

Chapter 07

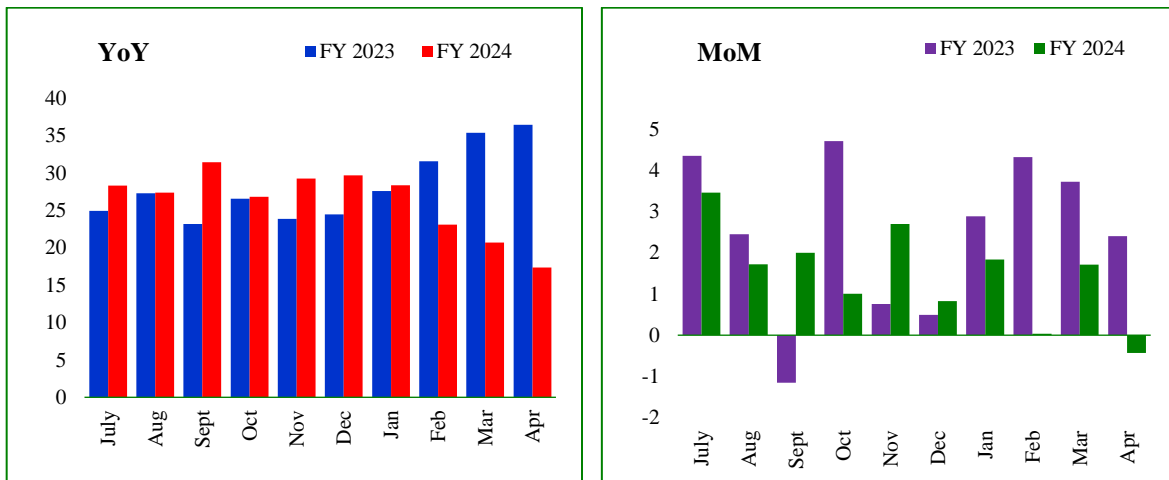
Inflation

During July-April FY 2024, the CPI inflation rate remained at 26.0 percent, compared to 28.2 percent recorded in the same period last year. This indicates a better trend of slowing inflation. Year-on-year, CPI inflation recorded at 17.3 percent in April 2024, down from 20.7 percent in March 2024 and 36.4 percent in the corresponding month last year. Therefore, the CPI inflation experienced a month-on-month decline in April 2024, falling to 0.4 percent from an increase of 1.7 percent recorded in the previous month.

Inflation has become the most significant economic challenge in Pakistan. This problem didn't arise suddenly but developed over the last three years. Globally, inflationary pressures have been observed after COVID-19. Domestically, measures taken to address high and increasing fiscal and current account deficits resulted in double-digit inflation on a year-on-year basis since August 2019. The issue was

highlighted in November 2021 when both food and non-food components of inflation surpassed single digits. The average Consumer Price Index (CPI) inflation rate spiked to 29.2 percent in FY 2023, and by May 2023, the year-on-year inflation rate had soared to 38 percent. This affected all CPI components, especially food and energy, which surpassed core inflation. The Russia-Ukraine conflict in FY 2023 triggered a global economic crisis, causing substantial disruptions in food and energy supply chains. Pakistan's depleted foreign exchange reserves led to currency depreciation, exacerbating inflation. The floods in 2022 also resulted in significant economic damage, severely impacting the agriculture sector and disrupting the supply of perishable essential items, leading to increased prices. Political and economic uncertainties further fueled excessive aggregate demand, compounding inflationary pressure. This trend can be observed in Fig-7.1.

Fig-7.1: CPI Inflation YoY and MoM

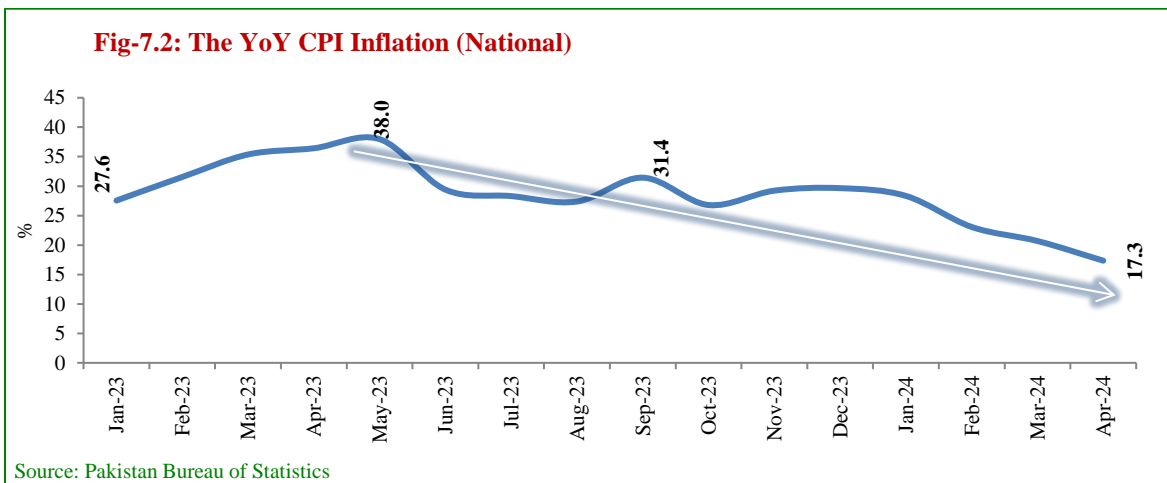


Source: Pakistan Bureau of Statistics

In Pakistan, inflation was mainly driven by a gap between demand and supply, caused by excessive demand for goods and services compared to supply. This was influenced by increased government spending and growing consumer demand. Additionally, factors such as rising energy prices, higher import costs, and wage pressures contributed to inflation. Fluctuations in the exchange rate, caused by economic factors, also increased costs for imported goods and services, adding to inflationary pressure. Pakistan heavily relies on imports for essential commodities like oil and food. While the prices of these commodities began to decline, they remained higher than pre-pandemic levels during the current fiscal year.

