



Vegetable seller, Dadu, 2013. Photo: Collective for Social Science Research, 2013.

PAKISTAN

Food prices and how people are eating, 2013

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This case study is one of several produced to accompany *Help Yourself!*, the second year synthesis report from the *Life in a Time of Food Price Volatility* research project. Other case studies, country reports, synthesis reports, and further information about the project can be found at www.oxfam.org.uk/foodprices



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On food prices

The case studies on food prices and how people are eating in Bangladesh, Kenya, and Pakistan confirm that price changes, and the impacts of such changes on households, are far more varied in space and time than national average data reveal. In turn, national price movements can clearly diverge from global prices due to a variety of country-specific factors. The case studies also demonstrate that politics and policies have a significant impact on prices: governments can directly (for good or ill) influence the wellbeing of the poor through decisions on policy instruments such as taxation and levels of subsidies. Finally, there is some evidence that prices in rural agricultural areas are more influenced by seasonal supply and demand factors than are prices in urban areas. In principle, rural producers may benefit from higher prices, but that is not usually the case for small producers, who are still net consumers of basic food commodities.

On how people are eating

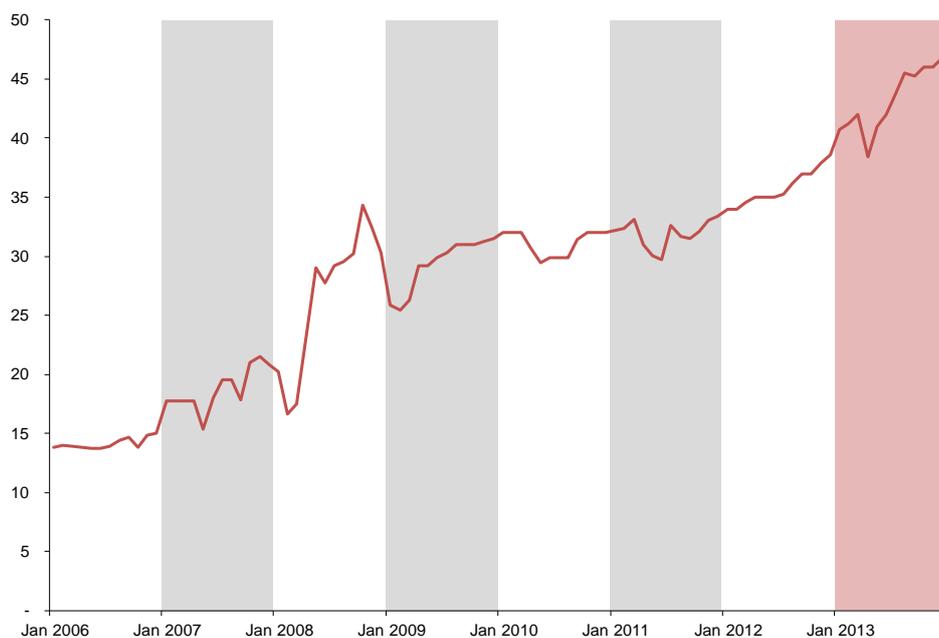
The case studies portray an overall picture of households struggling to cope with increased prices, and, in most cases, having to adjust their food consumption downwards, both in quantity and quality. The fact that most other prices of essential goods and services – fuel, transport, education and health costs etc. – are increasing at the same time makes the situation worse. Households are particularly worried about the health and nutritional status of their children, which is put under severe threat from these multiple price increases. Mothers' health and nutritional status is also a major concern, not least because they are prepared to put their own consumption needs below those of their children (and often their husbands). Households with a number of family members in jobs or with a few different sources of income are better able to cope with increased prices, but the possibilities of having such sources of income vary widely. What these interviews indicate is that, despite a relatively stable international price environment, at national and local levels price increases are still occurring and are having significant negative impacts on nutrition and overall wellbeing.

NATIONAL AND LOCAL PRICES

Data in Table 1 of the global synthesis report, *Help Yourself!*¹, show national price increases in three of four quarters during 2013; this accords with, but perhaps understates, the extent of price increases found in the research areas. As in the case of Kenya, specific government measures – principally, the introduction of a range of tax increases by the new government – had a direct impact in increasing food prices.

Figure 1 shows trends in the retail price of wheat flour in Karachi during 2013. Retail prices increased by 15 per cent over the period, despite a reasonable wheat harvest (about 24 million tonnes (WFP 2013b)). By December 2013, retail prices of wheat flour in Karachi were (in nominal terms) 36 per cent higher than at their peak in 2008: this indicates an ongoing context of rising staple food prices. A number of factors are contributing to this increase, including government procurement prices, transmission effects of global food prices, lower wheat stocks, and high fuel and electricity prices (WFP 2013c).

