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Food Security Governance and Price Stabilization Mechanisms

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ABSTRACT

Food Security in Pakistan, the government used to be a major buyer. and seller of food commodities, however, now food security governance is more decentralized and market-driven. Even though food inflation has remained in single digits, a large number of households are food insecure. According to the fresh government policy, mid-May to End-June is fixed for procurement of wheat by the provinces and the Wheat Stock Management Company. Preference will be given to civil agencies before private traders in pricing and payment. The Punjab government plans to spend around Rs. 20 billion in a strategic procurement of 100,000 metric tons to smoothen the operation of the commodity and to implement strategic needs of small and poor farmers. The methods of negotiation and fixing the purchase price are specified. Sellers are to be paid within 20 days, with a dollar/euro indexed delayed payment last resort/penalty mechanism in cases of. In the developed countries, price volatility and the proxy inflation-based food price index has nearly doubled in last five years. The price volatility in India is not as high as that of developing countries on aggregate but is higher than that of the United States. Vegetable prices are less stable than the cereals. Take a look at China.

Live hog futures trading has been halted due to massive fluctuations in China. After the effect of policies, these prices moved. Though the suspension has occurred, the commercial hedgers are allowed to use the future contracts. As a result, the pig price is controlled. The IPC says the number of people in IPC Phase 3 (Crisis) or above is projected to be 6.7 to 7.5 million (19 to 21% of the rural population) during 2026. The key factors of food insecurity are high prices of key inputs like fertilizer and fuel, adverse effects of 2025 monsoon floods and localized insecurity. Because of high fertilizer and fuel prices, food insecurity persists. Monsoon floods have lingering impact to explain food insecurity. Localized insecurity exists which explains food. These climate vulnerabilities are still faced by Pakistan. Strategic investment in climate-smart agriculture and innovative policies that support producers and traders as well as rural communities are in growing demand. The consumer goods are available at a price range much lesser than the maximum retail price but the price of the charge and the ultimate price of the same remains intact. Consequently, it is essential to reinforce a Digital Price Monitoring System to monitor this disparity and promote market transparency. Change of PASSCO will be important. It can be said that food prices have become stable in Pakistan but the will to govern gets a pattern change. Scarcity management is not on their minds but market efficiency is The capacity of socialism to create private wealth without any federal safety net critical to the successful transition over 2026.

Keywords: Food Security Governance, Price Stabilization, Food Price Volatility, Buffer Stock Policy, Agricultural Subsidies, Market Intervention, Wheat Market, Institutional Coordination, Political Economy of Food, Climate Resilience and Policy Coordination.

INTRODUCTION

Putting the sentences of the paragraph in a different order will break the essence. Thus, only the arrangement or order of first-level sentences will be changed, namely, 1. price stability 2. no shortage of food 3. the poor can buy at reasonable price 4. access to food. A prominent journalist in Pakistan has stated that many people are unable to sleep properly as they are unable to get food on time due to the prices of food. Assessing the current scenario, just imagine the state of affairs if the journalist, who writes on such issues, is considered not a big deal.

In Pakistan, the unborn child is also hungry. The food situation in Pakistan is highly critical. I want to talk about this not just on a national scale but also from my limited provincial viewpoint. I believe the food conditions here are better than many places in Pakistan. For the smooth functioning of the two places Faisalabad and Faisalabad, the two people of Faisalabad and Faisalabad must be there. The situation is that these 2.50 people have a combined income. Regrettably, the situation is quite dire with lots of people not getting adequate food to stay alive. Food security depends on four major things: There is sufficient food, physical and economic access to food, Nutritional utilization which is the proper use and

absorption of nutrients by the body and finally, Food access reflecting people's choices and their cultural preferences. Across the globe, it is becoming increasingly evident that national and household level food security can only be achieved when all four of these are simultaneously addressed in a balanced and sustained manner.

The production sector's huge inefficiencies reduce farmers' returns and raising prices for consumers. Outdated storage systems also exacerbate post-harvest losses in Pakistan. The wheat and post-harvest losses of major crops, fruits and vegetables are very large due to this. Agricultural logistics continue to be under modernized as most grain storage facilities and the cold chain are underdeveloped as earlier mentioned. A significant proportion of agricultural produce is wasted due to poor handling and transport facilities. Smallholder farmers largely dominate agricultural production, but they experience constrained access to quality inputs, credit and modern farming technologies. Both productivity levels are below par, while the impact of shocks also looms large. The presence of numerous intermediaries within the fragmented supply chain disrupts the flow of price changes from the farm gate to the retail market. As a result, consumers have to pay more but producers don't get the incentives that they need.

