

INFLATION

7.1 Introduction

Inflation is a key indicator of a country and provides important insight on the state of the economy and the sound macroeconomic policies that govern it. A stable inflation not only gives a nurturing environment for economic growth, but also uplifts the poor and fixed income citizens who are the most vulnerable in society. Over the last decade, with a few exceptions, inflation around the world had been at a retreat. However, with buoyant global growth, along with higher population growth, rapid industrialization and urbanization in emerging markets, and strong per capita income growth, inflation has started veering its ugly head in many parts of the world, including Pakistan. In the midst of soaring demand for essential commodities, food inflation has emerged as the main contributor to recent global inflationary pressures.

There is a general consensus that the era of cheap food is over. Soaring food prices over the last year have helped propel inflation all around the world, sparking protests and even riots in some countries. The high price of food in the global arena as well as short-sighted policy responses threatens to push millions into poverty. Rising food prices have pushed up overall inflation not only in Pakistan, but across the region, particularly during 2007 and mid-2008. This is worrisome given that food price inflation is the most regressive of all taxes, hurting the poor and fixed income groups the most. Additionally, this explosion in international food prices is a threat to macroeconomic stability through inflation, the rising fiscal cost of food subsidies, and the negative impact on the exchange rate for net food/energy importing countries like Pakistan.

For a developing country like Pakistan, inflation needs to be stabilized in order to ensure sustainable

growth as well as macroeconomic stability. Both empirical and theoretical studies demonstrate that there is a strong link between inflation and output (unemployment). Very high levels of inflation as well as very low levels of inflation are equally damaging for an economy. Both extremes arrest growth prospects, impose economic suffering on the population, cause inefficient allocation of resources, inexplicably hurt the poor and fixed income groups, create uncertainty throughout the economy and undermine macroeconomic policies. High inflation always burdens the poor and fixed-income groups more than the rich since they are not able to protect themselves against the costs attached to inflation, nor able to hedge against the risks that inflation brings with it. In contrast, low or falling inflation can also have a negative impact on growth through several different factors. For instance, falling asset prices can constrain collateralized lending; the negative wealth effect can slow down demand; and borrowers are worse off since the real rates have turned against them.

The Government needs to be cautious about inflation and thus has taken various steps to release demand pressures on the one hand and enhance supplies of essential commodities on the other. To ease demand pressures, the State Bank of Pakistan (SBP) has continuously tightened the monetary policy over the last three years and more so in the current fiscal year, while to enhance supplies, the Government has relaxed its import regime and allowed imports of several essential items so that there is a continuous flow in the supply of those important commodities. In addition, the Government increased the imports of items like wheat, pulses and sugar to complement the efforts of the private sector. In order to provide relief to

the common man, the government also increased the scale of operations of the Utility Stores Corporation (USC) which supplies essential commodities such as wheat flour, sugar, pulses and cooking oil/ ghee at less than the market prices.

The Government stance remains steadfast, in that its policy objective is to ensure high growth while keeping inflation in check. Growth, on one hand, creates more jobs and increases incomes, directly contributing in reducing poverty. On the other hand, the associated higher inflation tends to worsen income distribution by hitting the low income groups the hardest, thus further reducing their purchasing power and perpetuating poverty. The trade off between the two has to be dealt with the utmost care, which the Government is fully aware of and has taken several initiatives that seek to achieve a high rate of economic growth, lower unemployment and reduce the rate of inflation.

Table 7.1: Inflation Rate

Item	2005-06	2006-07	2006-07	2007-08
			(July-April)	
CPI (General)	7.9	7.8	7.9	10.3
Food Group	6.9	10.4	10.3	15.0
Non-Food Group	8.6	6.0	6.2	6.8
Core Inflation	7.5	5.9	6.1	7.5

Source: Federal Bureau of Statistics (FBS)

The overall CPI-base inflation during the first ten months of the current fiscal year 2007-08 (July—April) averaged at 10.3 percent. This is much higher than that of the last fiscal year where 2006-07 (July—April) inflation stood at 7.9 percent. The higher inflation is largely driven by food and energy prices, which have been a global problem over the past year, with the crisis hitting hard particularly in developing countries like Pakistan. Food inflation in turn, was predominantly based on an increase in prices of a few essential items such as wheat, rice, edible oil, meat, pulses, tea, milk and fresh vegetables. A more detailed analysis in later sections will show that within the food group, a smaller group of items had a much higher contribution to a sharp pick up in prices. Based on current trends, it is expected that the average

inflation for the year (2007-08) as measured by the CPI will be over 10.5 percent. These developments in the CPI are also reflected in other measures of inflation used in Pakistan, namely the Wholesale Price Index (WPI) as well as the Sensitive Price Index (SPI).

7.2 Historical Perspective of Inflation

7.2.1 Price Indices

Pakistan publishes four different price indices over the course of fiscal year, namely: the Consumer Price Index (CPI), the Wholesale Price Index (WPI), the Sensitive Price Index (SPI) and the GDP deflator. The CPI is the main measure of price changes at the retail level. It indicates the cost of purchasing a representative fixed basket of goods and services consumed by private households. In Pakistan, the CPI covers the retail prices of 374 items in 35 major cities and reflects roughly the changes in the cost of living of urban areas. The WPI is designed for those items which are mostly consumable in daily life on the primary and secondary level; these prices are collected from wholesale markets as well as from mills at organized wholesale market level. The WPI covers the wholesale price of 106 commodities prevailing in 18 major cities of Pakistan. The SPI shows the weekly change of price of 53 selected items of daily use consumed by those households whose monthly income in the base year 2000-01 ranged from Rs.3000 to above Rs.12000 per month. The SPI also informs about the actual position of supply: whether the commodity is available in market or not. If the commodity is not available, the reason for that is also recorded. The SPI is based on the prices prevailing in 17 major cities and is computed for the basket of commodities being consumed by the households belonging to all income groups combined as in CPI. In most countries, the main focus for assessing inflationary trends is placed on the CPI, because it most closely represents the cost of living. In Pakistan, the main focus is also placed on the CPI as a measure of inflation as it is more representative with a wider coverage of 374 items in 71 markets of 35 cities around the country. The details are presented in Table-7.2.

Table 7.2: Price Indices in Pakistan

Features	Base Year 2000-01=100		
	CPI	SPI	WPI
Cities covered	35	17	18
Markets covered	71	53	18
Items covered	374	53	425
Commodities Covered	92	-	106
Number of Commodity Groups	10	-	5
Number of Quotations	106,216	11,236	1550
Income Groups	Four	Rs.3000/Month	-
Occupational Groups	All Categories combined	3 (Urban)	-
Reporting Frequency	Monthly	Weekly	Monthly

Source: Federal Bureau of Statistics

7.2.2 Trends in Inflation

Inflation in Pakistan over the last 18 years had an erratic trend, ranging as high as 13.0 percent and as low as 3.1 percent mainly because of: (i) decelerating economic growth; (ii) loose monetary policies; (iii) output set-backs; (iv) higher duties and taxes; (v) a depreciating Pak Rupee; (vi) frequent adjustments in the administered prices of gas, electricity, POL (Petroleum, Oil and Lubricants) products as well as the support price of wheat, and (vii) political instability. The pressure on prices intensified in 1994-95 when inflation went up to 13 percent, mainly due to extremely high food inflation of 16.5 percent. Both the food and non-food inflation contributed to the persistence of double-digit inflation during the period from 1990-1997, averaging 12.2 and 10.7 percent, respectively against the overall CPI inflation of 11.4. (See Table 7.3 & Figure 7.1)

Nevertheless, the price pressure started to moderate from 1997-98 onwards as an improved supply position, strict budgetary measures and depressed international market prices kept domestic prices in check. The inflation rate, which was at 5.7 percent in 1998-99, was further reduced to 3.1 percent by 2002-03 (the lowest in the last three decades). This low level of inflation was supported by strict fiscal discipline, the lower monetization of the budget deficit, an output recovery, a reduction in duties and taxes, and appreciation of exchange rate. During this time period, the country had very low levels of food

inflation, as domestic supply was plentiful as were international stockpiles. Inflation began to pick up after the first quarter of 2003-04, reaching as high as 9.3 percent in June 2005 (i.e. at the end of fiscal year 2004-05) for a variety of reasons including a rise in the support price of wheat, shortages of wheat, and a rise in international prices including the oil prices. The inflation rate had come down to 7.8 percent at the end 2006-07 but has since steadily risen to 10.3 percent over the period July-April 2007-08. Inflation had been contained during the period of 2000-07 despite tremendous growth through a combination of tight monetary policy and the resolving of several supply bottlenecks. Despite these measures taken by the government over the last couple of years, inflation has steadily increased this past fiscal year due to soaring international food and energy prices.

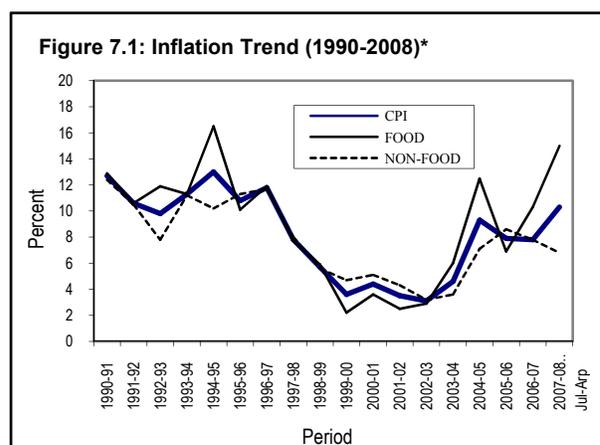


Table 7.3: Historical Inflationary Trends*

Year	Overall CPI	Food	Non-Food	Core	WPI	SPI
	(Annual percentage change, period average)					
1990-91	12.7	12.9	12.4	12.6	11.7	12.6
1991-92	10.6	10.6	10.5	7.5	9.8	10.5
1992-93	9.8	11.9	7.8	7.5	7.4	10.7
1993-94	11.3	11.3	11.2	10.9	16.4	11.1
1994-95	13.0	16.5	10.2	10.7	16.0	15.0
1995-96	10.8	10.1	11.3	10.9	11.1	10.7
1996-97	11.8	11.9	11.7	11.4	13.0	12.5
1997-98	7.8	7.7	8.0	7.5	6.6	7.4
1998-99	5.7	5.9	5.6	4.5	6.4	6.4
1999-00	3.6	2.2	4.7	3.5	1.8	1.8
2000-01	4.4	3.6	5.1	4.2	6.2	4.8
2001-02	3.5	2.5	4.3	2.0	2.1	3.4
2002-03	3.1	2.9	3.2	2.1	5.9	3.6
2003-04	4.6	6.0	3.6	3.0	7.9	6.8
2004-05	9.3	12.5	7.1	7.2	6.8	11.6
2005-06	7.9	6.9	8.6	7.5	10.1	7.0
2006-07	7.8	10.3	6.0	5.9	6.9	10.8
2007-08 (July-April)	10.3	15.0	6.8	7.5	13.7	14.1
Average of 1990s	9.7	10.1	9.3	8.9	10.0	9.9
Average of 1990-97	11.4	12.2	10.7	10.7	12.2	12.0
Average of 1998-2000	5.7	5.3	6.1	5.2	4.9	5.2
Average of 2000-2008	6.4	7.5	5.6	4.9	7.5	7.8