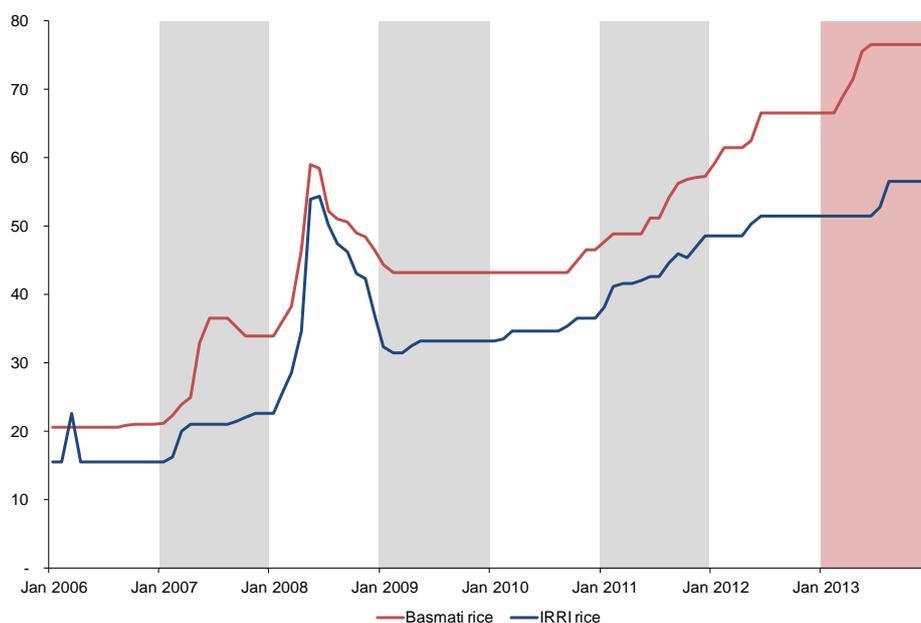
Figure 1: Retail price of wheat flour, Karachi, Jan 2006–Dec 2013 (PKR/kg)



Source: FAO GIEWS, 2014

Figure 2 shows trends in retail prices of basmati and IRRI rice in Karachi during 2013. Basmati rice prices increased by about 15 per cent over the year, and IRRI rice prices by almost 10 per cent. Prices appear to have increased in the first half of the year and then remained at the same level for the remainder of the year. Rice prices appear to be still affected by the significant (27 per cent) drop in production resulting from the 2010 floods (WFP 2013c). Rice consumption however comprises only a small proportion of the food basket of poor households in Pakistan.

Figure 2: Retail price of basmati and IRRI rice, Karachi, Jan 2006–Dec 2013 (PKR/kg)



Source: FAO GIEWS, 2014

Overall, the food CPI in Pakistan during the third quarter of 2013 was about 8 per cent higher than the same period in 2012 (WFP 2013a). However, this understates the impact of rising food prices on poor households: the increase in wheat flour prices has disproportionate impacts on the poor. World Bank analysis (World Bank 2011), based on the Pakistan Social and Living Standard Measurement Survey 2005–6 indicates that the bottom 10 per cent of households in Pakistan spend almost 21 per cent of total expenditure on wheat/wheat flour, compared with less than 5 per cent by the top 10 per cent of households. A USDA Report (USDA 2013) notes that wheat flour supplies 72 per cent of daily caloric intake. Poor urban households and rural households with limited or no land are therefore particularly vulnerable to increases in the price of wheat flour.

Wheat production in 2012/13 was 23.3 million tonnes, considerably down on the 25 million tonnes produced in 2011/12. Estimated production in 2013/14 was 24 million tonnes (USDA 2013). Despite the higher harvest in 2013 compared to the previous year, wheat flour prices rose throughout 2013, and by the third quarter it was evident that Pakistan would have to import up to 1 million tonnes of wheat in the period prior to the 2014 harvest (Reuters, 1st August 2013). In November 2012 the government announced a 14 per cent increase in the official wheat procurement price, to offset rising input costs, and this was a contributory factor to the rise in prices throughout 2013, along with tightening stocks. Although domestic prices exceeded international prices by mid-2013, imports did not bring prices down.

Evidence cited in WFP (WFP 2013c) suggests that household food security status in Pakistan has deteriorated in recent years: the 2011 National Nutrition Survey found 58 per cent of Pakistani households to be food insecure. USDA (2013) cites a recent report from the Sustainable Development Policy Institute which found over 50 per cent of Pakistan households are food insecure: the highest levels are in Federally Administered Tribal Areas (FATA) at 67.7 per cent, the lowest are in the Punjab at 38.5 per cent. Recent UNICEF nutrition data show levels of stunting in Pakistan at 44 per cent, and incidences of being underweight at 32 per cent, both very high levels (UNICEF 2014). It is clear that there are major regional variations in food insecurity, in part linked to variations in the production and asset situation of households. Punjab produces 75 per cent of national wheat production, and on a per capita basis produces twice as much as Sindh (WFP 2013b). These variations in production are likely to feed through to variations in household-level availability.