Given this situation, governance of food security poses an important policy question, which is challenged by various supply constraints, administrative bottlenecks, high magnitude of poverty which makes the management of food security difficult. In general food security governance acts as an umbrella term for the governance institutions, legal provisions and decision-making framework through which a state manages to ensure availability, access and stability of food. The architectural governance in the system is based on the food security policy of the Government of Pakistan (2018) which gives food security a multi-dimensional aspect. The Ministry of National Food Security and Research (MNFSR) was the key coordinating agency at the federal government level. Specifically, the Ministry coordinates food grain management and inter-provincial policy in a central manner. Also, intervention in import and export trade is a complementary role of Trading Corporation of Pakistan (TCP) for handling supply shortages and price surges. They are responsible for agricultural productivity, food security, income generation, and creating a sustainable agricultural business ecosystem. However, food systems governance problems have developed as a result of the 18th amendment constitutional devolution of agriculture to provincial government jurisdiction in Pakistan. Provincial governments have greater authority than the federal government to frame production policies on agriculture, determine procurement strategy, offer extension services, etc. However, there are coordination problems between institutions of the Centre and the provinces, in peculiar cases of shortage and price rise. Following the Amendment, provincial governments received additional powers in regulatory affairs pertaining to agriculture and food.

The Food Department is responsible for the procurement, storage and distribution of wheat in Sindh. On the other hand, the Bureau of Supply and Prices has regulatory powers with district administration under the Price Control and

Prevention of Profiteering and Hoarding Act, 1977. The Sindh Agriculture Policy 2018 – 2030 integrates productivity enhancement, climate resilience and market efficiency within a broader governance context. In addition, although the constitution gives businesses the freedom to fix the prices of staple commodities, the provincial authorities normally fix minimum support prices in consultation with the Ministry of National Food Security and Research which mainly journalists the prices. This dependence on rates and supply generally disrupts the functioning of the market, making provincial prices of designated wheat and flour commodity. Price stabilization mechanisms is at the center of this architecture. In Pakistan, public procurement at support prices, buffer stock maintenance, subsidized wheat flour schemes, import management through TCP and statutory market regulation under the Price Control and Prevention of Profiteering and Hoarding Act are the main policy measures. Public buying of wheat carried out primarily by provincial food departments helps in shaping market anticipation and offers a guarantee of minimum price to the farmers.

Maintaining strategic reserves allows public authorities to release stocks during periods of shortages or speculative price spikes, which helps dampen severe volatility in staples markets. Additionally, there are occasions when the government intervenes with consumer-oriented measures. Utility outlets, for starters, provide the distribution of subsidized wheat flour. Further, there is also assistance from social protection programs, like the Benazir Income Support Program. Nevertheless, the effectiveness of these price stabilization devices is highly controversial among policymakers. When poorly targeted or weakly coordinated at the federal and provincial levels, the subsidy and procurement loss can put a huge fiscal burden and distort the market. In addition, empirical evidence shows that the pass-through of global price changes into domestic prices is very uneven. The structural inflexibilities and imbalances of information in marketing systems cause this issue.

As such, these tools refer to the food security governance and price stabilization mechanism of Pakistan. Essentially, these measures underline a broader set of structural underpinnings behind all food price volatility. This would entail inefficient agricultural supply chains; inadequate storage and logistic infrastructure; production risks due to climate change; and ownership failure due to lack of coordination between regulators and market players.

In this regard, studying how price stabilization mechanisms interact with broader governance structures sheds light on the extent to which existing policy arrangements can sustainably promote food security outcomes in an uncertain economic and climatic environment. This study aims to evaluate food security governance mechanisms at the level of the province and the the city. It focuses particularly on the stabilization of wheat prices and management of wheat supply in Sindh and the metropolitan food system of Karachi. The objective of this study is to analyze how governance arrangements in Sindh create the conditions that lead to the availability, prices, and distribution of wheat and wheat flour in Karachi being the largest urban consumption centre of Pakistan. To answer these questions, the

