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Soaring Inflation Squeezes Pakistan's Business Sector

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Pakistan's business community is voicing serious concern over rising inflation, which surged to a 2.9% monthly increase in July, its highest since December, according to the Pakistan Industrial and Traders Associations Front (PIAF). The group warns that the growing economic pressure is undermining business operations and threatening industrial recovery.

PIAF Chairman Faheemur Rehman Saigol pointed out that the imbalance between the 11% interest rate and escalating inflation is weakening productive sectors. He criticized what he described as a situation benefiting banks while burdening manufacturers and traders.

The sugar sector has been hit particularly hard. Despite government-imposed price controls, sugar prices rose by 29.4% year-on-year. Retail prices are now reported between Rs179 and Rs190 per kilogram, reflecting a widening disconnect between official targets and market conditions.



High inflation is intensifying existing problems for manufacturers, who are already struggling with expensive credit, rising input costs, and reduced consumer spending. Many businesses report shrinking profit margins as they are unable to pass the full cost burden onto buyers.

Industry leaders argue that these challenges highlight systemic issues in the country's economic policy, particularly in areas such as energy pricing and monetary coordination. They urge authorities to take urgent action to stabilize the situation and safeguard the competitiveness of domestic industries.

Without intervention, business leaders warn that prolonged inflation could erode recent gains in export performance and industrial productivity. They call for a review of fiscal and monetary policies to help contain inflation, reduce production costs, and support long-term economic growth.

As inflation continues to rise, Pakistan's business sector faces mounting pressure to adapt quickly to remain viable in an increasingly difficult

operating environment.

