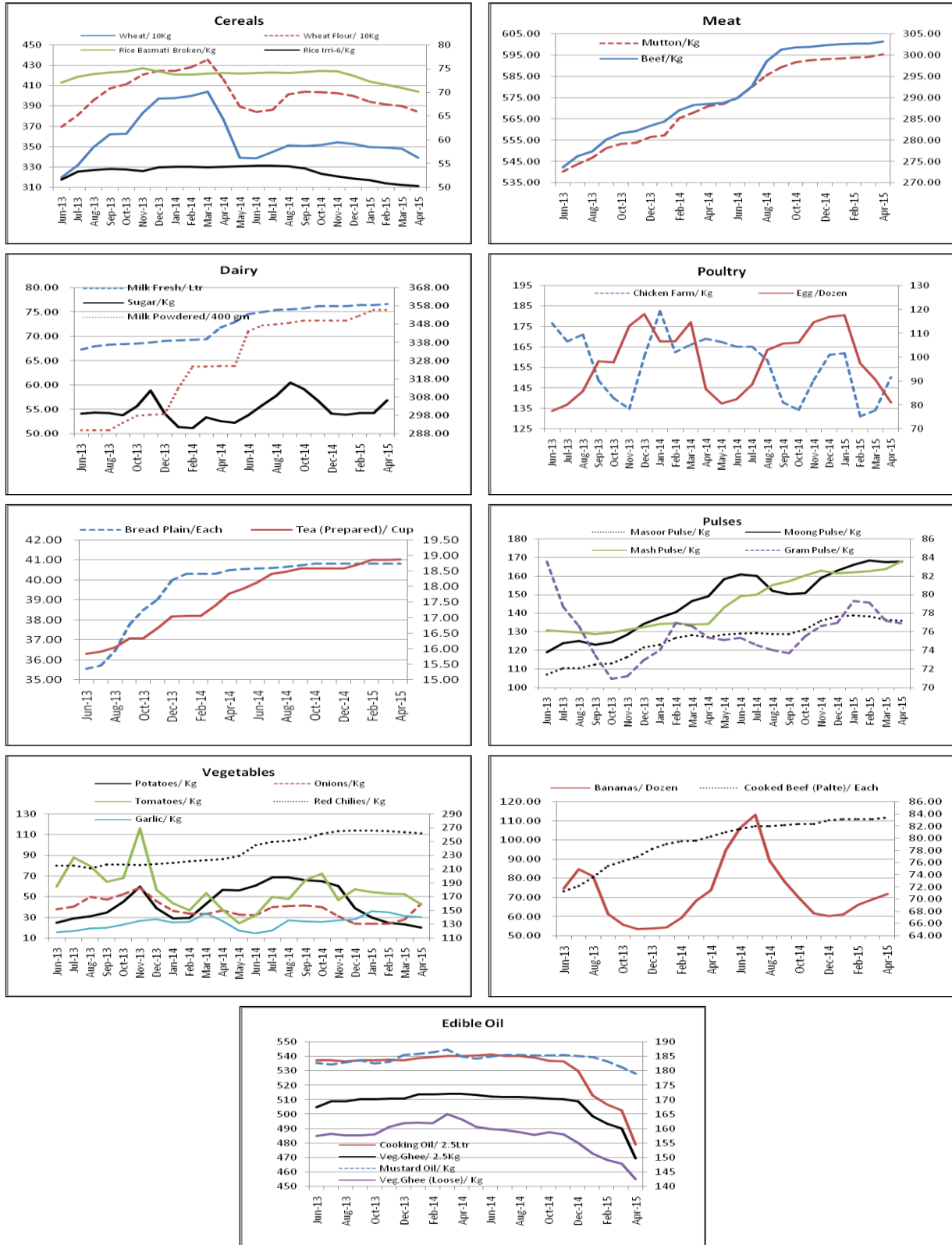
Source: Pakistan Bureau of Statistics (PBS)

**Movement in Prices of 28 Essential Items**

The movement of 28 essential items from Jun 2013 to April 2015 is presented graphically,

which reflect the variation in prices of these items over time. On the whole, it is observed that prices of essential items are easing out over time.

Fig-10: Graphs of 28 Essential Items of SPI



### Regional Situation of Prices

Prices of essential consumer items prevailing on 30<sup>th</sup> April 2015 in Pakistan indicates that in comparison with the regional countries Pakistan is the lowest in the prices of Wheat, Wheat Flour, Chicken farm, Gram Pulse, Petrol, Eggs

and Red Chilies than those of other regional countries. The variation in 24 items in Pakistan as against other regional countries are indicated in the Table below. The large variation in prices of some specific items like meat and poultry products is due to different consumption pattern and socio cultural variation.

**Table 7.15: Prices of Essential Items in Neighbouring Countries**

Items	Units	Islamabad	New Delhi	Dhaka	Ranking
		30-04-2015	22-04-2015	27-04-2015	
Wheat	Kg	34.25	57.00	45.00	1
Wheat Flour	Kg	38.44	57.00	53.00	1
Chicken farm	Kg	152.38	260.00	210.00	1
Gram Pulse	Kg	90.00	146.00	105.00	1
Petrol	Ltr	74.55	103.00	130.00	1
Eggs	Doz	75.63	81.00	126.00	1
Red Chilies	Kg	307.50	325.00	421.00	1
Diesel	Ltr	83.92	83.00	89.00	2
Sugar	Kg	61.00	57.00	62.00	2
Beef	Kg	321.25	293.00	447.00	2
Rice Basmati	Kg	83.75	81.00	210.00	2
Milk Fresh	Ltr	89.38	81.00	99.00	2
Masoor Pulse	Kg	150.63	146.00	151.00	2
Potatoes	Kg	31.88	20.00	33.00	2
Tomatoes	Kg	50.63	65.00	26.00	2
Mutton	Kg	686.25	683.00	657.00	3
Vegetable ghee	Kg	146.25	146.00	-	2
DAP	50 Kg	3701.54	1953.00	1643.00	3
Urea	50 Kg	1851.00	472.00	1051.00	3
Onion	Kg	69.38	49.00	46.00	3
Moong Pulse	Kg	183.13	179.00	170.86	3
Mash Pulse	Kg	186.25	179.00	158.00	3
Tea	Kg	747.35	667.00	591.00	3
Garlic	Kg	185.00	163.00	171.00	3

### Outlook of Inflation

The government targeted annual inflation for 2015 at 8.0 percent. However, the inflation

during first ten months Jul-Apr 2014-15 increased by 4.8 percent, therefore in view of current trend it is expected that average inflation will be contained much below the target.