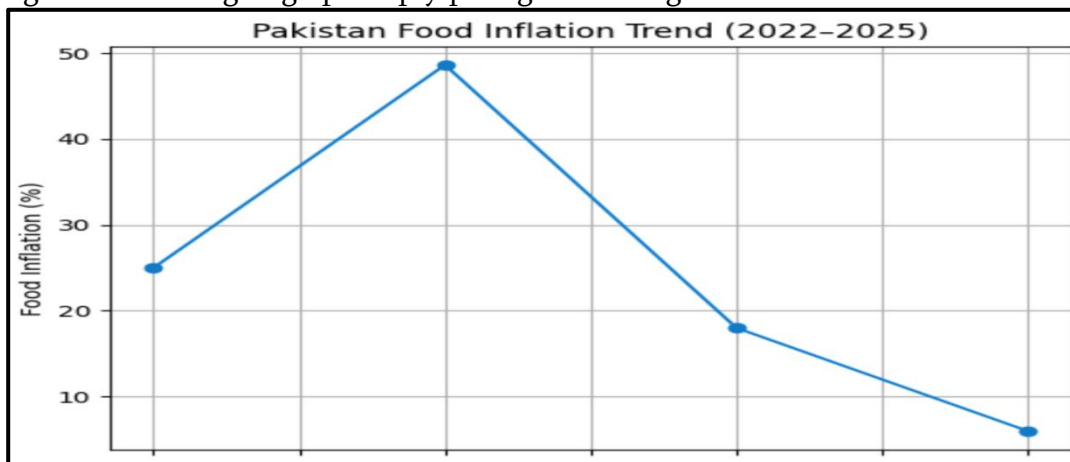
study employs a policy and institutional analysis of wheat governance in Sindh focusing on procurement systems, management of government wheat stocks, distribution channels of flour, and practices regulating prices affecting urban markets in Karachi. They examine when, where and how policy decisions get translated into market outcomes through the institutional roles and coordination mechanisms among provincial food departments, regulatory authorities and market intermediaries. Further, with the help of secondary data on wheat production, procurement volumes, price trends, and urban consumption, the volatility in the supply and stabilization of wheat prices in Karachi is studied. Combining institutional and empirical analysis of price and supply of wheat can help to understand Sindh’s larger city through provincial food governance and the market mechanisms behind it.

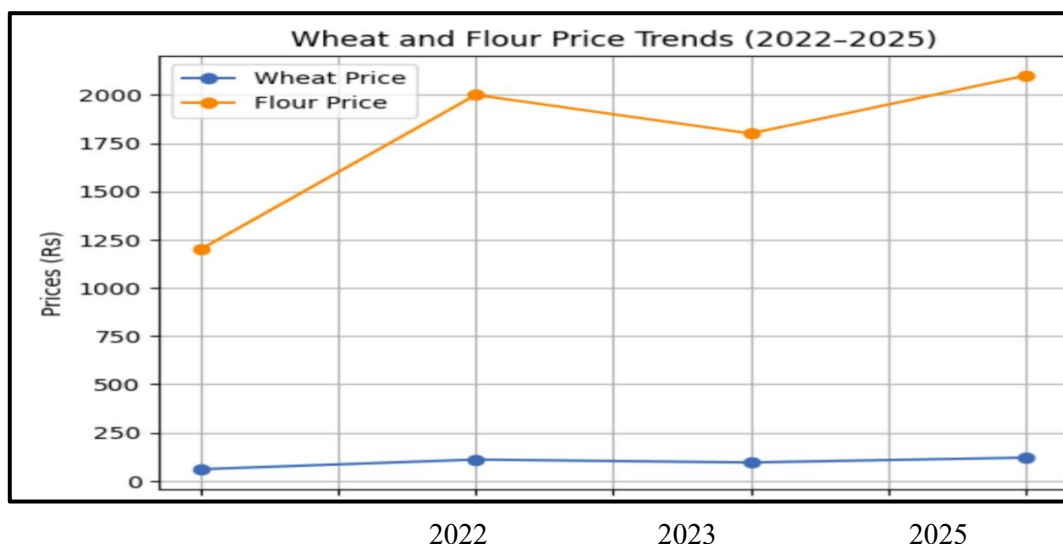
Wheat and Flour: The Major drivers of Urban Food Inflation:

In Pakistan, food inflation fluctuated from the year 2022 till 2025. In the year 2022-2023 food inflation rose sharply and touched unprecedented heights. In years 2024 and 2025, food inflation softened but some shocks in certain months caused spikes in essential item prices. In late 2025 and early 2026, there was a significant drop in food inflation.

