

PBS makes inflation controversial

ISLAMABAD: At a time when the government is running Pakistan Bureau of Statistics (PBS) without making appointments at all key positions, including head of the organisation ie chief statistician, the latest inflation figure has become controversial. The controversy began mainly because of 'mismatch' in annexure of price increase in certain items especially gas and its outcome on ultimate figure of October 2018 inflation.

Initially, the figure of inflation was announced at 7 percent and later on revised downward to 6.78 percent. The main driver of the CPI inflation is the gas charges which accounts for more than one third of the inflation rate.

This controversy triggered exactly at a time when the IMF mission is in the town for negotiating a fresh bailout package for Pakistan's struggling economy, and, now, it would attract attention of donors' community for placing fresh conditionality to ensure independence of national data collection agency at federal levels for restoring credibility of official figures.

Now, this controversy surfaced mainly because the Oil and Gas Regulatory Authority (Ogra) brought changes in gas price mechanism whereby the number of slabs were increased from five to seven for revising upward the gas prices in October 2018. The PBS took price increase on the basis of notification issued by Ogra and took an average increase of 86 percent that pushed up overall inflationary pressure up by 2.43 percentage points out of total CPI figure of 6.78 percent for October 2018. Interestingly, the PBS has mentioned the same increase in the SPI report at just 10 percent.

Up to 300MMBTU unit, the average price increase for consumer stood at 25 percent on average, but the PBS took average of 86 percent increase on the basis of notification issued by Ogra. At least the PBS must reconcile its annexure of the SPI, CPI and ultimate figure of the CPI because there is complete mismatch in it, added sources.

The sources said that there was no difference in first and fourth slabs after revising upward number of slabs but overall these changes made it difficult for the PBS to calculate inflation figure on monthly basis, so now independent economists are severely criticising the efficiency and working of the PBS.

However, when contacted to the PBS spokesperson on Friday, he replied that the methodology adopted by the PBS since 2007-8 is on weighted average of five slabs of gas prices. This year, the same methodology was adopted as introduction of consumer weightage would be a diversion from the methodology adopted by the PBS. He said that now the PBS was in the process of rebasing on the basis of Household Integrated Income and Consumption Survey (HIICS) done in fiscal year 2015-16 and after getting its administrative approvals then the consumer weighted average of gas prices would be considered as part of methodology to calculate monthly inflation.

The PTI led government came into power almost three months back, but the Statistics Division was running without having secretary in its fold. The PBS has been running without a chief statistician as the process for selection of any suitable candidates was scrapped couple of times because it was claimed that no suitable candidate had applied for this post.

Out of total five members, the post of three members has been fallen vacant, so PBS has become rudderless ship having no direction at the moment.

At this crucial stage, the sources said that there was need to pay some attention towards main data collection agency at the federal levels as the post of the chief statistician was falling vacant from over six months but no attention was paid by the previous PML-N, then caretaker and now the PTI led government after coming into power.

Mehtab Haider