* Base year = 2000-01

Source: FBS

CPI: Consumer Price Index, WPI: Wholesale Price Index and SPI: Sensitive Prices Index

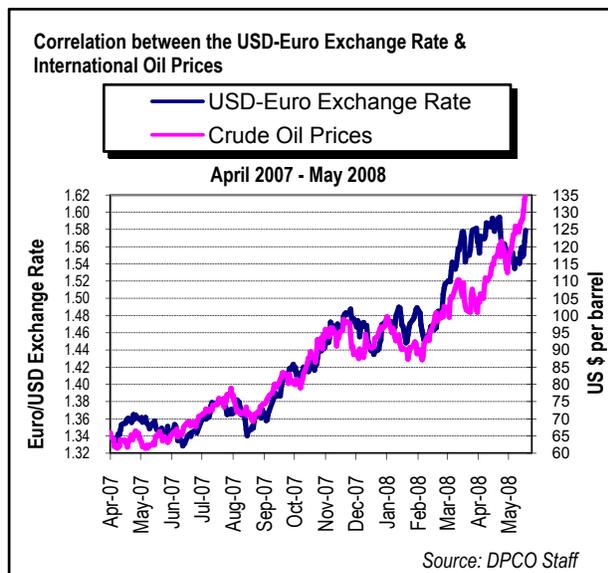
7.3 Inflation in the FY 2007-08

The CPI-based inflation during July-April 2007-08 averaged 10.3 percent as against 7.9 percent in the same period last year. The single largest component of the CPI is the food group, which makes up 40.34 percent of the CPI, and it showed an increase of 15.0 percent. This was higher than the 10.2 percent food inflation observed over the corresponding period of last year. A further breakdown of food inflation into perishable food items and non-perishable food items reveals some interesting facts. The rise in the price of perishable food items stood at 8.7 percent whereas non-perishable food items stood at 13.6 percent. Based on the current trend observed, the contribution of food inflation to the overall CPI is estimated at 59 percent and non-food inflation at 40 percent as against 52.4 percent and 47.2 percent respectively in the comparable period last year. On the other hand, the non-food prices grew at a slower pace compared to last year. Non-food inflation averaged

6.8 percent during July -April 2007-08 while it stood at 6.2 percent in the corresponding period last year.

The non-food-non-energy inflation (core inflation) was also higher at 7.5 percent in first ten months of the fiscal year 2007-08 as against 6.0 percent in the same period last year, on account of the rising house rent and Medicare sub-indices.

Several domestic and international factors have contributed to the extraordinary surge in the domestic price levels in Pakistan. The high price of food and energy in the international markets can be primarily blamed on a confluence of factors that are not only structural and cyclical in nature but also involve demand and supply dynamics. Structural factors have dominated in recent times and a closer look at them will reveal important insights on the cause of inflation that is currently gripping the world.



Firstly, despite an overall slowdown in world economic growth, crude oil prices have continued to accelerate to new highs, breaking pricing records along the way. Oil prices have surged this fiscal year from lows of around \$55 per barrel in January of 2007 to over \$130 per barrel in May 2008. This is a jump of more than 145 percent. A depreciating dollar, the standard currency for international trade, has also plunged against major currencies over the course of the year in tandem with rising oil prices, as illustrated in the graph. This correlation between oil prices and the dollar has risen notably over the last year or so, leaving energy-importing countries like Pakistan facing huge import bills. As producers pass on the increased costs to consumers, this leads to an increase in cost of Pakistani imports which drives up inflation. It is also likely that the response of the general domestic prices to oil prices is asymmetric i.e. general domestic prices rise with an oil price increase due to the “sympathy effect” but when the oil prices fall general domestic prices are not reduced.

Secondly, another important structural demand factor is the competing use of food grain to produce ethanol as a substitute for oil. The jump in oil prices is driving up the use of various agricultural crops as the demand for alternative biofuels is increasing, exacerbating food inflation and aggravating shortages across the world. Bio-

fuel production is seriously affecting food markets as its demand is leading to the diversion of grain, soybeans, sugar and vegetable oil from use for human consumption as well as livestock feed, thus creating supply shortages. Consequently, this substitution effect is having dire consequences for the poorest residents of society, as developing countries struggle to meet the demand requirements of their citizens. The United States and the European Union have set ambitious targets about biofuel, implying that diverting crops towards biofuel production will continue at least another five years. The 2007 energy bill in the United States nearly quintuples the biofuels target to 35 billion gallons by 2022, whereas the European Union has decreed that 10 percent of transportation fuels must use biofuels by 2020. This means that upward pressure on prices of some major food crops will continue for some time.

Thirdly, falling global inventories of major crops are indicative of the fact that production growth has fallen below consumption growth. Not only does this show a higher demand for these crops, but also reflects the attempt to rebuild stocks, adding even greater upward pressure on demand relative to supply. Among these demand-side factors are growing world population and strong income growth in emerging economies. The latter factor especially, reflects a dietary change towards higher quality food such as meat and dairy products, which in turn requires large amounts of grain in the form of livestock feed. Also, urbanization and industrialization has led to competing demand for land for commercial use as opposed to agricultural purposes.

On the supply side, cyclical factors, such as adverse weather conditions and crop infestation, have harmed production in some major crop exporting countries, further alleviating the problem. The recent financial market crisis has also exerted cyclical effects as investors hedge against the turmoil by turning to the commodity markets to get a better return. Thus food inflation has emerged as a major source of concern for policy-makers around the world, including Pakistan, which is part of the global community and therefore cannot be immune to such external dynamics.

In Pakistan, sustained level of high economic growth over the last few years has increased the level of income which has resulted in a surge in domestic demand. The link between growth and inflation is well-documented phenomenon in economic statistics around the world. The aggregate demand may also be driven by a

perceived wealth effect. As prices have risen throughout the economy there has also been a sharp increase in asset values particularly in real estate. Although borrowing against increased equity on real estate is limited in Pakistan, the high net wealth is likely to reduce incentives to save.

Box Item: Major Developments in International Food Commodity Markets

Following are the major developments that have led to a surge in food commodity prices in the international markets:

Wheat

- Rapid growth in emerging economies, importantly China and India, has resulted in increased demand for wheat, thus pushing its prices up.
- The number of wheat farmers switching to other crops such as maize and corn is growing due to increase in the preference for bio-fuel.
- Two years of drought in Australia has cut the global wheat stock to a level not seen since the 1970s.
- Continued larger exports of wheat from the United States led to a depletion of wheat stocks to a 60 years low, creating panic.

Rice

- A ban from major exporters like Vietnam, India, Egypt and Cambodia to ensure domestic availability aggravated supply concerns.
- Increase in rice demand as its consumption in Asia, Middle East and West Africa is rising due to higher per capita income.
- Short supplies due to reduction in acreage, rising cost of fuel and poor crop due to water shortages, has resulted in current global rice stocks to be at their lowest levels since 1976.

Edible Oil

- Expected lower rapeseed production in China because of bad weather and lowering of input tariff by the Indian government has put pressure on vegetable oil prices in the global market.
- US, EU and Russia have been showing high consumption of soybean oil for industrial use, pushing up its rice in the international market.
- Increasing palm oil prices are also being supported by protectionist policies in major exporting countries like Indonesia and Malaysia, where palm oil is politically sensitive as it is a staple product.

Source: State Bank of Pakistan

The resultant increase in consumption will also drive up aggregate demand and thus prices. In addition, the unprecedented levels of remittances also provide an impetus to aggregate demand.

There has been an increase in the prices of other commodities which are important for domestic consumption in Pakistan. For example, the international price of soybean oil has increased by nearly 61 percent since July 2007. Since these are essential inputs for the edible oil industry, an

increase in their prices is largely responsible for the drastic increase in edible oil prices. The rise in international oil prices is also critical in analyzing domestic food inflation as fertilizer prices, which are highly dependent on petroleum and natural gas prices, move in tandem with energy prices and thus add to production costs. Other commodity metals such as iron ore have been experiencing price increases due to high demand from countries like China and India.

Table 7.4 Annual Inflation by Commodity Groups

Commodity Group	(July-April)		Point Contribution #		
	Weight	(July-April)		(July-April)	
		2006-07	2007-08	2006-07	2007-08
		Percent		Percent	
CPI	100	7.9	10.3	7.9	10.3
Food	40.3	10.2	15.0	52.4	59.0
<i>i) Perishable</i>	5.14	11.4	8.7	7.4	4.4
<i>ii) Non perishable</i>	35.2	12.4	13.6	55.5	46.6
Non-Food	59.7	6.2	6.8	47.2	39.6
Core*	52.4	6.0	7.5	39.1	38.6
Apparel, Textile	6.1	4.8	7.9	3.7	4.7
House Rent	23.4	6.7	8.7	20.0	19.9
Energy*	7.3	7.3	3.4	7.9	2.9
Household	3.3	6.8	6.6	2.8	2.1
Transport*	7.3	3.7	0.6	2.4	0.3
Recreation	0.8	4.4	-3.6	0.5	-0.3
Education	3.5	4.9	6.9	2.1	2.3
Cleaning	5.9	4.3	9.8	3.2	5.6
Medicare	2.1	9.1	8.4	2.4	1.7

Source: Federal Bureau of Statistics

Calculated as group specific inflation times its share divided by total inflation.

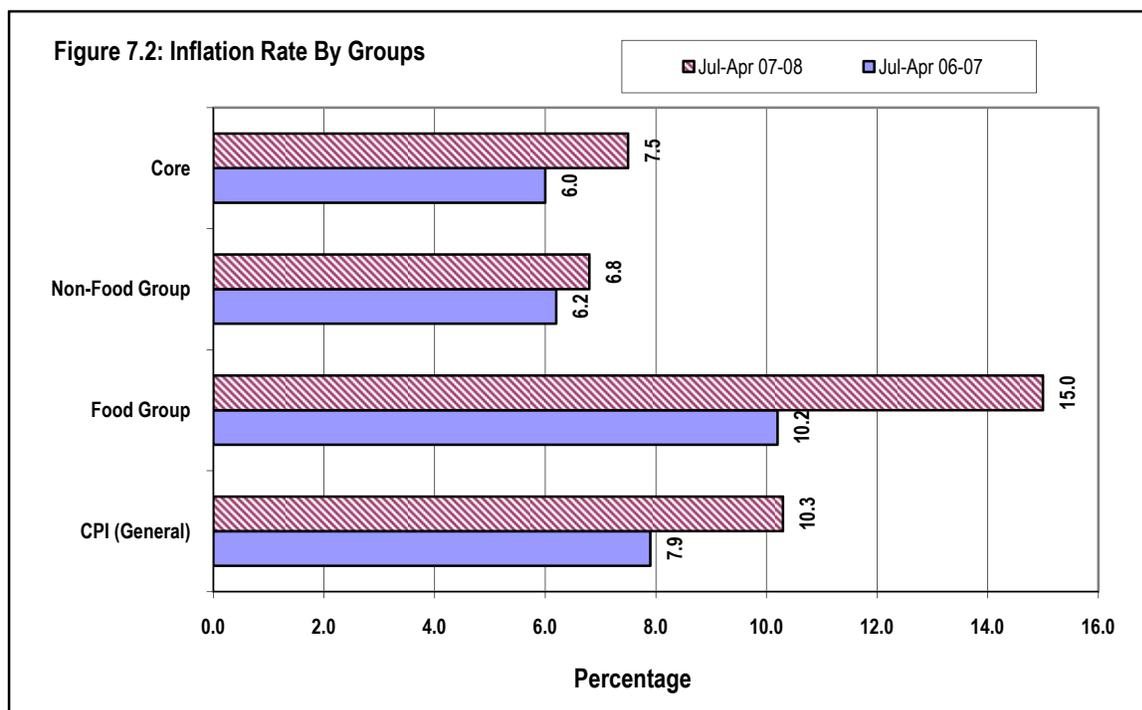
* Updated till April 2008.