Amid Pakistan’s unprecedented period of fluctuations of food inflation in 2022-2025, core items in the consumption basket wheat and flour faced a persistent increase in prices. In a similar vein, food inflation presentations (briefings, reports and short notes to decision makers) of the governments of Punjab and Sindh also showed this persistency in upward price movement. Wheat and flour prices saw huge spikes in 2022-2023. The rising prices of these basic goods created intense inflationary momentum while affecting macro inflation. Food inflation hit a record high of almost 48.6% (month-on-month) during May 2023. Wheat prices additionally see a sharp decline over mid-2024 to mid-2025 period. In parts of 2025, a price rise in wheat flour (which stands in for wheat overall price action) was over 36% (YoY). The food prices, overall rise by 27% in October 2025.

In local markets, the costs of wheat and flour have sharply increased. For instance, in 2025, flour is currently aimed to be costing Rs1,700–2,100 per bag of 20kg and wheat is going up steeply per kg. It is being reflected in retail industries.





Karachi is an urban center with a low and middle-income population that is heavily dependent on purchased food. The welfare impact of food inflation is stronger in Karachi than in the rural areas. Therefore, the price stability of wheat and flour is essential for urban resilience.

Poverty in Sindh

The increase in poverty level in Sindh was notable in recent years, reflecting macroeconomic stress and structural vulnerabilities. Estimates indicate in 2024–25, the overall poverty rate in Sindh has increased to almost 32.6% as compared to around 24.5% in 2018–19; here a worsening of living standards. With about 29% of Sindhi in Pakistan, it illustrates a relatively low socio economic position of Sindh in Pakistan. Rural poverty in Sindh is estimated at around 37% quite a bit higher than the levels found in urban areas, which are closer to national urban averages (estimated at about 17%).

Over the years, Sindh's poverty has become more uneven between regions. Recent shocks have made that unevenness worse. Some districts, especially flood-hit and coastal Badin among others, have more than 50% poverty as indicated by the intensity of deprivation in vulnerable areas. The province also features disproportionately among the poorest districts of Pakistan, which constitute about 36% of Pakistan's poorest districts.

Statement of the Problem

The province of Sindh is an important producer of national wheat, rice and livestock. In spite of strong production capacity food security outcomes are neither equitable nor stable. Food inflation in Pakistan stayed high in 2022–2023. According to the Pakistan Bureau of Statistics, prices of edible oil, wheat flour, pulses and other foods sharply increased in price. The province is home to a large proportion of households below the poverty line. And, rapid food price rise quickly reduces the purchasing power of the poor households (World Bank, 2023). Sindh provincial 2022 floods caused extensive crop losses which disrupted supply chains and resulted in food shortages (FAO & Government of Pakistan 2022; Government of Sindh and World Bank 2023). Thereafter, a sharp increase in prices of food items results in high levels of food insecurity in the area. As per the report (World Bank 2023), provincial

procurement and storage of wheat have stabilized prices for some months in the past. A similar measure shall be adopted in future which will be of storage of a certain amount of wheat and its sale of flour at subsidized rate to the public delivery to every household of the province. Market interventions driven by political motivations may occur. Such measures can be misguided and allow for leakages (FAO, 2018; World Bank, 2023). A household that is poor spends a huge percentage of their earnings on food. This suggests modesty to even.

Food price issue, especially in city of Sindh the poverty rate is high. Structural challenges exist that need ongoing work by researchers for systematic study on food security governance in Sindh, impact of food prices and working of price stabilization. Interventions have been hampered by constrained institutional capacity, fragmented coordination, paper-based policy choices and the influence of a certain political economy. For the design of game-changing mechanisms that can both shield vulnerable people and uphold market functionality, as well as encourage the development of environment-resilient agricultural production systems, there is a need for a clearer grasp of policy coherence, organizational performance and accountability mechanisms.

