

## Poverty & Food Insecurity

### **CPI Inflation Grew 10.52% in December on Yearly Basis**

The headline inflation grew by 10.52 percent in December of the current fiscal year over the corresponding month of previous year. The increase however, eased off against the soaring inflationary trends of last fiscal year. The Consumer Price Index (CPI) was recorded rising 23.34 percent in December of last financial year, however growth slipped down to just 10.52 percent, mainly on the back of a huge decline in food inflation. Inflation number dipped 0.49 percent in December over the preceding month November of the current fiscal year, Federal Bureau of Statistics reported on January 11. In the first half of 2009-10, headline inflation increased 10.31 percent over the corresponding half of previous fiscal. The growth was much below the high inflation increase of 24.31 percent in the same half of previous year.

During the period under review, food inflation - having 40.34 weightage in CPI basket was lower by 1.75 percent on monthly basis while it was up by 10.92 percent on yearly basis. The perishable food items with a weight of 5.14 percent declined by 13.80 percent on monthly basis whereas the non-perishable index increased 0.21 percent. On the other hand, core inflation (non-food and non-energy) grew by 10.7 percent on yearly basis (approximately 0.5 percent on monthly basis) in December 2009 as compared to 10.6 percent on yearly basis (approximately 0.8 percent on monthly basis) in November 2009. House rent index grew 14.23 percent on yearly basis, fuel and lighting 6.24 percent, transport and communication 6.63 percent, education expenses rose 13.49 percent and health expenses also increased 5.08 percent. Analysts commenting on the inflationary trends said that apart from other factors high base affect has still its positive impact on the declining growth of inflation. The International Monetary Fund in its review on the Pakistan's economy also revised its projection upward on the inflation for the current fiscal to 11 percent from the earlier nine percent. "The inflation outlook on yearly basis has been revised from 9 to 11 percent. This reflects the rebound in the prices of fuel and a larger second round impact of the increases in electricity tariffs," IMF said.

[Daily Times -- January 12, 2010]

### **High Prices of Commodities Continue Tormenting Consumers**

High prices of almost all the essential commodities kept perturbing a majority of consumers in Karachi like elsewhere across the country during December 2009. In addition growing disparity between the rupee and dollar is attributed as a major factor for the prevailing inflation by the wholesalers and importers of some of the essential kitchen items, which is increasing the prices of all imported items. Jodia Bazaar wholesalers and city retailers responding to queries of the scribe acknowledged the fact that the purchasing power of an overwhelming number of consumers has declined during the past one year.

During December there was no let up for consumers when each time they visited markets to purchase sugar as the commodity continued to be sold at abnormally high rates of Rs 60 to Rs 65 per kilogramme in the retail market. The shortage of the commodity in the retail market was exploited by unscrupulous elements, which are making stupendous financial gains by selling the commodity at higher rates after purchasing it at very low rates of Rs 38 per kg from outlets of Utility Stores Corporation of Pakistan. The retail price of sugar nowadays continues to hover in the range of Rs 60 to Rs 80 per kg in the retail markets. Furthermore, wheat prices during December were found to be at higher rates of around Rs 2,650 per 100kg bag as compared to old prices of Rs 2,600 per 100kg bag. The wholesalers and dealers of the commodity when posed a question relating to higher prices of the commodity claimed about higher rates they are compelled to pay for transporting it from Punjab. They disapproved wheat available in godowns of Sindh Food Department saying that its quality was not up to the mark. Prices of majority of ghee and cooking oil were found to be moving slightly up during the last one month owing to increased price of palm oil in the international market. The items, which recorded increase in their average prices during December included packed milk, tea, cooking oil, green chillies and red chillies, chicken meat, white peas and a majority of pulses. The essential items that registered declines in rates during December included chicken meat, tomato, potato and onion. The items with no change in their average prices included few pulses, rice, chakki flour and fine atta.

