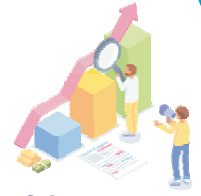


# Survey Report



## Survey of ICMA Members on The Impact of Inflation on Economy



A Report developed by Gallup Pakistan for ICMA Pakistan

### Preamble

ICMA and Gallup Pakistan jointly carried out a Perception Survey of the worthy members of the Institute to seek their valuable views on the 'Impact of Inflation on Economy' especially on how the rising inflation is impacting their lives and the different sectors of the economy. In this context, individual emails were sent by Gallup Pakistan to all the members along with a short link to the virtual survey. This was followed by reminders by both Gallup and ICMA. A detailed report of this Survey is being published in the current issue [Nov-Dec 2021] of Management Accountant Journal which is on the theme of 'Impact of Inflation: Causes & Remedies'. We hope you will get useful insight from the findings of the Survey.

### Survey Methodology

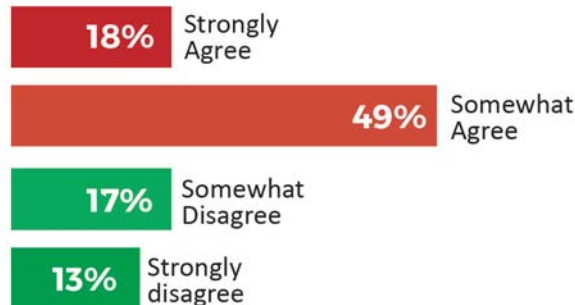
The survey questionnaire developed by the ICMA Research and Publications Directorate was hosted online after review and some value addition by Gallup Pakistan, based on their prior experience of conducting Market and Perception surveys across Pakistan. The customized Questionnaire was scripted to an online survey software and disseminated to all the ICMA Members through Gallup's server. This was followed by reminder emails sent by both ICMA and Gallup. The survey was closed on 25th December 2021. There was a good response from the members. The responses were carefully collated and analyzed by Gallup and the key findings from the survey are presented in this Survey Report.

## Survey Results

### 67% agrees soaring inflation in Pakistan is a consequence of global inflation

ICMA members were asked to share their views if the soaring inflation in Pakistan is a consequence of global inflation. Almost 67% agreed to this statement i.e., 18% strongly agreed and 49% somewhat agreed. On the other hand, 13% strongly disagreed while 17% somewhat disagreed that the recent events of soaring inflation in Pakistan is not a consequence of global inflation.

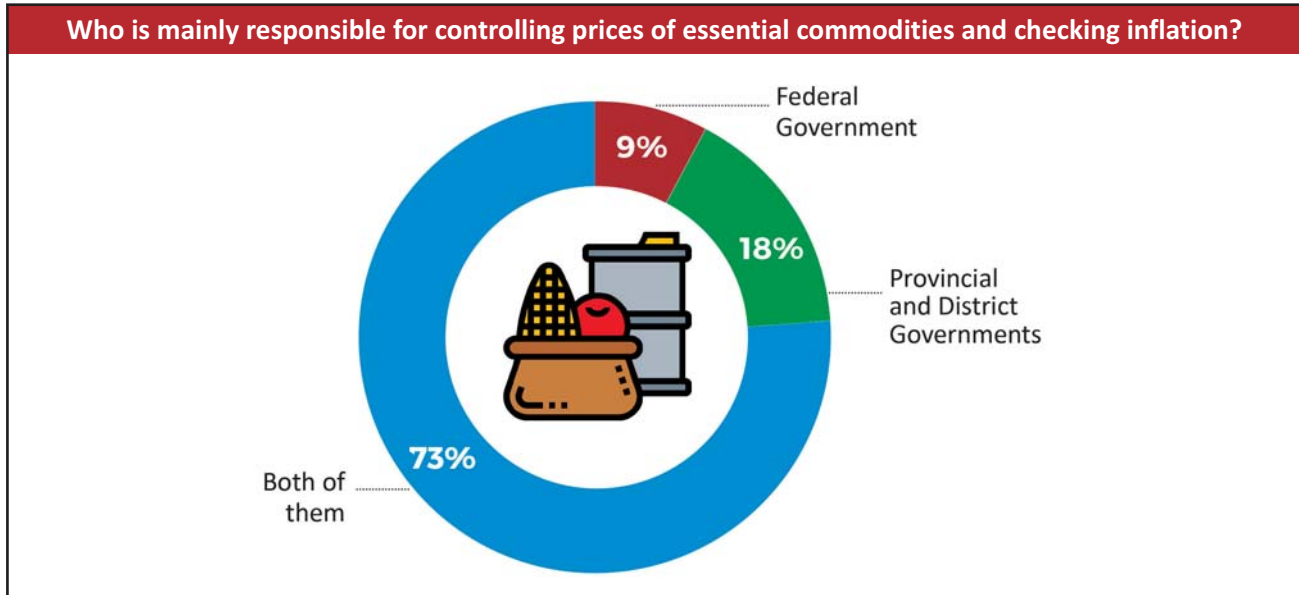
Do you agree that the recent soaring inflation in Pakistan is a consequence of global inflation?