REVIEW OF THE LITERATURE

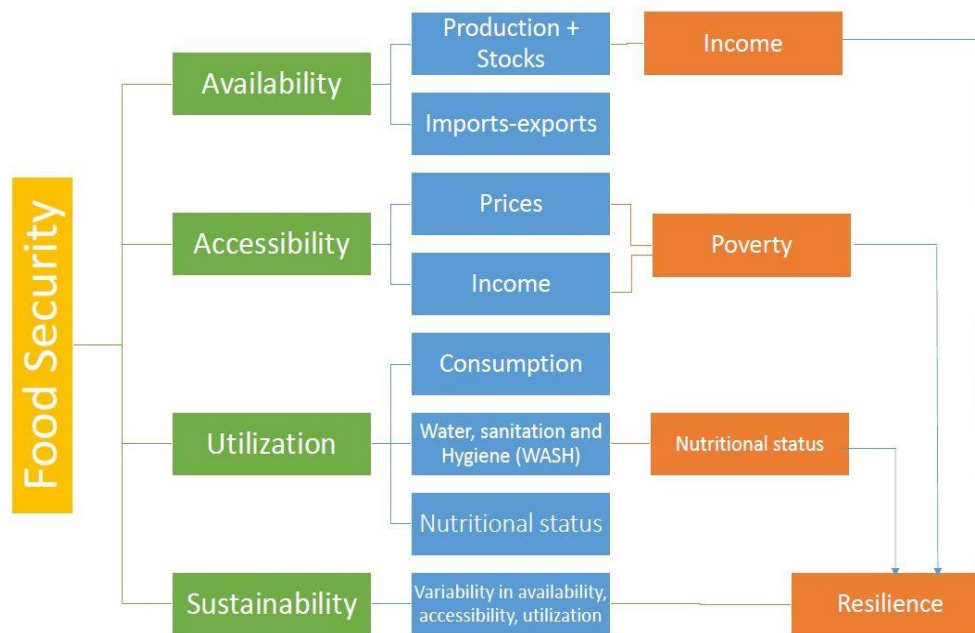
The research concerning food governance in Pakistan hints that institutional capacity and coordination play an important role in the wheat market. Inefficiencies in the procurement, storage and distribution systems have been associated with price volatility and occasional crises in the wheat and flour sectors. Instances of failing to meet procurement target have created space for private hoarding, along with reckless price rise during occasions of supply scarcity . (Sohail, 2023) Pakistan has a history of food crisis; for instance, the 2019–20 wheat flour shock. It illustrates how poorly functioning governance mechanisms could lead to rapid price increases, protests as well as declining access to food when regulation and market coordination fail. According to FAO (2020), governance of staple food has turned out to be a critical determinant of its stability beyond production and external supply factors.

In recent years, food security policies and government efforts in Pakistan have principally been oriented toward increasing the supply of food especially wheat which is the main staple food (refer Munir 2010). However, insufficient attention has been paid to many other equally relevant issues, like the weakening ability of poor and low-income households to access basic food items because of various economic and social constraints. Statistics show that the per person cereal availability improved from around 120 kg in 1961 to about 154 kg in 2010 (Ahmad et al. 2010). The government has also been striving to maintain an average daily intake of 2400 calories per person, which is much higher than 1754 calories available in the 1960s (Munir 2010).

Despite these improvements, the situation worsened over time due to several internal and external factors, including the global food price crisis of 2007–2008, severe floods in Pakistan in 2010, falling income levels, and rising food prices.

Estimates show that the number of people consuming less than the required amount of food rose from 38 million (38% of the population) in 2003 to about 90 million in 2012 (WFP 2012). This shows that simply increasing food production is not enough to ensure food security. This is why, in developed countries where food supply is sufficient due to advanced agriculture and strong subsidies, policies focus more on improving access to food at the household level policies.

Food Security and Resilience



According to Per Pinstrup-Andersen, assessing food security is essential for understanding both household and individual welfare. However, he argues that focusing only on food availability is not sufficient if food security is to serve as a meaningful indicator of well-being. True food security must also address access to food, as availability alone does not ensure that individuals can obtain adequate nutrition.

Moreover, he stresses that household-level food security does not imply that every individual within that household is food secure. This is due to the fact that various non-food-related reasons, such as bad sanitation, unsafe water and infectious disease affect nutrition. Furthermore, how food is allocated within the household is also a major determinant of food consumption. For example, in large low-income family's food may not be allocated according to need.

The USDA core module questionnaire can also be helpful for measuring food security. He deems it complete because it takes account of variability in household needs and behavioral responses. That will improve the understanding of food insecurity more than just measurement of food supply. Impact assessment of high food prices in Pakistan was carried out by an Interagency Mission of United Nations comprising FAO, UNDP, UNESCO, UNICEF, WFP and WHO, in July 2008. Main findings of the report were: During the years 2007-2008 a number of factors resulted

in the global inflation of food prices. This crisis of food prices hit developing countries like Pakistan the most (FAO 2010).

