

Businessmen criticise fuel price hike

KARACHI: The government's announcement of increase in petroleum products prices invited severe criticism from the business community, as well as general public.

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Daroo Khan Achakzai expressed concerns over the exorbitant increase of Rs6/litre in petrol and diesel prices.

"It will have a multiplier effect on almost all the business activities, including the cost of transportation – within and inter-city – of raw materials and consumer goods; thus, further escalating the cost of production of industrial goods and spurring inflationary trend, which at present is already 8.2 percent," he said.

The government subsidises the price of most fuels in the country, but is cutting those payments in recent months, as the incumbent government struggles to contain ballooning government expenditure, amid an overall economic slowdown.

The FPCCI chief said the price of all the food (fruits and vegetables) and kitchen items; construction material; fertilisers; imported goods, etc, would be dearer, as these goods were supplied to the different cities of the country through diesel-based vehicles.

The fuel price hike comes amid spiralling consumer inflation with consumer price inflation (CPI) hitting 8.21 percent last month, the highest level since June 2014.

The inflation numbers have been mainly driven by the increasing prices of fuel and food. Karachi Chamber of Commerce and Industry (KCCI) President Junaid Ismail Makda said, "These are not good signs for the economy. The government does not seem serious in resolving the issues of businessmen, as adverse measures such as interest rate hike, increase in fuel prices and currency devaluation are taken without even consulting the business community."

Makda said that this would further increase the cost of doing business, which would directly discourage investment and exports. The price of crude oil in the international market in August 2018, when the PTI government assumed the charge, was \$75 / barrel, which declined to \$66.7/barrel by March 28, 2019.

Kazim Raza, a motorcyclist, said that the government was not passing the benefit of lower fuel prices to the people. "Anticipating the price hike, I went to a fuel station to get the fuel, but these stations had closed their operations hours before the midnight, just to make something extra out of the peoples' misery."

An analyst at a local brokerage house said the increase in petrol and diesel prices tend to raise inflationary expectations among consumers, as almost all sectors are affected by it, because in Pakistan, most goods are still transported via road.

Ahsan Mehanti at Arif Habib Commodities said the stocks also closed bearish amid thin trade after the central bank raised key policy rate by 50bps and the government notified surge in fuel prices.

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