Furthermore, during 2013 households' purchasing power declined: daily wages of unskilled labour stayed about the same during 2012–13 while food prices in the same period increased. In October 2013 the terms of trade for day labourers (ratio of wheat flour prices to daily wage) had declined by 8 per cent compared with October 2012 (WFP 2013d).

The evidence from field research in the two sites in Pakistan suggests a pattern of significant increases in prices of almost all essential commodities and services compared with 2012. For example in the low-

income quarter of Gulshan-e-Iqbal in Karachi, respondents reported increases of about 25 per cent for wheat flour, sugar and fish; about 20 per cent for chicken and meat; about 33 per cent for rice, milk, and many vegetables; about 50 per cent for pulses, salt and eggs; and 50–100 per cent increases in the price of electricity, transport, education, and in health costs. There is a tendency to refer to the change of government during 2013 as having contributed to price increases.² Specifically, increases in fuel prices have fed through to increased costs of agricultural inputs, transport, and electricity, while the new government has increased taxes on various commodities. A steep currency depreciation in the last few years has also resulted in considerable imported inflation, particularly with regard to fuel products (WFP 2013d). Respondents also refer to shopkeepers and merchants hiking prices.

In Dadu district in Sindh, a fairly similar pattern of price increases, and much of the cause of such increases, was attributed to government policy: respondents reported increases of about 25 per cent in wheat flour, rice, pulses, and meat; increases of about 33 per cent in prices of many vegetables, milk, chicken, fish and oil; and 50–100 per cent increases in the cost of salt and in health costs.

HOW PEOPLE ARE EATING

In Gulshan-e-Iqbal town there is an overwhelming sense that the vast majority of people became worse off in 2013 as a result of rapid inflation; and that, for the most part, the current government is blamed for the worsening conditions. The immediate causes of inflation include tax increases, hikes in fuel prices and utility charges, and shortfalls in agricultural production. Excessive profiteering by shopkeepers and traders are seen as other reasons for price rises. Participants in a focus group with male youth claimed that there had been four tax increases on 40 food items in the month prior to the interviews. Many references were made to the worsening condition of the poor and the apparent indifference of government to this situation. Respondents felt that the poor were the worst off and the rich were becoming better off day after day and so do not suffer from high prices in the same way as the poor. Research participants saw the government and authorities as increasing salaries for the employed but not providing compensation to the poor. Mr H., a 46-year-old key informant working as a shop keeper, felt that the current government had made a policy to eliminate the poor instead of eliminating poverty.

Many of the respondents work as day labourers. Daily wage rates increased during the last year, but such increases were much less than the rate of inflation, and work opportunities have also reduced, because businesses are also trying to cut costs. This has meant increased pressure to find work, to work longer hours, and for women to go out to work. 24-year-old Mrs M. works as a domestic worker in four households, and then has to return home to do all the household chores, as well as

breastfeed her young daughter. She explained that she was very anxious about her circumstances as she does not have much time for childcare.

Many women must now go out into the paid workforce. One respondent in a focus group with women noted that it is not customary in the Sindhi community for women to go out alone, even for work, but now women work in other households as hired help. While some of the female respondents were doing such work, Mrs G., a 46-year-old housewife, said that her husband would not let her go out to work. Her husband is a day labourer who earns PKR 400 when he works, but his employment is not regular. She explained that when her husband fails to find a job for the day they do not eat, which is now a frequent occurrence. The same household now spends PKR 3,000 per week compared to PKR 1,000–2,000 last year. Due to lack of funds, they have not sent their children to school.

There are many broader consequences of this rapid inflation. A number of respondents said they did not send their children to school, or sent them for shorter periods than they had done previously. The quality of government schools was also strongly criticized by respondents, such that many would like to send their children to private schools but in most cases cannot afford to. Mrs Z., a 41-year-old housewife, expressed this conflict by wondering whether a poor person ought to try to fill their stomach or send their children to school.

There also appears to be some reduction in familial solidarity. One focus group with women revealed that even parents avoid helping their married daughters, viewing their husbands as being now responsible for their welfare. Such a reduction in solidarity was not necessarily the norm, however.