The continuous upward adjustment in administered prices, such as the support prices of wheat, has added to domestic inflation. The price of wheat serves as a “trigger mechanism for other food prices as the latter moves in ‘sympathy’ with the former. A shortfall in the production of essential perishable (vegetable and fruits) and non-perishable (pulses, sugar, chilies etc) commodities within the country in relation to their demand has also driven up prices. Significantly, there are nine essential food items (Wheat and flour; rice; pulses; meat; milk; ghee/cooking oil; and vegetables) that account for almost 50 percent of the total weight in the Sensitive Price Index (SPI) food group. It is from these critical items that there has been a sharp pick up in food inflation in Pakistan over the last fiscal year. The 45 percent increase in the world market prices of palm oil, 93 percent in prices of wheat and a staggering 197 percent in the prices of rice since July 2007 to April 2008, have caused the domestic prices of these items to also substantially increase. Among these few items, a substantial increase of 59 percent has seen in prices of rice, followed by chicken farm, ghee/edible oil, wheat and wheat flour etc. However, prices of certain other food items like sugar, onions, potatoes and moong pulse have shown a decline.

Another major contributor to domestic inflation is the excessive borrowing of the government from the banking system. Government borrowing, particularly from the State Bank of Pakistan (SBP), has reached alarming levels during the current fiscal year. According to the latest provisional data, government’s budgetary borrowing from the banking system up until May 7th 2008 had increased to Rs. 389 billion. Of the total, Rs. 539 billion (139%) has been borrowed from the SBP which is highly inflationary in nature while the Government has retired its debt owing to scheduled banks, amounting to Rs. 150 billion. The stock of Market Related Treasury Bills (MRTBs) through which the Ministry of Finance borrows on tap from SBP has increased sharply by 105 percent and has touched a record level of Rs. 928.1 billion. The domestic debt plan for fiscal year 2007-08 recommended that the government would raise Rs. 200 billion from the market and retire government borrowing from the SBP by Rs. 62.3 billion. However, the actual outcome shows that the government continued to finance its deficit by borrowing from the SBP, adding to the inflationary pressures on the economy. Such excessive government borrowing from the banking system puts stress on the effectiveness of monetary policy, as can be seen by the money supply growth during

the current fiscal year, which is set to breach the target of 13.7 percent. The need to find alternative

sources to finance the government deficit should be a priority in order to contain domestic inflation.



Based on the current trend observed, the contribution of food inflation to the overall CPI is estimated at 59 percent and non-food inflation at 40 percent as against 52.4 percent and 47.2 percent respectively in the comparable period last year. Considering the other CPI groups, the highest inflation was in the medicine group and cleaning groups with reported 10 month inflation of 8.4 percent and 9.8 percent respectively during July-April 2007-08. But since their weights are small in the CPI basket (2.1 percent and 5.9 percent), their contribution to inflation was small. On the other hand, house rent and textile groups which have a 23.4 percent and 6.1 percent weight respectively in the CPI have shown a higher pick in inflation from 6.7 percent to 8.7 percent and from 4.8 percent to 7.9 percent (See Table 7.4 and Fig-7.2).

7.3.1 Inflation on a Monthly Basis

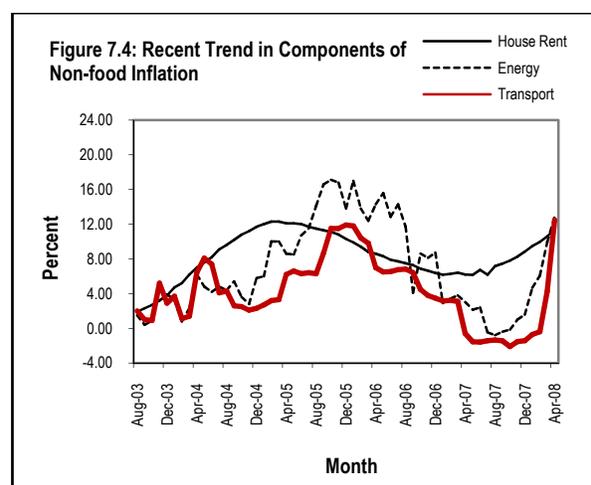
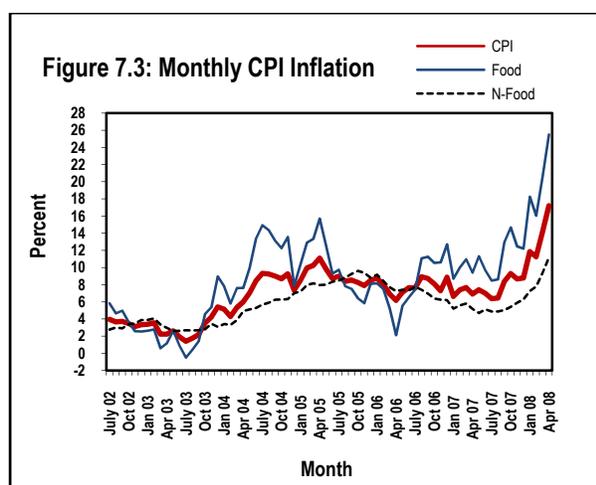
The current fiscal year inflation on a year-on-year (y-o-y) basis exhibits a significant increase in price pressures. This year's inflation started with 6.4 percent in July 2007 but continued to accelerate, reaching a peak of 17.2 percent in April 2008. Food inflation was close to 8.5 percent at the

beginning of the year but accelerated sharply to 25.5 percent in April 2008, recording one of the highest increases since 1974-75, when it peaked at 27.8 percent. The exceptionally high trend in food inflation during the current fiscal year indicates that prices of a few (18) essential food items registered sharp increase particularly during the second half of the fiscal year. The high food inflation adversely affects the low and fixed income groups as a majority of their total monthly expenditure is on food items. Thus, sharp increases in prices of some key food items puts a lot of pressure on the poor segment of society. Other significant contributors to this year's upward inflationary trend include house rent, which is the index that measures the cost of construction in Pakistan, racing to 11.35 percent by April 2008. Transport and communication also contributed a heavy chunk by peaking at 17.92 percent in April 2008, given the unprecedented hike in global oil prices, translating to domestic oil and transportation costs. Rounding up, fuel and lighting stood at 8.55 percent whereas Medicare stood at 7.44 percent in April 2008 (y-o-y). (See Fig.7.3, Fig.7.4 and Table-7.5).

Table 7.5: Monthly Inflation Rate

Period	2005-06			2006-07			2007-08		
	CPI	Food	Non-food	CPI	Food	Non-food	CPI	Food	Non-food
Jul	9.0	9.7	8.5	7.6	7.4	7.8	6.4	8.5	4.9
Aug	8.4	7.8	8.8	8.9	11.1	7.4	6.5	8.6	4.9
Sep	8.5	7.5	9.2	8.7	11.3	7.0	8.4	13.0	5.0
Oct	8.3	6.4	9.6	8.1	10.5	6.4	9.3	14.7	5.4
Nov	7.9	5.8	9.4	8.1	10.6	6.3	8.7	12.5	5.9
Dec	8.5	8.1	8.8	8.9	12.7	6.2	8.8	12.2	6.3
Jan	8.8	8.2	9.2	6.6	8.7	5.2	11.9	18.3	7.3
Feb	8.1	7.5	8.4	7.4	10.0	5.6	11.3	16.1	7.8
Mar	6.9	5.4	8.0	7.7	10.7	5.5	14.1	20.6	9.4
Apr	6.2	3.6	8.0	6.9	9.4	5.2	17.2	25.5	11.2
May	7.1	5.6	8.2	7.4	11.3	4.7	-	-	-
Jun	7.7	7.8	7.5	7.0	9.7	5.1	-	-	-

Source: Federal Bureau of Statistics



7.3.2 Inflation by Income Group

The analysis of inflation by income group provides an explanation of the impact of inflation over different income classes. The inflation rate of 12 percent estimated for the people of lower income groups in the range of Rs 3000--5000 per month is relatively higher over the other groups, which shows that the high rate of inflation in term of incidence has penalized the poor more than the rich because of their inability to protect themselves against high prices. The menace of inflation affects all categories of people but the most heavily impacted victims are the low income groups. Given that the major share of their consumption expenditure is incurred on food necessities, the prices of which have increased drastically during the current year 2007-08, the implications of

inflation on the poor segment of society has been unfavorable in many respects. The price hike of essential items are highly disturbing for the poor as people with fixed incomes, especially the labor class across the country, are adding pressure on policy makers to curb inflation (See Table 7.6).

The effect of food inflation will differ among households, where different tastes and expenditure patterns are prevalent, thus some households will benefit from higher prices whereas some will be adversely affected. Therefore, it is worth examining the impact of food price increases on poverty in Pakistan. Inflation eats into real incomes and expenditures which undermines the gains from poverty reduction policies and human development that an emerging country targets. To get a sense of the varying impact of increases in food prices on

different clusters of society, food expenditure shares by income quintile are given in Table 7.7. The average share of food in total expenditure is given as inversely proportionate to income across the quintile groups. It is obvious from studying the table that the poorer segments (quintile 1 and 2) of society spend a larger share of their total expenditure on food than the richer ones (quintile 4

and 5). Consequently the poorest 20 percent of the population spend nearly two-thirds on food expenditure whereas the richest 20 percent spend only one-third. The implications of this are staggering, given that a sharp rise in essential food items will have a greater impact and risk associated with a relatively low-income country like Pakistan.