Neither agree/Nor disagree: 3%

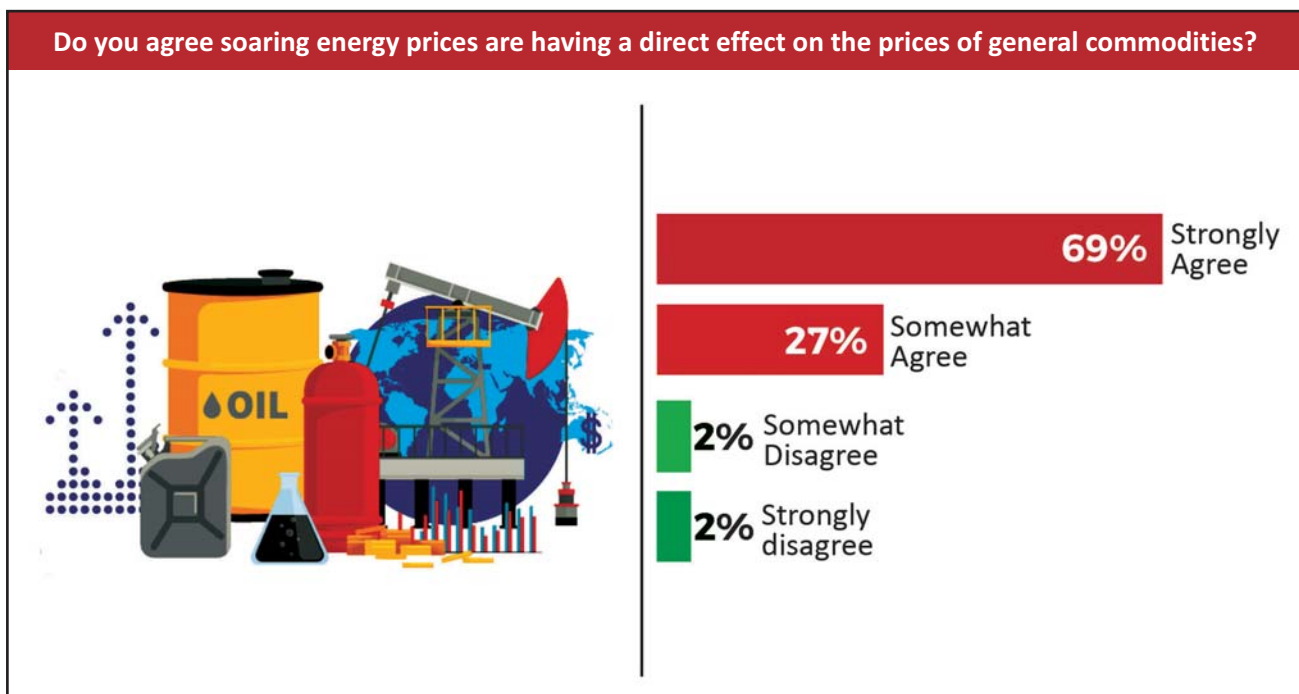
## 73% opine both Federal and Provincial Governments responsible to check inflation and control market prices

The Institute's members were enquired as to exactly who is responsible for checking inflation and controlling prices of essential commodities in the country. Almost 73% of members responded that both federal and provincial governments are responsible. In addition, only 9% think the Federal Government is responsible whereas 18% held the Provincial Government responsible for checking inflation and controlling the market prices of commodities.