According to the planning commission task force, the analysis of the 2007-08 food crises underlines “the need for building adequate institutional capacity to monitor international developments in the food economy and to propose timely and adequate policy responses as a part of a comprehensive food security strategy”.

An important instrument used in Pakistan to estimate minimum national food requirements and their associated cost is the “National Food Basket” developed by the Planning Commission. As outlined in its 2011 annual report, this basket consists of essential food items designed to meet the minimum daily energy requirements of an individual in line with FAO/WHO standards. The Planning Commission updates the cost of this basket on a yearly basis and incorporates it into national planning frameworks, including the five-year plans. Nonetheless, since the estimates are largely based on already available data, they cannot effectively capture food insecurity at the household level. Hence, while the National Food Basket can serve as a useful macro-level benchmark, its use in informing of targeted and evidence-based policy intervention remains limited.

Other developing countries have provided international evidence suggesting that the staple food system could also face similar governance challenges. The use of the public grain stock and price stabilization programs to reduce volatility has been widespread, however, implementation challenges often “undermine” the effectiveness of such initiatives like high fiscal costs, rent-seeking and weak enforcement (Dorosh, 2012; Global Food Policy, 2025). As per Knowledge4Policy, one example of price stabilization in Asia and Africa shows that institutional governance requirement can use buffer stocks and market intervention policies to stabilize prices, while without this foundation, there is a risk that they may constitute an inefficient response to price volatility, resulting in miscalculation of stockpiling behavior and market distortions. Across the board these lessons highlight the necessity of governance and regulatory reforms to strengthen oversight, enhance transparency, balance fiscal sustainability with consumer protection.

According to wider literature, institutional quality, policy coherence and governance capacity have an influence on food price stability and access in developing country contexts. A worldwide account of food price stability evidences governance weaknesses, and especially shortfalls in coordinating procurement, regulating markets and monitoring stocks, may risk the effectiveness of policies and increase vulnerability to external shocks (Knowledge4Policy, 2025; Dorosh, 2012). In Pakistan, where wheat has a high share in dietary energy, one avenue for enhancing food security and improving market stability is to enhance food governance systems. Food price volatility has a stronger impact on low-income households.

The legal and institutional framework for food security in Pakistan depends on a multilayered food security regime, particularly wheat to ensure stability of adequate availability and access to the essential commodities. The key to effective food security is the governance framework of national food security policy. The

Ministry of National Food Security and Research (MNFSR), at the federal level, is responsible for ensuring sufficiency of food grains by planning for procurement, inter-provincial coordination and monitoring buffer stocks. The Trading Corporation of Pakistan (TCP) is responsible for the export and import of essential items. TCP's import work is corrective in nature, done during domestic shortfall or price rise.

Following the 18th Constitutional Amendment, Provinces received more responsibility for food governance. The province of Sindh manages the purchase and storage of wheat, as well as monitoring its price through the Food Department. The Bureau of Supply and Prices has the power to enforce the Price Control and Prevention of Profiteering and Hoarding Act of 1977 by the Federal Government. Price stabilization has been located on the backdrop of a grand vision of enhancing productivity, climate resilience and market efficiency under the Sindh Agriculture Policy 2018-2030.

Although the structures are quite complicated, non-living things cannot operate. According to the Special Study of the Auditor General of Pakistan on the Crisis of Wheat Procurement and Import 2023-24, a critical supply gap emerged from weaknesses in forecasting, stock estimation and inter-agency coordination resulting in financial loss. To stabilize the economy, crucial purchasing decisions have been delayed and co-ordination between governments has at times been inconsistent.

We can measure the impact of price stabilization using the Consumer Price Index (CPI), Sensitive Price Indicator (SPI) and Wholesale Price Index (WPI) of Pakistan Bureau of Statistics (PBS). Low-income households are vulnerable to market forces, as seen weekly by drastic changes to the SPI reports on food items. According to the 2021-22 Household Integrated Economic Survey (HIES), food accounts for a large part of household expenditure of poorer quintiles.

The World Bank has Identified Structural Drivers of Food Price Volatility in Pakistan (2020) After the (supply chain) shocks, there is a shock in the exchange rate climate. In a policy note on food inflation, the organization recommends focused safety nets, better data systems and improved market transparency. In addition, the National Food Security Profile (2018) by FAO places Pakistan in the context of demographic pressures and water and nutrition. The FAO and the Government of Pakistan conducted a 2022 Flood Impact Assessment, examining how a climatic shock reduced agricultural production, causing further destabilization of prices and highlighting the need for adaptive governance mechanisms.