Price inflation has had a major impact on what people are eating, with serious consequences for nutrition and health. Almost all respondents stated that poor households had reduced their food intake. A focus group of young urban women noted that people now only prepare food once a day and manage to consume that food over two meals; meat consumption is almost ruled out, as is the consumption of fruit. Rice can only be purchased occasionally. People have also reduced their consumption of milk,³ and have resorted to watered-down or otherwise adulterated milk. In a focus group with women, one respondent said she felt that people are living hand to mouth this year compared to last year, only buying salt and chillies for PKR 5 or 6 a sachet. When they do not have enough money to buy salt and chillies they prepare food without it. They eat *roti* (flat bread) with sugar or onion sometimes. She added that neighbours do not share food with them and would not even lend food in cases of need.

Many respondents indicated they were skipping meals, as well as eating less and lower quality food. Mrs S., a 41-year-old housewife, stated in an interview that her household does not prepare lunch and always eat twice a day. When none of the children are at home then they do not

cook at all and just go hungry. Last year, when they were employed, they ate well, but now that jobs are hard to come by they suffer because of unemployment.

Mrs Z., a 35-year-old domestic worker, noted that her household cannot afford to purchase meat. Her children often go to school without breakfast and she said that they have started to look pale now. Mrs Z. said that she gets leftover food from the woman she works for, who sometimes gives her food that has gone bad but they eat that because they are hungry.

In Dadu, prices have also gone up sharply: in addition to the reasons put forward by respondents in Karachi, in Dadu respondents refer to the direct impact of increases in agricultural inputs (related to the increase in fuel costs) and to the impact of government procurement prices. In Dadu, the majority of poor people are daily labourers or sharecropping farmers who are generally in a weak position compared to landlords. One key informant, Mr J., a 66-year-old farmer, said that in Dadu the people are primarily *haris* [share tenant farmers], who receive a share of the wheat they grow from the farmer or landlord, but only after he has accounted for a list of miscellaneous expenses (urea, seed etc.). Mr J. said that the share of wheat that he receives hardly suffices for five months, after which the landlord sells him a sack of wheat for PKR 3,500–PKR 4,000.

Another key informant, Mr Q., a 56-year-old landowner, noted that small farmers generally do not get the government procurement price, but have to sell to brokers at a lower price. He gave the example of the government setting a price of PKR 3,000, in which case the broker will give around PKR 2,500–2,600. In contrast, he said, large farmers do get the government price.

As with the Karachi respondents, the price inflation has caused hardship and reduced what poor people are eating. One focus group of male youths noted that prices of all basic food items had increased. They noted that where a person used to be able to buy 1kg of vegetable in former times, he can now barely purchase 500g. In order to cope with this reduction he has increased the quantity of water added to the curry. The youths said that people have also stopped eating breakfast and been reducing their overall number of meals.

Other respondents state that meat and chicken are now rarely consumed. A male focus group said that now people live on potatoes, pulses and onions. A number of respondents noted that poor people manage to 'adapt' to higher prices in a variety of ways, but this implies either reducing consumption or borrowing to maintain consumption, both strategies which were mentioned. Mr A., a 46-year-old farmer and key informant, noted that life is becoming difficult for the poor man, who depends largely on getting loans from the shopkeeper. The fact that he must wait for his revenue until the wheat harvesting season makes life even more difficult.

Mr Q., a 63-year-old potter, described the pressure on his family situation. He recounted how, formerly, his monthly food expenses were around PKR 2,500 but they now exceed PKR 4,000. He felt the government and the shopkeepers are responsible for this situation. Now, he revealed, the best his family can afford to eat is some quantities of pulses, potatoes and onions, and the family consume sometimes two meals a day and sometimes three. He said that in previous times he considered himself a strong person with a robust physique, but these tensions and worries have resulted in consistent weight loss, and his health has deteriorated. He added that the concerns of his wife, his children, and the medicines and expenses cause him immense anxiety.

Some respondents however referred to the continuation or strengthening of community supports as helping those experiencing particular hardship. Mrs Z., a 36-year old woman who makes traditional quilts, stated that she has never seen a day when her household had to go without food. She asks for assistance from her neighbours and/or relatives and somebody generous helps her out, or she buys something on credit. A male focus group respondent felt in turn that poverty had increased the affection amongst his community.

NOTES

¹ King, R., A. Kelbert, N. Chisholm and N Hossain., 'Help Yourself! Food Rights and Responsibilities: Year 2 findings from Life in a Time of Food Price Volatility', Oxfam International: Oxford, <http://www.oxfam.org.uk/helpyourself> (last accessed 22 July 2014).

² The new government led by Nawaz Sharif is formed by the Pakistan Muslim League, seen as having its power base in the Punjab, whereas the previous government of the Pakistan People's Party, led by members of the Bhutto family, was traditionally seen as being more supportive towards Sindh.

³ A male focus group joked: '*In future milk will be bought from gold shops.*'

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