Table –7.6: Inflation Rate by Income Groups

Period	Overall CPI	Up to Rs. 3,000	Between Rs. 3,001 - Rs. 5,000	Between Rs. 5,001-Rs. 12,000	Above Rs. 12,000
	(percentage change, period average)				
1995-96	10.8	10.6	10.7	10.8	11.3
1996-97	11.8	11.7	11.9	11.8	11.0
1997-98	7.8	7.9	7.8	7.9	8.0
1998-99	5.7	5.6	5.6	5.9	6.2
1999-00	3.6	3.2	3.4	3.8	4.5
2000-01	4.4	4.5	4.3	4.5	4.7
2001-02	3.5	3.0	4.9	3.4	3.6
2002-03	3.1	2.9	1.8	3.1	3.1
2003-04	4.6	5.3	5.1	4.7	4.3
2004-05	9.3	10.2	9.8	9.4	8.9
2005-06	7.9	7.7	7.5	7.6	8.3
2006-07	7.8	8.3	8.3	8.0	7.4
2007-08(Jul-April)	10.3	11.9	12.2	11.1	9.2

Source: Federal Bureau of Statistics

TABLE 7.7: QUINTILES

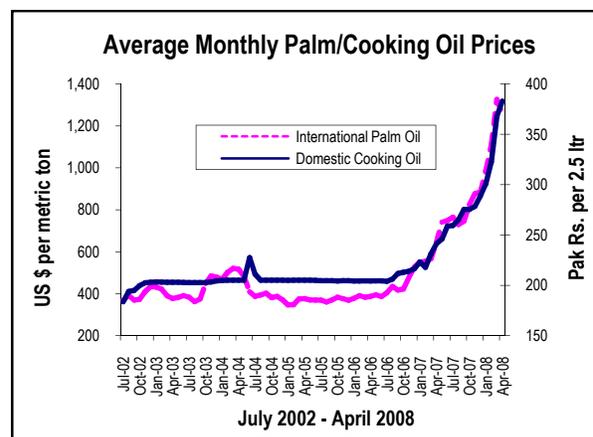
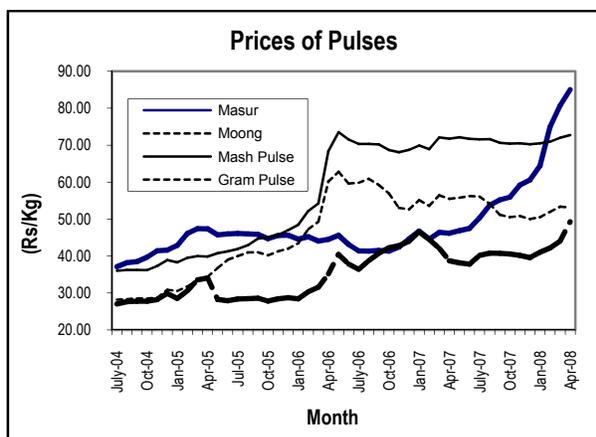
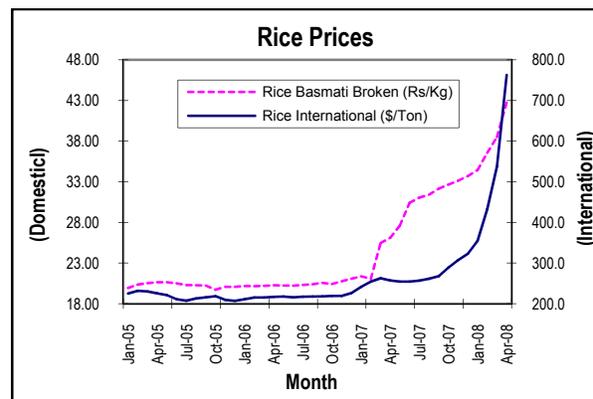
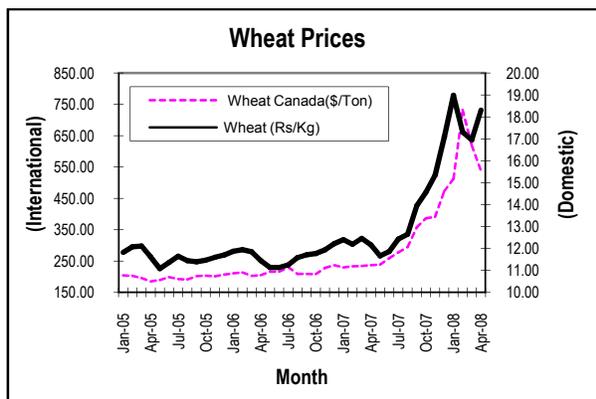
	1st	2nd	3rd	4th	5 th
Share of Food Expenditures to Total Expenditures (%)	55.61%	52.63%	50.91%	46.29%	33.14%
Top 17 major food items contribution in Food Expenditure (%)	48.79%	45.98%	43.33%	38.51%	25.41%
Contribution of Wheat in Total Food Expenditure (%)	23.8%	20.7%	17.9%	15.0%	9.8%
Contribution of Rice in Total Food Expenditure (%)	4.4%	3.8%	3.7%	3.4%	3.0%
Contribution of Vegetable Ghee in Total Food Expenditure (%)	8.7%	8.0%	7.1%	6.3%	3.8%
Contribution of Milk in Total Food Expenditure (%)	15.7%	17.7%	19.0%	20.1%	20.2%
Contribution of Pulses in Total Food Expenditure (%)	2.7%	2.6%	2.5%	2.4%	2.0%
Contribution of Beef in Total Food Expenditure (%)	2.4%	3.2%	3.4%	3.5%	3.6%
Contribution of Vegetables in Total Food Expenditure (%)	10.3%	9.7%	9.1%	8.7%	7.3%
Contribution of Sugar in Total Food Expenditure (%)	8.1%	7.8%	7.5%	6.8%	5.1%

Source: Household Integrated Economic Survey, PSLM 2005-06

Note: The quintiles are based on households' total expenditure expressed in per capita terms. Quintiles one represents the 20% of the population with the lowest per capita expenditure and so on.

Further analysis of Table 7.7 reveals that the poorest quintile spends nearly 24 percent of their food expenditure on wheat alone while the richest quintile only about 10 percent. The record high wheat prices witnessed over the past year have had serious consequences for the lowest two quintiles because of the high share they dedicate to wheat and wheat-flour. Similarly, other essential food items for an average Pakistani household such as pulses, rice, vegetables, milk, beef and sugar show a similar trend. Prices of these crucial commodities fluctuated throughout the year. For instance, wheat prices in July 2007 were Rs. 12.43 per kg and by May 2008, they had risen to Rs. 19.08 per kg, an increase of 53.5 percent. Rice (Irri-6) prices also had a big jump, from Rs. 22.42 per kg at the beginning of the fiscal year to Rs. 46.41 per kg by May 2008, a massive 107 percent increase. The

price of vegetable ghee, another staple item for the poorer segment of society, showed a 43.8 percent increase, jumping from Rs. 259.41 per 2.5 kg to Rs. 373 per 2.5 kg. The poor spend more on vegetables and staples whereas the rich can afford more meat and dairy products. There is a pressing need for the government to focus on the underprivileged of society and ensure that they do not fall deeper into poverty. Higher food prices will lead to more unequal distributions of income and expenditures because, as seen above, food takes a greater share in total expenditure for poorer individuals, particularly the poorest quintile. Therefore, action must be taken to safeguard the poor by mitigating the harmful impact of rising food prices, since they feel the pinch of rising food prices the most.



7.3.3 Wholesale Price Index (WPI)

WPI on an annual average basis registered an increase of 13.7 percent during the period July—April 2007-08 as against 6.9 percent in the

corresponding period last year. The major factors contributing to this double digit increase in WPI were the sharp increase in the indices of building material prices and the raw materials price group. However, the impact of the food group, both in

term of percent change and its contribution to the over all WPI increase, was the largest contributor and it appears to be emanating mainly from an increase in the wholesale prices of key consumer items in the country such as wheat (32%), rice (18.2%), edible oils (40 %), masoor pulse (57%), vegetables (44%) chicken farm (32%) following the impact of supply shortages in local markets and the global market price-trends of these items. An increase of 11.6 percent in the raw materials price group was a reflection of a substantial increase in prices of cotton, pig Iron and cotton-seed. The exceptionally high increases in global oil prices

have induced an increase in local prices by pushing up the index of this group to 16.0 percent in the first ten months of this fiscal year (2007-08) as against 6.0 percent last year. The building materials group registered an increase of 12.8 percent over the corresponding period because of higher prices of iron bars, bricks, glass-sheets and other construction related items. Prices of these items continue to remain high during the current year owing to rising demand from construction activities in the country. (See Table-7.8 for details).

Table 7.8: Components of WPI (% change)

Commodity Groups	Weight	July-April		% Point contribution	
		July-April		July-April	
		2006-07	2007-08	2006-07	2007-08
WPI	100	6.9	13.7	6.9	13.7
Food	42.12	8.5	16.7	51.8	51.4
Non-Food	57.88	5.8	11.5	48.5	48.7
Raw Material	7.99	13.8	11.6	15.9	6.8
Fuel & Lubricants	19.29	6.0	16.0	16.7	22.6
Manufacturers	25.87	3.2	6.0	11.8	11.4
Building Materials	4.73	5.1	12.8	3.5	4.4

Source: Federal Bureau of Statistics

7.3.4 Sensitive Price Indicator (SPI)

The SPI shows the weekly changes in prices of 53 essential items of daily use. During the current fiscal year (July—April) 2007-08, the increase in SPI is estimated at 14.1 percent over corresponding increase of 11.1 percent from last year. An analysis of 53 essential items can be further de-composed into food, non-food, utility and transport groups revealing that the highest increase of 14.95 percent was in food items. The contribution of the food items group in the overall SPI works out to be 82 percent. The observed increase appears to reflect the phenomenal increase in food staples owing largely to the demand-supply gap in the international as well as local markets. An item-wise review of food stuff indicates that the observed increase has been taken over as a result of an extremely high increase in prices of 9 items. These few items account for 50 percent of the weight in SPI and have contributed an imposing 75 percent to the overall increase in SPI. Where the

contribution of wheat-flour is estimated at 22 percent, Milk fresh at 14.6 percent, vegetable ghee (Loose) 11.7 percent, vegetable ghee (2.5 Kg tin) 7.7 percent, chicken farm 1.8 percent, beef 1.1 percent and red chillies 2.9 percent. The current increase in the prices of wheat and wheat flour represents the global price trend of these commodities as well as the inappropriate handling of the wheat situation including speculative hoarding by the private sector. The increase in ghee prices in the local market is due to a price hike of palm oil, a basic input in the ghee/cooking oil industry. Palm oil prices in the international market increased from \$811 per ton in July 2007 to \$1,174 per ton in April 2008 or an increase of 45 percent. When the price of basic inputs increase, the overall price is bound to show an increase too. The price of rice has increased at an unprecedented level in the international market. Pakistan, being part of the global economy, cannot remain immune to such global developments on price front, and hence this is reflected in the local markets.