The government's top priority is addressing the

inflation problem. The volume of the Ramadan Relief Package of the Federal government has been increased from Rs 7.5 billion to Rs 12.5 billion. This package includes support for USC, beneficiaries of BISP, and mobile units that provide low-cost food items. This has helped to ease the financial burden on the intended recipients. Additionally, administrative actions have been taken against illegal foreign exchange companies, and measures to curb smuggling and hoarding in the commodity market have contributed to the stability of exchange rates and the smooth supply of commodities. Provincial governments and the ICT administration are implementing strict administrative measures to ensure a smooth supply of goods in the market. These measures have helped to slow down inflation, as seen in the following graph.



The coordinated policy response in Pakistan has significantly reduced inflation to 17.3 percent in April 2024 from its peak of 38 percent in May 2023. It is expected that inflation will continue to decrease in the coming months. The decline in

inflation is broad-based, reflecting fiscal consolidation, smooth supplies of food items, favorable global commodity prices, and the base effect.

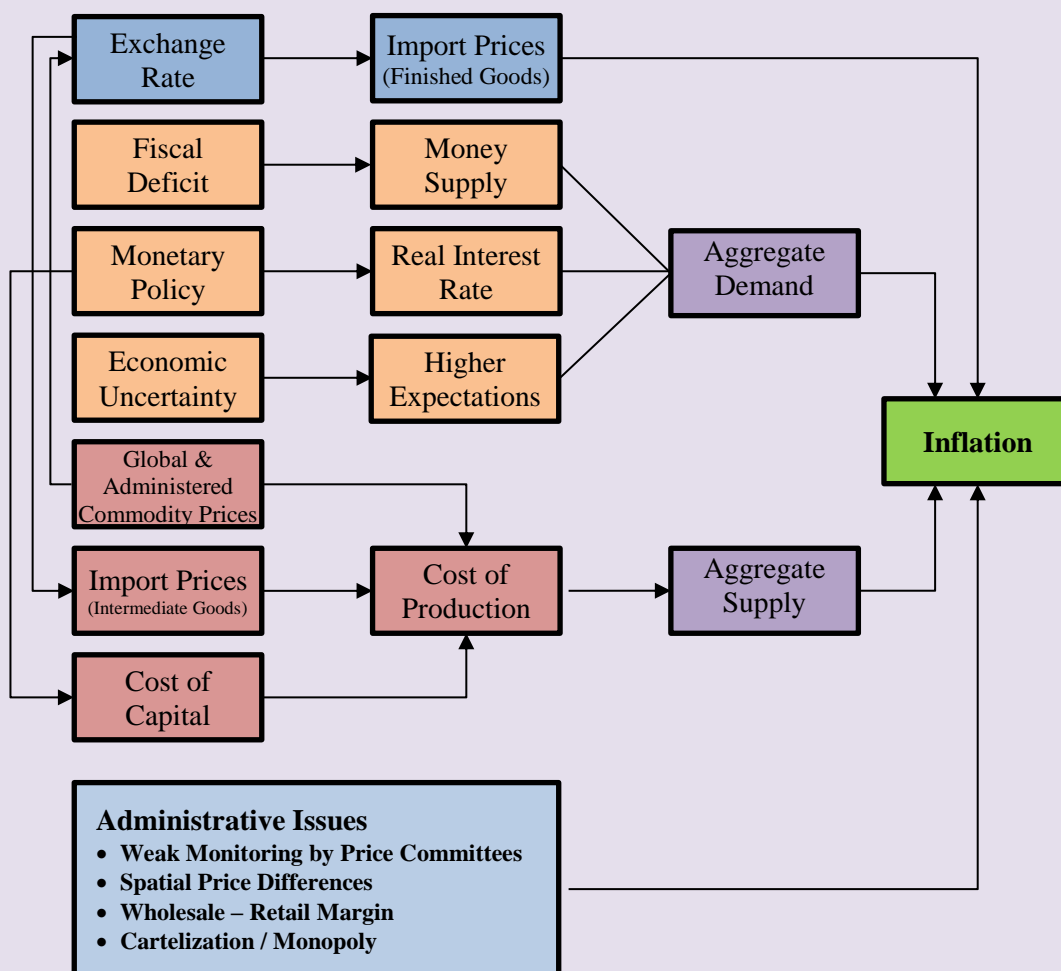
Box-7.1: Conceptual Framework

Inflation is a complex economic phenomenon that occurs when there is an imbalance between the overall demand and supply of goods and services. High fiscal deficits can sometimes lead to inflation by increasing the money supply. This can happen through direct borrowing from the central bank or indirect borrowing from commercial banks. The resulting increase in the money supply can raise aggregate demand, leading to inflation. Low real interest rates can also stimulate aggregate demand, contributing to inflationary pressures. Economic uncertainty can further exacerbate inflation by increasing expectations among consumers and businesses, leading to higher consumption spending.

Factors such as global energy prices, domestic energy and food costs, and import prices of intermediate goods can lead to increased production costs, thus causing inflation. Producers may pass these higher costs on to

consumers, resulting in higher-than-normal inflation rates. In addition, higher interest rates can raise the cost of capital, which is a vital input in the production process. Exchange rate depreciation can also worsen inflation by increasing the prices of imported finished goods, directly impacting the Consumer Price Index (CPI) items and pushing up prices of intermediate goods, leading to increased production costs.

