

# **Inflation rebasing mechanism to be implemented in next govt's tenure**

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ISLAMABAD: The new inflation rebasing mechanism is likely to be implemented after the new government comes into power; following the 2018 general elections scheduled on July 25.

The rebasing was scheduled to be completed in June 2017; however, due to population census exercise, the government had given one year grace period till June 2018 to complete the process, sources told APP.

The Pakistan Bureau of Statistics (PBS) was hopeful to implement the new price mechanism from the beginning of the current fiscal year (ie from July); however, the governing council is yet to approve the summary to make it effective, sources added.

"We have already finalised the rebasing mechanism and are doing in-house parallel exercise for its execution; however, its implementation with the base year 2015/16, still requires formal approval from the governing council," a sources said, adding that the exercise was witnessing delays due to focus on census and compilation of its results.

The source said PBS is very much interested in implementing it as soon as possible to reduce its burden, as currently it had to collect data under both previous, as well new mechanisms.

An official in the bureau said the new mechanism is more likely to be implemented once the new government come into power after the general elections.

So far, the base year 2007/08 is being utilised for evaluating inflation, which has now gone obsolete due to the arrival of many new products in the market that were utilised by the people, he added.

Under the new base, the weightage of several monitoring commodities has been reshuffled, including both urban and rural commodities, the official said.

The current 2007/08 base year is actually urban-biased, covering only urban commodities, the official said, adding that in the new base, both urban and rural commodities have been given appropriate weightage to evaluate inflation.

Under the existing mechanism, PBS is monitoring 487 commodities collected from 76 urban markets in 40 cities across the country; however, as per the new method, it will monitor 356 urban and 244 rural items for evaluating inflation.

The official said the new base would strike a logical balance between the commodities used in urban and rural areas.

PBS has to face questions raised by economists and researchers that the CPI had an urban bias. For removing this bias, there would now be a rural CPI, an urban CPI and a total CPI.