During December chicken meat rates plunged sharply to the level of Rs 150 to Rs 160 per kg mainly owing to its low demand as people had stored large quantity of sacrificial meat in their deep freezers and refrigerators. The price of the commodity by the end of the current month has started rising and currently it is priced at Rs 180 to Rs 185 per kg. Similarly, price of live chicken bird currently stands at Rs 110 to Rs 115 per kg in the retail markets. Egg prices continued to be on the higher side at Rs 78 to Rs 80 per dozen pushing the commodity beyond the purchasing powers of general consumers. The increase in wheat rates had little impact on prices of all kinds of flour, which continued to be sold at old rates. The ex-mill price of flour during the last one month continued to hover around Rs 30 to Rs 31 while chakki flour was sold at around Rs 34 to 35 per kg. Similarly, fine atta was available at Rs 33 to Rs 34 per kg at retail outlets. Prices of quality colonel rice and other varieties remained unchanged in the wholesale and retail markets of the city spelling relief for its consumers. Price of quality colonel rice ranges from Rs 80 per kg to Rs 100 per kg. Retail prices of dal masur surged to Rs 125 per kg compared to old rates of Rs 110 per kg. Prices of dal moong (sabit) surged to the level of Rs 95 per kg as compared to old rates of Rs 85 per kg. The retailers have termed the continuous surge in moong pulse rates owing to lack of check by the government on large-scale smuggling of the commodity despite ban placed by the government. Black peas (kala channa) price also remained unchanged as it is currently available at Rs 50 to Rs 52 in the retail markets while the rates of quality white pea (kabli channa) surged to the level of Rs 110 per kg to Rs 115 per kg in the retail markets of Karachi. Dal mash rates during the last month also went up to the level of Rs 135 as against the old rates of Rs 125 to Rs 130 per kg. Retail price of basen, a by-product of dal channa, also continued to hover around the level of Rs 58 to Rs 60 per kg. Importers have attributed high pulses prices to the rise in dollar against rupee including the increase in their rates in international market. Dry milk prices also surged in the retail and wholesale markets of the city, which was attributed by importers on account of increased rates in the international markets. Prices of fine quality onion in the wholesale markets has declined to Rs 20 from its old rates of Rs 22 to Rs 25 per kg. Prices of potato, another vital commodity of every kitchen also declined during the last one month as it is currently available at Rs 20 per kg as against its old rates of Rs 30 to Rs 35 per kg. Traders have attributed better crop in Punjab and other growing areas as the reason for the marked decline in its rates. Retail prices of garlic, a vital food ingredient, continued to be hovering around Rs 150 to Rs 160 per kg as compared with old prices of Rs 160 to Rs 170 per kg. Retail prices of tomato declined sharply during December to the level of Rs 10 to Rs 20 per kg, which is far lower when compared to the old prices of Rs 50 to Rs 60 per kg. Prices of all fruits during December continued to be on the higher side. Prices of banana regarded as one of the fruits of all season is available in the range of Rs 20 to Rs 40 per dozen depending on its size. Prices of all kinds of apple continued to be on the higher side as it is currently available in the range of Rs 40 to Rs 50 kg, which is apparently beyond the purchasing ability of a large segment of the population. Prices of tea continued to be higher during the last three to four months as rates of 1 kg of all branded and open tea including Lipton and Tapal are now standing in the range of Rs 430 to Rs 450 per kg.

[Daily Times -- January 3, 2010]

### **ECC Raises Sugar Price by Rs7/kg**

The Economic Coordination Committee (ECC) of the Cabinet on January 12 decided to increase the price of sugar at the outlets of Utility Stores Corporation (USC) by Rs 7 per kilogram. The ECC met under the Chairmanship of Federal Finance Minister Shaukat Tarin at the PM Secretariat. Ministry of Industries and Production briefed about the progress of implementation of the National Sugar Policy 2009-10. The decision has been taken because sugar is available almost at double rates (above Rs 70 per kg) in the open market as compared with the rates at USC. In this regard, Ministry of Industries and Production presented a proposal to increase the price of sugar by Rs 7 per kg i.e. from Rs 38 to Rs 45 per kg.