Drivers of Inflation
(Conceptual Framework)



Finally, administrative issues such as weak monitoring by price committees, spatial price differences, wholesale and retail margins, and cartelization can also cause high prices, which can continue to rise during high inflation. These multifaceted drivers collectively contribute to an economy's intricate dynamics of inflation.

Source: Economic Adviser's Wing illustration

7.2 Consumer Price Index

The latest analysis of various CPI components clearly shows a trend of increased inflation over the last two years. However, the rate of increase has slowed down for perishable food items in the current fiscal year. Food inflation has started to

decrease from Q1 to Q3 in FY 2024. This decrease is mainly due to lower global commodity prices, better domestic crop yields, and improved market supplies. On the other hand, inflation has significantly increased for housing, water, electricity, gas, and other fuels, as highlighted in Table 7.1. The frequent and

substantial adjustments in administered prices have offset the impact of the decline in food prices, increasing the risk of inflation spreading to other goods and services (e.g., Clothing &

Footwear, Health, etc.) and destabilizing inflation expectations. The continuous increase in energy prices is preventing a more significant decrease in inflation.

Table 7.1: Quarter-wise CPI National (%)

Group	2022-23			2023-24		
	Q1	Q2	Q3	Q1	Q2	Q3
CPI National	25.1	24.9	31.5	29.0	28.6	23.9
Food Products, Beverages and Tobacco, Textiles Apparel and Leather Products	30.0	34.3	45.1	37.0	27.4	20.0
i) Non- perishable	28.6	30.8	43.9	41.1	31.1	18.3
ii) Perishable	39.2	55.1	53.3	13.0	8.8	30.6
Alcoholic Beverages& Tobacco	27.0	35.6	75.2	95.5	83.4	41.9
Restaurant & Hotels	27.1	28.7	34.4	34.4	31.7	23.1
Clothing & Footwear	16.6	18.0	18.6	19.8	20.7	19.1
Housing, Water, Electricity, Gas & Other Fuel	17.5	9.5	12.9	14.8	30.4	37.1
Furnishing & Household Equipment Maintenance	22.2	28.7	34.4	40.9	34.7	25.6
Health	12.3	16.9	18.7	23.1	24.5	20.1
Transport	64.1	46.1	48.3	22.7	28.4	17.0
Communication	1.2	1.6	4.0	7.1	7.4	17.5
Recreation & culture	20.0	29.3	47.6	61.9	49.0	28.5
Education	9.9	11.0	9.5	9.9	13.3	12.9
Miscellaneous	20.0	23.7	32.2	38.8	33.7	24.9

Source: Pakistan Bureau of Statistics

During July-April FY 2024, the headline CPI inflation was 26.0 percent, compared to 28.2 percent during the same period last year (Table 7.2). The increase in inflation affected all categories, with double-digit inflation rates across the board. Notably, there was a significant surge of 25.5 percent in the prices of Food and non-alcoholic beverages, driven mainly by non-perishable food items, although perishable items also contributed to the rise. Non-perishable food items saw a 26.7 percent increase during July-April FY 2024, compared to a 36.4 percent increase during the previous year. An in-depth analysis of individual items shows that upward pressure on prices has persisted over the last two years. During the current fiscal year, this pressure was mainly due to beans, sugar, mash pulse, masoor pulse, and dry fruits, despite declining edible oil/ghee prices resulting from a decrease in the international market price of soybean and palm oil. Inflation in perishable food items increased by 18.5 percent compared to 47.0 percent during the same period last year. Significant price increases were seen in tomatoes, onions, potatoes, and fresh vegetables. The lower prices of perishable items at the time of harvesting in the city or district where the farm is located are not passed on to other cities

due to high transportation costs and the high margins charged by intermediaries. Poor storage facilities also lead to price variations, making storing perishable produce challenging. However, prices remain high in non-farm areas, which increases the cost of living.

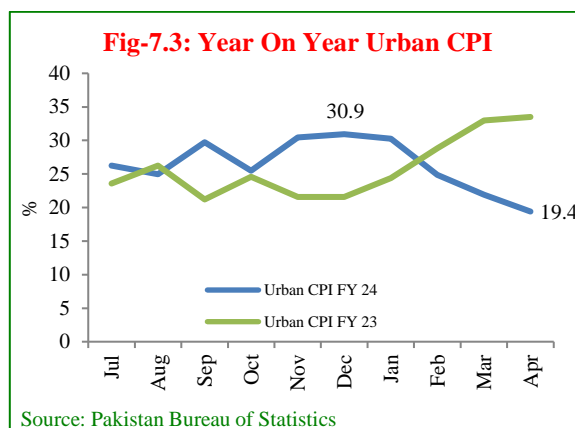
The heavy consumer goods category, including housing, water, electricity, gas, and other fuels, saw a 28.4 percent increase compared to 13.6 percent in the previous year. The rise in domestic energy costs was mainly due to currency depreciation, global oil price fluctuations, and higher energy tariffs. This increase in food and utility prices also affected other aspects of inflation. For instance, higher food and utility expenses can raise costs for everyone. However, businesses can adjust prices in their respective areas to offset these increases as the profit function remains consistent. As a result, we also observed increases in house rent, clothing and footwear, furnishing and household equipment maintenance, health, education, recreation and culture, and restaurants and hotels. Table 7.2 compares the percentage change in the composition of the CPI-National Inflation (July-April).