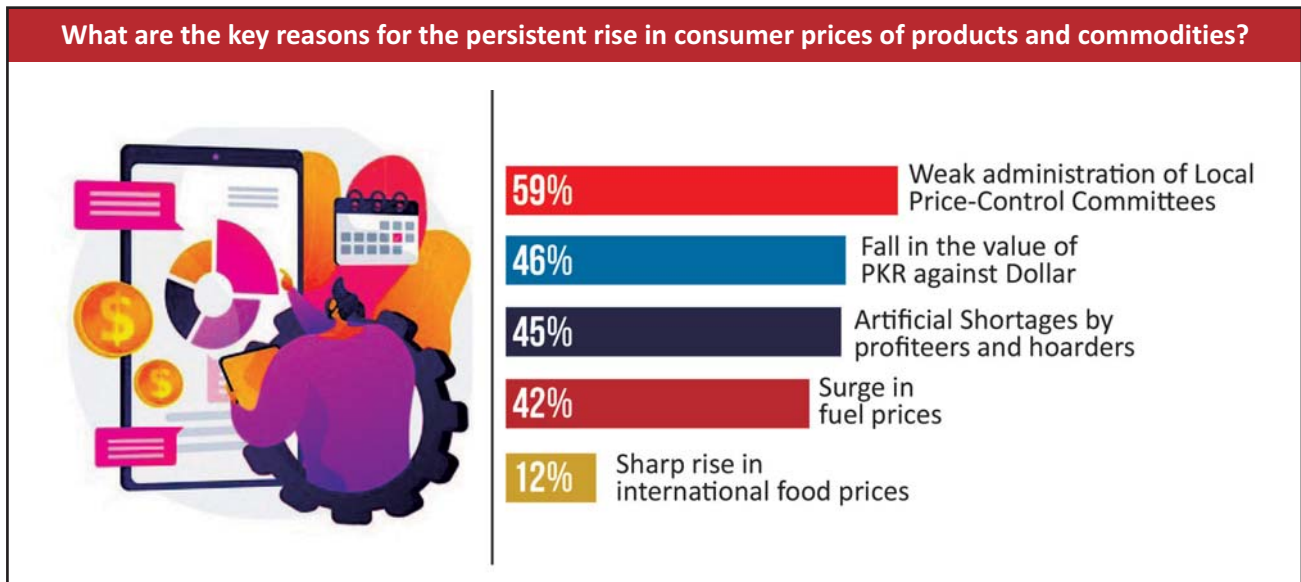
## 96% believes soaring energy prices is the root cause for inflation

It was enquired from the members as to whether they agree that soaring energy prices are having a direct effect on the prices of general commodities. The majority of the members i.e., 96% agreed with this statement, out of which 69% strongly agreed and 27% somewhat agreed. Only a small portion of the respondents (4%) believed that energy prices have nothing to do with the rising prices.



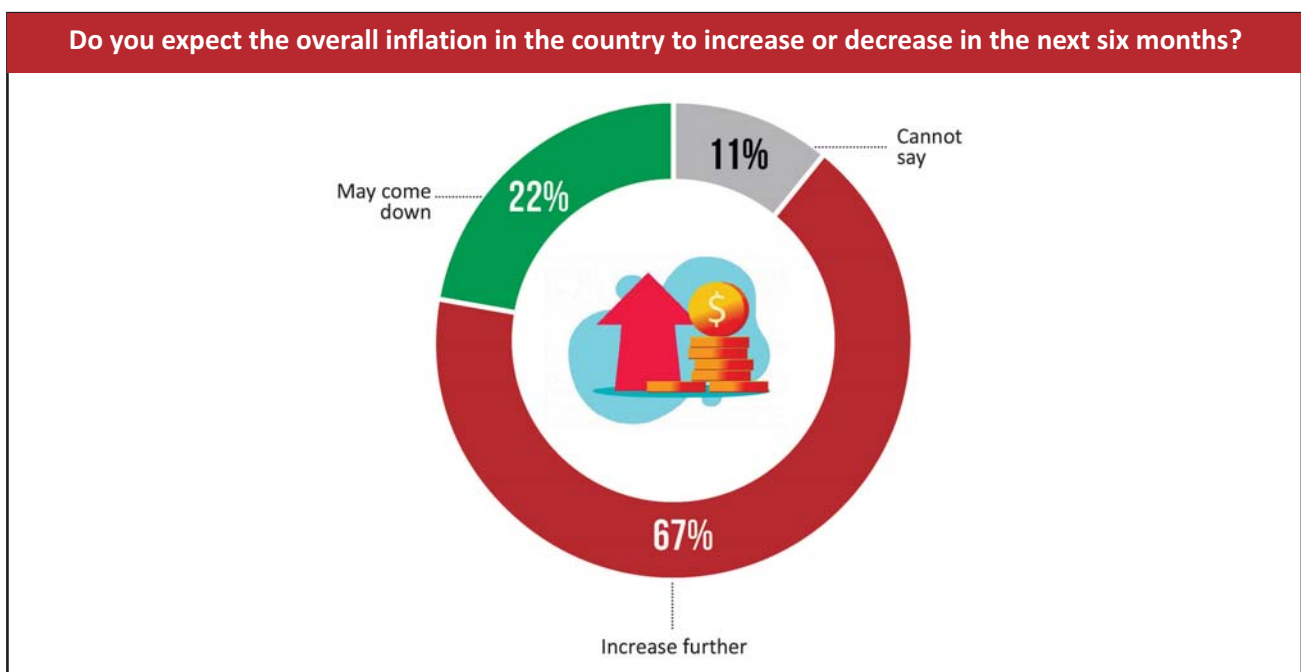
## 59% points to Administrative weaknesses in Price Control Mechanism

When asked about the key reasons for the persistent rise in consumer prices of commodities, 59% of members responded that the weak administration of local Price Control Committees is the key reason. Other 46% believed that fall in the value of PKR against the dollar is the main reason. Around 45% of members were of the view that artificial shortages by profiteers and hoarders are playing role in the higher prices whereas 42% pointed to surge in fuel prices as a key factor in the persistent rise of consumer prices.



