**Inflation facts and figures**

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Price stability is obviously the prime concern of every government as high and variable inflation not only erodes the purchasing power of the consumers but it also discourages investment. A controlled inflationary environment contributes to financial stability and economic growth. Inflation is caused by both the demand and supply side as well as the market forces. However, demand-side inflation can be controlled by a prudent government expenditure policy and restricting the government to borrow from the central bank.

On the supply side, not only does the cost of input matters but restrictions on the free mobility of transportation can also interrupt the smooth supply chain of goods and services. The pandemic resulted in large shocks to both demand and supply hence inflation was observed across the world. Historically, it was observed that inflation had risen sharply during major wars and the same was predicted for this pandemic.

[World has tools to defeat pandemic, but all need access to jabs to do so: WHO](https://nation.com.pk/23-Dec-2021/world-has-tools-to-defeat-pandemic-but-all-need-access-to-jabs-to-do-so-who)

In Pakistan, by the end of FY2020, the inflation rate stabilised and turned out to be in single digits mainly due to the federal government’s prudent demand management policies. In the start of FY 2021, major contribution to inflation in both urban and rural areas was derived from food groups mainly due to the extended monsoon season. Realising the significance of supply disruption, the government created Bachat Bazars in the country. The rise in the prices of global agrarian products and other commodities, especially oil, contributed to domestic inflation as well. As far as oil prices are concerned, the government does not pass excessive costs in the international market to the general public, at least to the maximum extent in order to maintain price stability and to provide relief to the people as much as possible.

As far as global inflation and Pakistan is concerned, the outbreak of the pandemic had triggered a widespread shutdown of economic activity that depressed demand and disrupted supply chains.

[Turkey-Iran-Pakistan cargo train restarts after 10-year halt](https://nation.com.pk/23-Dec-2021/turkey-iran-pakistan-cargo-train-restarts-after-10-year-halt)

Continuously increasing commodity prices have had an upward inflationary pressure around the globe which was further expected to build up due to the fiscal stimulus packages and reduced interest rates in the wake of COVID-19. Inflation had remained subdued globally until January 2021 but partial lockdowns and the resumption of business activities have again started pushing up prices. Similarly, Pakistan and its regional countries witnessed a moderate increase in inflation initially but it started picking up pace from January 2021 onwards.

Covid-19 has affected the demand and supply of certain products and hence their prices as well. Reliance on imported goods exposed the country to inflation which has accentuated due to depreciation and capital outflows.

Pakistan imports more than it exports despite concerted efforts to bridge the trade balance to the maximum possible. The country imports more than 16 essential and non-essential items–including chemicals, drugs and medicines, dyes and colours, chemical fertilisers, electrical goods, machinery (non-electrical), transport equipment, paper, board and stationary, tea, sugar, silk yarn, iron, steel, petroleum products, edible oils, grains, pulses and flour, among other items. Comparatively, between July to November, the import of raw material and intermediates were worth $6345 million in 2020, which rose to $9898 million in 2021, showing a difference of $3553 million and year-on-year (YoY) difference of 56 percent. Energy imports including oil, gas and coal during this period in 2020 were worth $4440 million which rose to $9496 million, showing a difference of $5056 million and YoY difference of as much as 114 percent.

[Germany hopes for talks with Russia amid tensions](https://nation.com.pk/23-Dec-2021/germany-hopes-for-talks-with-russia-amid-tensions)

Food items accounted for $3080 million in 2020 and $4109 million 2021, showing difference of $1029 million and 33 percent on YoY basis. Vaccines were $94 million in 2020 and $1763 million in 2021, a difference of as much as $1699 million and 1766 percent on YoY basis. Only consumer goods stood at $1960 million in 2020 and $1895 million in 2021, showing a negative difference of $65 million and negative 3 percent on YoY basis. The grand total was $19487 million in 2020 which sharply rose to $32858 million in 2021, showing quite a high difference of $13371 million and 69 percent on YoY basis.

During November 2021 alone, the import of these items totaled to $4311 million in 2020 and almost doubled to $7757 million in 2021, indicating a difference of $3446 million and 80 percent on YoY basis, according to facts and figures available from official sources.

The federal government functionaries topped by Prime Minister Imran Khan have been emphatically and repeatedly asserting that though inflation is there in the country, it is not as high as is being projected. Other countries are also suffering from the same, if not worse, circumstances.

[ECP withdraws fines imposed on Bilawal, other politicians](https://nation.com.pk/22-Dec-2021/ecp-withdraws-fines-imposed-on-bilawal-other-politicians)

Inflation has gone up from 6.74% in pre-Covid-19 times to 10.74% in Pakistan, 1.2% to 4.2% in UK, 2.25% to 6.2 % in USA, 0.6% to 2.6 % in France, 1.00% to 4.5 % in Germany, 0% to 2.2% in Malaysia, from 0% 1.7% in China and 14.5% to 19.94% in Turkey. Furthermore, the wholesale price index in India has gone from 2.1% to 12.54%. As stated above, only Turkey had a lower post-pandemic rise in prices that that too only because its annual inflation was very high prior.

Critics should criticise the federal government but only on the basis of first ascertaining the ground position in the country. The federal government is taking all possible measures to check and control inflation to the maximum but increasing imports and accelerating population figures should also be kept in mind.

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[US thanks Pakistan for hosting key OIC summit on Afghanistan](https://nation.com.pk/22-Dec-2021/us-thanks-pakistan-for-hosting-key-oic-summit-on-afghanistan)

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