The ECC also approved the bailout package for Pakistan Steel Mills in view of the acute financial crunch experienced by PSM. The meeting approved bail out package for PSM to meet its requirements, term loan facility of Rs 8 billion for 5 years in favour of Pakistan Steel based on government guarantee by consortium of banks led by the National Bank of Pakistan. Running finance facility of Rs 2 billion, renewable on yearly basis, would also be available in favour of Pakistan Steel Mills based on government guarantee by consortium of banks led by the NBP. The ECC agreed that there should be timely announcement of support price for wheat, and ensuring timely availability of farm inputs at affordable prices with special emphasis on water conservation and its judicious use. This news was published in print paper. To access the complete paper of this day.

[The Nation -- January 13, 2010]

### **Poultry Feed Sector Faces Maize Shortage**

The Pakistan Poultry Association (PPA) has warned that because of unavailability of maize the poultry feed manufacturers might start using wheat that can lead to the shortage of the commodity for human consumption. The PPA in a letter to the Ministry of Food and Agriculture also demanded the government to allow zero duty on imports of maize up to May to meet the shortage that has affected poultry feed manufacturing. The Association said if maize shortage was not met through affordable imports, the poultry sector would have to use wheat for manufacturing of the feed. "Duty waiver is needed up to May this year only because the new maize crop would be available from June and onwards which would hopefully improve availability of the commodity in the country," the letter said. Currently maize import has a regulatory duty of 25 per cent. The association has also asked the ministry to initiate the summary for a ban on export of maize to ensure its availability for the poultry sector. The PPA said due to shortage the maize prices jumped to Rs850 per 40kg against Rs550 per 40kg in October. During the year 2008-9, maize cultivation declined by around 14 per cent and the country is facing shortfall of 10 per cent compared to previous year. The Ministry estimates 6.2 per cent decline in maize production during 2009-10 as 11.9 per cent cultivation area has declined during the year. The PPA said the poultry sector requires 3.5 million metric tons maize for poultry feed manufacturing, adding that feed contributes around 60 to 70 per cent to the cost of eggs and poultry meat production. Around 82 per cent of poultry feed is manufactured in Punjab and 18 per cent in Sindh, while feed requirements for NWFP and Balochistan are mainly met from Punjab.

[Dawn -- January 18, 2010]

### **Water Distribution for Rabi Crops: Punjab Wants IRSA to Meet Soon**

The continuing drought in the country has not only endangered the Rabi crops target, but is also going to inflict a colossal loss to the next Kharif crop as the Pakistan Meteorological Office, in its latest advisory, unveiled that the El-Nino phenomenon, which developed in June, 2009 and suppressed Pakistan's monsoon rainfall by about 30%, is likely to continue till the next summer. The Punjab, which is the food basket of the country, may not come up with wheat crop of 19 million tonnes that will certainly lead the country to food deficit. The wheat produce in Barani areas is also likely to touch the lowest ebb in the wake of the ongoing drought. Likewise, the Kharif crops would also suffer as the 30 per cent reduction in monsoon rainfall is feared in the coming summer. The Met office's advisory says that after crossing two stages of drought i.e. meteorological and hydrological drought, the country is now entering the emerging agricultural drought stages. Barani areas of the country, which are already experiencing crops failure, are under severe agricultural drought. In the face of diminishing irrigation water, irrigated plain areas are also likely to come under emerging agriculture drought condition. In the present scenario of worsening drought conditions in the country, the advisory counsels judicious use of available water resources and efficient agriculture and irrigation practices. Sensing the gravity of the situation, the Punjab Irrigation and Power Department wrote a letter on January 15 to the Indus River System Authority (IRSA) to immediately hold the review meeting to discuss the new outlook on water availability in the country so that the provinces could make their water withdrawal plan, but the water regulator is still unmoved.

The IRSA says that the review meeting would be held on February 1, which is still far way and if kept in view the drought situation, the Punjab wants an early review meeting so that water withdrawal plans of the province could be implemented from February 1. M H Siddiqui, Adviser to the Punjab Irrigation Department, said that water deficit in the country was estimated to swell to 42 to 50% from 30 per cent, which the IRSA earlier worked out before the Rabi season.

[The News -- January 22, 2010]