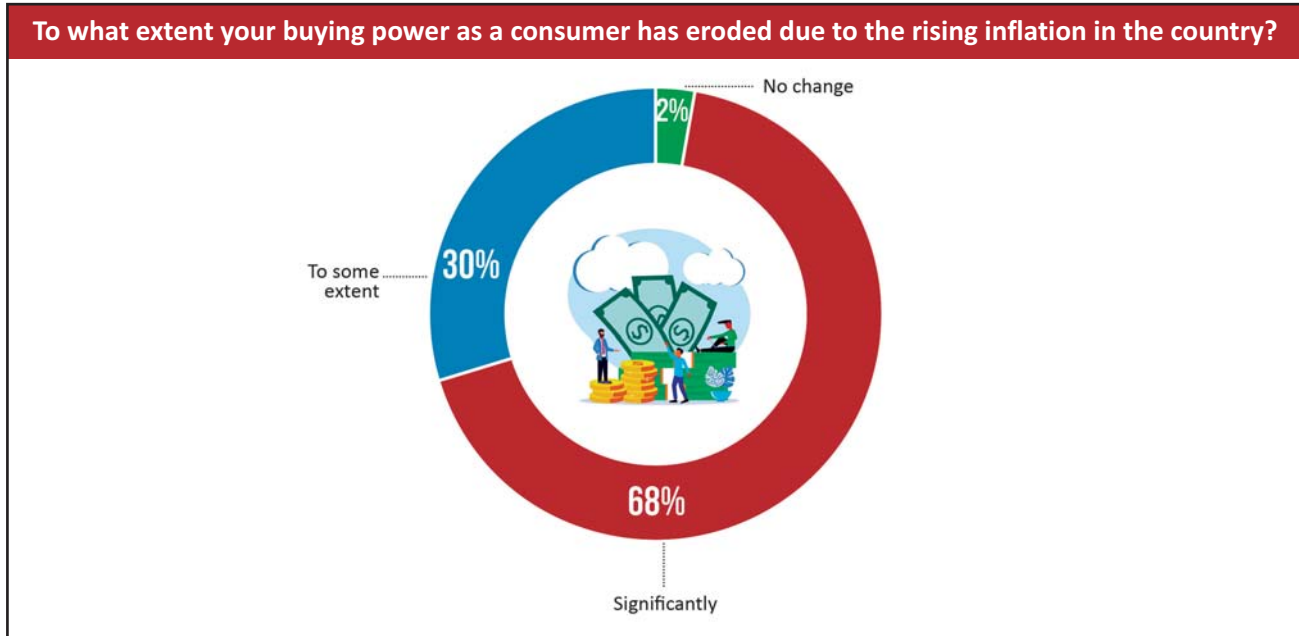
## 67% expects overall inflation to increase further in next 6-months

Concerning the overall increase or decrease in inflation, the majority (67%) of the ICMA members believed that the overall inflation in the country is expected to increase further in the next six months. On the other hand, 22% of members have a positive view that overall inflation would decrease in the next six months. While 11% of the members were unable to predict the increase or decrease of inflation.



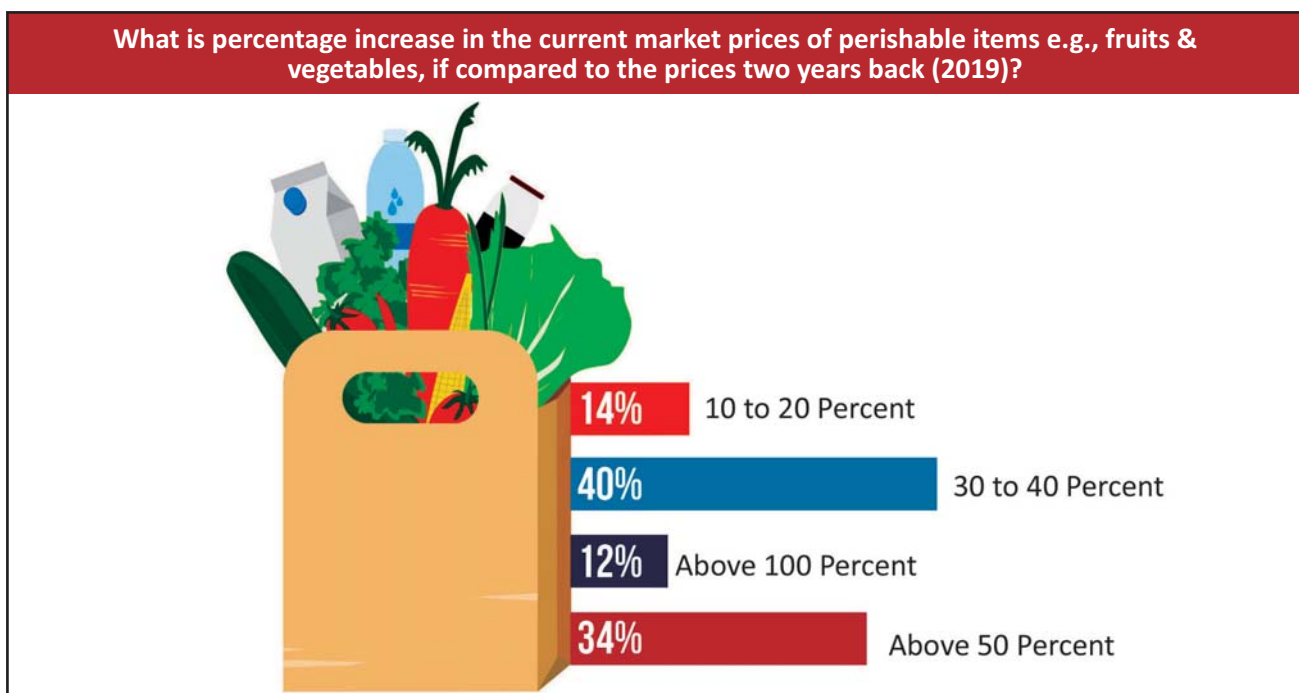
## 68% believes buying power of consumers greatly declined due to rising inflation