Table –7.9: Prices of Essential Commodities

Items	Unit	2005-06	2006-07	% Change Jul-Dec 2007	% Change Jul-Apr (on average basis) 2007-08	Percent Point Contribution
Wheat	Kg	11.55	11.94	37.5	31.65	1.4
Wheat Flour	Kg	13.07	13.61	25.7	26.39	22.28
Rice Basmati Broken	Kg	20.15	22.96	8.5	59.23	5.46
Rice Irri-6	Kg	16.03	17.5	9.2	51.43	0.81
Masur Pulse	Kg	45.07	44.22	20.3	46.78	1.78
Mash Pulse	Kg	52.96	70.23	-1.9	1.73	0.06
Gram Pulse	Kg	31.17	41.05	-1.5	0.43	0.03
Beef	Kg	106.8	117.81	0.7	4.03	1.14
Mutton	Kg	202.07	223.94	0.9	5.33	1.06
Eggs (Farm)	Dozen	34.74	38.72	28.2	26.45	1.95
Chicken (Farm)	Kg	65.54	73.28	14.5	10.91	1.85
Bred Plain	Each	14.23	15.34	15.6	17.03	1.54
Milk Fresh	Ltr	23.89	26.72	2.1	13.13	14.65
Milk Powder	400 Gm	108.46	121.37	7.7	21.4	0.14
Vegetable Ghee	2.5 Kg	203.63	223.16	11.3	37.6	7.74
Veg. Ghee (Loose)	Kg	58.93	70.54	16.2	53.28	11.75
Mustered Oil	Ltr	66.7	76.71	31.3	54.12	0.45
Cooking Oil	2.5Ltr	204.4	223.59	11.3	38.47	5.19
Tomato	Kg	18.86	28.52	19.5	13.76	1.03
Red Chilies	Kg	70.75	94.67	12	52.67	2.97

Source :Federal Bureau Statistics

7.3.5 Regional Price Developments

The analysis given in Table 7.10 shows the prices of 19 consumer items prevailing on 2nd May 2008 in the cities of Islamabad, New Delhi, Dhaka, Colombo, Tehran and Kabul. Comparative analysis of these 19 selected food items indicates that the prices of wheat, wheat flour, sugar, and moong pulse were found to be lower in Pakistan than those in India, Bangladesh and Sri Lanka. The variations in prices of these items in the given cities are also subject to their consumption pattern. Despite the relatively close proximities of the reported cities, it is interesting to see some stark variations in prices of some commodities. These differences encourage hoarding and smuggling, as profiteers seek to sell their commodities for the highest available price in the region. The government needs to try and downplay this by

sealing off borders while at the same time making domestic prices at par with regional ones.

7.4 Step-taken to control inflation

The prices of essential items have increased for a variety of reasons. These include (i) over 100 percent increase in international oil prices beginning April 1st 2007 till today, (ii) over 200 percent increase in global palm oil prices, and (iii) a 150 percent increase in wheat prices. These developments have created serious difficulties for all the developing countries including Pakistan. The government is fully aware of these events and has taken various measures to stabilize the prices of essential commodities in the country and bring relief to the citizens.

The following measures have been taken/being supplies:
taken to stabilize the commodity prices and

Table 7.10: Comparative Prices in Region

Items	Unit	(Value in Pakistani Rupees)					
		Islamabad 2/5/2008	Dhaka 2/4/2008	New Delhi 1/5/2008	Colombo 30/04/08	Tehran 23/01/08	Kabul 24/04/08
Wheat	Kg	19.00	34.92	20.00	82.11	*	57.20
Wheat Flour	Kg	20.88	44.12	22.40	46.92	*	59.80
Rice Basmati	Kg	53.13	68.02	48.00	117.30	117.97	104.00
Masoor Pulse	Kg	95.31	70.77	83.20	129.03	98.31	65.00
Moong Pulse	Kg	58.38	66.18	86.40	129.03	78.65	65.00
Mash Pulse	Kg	76.88	59.74	89.60	129.03	-	104.00
Gram Pulse	Kg	60.75	64.34	54.20	129.03	85.20	65.00
Beef	Kg	141.25	238.99	96.00	199.41	524.31	221.00
Mutton	Kg	273.13	238.99	288.00	351.90	589.85	286.00
Chick Farm	Kg	96.00	78.13	144.00	240.46	121.25	91.00
Eggs	Dozn	54.00	44.12	35.20	63.24	131.08	52.00
Sugar	Kg	27.31	38.60	28.80	36.36	45.88	29.90
Veg. Ghee (loose)	Kg	130.00	70.77	80.00	234.60	-	122.20
Edible Oil (Dalda) loose	Ltr	153.20	98.35	108.80	290.31	104.86	124.80
Potato	Kg	20.25	13.78	11.20	43.69	32.77	16.90
Onion	Kg	20.00	14.70	12.80	35.19	32.77	16.90
Tomato	Kg	34.00	14.70	24.00	41.05	52.43	32.50
Red Chilies	Kg	240.00	110.30	208.00	108.50	78.65	156.00
Garlic	Kg	68.75	32.17	160.00	39.88	131.08	52.00

Value in Pak Rupees

Source: Ministry of Commerce

- Not available

* As per policy of Government of Iran, wheat and wheat flour are not sold in the open market

- a) The support price for wheat has been increased from Rs. 425/ 40Kg to Rs.625/40Kg for the current wheat season with a view of providing the right price to Pakistani farmers, encouraging them to grow more wheat. Furthermore, a higher support price of wheat will also help in discouraging smuggling and will ensure adequate supplies of this commodity in the country. In addition to this, a payment of Rs. 25 per 100 kg bag as transportation charges will be allowed to the farmers. The government has taken special measures to ensure Pakistan's borders are sealed so that there is no inclination of hoarding. The import of 2.5 million tons of wheat was also approved to ease supply pressures. In May 2008, the government allowed the private sector to import wheat for which the customs duty was reduced to zero. Also, the Trading Corporation of Pakistan (TCP) would ensure the import of one million tones of wheat before August 31st 2008. The government will also maintain strategic reserves of wheat/ wheat flour in order to stabilize their prices in the domestic market. Encouragingly, all these efforts have eased the price of wheat at the procurement stage.
- b) The Government has set up the Secretaries Committee to monitor prices of essential commodities under the chairmanship of the Finance Minister. This Committee meets frequently to monitor the prices and takes necessary action. The Prime Minister has authorized the Committee to take all necessary decisions in anticipation of ECC's approval.
- c) In order to stabilize the prices of rice in the country, the Committee negotiated an agreement with the Rice Export Association of Pakistan (REAP). Under this agreement REAP will provide 200,000 tons of rice to Utility Store Corporation (USC) at the mutually agreed price which will be fixed for the next six months. REAP will also hold 300,000 tons of rice to ensure its availability in the country

and sell it through fair price shops/ USC's outlets if the prices start rising again.

- d) The government also provides sugar at reduced rates to the consumer. TCP imported sugar is being sold at subsidized rates to USC which then sells it at the government's fixed rate to the consumer. The government then picks up the price differential between the cost and sale price of sugar. In this manner, a huge amount of subsidy is being paid to both TCP and USC.
- e) The Government provided relief on the sale of Atta, pulses and edible oil at reduced rate through Utility Stores Corporation (USC). The USC also provides selected food items at subsidized rates during the month of Ramadan every year. The government provided a subsidy for the market price differential on the basis of sales turn-over under these packages to USC.
- f) Imports have been liberalized to improve the supply situation of essential commodities. The government has also allowed duty free imports of wheat and other essential consumer items with a view to augment their supplies and reduce their prices.
- g) The Government is providing all pulses and other essential edibles at Utility Stores Corporation at cheaper rates than those found on the open market.
- h) To ensure competition and fair play in the market, the Monopoly Control Authority (MCA) has been converted into Competition Commission of Pakistan (CCP) by granting it valuable powers to prevent non-competitive behaviour in the market.

7.5 Future outlook of Inflation

The government is likely to miss the inflation target for 2007-08 of 6.5% and end the year with average inflation rate of over 11.0%. The government has taken several measures this fiscal year to contain the rapid rise in inflation for next year. Monetary tightening by the SBP will likely continue into next year as the central bank will try

and contain the money supply and credit to private sector. A number of measures are being taken to contain the price hike in the country including easing of imports for commodities that are facing supply shortages and some reforms that are geared towards increasing agricultural output. The increase in supply should also lead to a further deceleration in inflation in the coming months. Keeping these considerations in mind, it is expected that the next year's inflation may average 11.0percent. The challenge for the government is to attain a proper balance between immediate responses to protect the vulnerable groups, and short term efforts to ensure that inputs and credit are available to support a supply response over the coming crop cycles. Medium-to-long term efforts should be to increase supply by making agricultural land and labor more productive, thus having enough quantities of essential items to feed the country as well as for export purposes.

Henceforth, inflation needs to be nipped in the bud to limit its impact on long-term growth. Economic growth may suffer in the short run but it's the price the economy must pay in order to return to its long term high growth path. In the interim, the government can undertake targeted subsidy programs to alleviate the impact of rising inflation on the poor segments of society.

Both food and energy prices have become a cause for concern for policy-makers around the world, therefore it is essential that these issues be raised at an international level by the political leadership so as to raise awareness and seek solutions to this crisis. Reduction in poverty targets that were set by the UN will have to be revised as the current crisis has deteriorated poverty-reduction efforts over the last decade. Even though global growth forecasts have been scaled back, prices have been accelerating, indicating that it would be unwise to be complacent, and that higher prices are not merely a short-term phenomenon that markets will automatically correct. This has strong implications for macroeconomic stability, poverty reduction and income inequality and therefore requires corrective measures at state and global levels.



TABLE 7.1 (A)

PRICE INDICIES

A. COMBINED CONSUMER PRICE INDEX BY GROUPS											
Groups/ Fiscal Year	General	Food Beverages & Tobacco	Apparel Textile & Footwear	House Rent	*Energy	Household Fur- niture, Equip- ments etc.	*Transport & Commu- nication	Recreation Enter- tainment	Education	Cleaning, Laun- dry & Personal Appearance	Medicare
	(Base: 2000-01 = 100)										
1990-91	43.20	42.14	46.42	45.15	38.95	47.82	41.72	48.68	-	43.54	42.73
1991-92	47.41	46.33	51.97	49.46	39.02	51.97	46.25	51.82	-	47.25	46.77
1992-93	52.07	51.84	56.46	54.60	40.00	5.31	50.31	53.31	-	51.55	49.75
1993-94	57.94	57.72	60.29	59.76	44.84	54.78	54.78	56.48	-	59.25	64.27
1994-95	65.48	67.24	67.64	66.19	49.20	59.17	59.17	61.37	-	65.50	69.61
1995-96	72.55	74.05	75.59	72.37	56.99	64.66	64.66	71.00	-	75.01	76.26
1996-97	81.11	82.86	82.82	79.71	64.10	73.43	73.43	80.49	-	85.38	86.10
1997-98	87.45	89.20	86.50	87.38	71.16	76.93	76.93	88.09	-	87.67	90.57
1998-99	92.46	94.46	92.27	93.21	80.95	76.98	76.98	92.20	-	92.81	92.02
1999-00	95.78	96.56	97.31	97.15	90.36	81.06	81.06	96.46	-	97.79	93.14
2000-01	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2001-02	103.54	102.50	103.23	102.80	107.76	103.80	103.80	106.30	104.97	102.50	102.37
2002-03	106.75	105.40	106.75	103.80	118.39	105.29	105.29	107.21	109.72	103.37	105.59
2003-04	111.63	111.74	109.69	108.20	120.26	115.72	115.72	106.08	114.19	111.29	106.89
2004-05	121.98	125.69	112.98	120.42	128.46	117.33	120.18	105.86	117.55	115.90	107.94
2005-06	131.64	134.39	117.58	132.36	147.24	124.25	130.99	105.65	125.03	119.49	110.66
2006-07	141.87	148.21	123.70	141.21	156.65	131.64	134.63	105.76	133.82	124.55	120.91
<u>Jul-Apr</u>											
2006-07	141.23	147.34	122.78	140.45	156.75	131.06	135.15	110.30	130.35	124.04	120.25
2007-08	155.74	169.49	132.44	152.77	162.12	139.66	135.95	106.19	139.33	136.15	130.36

(Contd.)

Note: The CPI 1990-91 base year series have been converted into series with a base of 2000-01.