Table 7.2: Composition of CPI-National Inflation (July-April)

Group	Weights	% Change on Average Basis	
		2022-23	2023-24
CPI National	100.0	28.2	26.0
Food & Non-alcoholic Beverages	34.6	37.9	25.5
i) Non- perishable Food Items	29.6	36.4	26.7
ii) Perishable Food Items	5.0	47.0	18.5
Alcoholic Beverages & Tobacco	1.0	55.1	59.8
Restaurant & Hotels	6.9	31.1	28.3
Clothing &Foot wear	8.6	18.2	19.8
Housing, Water, Electricity, Gas& other Fuel	23.6	13.6	28.4
Furnishing & Household Equipment Maintenance	4.1	29.8	31.5
Health	2.8	16.3	22.1
Transport	5.9	52.8	21.4
Communication	2.2	2.7	11.1
Recreation & culture	1.6	36.2	40.8
Education	3.8	9.9	12.4
Miscellaneous	4.9	26.8	30.6

Source: Pakistan Bureau of Statistics

CPI inflation-Urban increased by 19.4 percent on a YoY basis in April 2024 compared to an increase of 21.9 percent in the previous month and 33.5 percent in April 2023. The Urban Food and Non-Food inflation recorded at 11.3 percent and 25.6 percent, respectively, compared to 46.8 percent and 24.9 percent in the same month last year. During July-April FY2024, CPI inflation-Urban recorded 26.3 percent against 25.9 percent the previous year. The group-wise details are given in Table 7.3.

**Table 7.3: Composition of CPI Inflation-Urban (July-April)**

Group	Weights	% Change on Average Basis	
		2022-23	2023-24
CPI Urban	100.0	25.9	26.3
Food Group	38.7	36.1	26.8
Food Products, Beverages and Tobacco, Textiles Apparel & Leather Products	30.4	35.8	25.7
i) Non- perishable	26.0	34.4	27.0
ii) Perishable	4.5	44.6	18.2
Alcoholic Beverages& Tobacco	0.9	56.2	58.0
Restaurant & Hotels	7.4	32.1	27.9
Non-Food	61.3	19.6	25.9
Clothing & Footwear	8.0	18.7	16.9
Housing, Water, Electricity, Gas & Other Fuel	27.0	11.0	32.4
Furnishing & Household, Equipment Maintenance	4.1	29.6	29.5
Health	2.3	14.9	23.5
Transport	6.1	51.7	18.9
Communication	2.4	3.2	12.1
Recreation & culture	1.7	35.2	39.9
Education	4.9	9.6	11.0
Miscellaneous	4.8	27.1	29.2

Source: Pakistan Bureau of Statistics

CPI inflation-Rural reached at 14.5 percent on a YoY basis in April 2024 compared to 19.0 percent in the previous month and 40.7 percent in April 2023.

Food and Non-Food inflation were recorded at 9.5 percent and 20.0 percent, respectively, compared to 52.2 percent and 29.9 percent, respectively, in the same month last year. During July-April FY2024, CPI inflation-Rural was recorded at 25.6 percent, as against 31.6 percent during the same period the previous year.

Historical data from Urban and Rural CPI consistently show that year-on-year inflation rates in rural areas have typically exceeded those in urban areas. However, starting November 2023, there has been a noteworthy reversal: rural inflation rates have dipped below urban CPI. This unexpected shift can be attributed to

adjustments in gas prices, a factor not fully accounted for in the Rural CPI basket. The group-wise details are given in Table 7.4.

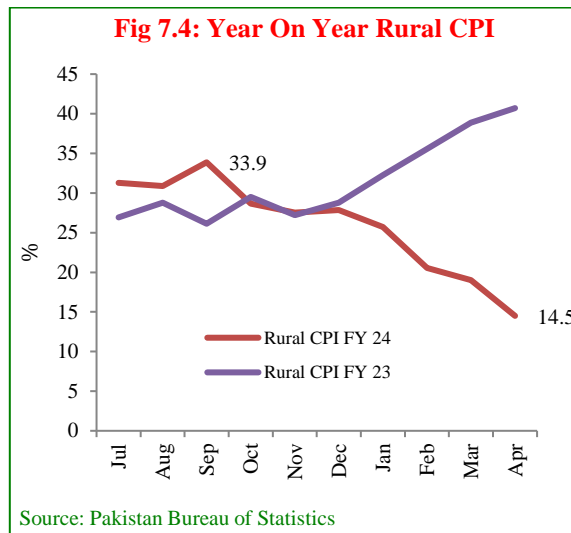


Table 7.4: Composition of CPI Inflation-Rural (July-April)

Group	Weights	% Change On Average Basis	
		2022-23	2023-24
CPI Rural	100.0	31.6	25.5
Food Group	48.3	39.9	26.5
Food Products, Beverages and Tobacco, Textiles Apparel & Leather Products	40.9	40.2	25.3
i) Non- perishable	35.1	38.6	26.4
ii) Perishable	5.8	49.8	18.8
Alcoholic Beverages& Tobacco	1.3	53.8	61.8
Restaurant & Hotels	6.2	29.4	29.0
Non-Food	51.7	24.1	24.5
Clothing & Footwear	9.5	17.6	23.2
Housing, Water, Electricity, Gas & Other Fuel	18.5	19.2	20.2
Furnishing & Household, Equipment Maintenance	4.1	30.2	34.4
Health	3.5	17.7	20.8
Transport	5.6	54.8	25.7
Communication	2.0	1.8	9.2
Recreation & culture	1.4	38.1	42.4
Education	2.1	11.3	17.4
Miscellaneous	5.0	26.5	32.6

Source: Pakistan Bureau of Statistics

Box-7.2: Cost of Healthy Diet in Pakistan

The Food and Agriculture Organization (FAO) of the United Nations estimates that three billion people globally lack sufficient income (USD 3.75 a day) to purchase the least-cost form of recommended healthy diets, and 46.7 percent live in Asia. The situation in Pakistan is also very concerning. The recent significant hike in food inflation has substantially increased the cost of a healthy diet. A recent FAO study found that an average Pakistani household must spend at least PKR 53,000 monthly for a healthy and nutritious diet. In this

way, households' expenditures only on healthy food are 63 percent compared to the minimum wage. At the national level, 82 percent of Pakistani households could not afford a healthy diet.