When asked about the decrease in buying power of consumers because of inflation, 68% of members of ICMA stated that it has significantly eroded due to rising inflation in the country. Around 30% of respondents were of the view that buying power of consumers has decreased to some extent due to soaring inflation whereas 2% think that inflation has not changed the buying power of the consumers.



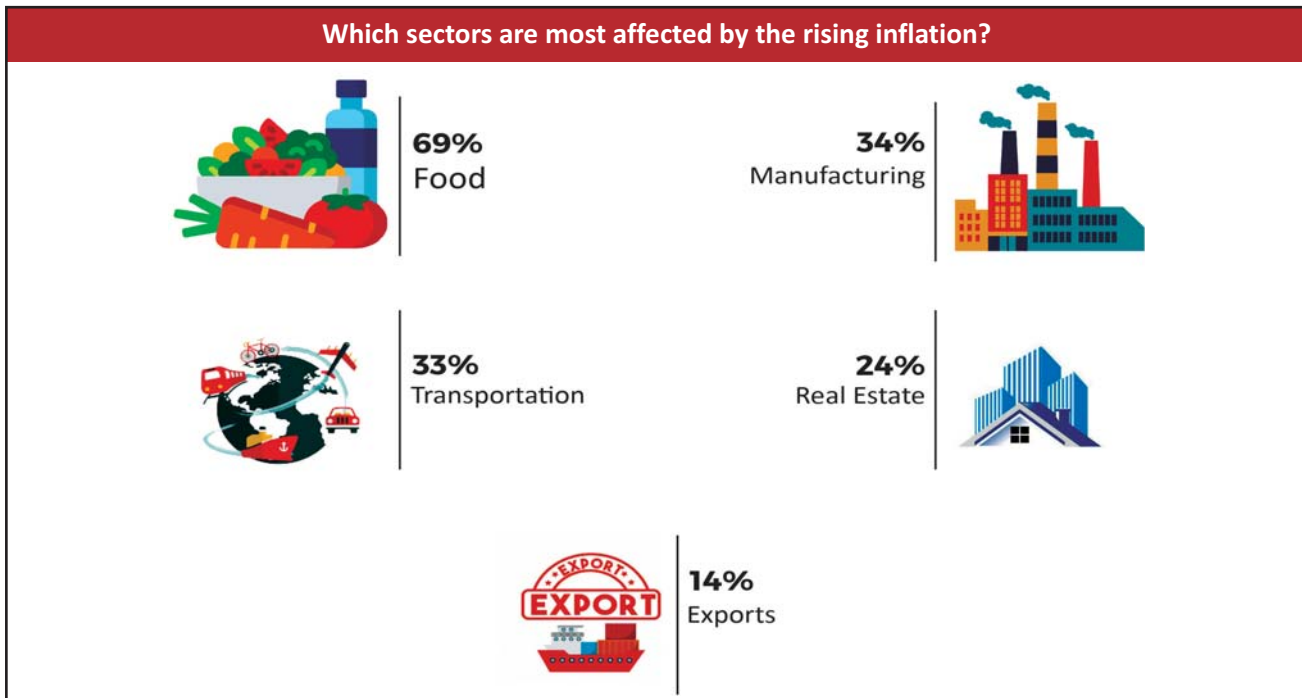
## 40% think market prices of perishable items increased by 30% to 40%

With respect to the comparison of current prices of perishable items from the prices two years back, almost 40% of members expressed that the prices of fruits and vegetables increased by 30% to 40% during the last two years. Around 30% of members believe that prices of such items increased by more than 50% while 14% think the prices soared by 10% to 20%. A small segment of respondents (12%) opined that there has been an over 100% increase in the prices of fruits and vegetables if compared to the prices in 2019.



