

Dilemma of percentages

The Advisor to the Prime Minister on Commerce Razzak Dawood has tweeted that Pakistan's exports rose from 9.54 billion dollars July-November 2019-20 to 9.7 billion dollars in the comparable period this year – a growth of 1.9 percent; however, he added that in November 2019 exports amounted to 2.01 billion dollars and rose to 2.156 billion dollars in November 2020 – a 7.2 percent growth. One would hope that the rise in exports in November 2020 indicates a trend that strengthens over time though with the second wave of the pandemic in Europe and the US it is possible that the export orders are withdrawn as was evident during the first wave. The focus of the Advisor on the rise in the export percentage in one month presents an extremely limited picture whose usefulness is dubious at best on two counts.

First and foremost, data uploaded on the State Bank of Pakistan's (SBP's) website indicates that in July-October 2020 total exports were 8.1 billion dollars against 7.3 billion dollars in the same period this year – a decline of 9.5 percent. While acknowledging a variance in the export and import figures released by the SBP and the Pakistan Bureau of Statistics (PBS) is the norm nonetheless it is relevant to note that as per the SBP exports declined from 2.18 billion dollars in October 2020 to 1.96 billion dollars in October 2021 (a decline of 10 percent) with exports in September 2021 amounting to 1.956 billion dollars. Or in other words, to zero in on the percentage decline as indicative of a trend may therefore not be justified in the October data especially as the base was lowered in September 2021 and therefore may not be justified in November 2021.

Secondly, Dawood failed to mention the rise in imports and needless to add it is the trade balance – deficit or surplus – that needs to be looked at to determine whether there has been an improvement in earning the desired form of foreign exchange reserves. The SBPs website notes that imports July-October were 14 billion dollars against 14.6 billion dollars in the comparable period of last year. In this context, too, the import figure for September 2021 was 3.8 billion dollars and declined in October 2020 to 3.46 billion dollars though in October 2019 imports were 3.6 billion dollars.

The consumer price index (CPI) rose by 7 percent, on year on year basis in November 2020 compared to an increase of 7.3 percent in October 2020 and 12.1 percent in November 2019. This percentage decline too is not a source of comfort level for the general public mainly because CPI continues to rise implying that the general price level continues to rise and, with a pay freeze for public sector employees and the same pay for private sector employees this year due to the pandemic as well as due to the severe contractionary fiscal and monetary policies since May 2019 disposable income continues to shrink.

Economic statistics presented by most political governments have an inherent bias in favour of the incumbent government to show a better performance than maybe the

case. However, this has been particularly evident in Pakistan as administration after administration has presented manipulated data that was either changed at the stroke of the pen, which was easily challenged as it was not supported by its components, or the weightage of a particular component was changed that changed the final figure. An example of the former was raising the growth rate without changing its components and reducing the weightage of food by 6 points in the calculation of the consumer price index to show a lower rate of inflation in 2010-13. Resorting to presenting percentages when the base is so low and not presenting the entire picture for example imports as well as exports undermines the government's achievements as it disables the policymakers from taking appropriate decisions in a timely fashion.