In Pakistan, starchy staples such as wheat are the cheapest in terms of caloric content, while milk and fruits are the most expensive. This is one reason why Pakistanis consume 1.5 times more wheat than recommended, while significantly under-consuming pulses, fruits, and vegetables, as well as meat and dairy. Around 40 percent of Pakistani adults regularly consume sweet foods and soft drinks.

Moving forward, funds currently spent on snacks could instead be used to promote the consumption of pulses, which are the most affordable source of protein. Implementing higher taxes on soft drinks could discourage unhealthy consumption, and the revenue generated could be redirected toward promoting healthy eating. Additionally, fruit consumption is currently low, and a significant amount of produce is lost after harvesting. Encouraging private sector investment in cold-chain infrastructure could greatly reduce these post-harvest losses of fruits and vegetables.

Source: Food and Agriculture Organization of the United Nations

7.3 Core Inflation

Core inflation, a significant economic indicator, excludes volatile components such as food and energy prices from its calculation. The Consumer Price Index (CPI) basket specifically focuses on Non-Food and Non-Energy (NFNE) inflation, offering a clearer view of underlying price trends. Throughout fiscal year 2024, urban core inflation initially remained stable from July to November before trending downward. Rural core inflation consistently exceeded urban

levels, persisting from November onward.

The urban core inflation for July-April FY2024 was at 16.9 percent, while rural core inflation was higher at 24.0 percent. This is in comparison to 15.6 percent and 19.4 percent, respectively, in the previous year. Despite the observed decrease in core inflation during the current fiscal year, the average is still higher compared to last year, mainly due to an increase in the health and education subgroups. Table 7.5 shows the year-on-year trend of core inflation.

Table 7.5: Core Inflation

Months		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Jul-Apr
2022-23	Urban	12.0	13.8	14.4	14.9	14.6	14.7	15.4	17.1	18.6	19.5	15.6
	Rural	14.6	16.5	17.6	18.2	18.5	19.0	19.4	21.5	23.1	24.9	19.4
2023-24	Urban	18.4	18.4	18.6	18.5	18.6	18.2	17.8	15.5	12.8	13.1	16.9
	Rural	24.6	25.9	27.3	26.7	25.9	25.1	24.6	21.9	20.0	19.3	24.0

Source: Pakistan Bureau of Statistics

7.4 Wholesale Price Index (WPI) Inflation

The Wholesale Price Index (WPI) collects prices of 419 items from 19 major cities. There was a notable decline from 27.3 percent in December 2023 to 13.9 percent in April 2024. From July to April of FY 2024, there was a 22.4 percent rise, compared to 34.1 percent during the same period last year. Further categorization of the index into five groups shows that the highest inflationary

pressure was in Ores & minerals, electricity, gas & water, which saw a 47.4 percent increase during July-April FY 2024, as opposed to 22.6 percent during the same period last year. A significant decline was observed in other transportable goods except metal products, machinery and equipment in which chemicals and printing paper being the main contributory items. The group-wise comparison can be found in Table 7.6.

Table 7.6: Wholesale Price Index (WPI)

Group	Weights	July-April	
		2022-23	2023-24
General (WPI)	100.0	34.1	22.4
Agriculture Forestry & Fishery	25.8	26.9	16.5
Ores & Minerals, electricity gas & water	12.0	22.6	47.4
Food Products, Beverages and Tobacco, Textiles Apparel and Leather Products	31.1	25.5	19.6
i) Food Products and Bev. & Tobacco	20.1	32.1	24.6
ii) Textiles & Apparel	10.3	14.0	9.7
iii) Leather Products	0.7	27.4	15.6
Other Transportable Goods Except for Metal Products, Machinery and Equipment	22.4	48.3	17.5
Metal Products Machinery & Equipment	8.7	59.6	31.7

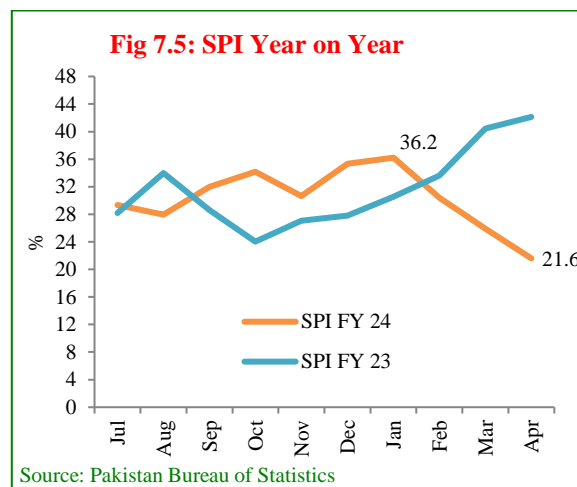
Source: Pakistan Bureau of Statistics

7.5 Sensitive Price Indicator (SPI) inflation

SPI is computed weekly to assess the price movements of essential commodities at a shorter interval of time to review the price situation in the country. SPI comprises 51 essential items, and the prices are collected from 50 markets in 17 cities/urban centers of the country. The trend of SPI is monitored regularly, and immediate measures are being taken to control price fluctuations. The SPI YoY basis in FY2024 remained steady, as presented in Fig 7.5.

The annualized increase in SPI during July-April FY2024 was recorded at 30.2 percent against 31.7 percent in the same period last year. Twenty-four (24) major food items, including wheat, wheat flour, rice, tomatoes, onions, masoor pulse, moong pulse, mash pulse,

chicken, sugar, red chilies, etc., weighting 57 percent influenced SPI by (+) 8.9 percent.