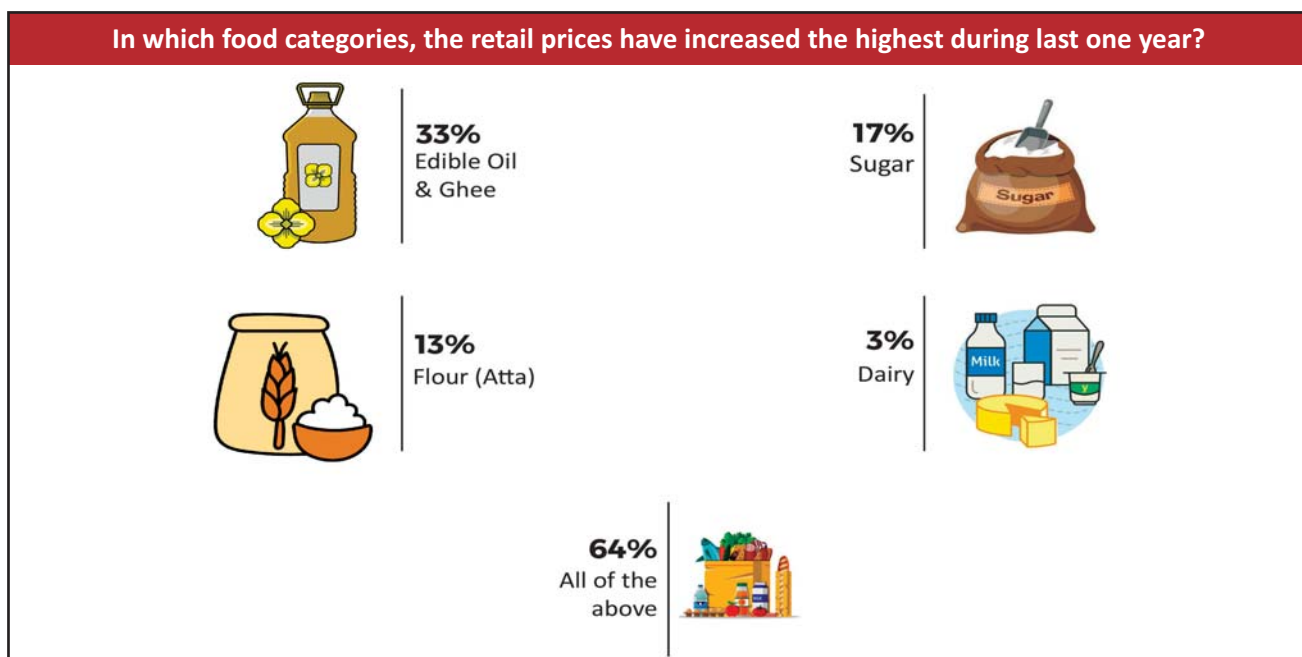
## 69% says 'Food' is the most affected sector due to inflation

The Institute's members were enquired about the most affected sector by rising inflation and few options were also provided for selection. The majority (69%) of them pointed to the Food Sector which has been highly affected due to rising inflation in the country. This was followed by manufacturing (34%) and Transportation (33%). Almost 24% of members believed that real estate is the most affected industry, while 14% think that the export sector has been mostly affected by inflation.



## 64% says highest price increases are in Oil, Sugar, Flour & Dairy items

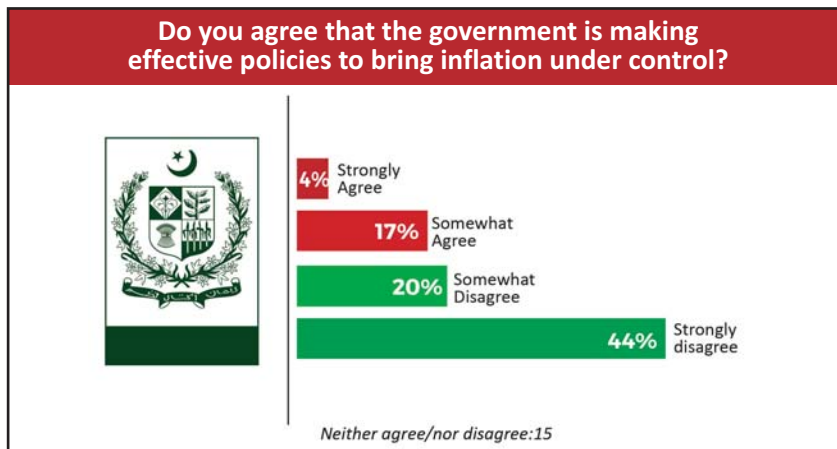
ICMA Members were asked to identify the food categories that witnessed the highest increase in retail prices during the last one year. The majority of them (64%) said retail prices of edible oil, sugar, flour, and dairy items increased the highest. Around 33% of members reported that only the retail price of edible oil and ghee have increased highest whereas 17% identified sugar (17%) and 13% Flour (13%).