(1) The Recreation, Entertainment and Education Group has been split into two groups namely
(i) Recreation & Entertainment Group; (ii) Education

(2) The nomenclature of Medicine Group has been changed to Medicare Group.

* Transport & Energy Groups Index is available from July 2003 and onward while prices from 1990-91 upto June 2003 in respect of these two Groups have been converted in to index

TABLE 7.1 (B)

HEADLINE & CORE INFLATION

Year	Indices				Headline & Core Inflation			
	General	Food	Non-Food	*Core	General	Food	Non-Food	*Core
1991-92	47.41	46.33	48.52	48.84	10.58	10.64	10.52	10.52
1992-93	52.07	51.84	52.31	52.51	9.83	11.74	7.81	7.5
1993-94	57.94	57.72	58.18	58.21	11.27	11.34	11.22	10.9
1994-95	65.48	67.24	64.09	64.43	13.02	16.67	10.17	10.7
1995-96	72.55	74.05	71.36	71.46	10.79	10.13	11.34	10.9
1996-97	81.11	82.86	79.73	79.62	11.80	11.89	11.73	11.4
1997-98	87.45	89.20	86.07	85.60	7.81	7.65	7.94	7.5
1998-99	92.46	94.46	90.89	89.47	5.74	5.90	5.61	4.5
1999-00	95.78	96.56	95.16	92.59	3.58	2.23	4.69	3.5
2000-01	100.00	100.00	100.00	100.00	4.41	3.56	5.09	4.2
2001-02	103.54	102.50	104.28	101.95	3.54	2.44	4.28	2.0
2002-03	106.75	105.40	107.66	103.50	3.10	2.89	3.24	2.1
2003-04	111.63	111.74	111.55	106.08	4.57	6.01	3.62	3.0
2004-05	121.98	125.69	119.47	113.67	9.28	12.48	7.10	7.2
2005-06	131.64	134.39	129.77	122.22	7.92	6.92	8.63	7.5
2006-07	141.87	148.21	137.58	129.48	7.77	10.28	6.02	5.9
<u>Jul-Apr</u>								
2006-07	141.23	147.34	137.07	128.91	7.89	10.24	6.24	6.0
2007-08	155.74	169.49	146.44	138.57	10.27	15.03	6.82	7.5

Note: Core Inflation is defined as overall inflation adjusted for food and energy.

TABLE 7.1 (C)

PRICES INDICES

Groups/ Fiscal Year	B. Wholesale Price Index by Groups					3. Sensitive		4. GDP Deflator
	General	Food	Raw Materials	Fuel, Lighting & Lubricants	Manufac- tures	Building Materials	Price Indicator	
1991-92	44.84	45.42	43.78	34.09	52.38	56.72	46.26	224.33
1992-93	48.14	50.24	48.67	34.83	54.63	57.97	51.22	244.28
1993-94	56.03	57.23	62.55	40.81	63.67	66.47	57.26	274.73
1994-95	65.00	67.50	72.16	44.90	73.40	81.04	65.85	312.60
1995-96	72.22	75.44	75.95	52.95	79.88	87.33	72.90	338.48
1996-97	81.62	84.37	87.01	62.17	89.41	98.63	81.98	388.00
1997-98	86.99	90.45	93.81	69.65	91.62	98.62	88.01	413.39
1998-99	92.51	96.55	103.21	75.81	94.45	99.62	93.68	437.59
1999-00	94.15	97.09	92.39	83.16	98.76	97.15	95.39	100.00
2000-01	100.00	100.00	100.00	100.00	100.00	100.00	100.00	108.02
2001-02	102.01	101.95	100.31	103.14	101.87	101.10	103.37	110.71
2002-03	107.77	105.62	115.51	115.95	103.67	102.90	107.06	115.61
2003-04	116.29	112.99	135.12	119.23	111.83	126.48	114.38	124.55
2004-05	124.14	125.03	110.44	138.01	113.05	143.79	127.59	133.30
2005-06	136.68	133.78	121.93	174.57	116.27	144.18	136.56	147.28
2006-07	146.17	145.67	138.85	184.10	119.91	151.93	151.35	159.03
<u>Jul-Apr</u>								
2006-07	145.26	144.40	137.63	183.40	119.56	150.91	150.52	159.03
2007-08	165.17	168.56	153.62	212.79	126.80	170.18	171.73	180.35

Source: Federal Bureau of Statistics

Note: 1) WPI and SPI 1990-91 base year series have been converted into series with a base of 2000-01
2) GDP Deflator base year 1980-81 = 100 has been changed with 1999-2000 = 100 as new base year

TABLE 7.2

MONTHLY PERCENT CHANGES IN CPI, WPI AND SPI

															(Percent)
Months	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
A. CONSUMER PRICE INDEX (C.P.I.) converted into Base year 2000-01															
Jul	1.06	1.59	1.38	1.40	0.62	0.86	0.69	0.56	0.52	1.09	0.57	1.38	1.62	1.61	1.01
Aug	1.79	0.95	2.02	1.30	0.65	0.87	0.47	-0.06	0.75	0.31	0.66	0.58	0.04	1.25	1.32
Sep	0.89	1.49	0.90	1.16	0.63	0.11	0.38	0.98	0.14	0.19	0.60	0.38	0.50	0.32	2.13
Oct	1.30	1.50	0.11	1.20	0.40	0.49	0.92	0.45	0.53	0.16	1.47	1.19	0.94	0.36	1.23
Nov	0.55	1.40	1.07	1.21	0.74	0.48	0.09	0.9	0.32	0.31	0.60	1.12	0.76	0.73	0.14
Dec	-0.28	1.00	0.67	0.87	0.11	0.24	-0.11	-0.45	-0.61	-0.24	0.90	-0.85	-0.27	0.47	0.58
Jan	0.88	1.46	0.37	2.17	-0.05	-0.18	0.2	-0.16	0.06	0.06	-0.09	0.97	1.20	-0.88	1.91
Feb	1.29	-0.06	0.70	1.09	0.36	0.38	-0.02	-0.08	0.34	0.47	-0.34	0.99	0.33	1.04	0.49
Mar	0.46	0.88	1.35	-0.45	1.77	0.35	0.88	0.48	1.36	0.04	1.02	1.29	0.23	0.49	3.08
Apr	2.38	0.12	0.81	2.39	0.45	0.27	0.56	0.34	0.33	0.33	0.96	1.74	1.02	0.31	3.04
May	-0.15	0.59	0.37	-0.20	0.15	-0.07	-0.11	-0.45	-0.67	-0.29	0.69	-0.44	0.45	0.92	-
Jun	1.03	0.55	0.11	-0.31	0.47	-0.16	1.05	0.01	0.48	-0.21	1.12	0.10	0.59	0.20	-
B. WHOLESALE PRICE INDEX (W.P.I.) with Base 1990-91															
Jul	1.39	-1.06	0.99	1.59	0.33	1.14	0.07	-0.08	1.78	1.51	1.31	-1.00	1.99	1.42	1.70
Aug	2.28	1.46	1.77	1.82	0.14	1.39	0.18	0.75	0.30	1.66	0.98	-1.08	1.04	0.78	1.17
Sep	1.52	1.15	0.42	-0.05	0.33	-0.13	0.52	1.55	0.21	0.59	0.34	0.40	0.54	0.44	1.62
Oct	0.62	0.60	-0.31	0.27	0.42	0.14	-0.29	0.90	-1.15	0.54	2.72	1.42	0.77	-0.49	1.82
Nov	0.49	2.42	0.68	2.38	0.53	0.79	-1.44	1.18	-0.97	1.66	1.10	0.39	0.18	0.89	1.63
Dec	0.35	1.68	0.35	1.39	0.30	0.03	-0.31	1.15	-0.65	0.70	1.39	-0.25	-0.13	0.37	-0.06
Jan	4.23	2.02	1.12	2.30	0.01	0.59	0.30	-0.84	0.17	0.38	0.21	1.53	1.28	-1.20	1.78
Feb	3.08	-0.55	0.70	0.65	0.34	0.60	1.05	-0.39	0.19	2.39	0.40	1.52	0.77	0.51	1.24
Mar	0.78	1.18	1.71	-0.29	1.73	0.28	2.12	-0.16	1.28	0.15	1.77	1.39	0.07	1.02	3.99
Apr	4.23	-0.12	1.65	1.48	0.50	-0.53	0.38	0.66	0.35	-1.17	0.32	1.61	1.23	1.16	4.30
May	0.61	0.86	-0.19	0.35	0.50	0.21	-0.18	-1.38	-0.12	-1.09	0.98	-0.59	0.35	1.09	-
Jun	0.51	1.38	1.17	-0.41	0.08	0.02	1.01	1.18	1.07	-0.27	0.59	0.71	63.00	1.10	-
C. SENSITIVE PRICE INDICATOR (S.P.I.) converted into Base year 2000-01															
Jul	1.24	1.53	1.30	1.72	0.15	0.91	0.33	0.77	1.25	1.48	1.34	2.43	1.35	1.36	1.46
Aug	1.32	0.70	1.73	0.98	0.14	1.36	0.49	0.70	1.23	1.09	0.70	1.18	0.26	2.18	1.67
Sep	1.26	1.05	0.02	1.42	0.48	-0.49	0.16	0.99	0.91	1.04	0.75	0.29	0.23	0.41	2.63
Oct	0.93	1.70	-0.62	0.99	0.36	0.59	-0.45	0.63	0.54	-0.24	2.34	0.53	0.05	0.56	1.47
Nov	0.47	1.52	0.66	1.46	0.94	1.63	0.13	0.39	0.34	1.09	2.64	1.94	0.88	2.34	0.85
Dec	-0.14	1.14	1.03	0.78	0.08	-0.31	-0.94	-1.16	-0.73	-0.64	1.31	-0.98	-0.24	0.76	1.45
Jan	0.72	1.36	-0.12	1.50	-0.24	-0.78	-0.23	0.15	0.15	0.23	-0.69	0.91	0.80	-1.32	2.67
Feb	0.77	-0.36	0.65	1.38	0.30	0.55	0.30	-0.55	1.29	0.42	-0.61	0.54	1.46	0.09	-1.33
Mar	0.73	0.86	1.24	-1.36	0.51	-0.25	0.24	0.27	0.57	-0.01	1.30	1.07	0.84	-0.01	3.42
Apr	3.23	0.72	1.18	3.78	0.69	-0.45	0.77	-0.13	-0.62	-0.23	-0.51	1.29	1.33	0.09	5.48
May	0.78	1.68	0.59	0.47	0.13	0.73	0.92	-0.75	-1.69	-0.61	2.14	-1.02	0.65	1.37	-
Jun	1.85	1.19	0.82	-0.19	2.01	0.57	1.59	0.70	1.37	0.24	1.31	0.70	0.45	1.48	-

Source: Federal Bureau of Statistic.

Note: CPI, SPI and WPI 1990-91 base year series converted into Base Year 2000-01.