Source: Pakistan Bureau of Statistics

Table 7.7: Change in prices of major food items of SPI

Items	Units	Weights	Apr-24	Apr-23	%Change Apr-24/ Apr-23	Contributions
Wheat Flour Bag	20 Kg	4.0	2414.8	2659.2	-9.4	-0.4
Rice Basmati Broken	1 Kg	1.3	224.2	193.6	15.8	0.2
Bread plain	Each	0.6	116.2	102.7	13.2	0.1
Beef with Bone	1 Kg	3.4	902.6	732.9	23.2	0.8
Mutton	1 Kg	2.4	1833.9	1541.7	19.0	0.5
Chicken	1 Kg	3.9	474.5	390.2	21.6	0.8
Milk fresh (Un-boiled)	1 Ltr	18.4	185.6	165.1	12.4	2.3
Curd	1 Kg	1.8	217.5	190.8	14.0	0.3
Powdered Milk	390 gm	0.4	830.7	683.2	21.6	0.1
Eggs Hen	1 Dozen	1.4	262.9	266.3	-1.3	0.0
Cooking Oil DALDA	5 Ltr	3.1	2634.2	3321.5	-20.7	-0.6
Vegetable Ghee	1 Kg	1.5	498.5	604.0	-17.5	-0.3
Bananas	1 Dozen	0.9	170.0	246.0	-30.9	-0.3
Pulse Masoor	1 Kg	0.5	329.7	279.4	18.0	0.1
Pulse Moong	1 Kg	0.5	311.7	280.9	11.0	0.1

Table 7.7: Change in prices of major food items of SPI

Items	Units	Weights	Apr-24	Apr-23	%Change Apr-24/ Apr-23	Contributions
Pulse Mash	1 Kg	0.3	541.1	428.1	26.4	0.1
Pulse Gram	1 Kg	0.5	257.8	247.1	4.3	0.0
Potatoes	1 Kg	2.1	72.5	68.1	6.4	0.1
Onions	1 Kg	1.7	192.3	82.9	131.9	2.2
Tomatoes	1 Kg	1.4	103.9	55.8	86.1	1.2
Sugar Refined	1 Kg	3.2	143.3	122.0	17.5	0.6
Chilies Powder Packet	200 gm	0.8	393.6	215.0	83.1	0.7
Garlic	1 Kg	0.6	595.8	372.6	59.9	0.3
Tea Lipton Packet	190 gm	2.4	544.7	520.7	4.6	0.1

Source: Pakistan Bureau of Statistics

7.6 Trend of Global Prices

In the global market, crude oil, rice, tea, and urea showed increases of 7.1 percent, 19.7 percent, 2.4 percent, and 2.1 percent, respectively, in April 2024 compared to the corresponding

month of last year. Meanwhile, sugar, palm oil, soybean oil, wheat, and DAP recorded declines of 15.1 percent, 6.9 percent, 6.9 percent, 28 percent, and 14.4 percent, respectively, compared to April 2023. Table 7.8 depicts the international prices of primary commodities.

Table 7.8: International Prices of Major Commodities

Months	Sugar (\$/Mt)	Palm Oil (\$/Mt)	Soyabean oil (\$/Mt)	Crude oil (\$/Brl)	Wheat (\$/Mt)	Rice (\$/Mt)	Tea (\$/Mt)	DAP (\$/Mt)	Urea (\$/Mt)
Apr-23	530.0	1005.0	1030.0	84.1	378.2	482.9	2960.0	637.0	313.4
May-23	560.0	934.0	988.0	75.7	367.7	492.7	2710.0	510.0	329.3
Jun-23	540.0	817.0	1007.0	74.9	345.5	495.8	2690.0	454.6	287.5
Jul-23	520.0	879.0	1136.0	80.1	345.5	533.5	2470.0	458.8	334.6
Aug-23	530.0	861.0	1127.0	86.2	315.8	626.0	2830.0	528.8	385.6
Sep-23	580.0	830.0	1112.0	91.0	314.7	609.9	2850.0	527.9	380.0
Oct-23	570.0	804.0	1134.0	91.1	298.1	574.7	2760.0	534.8	411.4
Nov-23	570.0	830.0	1118.0	83.2	283.6	574.6	2740.0	535.6	385.5
Dec-23	480.0	814.0	1062.0	77.9	291.1	629.6	2710.0	563.8	354.0
Jan-24	480.0	845.0	971.0	78.9	283.9	648.9	2660.0	596.3	335.4
Feb-24	500.0	857.0	912.0	83.8	278.5	619.9	2710.0	583.8	351.3
Mar-24	480.0	943.0	965.0	85.4	274.8	607.7	2690.0	617.5	330.0
Apr-24	450.0	936.0	959.0	90.1	272.3	578.0	3030.0	545.0	320.0
% Change									
Apr 24/Apr 23	-15.1	-6.9	-6.9	7.1	-28.0	19.7	2.4	-14.4	2.1
Apr 24/Mar 24	-6.3	-0.7	-0.6	5.5	-0.9	-4.9	12.6	-11.7	-3.0

Source: Commodities Price Pink Sheet, WB

The conflict in Gaza and Israel has the potential to escalate and affect the broader region, which is responsible for 35 percent of global oil exports and 14 percent of gas exports. Ongoing attacks in the Red Sea, an important trade route handling 11 percent of international trade, along with the war in Ukraine, could cause new supply shocks impacting global recovery and leading to increased food, energy, and transportation costs.

Container shipping costs have already increased, and the volatile situation in the Middle East raises concerns. Further economic fragmentation may hinder cross-border commodity flows, intensifying price volatility. Additionally, extreme weather events such as floods and droughts, compounded by the El Nino phenomenon, could further raise food prices,

worsen food insecurity, and challenge global efforts to control inflation.

7.7 FAO Food Price Index

In 2023, the FAO Food Price Index (FFPI)

declined by 13.8 percent, a significant change from the 15 percent increase seen in the previous year. The FAO's cereals, vegetable oil, and dairy index dropped by 15.4 percent, 32.7 percent, and 17.3 percent, respectively.