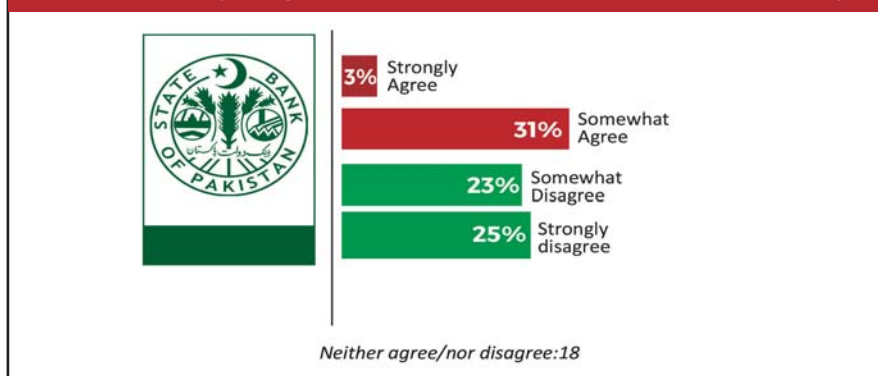
## 64% believes Government not making effective policies to bring inflation under control

The respondents were asked to what extent they agree that the government is making effective policies to bring inflation under control. Approximately half of the members (44%) strongly disagree while 20% somewhat disagree that the government is making effective policies to bring inflation under control. On the other hand, only 4% strongly agree while 17% somewhat agree that the government is making effective policies to control the rising inflation in the country.



## 48% opines policy rate increase by SBP would not help contain inflation

**Do you agree that State Bank's decision to raise the benchmark interest rate to 8.75% would help bring down inflation and stabilize the national economy?**



ICMA Members were asked to give an opinion on whether the State Bank's recent decision to raise the benchmark interest rate by 150 basis points to 8.75% would help bring down inflation and stabilize the economy. Almost 48% responded did not agree with this statement with 25% strongly disagreeing and 23% somewhat disagreeing. On the other hand, only 34% of members think that this would help contain inflation. Out of these 34% members, 3% strongly agree and 31% somewhat agree.

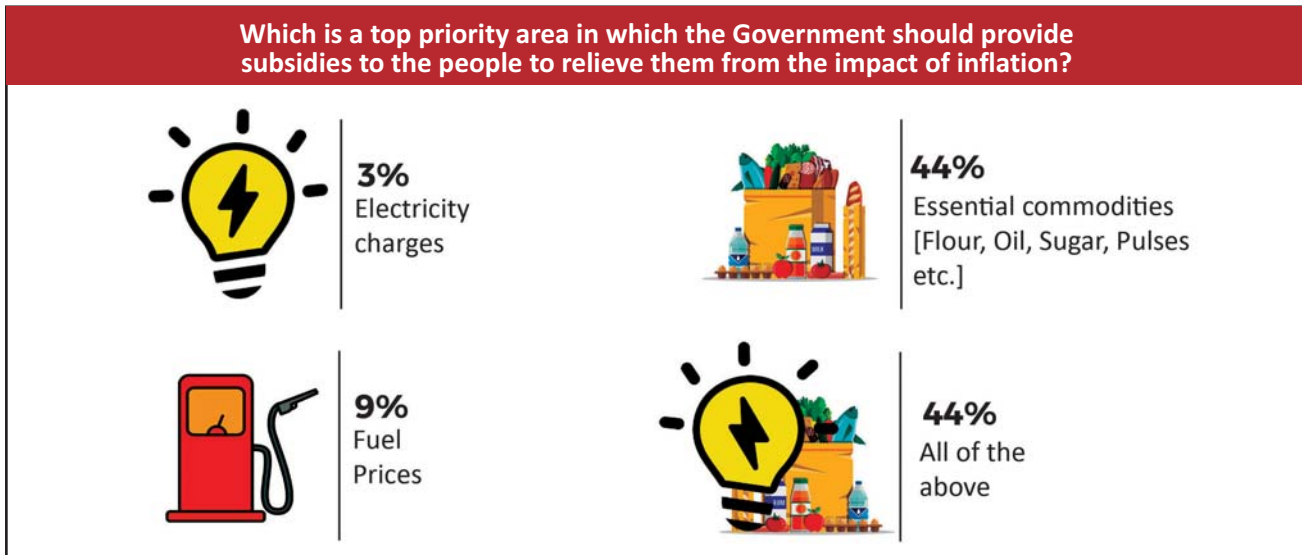
## 65% suggests Government crackdown on hoarders and Profiteers