TABLE 7.3 (A)

PRICE INDICES BY CONSUMER INCOME GROUPS

Income Group/ Fiscal Year	All Income Groups	Upto Rs 3000	Rs 3001 to 5000	Rs 5001 to 12000	Above Rs 12,000
Spliced with Base Year 2000-01 = 100					
1990-91	43.20	42.43	42.85	43.18	43.09
1991-92	47.41	47.03	47.40	47.70	47.51
1992-93	52.07	52.03	52.13	52.11	51.62
1993-94	57.94	57.80	58.00	58.05	57.61
1994-95	65.48	65.86	65.73	65.16	64.18
1995-96	72.55	72.86	72.76	72.22	71.42
1996-97	81.11	81.37	81.41	80.71	79.71
1997-98	87.45	87.81	87.43	87.07	86.05
1998-99	92.46	92.71	92.67	92.18	91.41
1999-00	95.78	95.66	95.85	95.70	95.50
2000-01	100.00	100.00	100.00	100.00	100.00
2001-02	103.54	102.97	104.88	103.44	103.64
2002-03	106.75	105.95	106.70	106.68	106.83
2003-04	111.63	111.61	112.18	111.72	111.39
2004-05	121.98	123.01	123.16	122.26	121.35
2005-06	131.64	132.47	132.44	131.51	131.45
2006-07	141.87	143.52	143.42	142.05	141.19
<u>Jul-Apr</u>					
2006-07	141.23	142.57	142.39	141.02	140.18
2007-08	155.74	159.79	160.00	156.95	153.39

Source: Federal Bureau of Statistics.

Note: CPI 1990-91 Base Year series have been converted into Base Year 2000-01.

TABLE 7.3 (B)

ANNUAL CHANGES IN PRICE INDICES AND GDP DEFLATOR

Fiscal Year	Consumer Price Index*	Wholesale Price Index*	Sensitive Price Indicator*	Annual GDP Deflator@
1990-91	12.66	11.73	12.59	-
1991-92	10.58	9.84	10.54	10.07
1992-93	9.83	7.36	10.71	8.89
1993-94	11.27	16.40	11.79	12.47
1994-95	13.02	16.00	15.01	13.78
1995-96	10.79	11.10	10.71	8.28
1996-97	11.80	13.01	12.45	14.63
1997-98	7.81	6.58	7.35	6.55
1998-99	5.74	6.35	6.44	5.85
1999-00	3.58	1.77	1.83	2.78
2000-01	4.41	6.21	4.84	6.72
2001-02	3.54	2.08	3.37	2.49
2002-03	3.10	5.57	3.58	4.42
2003-04	4.57	7.91	6.83	7.74
2004-05	9.28	6.75	11.55	7.02
2005-06	7.92	10.10	7.02	10.49
2006-07	7.77	6.94	10.82	7.98
<u>Jul-Apr</u>				
2006-07	7.89	6.92	11.13	7.98
2007-08	10.30	13.70	14.10	13.41

P : Provisional

Source: Federal Bureau of Statistics

* : WPI, CPI & SPI Base Year = 1990-91 series have been converted into Base Year 2000-01.

@ : GDP Deflator Base Year 1980-81=100 has been changed with 1999-2000 = 100 as new base year.

TABLE 7.4

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

Fiscal Year	(Rs/Unit)											
	Wheat (Av.Qlty) Kg	Wheat Flour (Av.Qlty) Kg	Basmati* Rice (Broken) Kg	Moong Pulse (Washed) Kg	Gram Pulse (Av.Qlty) Kg	Beef (Cow/ Buffalo with bone) Kg	Chicken (Farm) Kg	Mutton (Goat) (Av.Qlty) Kg	Eggs Hen (Farm) Doz.	Potato (Av.Qlty) Kg	Dry Onion (Av.Qlty) Kg	Tomato (Av.Qlty) Kg
1990-91	3.07	3.66	6.10	12.64	7.85	25.51	..	50.39	13.28	5.19	7.70	12.52
1991-92	3.62	4.20	6.97	16.16	8.70	29.62	..	53.86	15.95	6.32	4.17	8.75
1992-93	3.85	4.44	8.06	17.09	11.35	32.49	..	60.09	15.96	5.77	7.16	11.64
1993-94	4.28	4.93	8.77	17.09	11.72	35.63	..	69.94	18.69	5.81	6.88	14.64
1994-95	5.07	5.78	9.09	20.24	21.77	40.68	..	81.68	20.64	6.32	7.76	18.22
1995-96	5.14	5.90	11.27	21.86	21.67	47.29	..	91.71	21.37	10.45	7.65	14.05
1996-97	6.59	7.32	12.85	21.80	15.00	54.01	..	99.42	24.90	12.08	9.22	14.35
1997-98	7.96	8.64	13.40	28.45	20.22	55.44	57.24	103.37	29.73	9.31	10.45	20.34
1998-99	7.72	8.35	14.50	32.95	22.08	55.83	54.20	106.46	25.98	8.74	15.32	19.60
1999-00	8.19	8.92	15.71	30.05	25.07	56.78	50.90	108.64	24.27	9.38	6.85	15.25
2000-01	8.67	9.80	15.35	30.30	29.52	56.01	50.65	109.38	26.35	9.74	10.72	17.24
2001-02	8.29	9.67	15.49	34.36	34.89	55.19	52.04	111.53	28.57	11.43	9.59	17.12
2002-03	8.73	10.14	18.07	30.46	31.13	61.21	54.01	124.95	30.69	9.43	8.70	13.30
2003-04	10.25	11.71	19.04	27.98	24.17	75.45	57.50	154.31	30.03	8.58	11.09	19.10
2004-05	11.68	13.28	20.19	31.66	29.35	94.83	66.43	185.19	37.45	14.94	13.82	25.03
2005-06	11.55	13.06	20.16	47.28	31.12	106.84	66.08	202.10	35.07	18.18	12.05	19.48
2006-07	11.96	13.64	23.11	56.53	41.38	117.87	74.16	224.07	38.31	17.22	20.95	27.43
<u>Jul-Apr</u>												
2006-07	11.99	13.59	21.94	56.67	42.07	117.34	75.35	222.91	38.80	17.91	22.61	26.70
2007-08	15.76	17.14	34.65	52.08	41.85	122.00	82.93	234.65	49.77	14.80	16.47	31.27

.. Not Available

(Contd.)

Note : Data for Period: 1990-91 - 2000-01 is based on 12 centres while data 2001-02 onward is based on 17 centres.

TABLE 7.4

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

(Contd.)								(Rs/Unit)
Fiscal Year	Mustard Oil (Mill) Kg	Vegetable Ghee (Loose) Kg	Rock Salt (Powder) Kg	Red Chillies (Av.Qlty) Kg	Sugar (Open Market) Kg	Gur (Sup. Qlty) Kg	Milk Fresh (Ltr)	Tea in Packet (Sup.Qlty) 250 Gram
1990-91	20.93	19.00	2.00	24.38	11.26	8.24	7.71	20.00
1991-92	25.85	20.53	2.17	31.05	11.62	8.67	8.82	20.04
1992-93	30.26	24.08	2.22	41.08	12.29	10.03	9.90	23.62
1993-94	33.18	29.09	2.25	39.33	12.91	10.49	11.07	27.65
1994-95	43.93	38.99	2.40	70.12	13.74	11.07	12.18	29.08
1995-96	46.50	39.38	2.79	82.32	16.76	14.54	13.67	30.33
1996-97	47.27	42.76	3.13	74.15	21.26	18.67	15.12	38.31
1997-98	49.65	45.78	3.17	62.55	19.54	18.91	16.27	49.88
1998-99	63.43	54.00	3.22	89.05	19.09	17.19	17.71	51.89
1999-00	61.13	49.14	3.35	82.72	21.11	19.81	17.91	48.95
2000-01	56.92	44.82	3.43	66.75	27.11	26.31	18.23	53.73
2001-02	59.01	49.20	3.19	78.34	22.87	23.12	17.92	57.00
2002-03	60.80	55.25	3.21	75.87	20.77	20.45	18.35	61.50
2003-04	63.51	59.84	3.22	73.80	19.01	19.79	19.21	64.68
2004-05	65.63	59.60	3.50	76.64	23.45	23.98	21.28	61.99
2005-06	66.70	58.95	3.94	70.79	31.16	35.90	23.90	62.62
2006-07	76.71	70.81	4.68	94.66	31.85	39.26	26.72	68.39
<u>Jul-Apr</u>								
2006-07	75.02	68.05	4.68	90.19	32.40	40.30	26.36	69.05
2007-08	114.73	103.62	5.06	136.81	27.67	33.16	29.82	66.82

(Contd.)

Note: Data for Period: 1990-91 - 2000-01 is based on 12 centres while data for Period 2001-02 onward is based on 17 centres.

TABLE 7.4

AVERAGE RETAIL PRICES OF ESSETIAL ITEMS

(Contd.)								(Rs/unit)
Fiscal Year	Cigarettes (Pkt)	Coarse Latha (Mtr.)	Voil Printed (Mtr.)	Shoes Gents Concord (Bata)	Firewood (Kikar/ Babul) (40 Kgs.)	Match Box (40/ 50 Sticks) (Each)	Washing Soap 707/555 (Cake)	Life-buoy Soap (Cake)
1990-91	3.48	10.71	25.24	429.95	50.07	0.35	2.49	4.02
1991-92	3.56	12.08	27.65	149.95	55.68	0.44	2.72	4.10
1992-93	3.60	13.46	27.18	149.95	62.31	0.49	3.01	4.64
1993-94	3.61	14.14	28.56	185.78	67.51	0.49	3.52	6.00
1994-95	3.75	15.76	29.26	224.95	71.83	0.50	4.14	6.35
1995-96	3.69	18.31	27.90	299.95	78.54	0.50	5.03	7.29
1996-97	3.90	20.89	30.01	337.70	88.88	0.50	5.95	8.53
1997-98	3.79	22.24	31.34	339.00	95.00	0.50	6.18	8.58
1998-99	4.19	23.20	31.63	342.96	97.65	0.50	6.57	9.21
1999-00	5.04	23.76	32.20	381.29	99.93	0.50	6.81	9.50
2000-01	5.01	24.11	33.04	399.00	104.04	0.50	6.90	9.50
2001-02	5.82	26.81	33.30	399.00	99.30	0.51	7.37	10.02
2002-03	6.06	26.84	33.74	428.17	104.20	0.51	7.48	11.00
2003-04	6.08	28.80	34.52	499.00	118.40	0.51	7.48	10.82
2004-05	6.90	32.08	36.13	492.33	135.96	0.53	7.47	14.00
2005-06	7.23	34.26	36.74	399.00	166.03	0.62	7.73	13.93
2006-07	7.98	35.05	37.90	429.00	191.72	0.71	8.13	14.18
<u>Jul-Apr</u>								
2006-07	7.96	34.95	37.72	415.00	200.00	0.70	8.08	14.02
2007-08	8.38	38.44	39.51	499.00	217.40	0.90	9.49	16.91

Note: Data for Period: 1990-91 - 2000-01 is based on 12 centres while data for 2001-02 onward is based on 17 centres.

(Contd.)