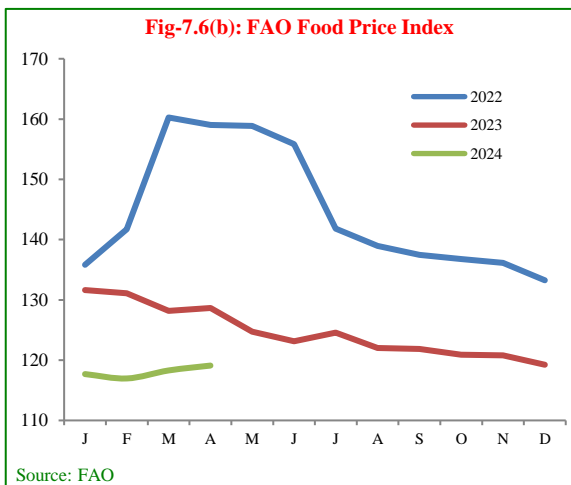
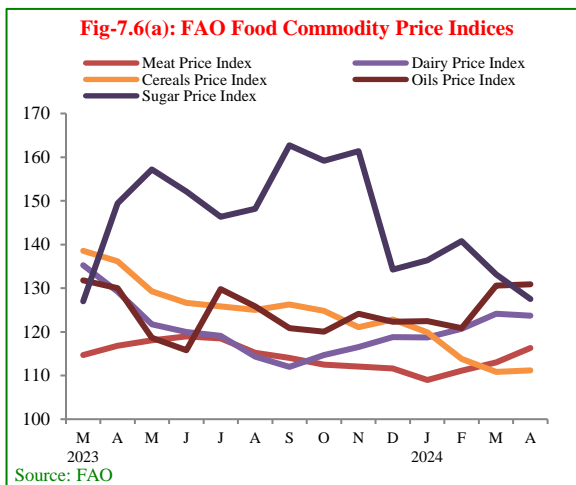


Table 7.9: FAO Food Price Index

Period	Food Price Index	Meat Price Index	Dairy Price Index	Cereals Price Index	Oils Price Index	Sugar Price Index
2020	98.1	95.5	101.8	103.1	99.4	79.5
2021	125.8	107.7	119.6	131.2	164.9	109.3
2022	144.7	118.8	149.5	154.7	187.8	114.5
2023	124.7	114.7	123.7	130.9	126.3	145.0
Apr-23	128.7	116.8	129.3	136.1	130.0	149.4
Apr-24	119.1	116.3	123.7	111.2	130.9	127.5
% Change						
2021/2020	28.2	12.7	17.5	27.2	65.8	37.5
2022/2021	15.0	10.3	25.0	17.9	13.9	4.7
2023/2022	-13.8	-3.4	-17.3	-15.4	-32.7	26.7
Apr-24/Apr-23	-7.5	-0.4	-4.3	-18.3	0.7	-14.7

Source: FAO

In April 2024, global food commodity prices reached 119.1 points, showing a 0.3 percent increase from March. This rise was due to higher prices for meat, vegetable oils, and cereal, which offset declines in sugar and dairy products. Despite this increase, the index remained 7.5 percent lower than its value a year ago, marking

the second rise after seven consecutive months of decline.

7.8 Price Control Measures by the Provinces

ICT Administration:

ICT administration has taken following actions during the period under review:

Table 7.10: Price Control Measures Taken by ICT Administration

	No of Inspections	No of the Shops sealed	No of FIR registered	No of Arrests	Fine Imposed
July 23 - 16 April, 24	41428	354	164	1490	7141900

Source: ICT Administration

Punjab:

- Special emphasis is being laid on price control, for which the Chief Secretary of Punjab holds regular progress review meetings with heads of concerned departments, Commissioners, and DCs. The districts are ranked based on the effectiveness of price control measures as per set criteria.
- The Forecast & Supply Chain Management Committee holds quarterly meetings to discuss the current supply of essential commodities and forecast their future supplies in markets. The committee's decisions are communicated to the Federal Government's concerned departments and District Administrations for necessary action.
- The Special Branch of Police regularly submits reports on spot prices and hoarding of essential commodities, which are utilized in progress review meetings at the provincial and district levels.
- There is indeed an issue of retailers overcharging. To curb this practice, around 1400 price magistrates are working in the province. They have been given special instructions to curb overcharging with an iron hand. From 1 January to 31 March, the following actions were taken regarding price control and anti-hoarding.

Price Control:

Inspection	Violations Found	Fine Imposed (Rs)	FIRS	Arrested
4,110,041	372,997	271,414,900	6,409	38,703

Anti-Hoarding Activity:

No. of Inspections	Wholesalers involved in hoarding	Fine Imposed	No. of FIRs	Any other Action Taken	Detail of Commodities Recovered
94,073	705	1,795,000	13	42 Godowns/Stores Sealed	<ul style="list-style-type: none"> ▪ 26845 Sugar Bags ▪ 6156 Rice Bags ▪ 272910 Kg Ghee ▪ 785 Wheat Bags, ▪ 17642 Atta Bags ▪ 10370 Litre Cooking Oil ▪ 15482 Kg Pulses

- Qeemat app and portals are being used for

online reporting of prices & magisterial action.