The respondents were given five options of proposed actions by the Government to control inflation and they were asked to prioritize all of them with 1 being the topmost priority and 5 being the lowest priority. On compiling these responses, it transpired that around 65% of ICMA members are of the view that the government should crack down on hoarders and profiteers. Almost 64% said the government should strengthen and empower price-control committees whereas 49% believe incentives should be provided by the government to increase the domestic production of food items. Around 46% said the government needs to improve the supply chain of commodities from farm to market. Only 25% said that there should be a tight monetary policy by the State Bank of Pakistan to reduce currency expansion.



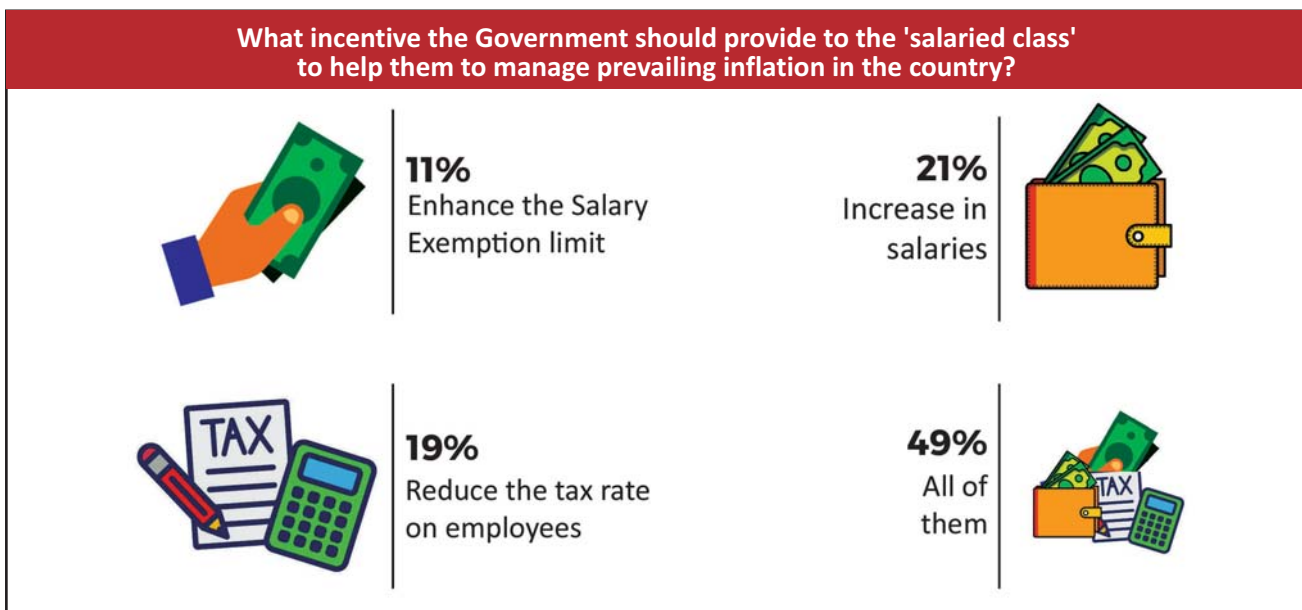
## 48% suggests Government to provide subsidies on Essential Commodities

The ICMA Members were asked to prioritize the areas in which government should provide subsidies to the people to relieve them from the impact of inflation. Almost 44% of members indicated that the government should provide subsidies on essential commodities like sugar, flour, oil, pulses, etc., whereas 9% of members said subsidy on fuel prices should be provided. Only 3% were in favor of subsidy in electricity prices. Almost 44% of members said the government should provide subsidies in all these areas like Fuel, Electricity, and Essential Commodities to unburden the people from increasing inflation.



## 49% suggests Government provide incentives to the Salaried Class

The ICMA Members were asked to give their opinion on the incentives to the salaried class. Around 49% of them suggested that the Government should provide all the incentives to the salaried class including an increase in salaries, enhancement in salary exemption limit, and reduction in the tax rate on employees to help them to manage prevailing inflation in the country. On the other hand, 21% said to increase the salaries, 19% said the government should reduce tax rates while 11% said to enhance the salary exemption limit.



**DISCLAIMER:** The views expressed by the survey participants do not necessarily reflect the official viewpoint of the Institute of Cost and Management Accountants of Pakistan. Furthermore, Gallup Pakistan has conducted this poll according to the ESOMAR Code of Ethics and internationally recognized principles of scientific polling. The results of this Report do not represent views held by the authors or Gallup Pakistan. The results only represent public opinion, computed based on views expressed by anonymous respondents.