TABLE 7.4

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

(Contd.)									(Rs/unit)
Fiscal Year	Electric Bulb (60-W)	Cooked Beef Plate	Cooked Dal Plate	Rice Irri-6 Kg	Masoor Pulse Kg	Mash Pulse Kg	Garlic Kg	Cooking Oil Dalda 2.5 Ltr	Vegetable Ghee 2.5 Kg
1990-91	11.03	8.22	5.52	4.84	18.77	14.19	36.02	57.71	49.07
1991-92	11.98	9.35	6.08	5.66	23.70	15.75	23.15	62.83	51.74
1992-93	12.00	10.51	6.59	6.41	21.75	14.95	18.01	70.74	62.07
1993-94	12.28	11.59	7.28	6.62	19.87	14.91	27.02	87.22	77.95
1994-95	13.00	13.17	8.36	7.07	20.20	23.93	31.65	116.83	104.62
1995-96	13.29	14.48	9.43	9.09	28.01	32.79	27.14	122.50	109.82
1996-97	14.94	15.84	9.95	9.99	30.79	31.82	34.34	134.64	119.06
1997-98	14.96	16.44	10.40	10.48	34.49	28.59	36.85	148.95	131.98
1998-99	15.42	17.85	11.12	12.09	35.84	30.40	38.67	168.27	157.94
1999-00	16.00	18.30	11.35	12.51	36.03	38.38	30.16	166.93	164.95
2000-01	14.10	18.53	11.87	11.56	36.97	48.38	28.07	155.64	153.43
2001-02	14.00	18.58	12.42	11.51	38.41	44.25	39.93	170.97	169.24
2002-03	13.30	18.88	13.09	12.23	38.41	37.56	34.11	199.68	196.77
2003-04	12.69	20.95	13.86	13.06	35.40	35.57	32.82	203.98	200.28
2004-05	12.07	24.21	14.71	15.41	43.11	38.52	44.22	204.99	204.15
2005-06	11.43	26.07	15.65	16.05	45.01	52.91	58.09	204.41	203.63
2006-07	11.95	29.80	17.84	17.59	44.54	70.51	61.81	224.48	224.06
<u>Jul-Apr</u>									
2006-07	11.85	29.65	17.75	16.93	44.02	70.23	39.00	218.91	218.52
2007-08	12.60	32.66	19.87	25.49	64.08	71.07	48.17	301.92	299.41

Note:

(Contd.)

TABLE 7.4

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS

(Contd.)										(Rs/Unit)
Fiscal Year	Curd Kg	Tea Prepared Cup	Banana Doz.	Lawn Hussain Mtr.	Shirting Hussain Mtr.	Shoes Lady Bata	Chappal Gents Spang	Bread Plain M.Size	Milk Powder Nido 500 grams	
1990-91	9.98	1.35	11.66	33.65	30.98	156.20	33.97	4.34	217.27	
1991-92	11.22	1.54	14.71	37.64	35.79	174.95	36.95	5.01	74.59	
1992-93	12.49	1.72	19.06	39.42	39.54	174.95	36.95	5.78	84.96	
1993-94	13.86	1.99	19.28	42.38	41.90	181.68	46.31	6.55	90.40	
1994-95	15.25	2.20	21.04	44.63	45.08	191.95	55.95	7.40	105.47	
1995-96	17.16	2.55	21.36	46.25	50.59	211.90	63.83	7.99	79.01	
1996-97	18.74	3.02	20.37	52.03	53.58	248.03	78.70	9.09	91.00	
1997-98	19.91	3.30	20.18	56.02	55.25	249.00	79.00	10.31	102.40	
1998-99	21.75	3.61	21.25	72.17	56.85	269.42	79.00	10.39	105.82	
1999-00	21.87	3.74	20.88	76.27	58.28	319.00	79.00	10.96	110.00	
2000-01	22.43	4.03	22.11	77.77	59.10	319.00	79.00	11.17	114.03	
2001-02	21.90	4.18	22.14	70.79	55.17	319.00	79.00	11.14	116.00	
2002-03	23.35	4.46	21.96	69.92	55.59	342.23	79.00	11.16	88.00	**
2003-04	23.33	4.72	23.01	69.96	56.78	364.00	79.00	11.77	94.75	
2004-05	25.75	5.12	25.11	72.61	59.94	252.33	86.53	13.25	102.62	
2005-06	28.38	5.77	28.18	76.42	62.36	299.00	89.00	14.23	108.50	
2006-07	31.34	6.31	32.51	79.69	65.45	299.00	92.00	15.34	121.47	
<u>Jul-Apr</u>										
2006-07	30.95	6.27	32.00	78.93	65.35	299.00	90.68	15.32	118.67	
2007-08	35.00	6.80	32.36	82.15	70.49	299.00	100.00	17.93	143.95	

Source : Federal Bureau of Statistics.

Note : Data for Period 1990-91 - 2000-01 is based on 12 centres while data for 2001-02 onward is based on 17 centres.

** The unit has changed from 500 GM to 400 GM

TABLE 7.4

AVERAGE RETAIL PRICES OF ESSENTIAL ITEMS (Average of 12 Centers)

(Contd.)

Fiscal Year	Kerosene (per ltr.)	Gas Charges (100 cf)	Elect Charges (upto 50 units)	Petrol Super (per ltr.)	Tele Local Call Charges (per Call)
1990-91	2.57	-	-	-	-
1991-92	5.90	-	-	-	-
1992-93	5.96	-	-	-	-
1993-94	7.01	-	-	-	-
1994-95	7.36	-	-	-	-
1995-96	8.27	-	-	-	-
1996-97	10.66	-	-	-	-
1997-98	11.60	-	-	-	-
1998-99	11.72	-	-	-	-
1999-00	13.00	231.44	1.28	28.23	2.10
2000-01	16.84	248.55	1.46	29.34	2.22
2001-02	18.58	259.26	2.18	31.60	2.31
2002-03	22.48	259.35	2.45	33.08	2.31
2003-04	24.95	79.45 *	2.54	33.69	2.31
2004-05	29.11	84.60 *	2.47	40.74	2.31
2005-06	36.19	88.92	2.14	55.12	2.31
2006-07	39.09	99.79	2.49	56.00	2.31
<u>Jul-Apr</u>					
2006-07	39.09	101.64	2.45	56.43	2.31
2007-08	41.71	96.49	2.69	55.59	2.31

Note : Data for Period 1990-91 - 2000-01 is based on 12 centres
while data for 2001-02 onward is based on 17 centres.

Source: Federal Bureau of Statistics.

- : Not Available

* : The unit has been changed from 100 CM to 100 CF

TABLE 7.5

INDICES OF WHOLESALE PRICES OF SELECTED COMMODITIES (Base Year 1990-91 = 100)

Fiscal Year	Wheat	Rice	Gram (Whole)	Sugar Refined	Vegetable Ghee	Tea	Meat	Vegetables	Fresh Milk	Cotton	Motor Fuels
1991-92	116.48	110.40	116.50	103.64	105.52	100.82	110.71	96.82	110.71	106.04	102.50
1992-93	122.77	122.28	148.18	110.57	123.78	119.10	121.02	107.36	126.15	119.20	103.37
1993-94	136.04	130.94	220.32	115.96	151.04	136.40	140.28	143.43	142.92	168.20	123.39
1994-95	161.26	141.25	313.71	123.67	205.90	148.50	162.40	155.19	163.96	207.62	124.80
1995-96	163.26	167.12	303.57	152.97	208.27	157.91	162.86	173.71	190.39	210.57	139.42
1996-97	206.13	185.50	199.41	192.12	224.41	197.75	201.85	188.93	218.18	242.89	173.35
1997-98	246.80	197.08	260.78	175.98	241.78	255.96	210.00	231.40	216.25	245.84	188.14
1998-99	241.28	239.88	307.41	173.03	285.78	266.35	214.95	196.69	245.85	261.55	204.46
1999-00	258.66	245.11	370.24	191.58	249.13	254.60	218.60	195.92	252.28	213.72	239.48
2000-01	270.76	227.63	430.67	250.69	231.63	270.93	220.17	201.60	252.86	253.59	317.82
(Base Year 2000-01 = 100)											
2000-01	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2001-02	96.10	109.64	84.23	82.36	114.12	99.28	102.04	107.57	99.79	91.31	102.90
2002-03	101.12	126.09	71.40	75.32	130.34	96.93	111.10	101.65	100.50	110.46	106.80
2003-04	191.89	138.50	74.17	67.72	141.44	96.94	137.55	116.00	105.41	144.44	111.03
2004-05	137.24	153.40	95.52	85.18	137.41	93.78	169.19	144.06	113.43	95.23	134.78
2005-06	135.61	154.78	127.43	120.70	136.94	93.99	185.95	160.14	122.83	103.91	181.46
2006-07	139.21	175.54	147.79	118.80	164.73	100.48	201.01	161.14	133.31	110.92	181.38
<u>Jul-Apr</u>											
2006-07	139.27	166.18	149.59	121.57	157.77	101.16	200.51	167.96	131.52	110.06	182.68
2007-08	184.30	261.30	134.57	98.18	238.65	98.99	205.83	172.54	152.33	132.73	184.39

(Contd.)

TABLE 7.5

INDICES OF WHOLESALE PRICES OF SELECTED COMMODITIES Base Year (1990-91 = 100)

Fiscal Year	Other Oils	Fire Wood	Cotton Yarn	Matches	Soaps	Fertilizers	Transport	Leather	Timber	Cement
1991-92	100.39	111.43	105.40	107.59	105.27	109.71	103.24	109.57	114.90	108.00
1992-93	101.23	124.16	103.44	117.63	116.70	113.37	116.55	109.58	130.28	114.13
1993-94	120.72	133.68	137.83	120.69	140.04	153.70	135.89	115.54	144.50	137.61
1994-95	122.47	142.95	173.62	120.73	146.33	178.99	167.72	124.50	161.57	169.92
1995-96	141.59	153.83	184.24	122.99	171.03	198.95	216.71	138.98	175.41	166.18
1996-97	209.46	175.15	201.58	184.13	209.33	247.69	234.60	162.65	202.36	200.32
1997-98	228.68	190.80	199.64	208.14	200.54	256.19	234.81	152.12	220.08	212.05
1998-99	229.82	199.33	203.63	208.14	212.66	277.59	236.57	128.27	227.06	216.99
1999-00	272.45	207.73	200.74	205.67	222.75	316.24	255.29	133.20	239.02	212.65
2000-01	383.08	214.21	207.98	206.29	224.58	302.96	265.68	140.07	253.52	215.14
Base Year 2000-01 = 100										
2000-01	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2001-02	103.59	101.33	95.35	100.55	103.89	102.26	106.66	100.00	101.45	100.42
2002-03	128.10	103.94	98.06	100.55	109.00	113.59	106.82	95.23	101.25	102.77
2003-04	139.86	115.41	121.03	105.61	110.68	123.64	108.70	93.64	121.75	102.45
2004-05	169.56	127.94	106.36	107.66	122.81	140.95	110.39	102.77	140.93	104.82
2005-06	227.55	152.23	108.07	107.67	122.05	156.16	111.71	110.65	142.05	122.67
2006-07	237.63	176.28	112.66	107.67	127.73	147.70	114.94	111.86	162.09	127.42
<u>Jul-Apr</u>										
2006-07	237.93	173.21	112.76	107.67	127.12	145.96	115.30	111.86	161.26	130.12
2007-08	249.78	202.05	112.15	110.11	145.00	199.25	114.61	127.31	168.63	110.24

Source: Federal Bureau of Statistics