- Public complaints are lodged through the Qeemat app and referred to concerned Special Price Magistrates, who take action and report via the same application.
- E-pay system has been introduced for deposits of fines imposed by magistrates.
- District Price Control Committees have been activated.
- DCs are conducting regular meetings with Wholesalers/Aarhtis.
- The agriculture department has constituted auction committees at the Tehsil level (ADCR/AC + Market Committee officials) to monitor and regulate price fixation at F&V markets.
- For Ramzan 2024, 51 Agriculture Fair Price (AFP) shops have been established, one each in 36 Model Bazars in 25 Districts and one each in Ramzan Bazars in 15 Districts without model bazars. At each AFP shop, 13 selected items (Potato, Onion, Tomato, Kaddu, Dal Channa, Besan, Banana, Apple, Dates, Lemon, Guava, Garlic, and melon) were provided for the general public at 25 percent less than the wholesale rates.
- Distribution of food hampers {consisted of specified items, i.e., atta (10kg), sugar (2kg), ghee (2kg), rice (2kg), and besan (2kg)}.
- Monitoring of Prices through Special Magistrates.

Sindh:

- Fixation of prices of essential commodities are being done by the controller general of prices Commissioners & Deputy Commissioners to ensure price control effectively through Special Judicial Magistrates throughout the province.
- The auction of vegetables and fruits at main sabzi mandis is being monitored under the supervision of the controller general of prices, who deposes the Deputy Commissioners and Assistant Commissioners along with other

stakeholders to ensure that the prices of these items are fixed transparently.

- The Special Judicial Magistrate and all the stakeholders periodically implement the observations made by the National Price Monitoring Committee (NPMC).
- The National Food Security & Research, Islamabad, is uploading the daily demand estimate, stock, and prevailing retail prices of 31 essential food items from all districts of Sindh as required.
- The Government of Sindh took the initiative regarding price control one month before Ramzan by advising the Divisional Commissioner(s) and Deputy Commissioner for pre-emptive measures during the Holy Month of Ramzan, as below:
 - Hold meetings with relevant stakeholders and Government functionaries to rationalize and ensure the availability of all essential commodities.
 - To publish the price of fruits/vegetables and essential commodities daily and fortnightly subsequently.
 - To ensure proper entry, exit, and log of mandi's and markets by the market committee concerned to avoid black marketing and ensure transparent auction.
 - The government of Sindh notified and delegated the power of authorized officer(s) under the Sindh Essential Commodities Price Control and Prevention of Profiteering and Hoarding Act 2005 amended 2023 to increase the number of officers and to strengthen the price-checking mechanism.
 - The government of Sindh constituted a Price Management Committee comprising Honorable Ministers / Advisors to the Chief Minister of Sindh to supervise the exercise of curbing the overcharging and profiteering during the Holy Month of Ramzan.

Khyber Pakhtunkhwa

- The Food Department of Khyber Pakhtunkhwa has taken numerous steps to control prices and ensure the effective availability of essential commodities. It also conducts regular market checks to ensure that notified prices are implemented.
- The Price Review Committees meet regularly, and market inspections are carried out to implement the notified prices.
- The prices of perishable items are notified through auction daily and monitored by the District Administration and Food Staff. Price lists were ensured to be displayed in conspicuous places.
- The district administration implements a Decision Support System for Inflation (DSSI) at the district level to minimize and monitor the gap between wholesale and retail prices.
- The Food Department has developed a realistic price fixation App to help the District Price Review Committees review and fix prices realistically. The app includes a mechanism for auto-calculating the prices of all perishable and non-perishable food commodities using source market rates.
- In Ramzan 2024, an online khuli kachehri was held under the Chairmanship of the Minister of Food and the Secretary of Food, Food Department Khyber Pakhtunkhwa, to provide relief to the general public. Complaints regarding prices and hygiene/quality matters were received directly from the general public, and remedial measures were taken immediately.
- The Home & Tribal Affairs Department of Khyber Pakhtunkhwa notified seven (7) Deputy Directors of Food at the Divisional level to exercise the powers of “Special Price Magistrate” during the Holy month of Ramzan 2024. A total of 22 personnel were added to the market inspection.
- A special campaign was lodged against the big stores to implement the notified prices. A total of 270 super stores were checked, 64 stores were challaned during Ramzan 2024, and a Fine of Rs. 692,000/—was imposed.

- The Ministry of Interior Islamabad has notified twelve (12) Joint Check Posts (JCPs) to check the smuggling of essential commodities. 47 representatives of the Food Department Khyber Pakhtunkhwa and representatives of other departments have been deputed to the said JCPs.
- During the year 2023-24, 233,576 market inspections were carried out, 14,147 shopkeepers were challan, and violators were fined Rs 48,561,811/-, in addition to 4,302 imprisonments.
- A Ramzan Price Control Room was established in the Food Department to receive complaints from the general public and take action to redress them.

Balochistan:

- The Provincial Government has conveyed to all the Deputy Commissioners to review and notify district price fixation committees.
- The price fixation committees have been directed to devise a single price fixation formula. The prices of all commodities would be notified after a detailed assessment of the commodities and considering all the relevant factors.
- All the Deputy Commissioners have been asked to take strict action against hoarding.
- A Provincial level price monitoring committee has been constituted to monitor

and report the price variations throughout the province.

- In the month of Ramzan 2024, the district administration has taken actions mainly included inspection of 10000+, fines Rs 1.2 million approximately, arrested more than 344 shopkeepers, who made undue profit and sealed more than 280 units.

Concluding Remarks

The available information suggests that inflation will remain in the range of 23-24 percent in FY2024. Coordinated policies, lower global commodity prices, improved food supply, and the high base effect have contributed to this favourable outcome. However, the recent conflict in the Middle East has substantially increased geopolitical risks in the region, posing significant global repercussions. So far, commodity markets have responded calmly to the onset of the conflict.

The implementation of timely measures has led to a more promising crop outlook domestically. This, along with political stability and a steady exchange rate, is expected to contribute to achieve price stability. In the medium term, the inflation rate (i.e., FY 2025 and FY 2026) is projected to normalize due to improvements in the agriculture sector and anticipated favorable global and domestic conditions.