The scholarly literature defines food security as having four dimensions: availability, access, utilization and stability. Availability in Pakistan is often less the issue than access and stability. Although India has a surplus of wheat or has the capability to produce an excess of wheat, the country is still facing price spikes. There is clear evidence of the country suffering from the problem of price spikes from the market and hoarding inefficiencies. Sickness illness and disorganized management due to weak enforcement of regulation. The overwhelming evidence

suggests that there is a clear institutional fragmentation, which results in the tools of price stabilization being implemented inefficiently. Also, there is substantial evidence which favors evidence-based, anticipatory policy making.

Theoretical Framework and Regional Empirical Evidence of Food Security

Governance:

Both the food inflation document and the wheat/flour crisis document in Pakistan, which analyze food governance and the political economy of food systems in the country respectively, show that food markets aren't pure competition nor does it arise. State processes, power and institutions are process accordingly. The theory of food governance is chiefly concerned with the engagement of state actors, regulatory frameworks and markets in the determination of availability, access and price stability of essential commodities like wheat. Weak coordination among procurement agencies, provincial government and market regulators causes inefficiencies in supply chains. The lack of regulatory frameworks enables private actors to manipulate the price of commodities, especially in urban consumption centers like Karachi.

The market has become a battleground, with flour mill owners, middlemen (arthis) and hoarders at war. Apart from government interventions for lower prices, which is a political economy phenomenon. One finds himself dealing with an oligopoly in the flour processing and distribution sector as only a handful of firms operate. "Intermediaries (also known as arthis) in between farmers and mills are intermediary agents who control access to market and transmission of price thereby distorting competitiveness". On the other hand, hoarding takes place as happening the expectations of higher future prices. This continues to hold back supply and creates an artificial tightening of the market. When enforcement is lax, hoarding or cartelization maximizes profits. If enforcement and penalties are weak, the gains from speculative storage are likely larger than the penalties if caught. In this situation, there is a textbook example of a market failure where price no longer reflects supply and demand anymore.

This raises a bigger issue of the efficiency and state of the market. Liberalized markets should ensure that goods and services are allocated efficiently. However, due to the presence of information asymmetries, market concentration, and speculation, the state intervention in staple food markets is justified. As a result, the market or state does not assure stability of the wheat economy of Pakistan. The price fluctuations often hinder the good fortunes of consumers, specifically the poor ones.

A comparative analysis of other developing countries showcases different institutional mechanisms for managing food price volatility. In India, the government has a broad MSP system and major buffer stock procurement. Under the scheme, a minimum price is fixed and assured to the farmers by the state. Moreover, the Food Corporation of India buys wheat through its agencies. Moreover, one can release these buffer stocks in case of any shortage. This ensures the protection of producer incomes while also lowering consumer prices, which reduces the chance of

speculative hoarding. Despite being a good thing, it comes at a huge cost. It has also been criticized for inefficient and regional imbalance.

Bangladesh does not do so large-market intervention unlike it uses select subsidies and safety nets. Bangladesh can swiftly address shortages through flexible imports and building up stockpiles. This option is reasonable because it limits the extent of government intervention and allows the market to drive performance at a low cost, while ensuring food security.

In the meantime, Egypt is an example of a highly interventionist state with regard to bread. The government provides very cheap bread to the people. A fairly large share of the population is benefitting from it. A system of social control is necessary for social stability. The Egyptian sustenance has bread as an essential item. Nonetheless, it is an expensive plan. Historically, it has been linked to inefficiencies and widespread leaks.

In contrast, Pakistan's apparent approach is more reactive in nature. This suggests that compared to India's the procurement system of Pakistan is not very institutionalized, and as efficient and targeted as Bangladesh's subsidies and not as large scale as Egypt's welfare system. Urban food insecurity is becoming worse because of lack of a coherent food governance framework, intermediaries and weak regulatory enforcement which leads to continuing crises of wheat and flour prices.

Research Questions:

This study will address the following research questions:

1. How do governance and political economy dynamics within Sindh's food security system contribute to practices such as hoarding, cartelization, and speculative pricing in Karachi's wheat and food markets?
2. What institutional or governance reforms could enable more effective and fiscally sustainable food price stabilization mechanisms?

These research questions will highlight the major flaws in the present food system governance that are contributing to market distortions, price instability and ultimately food security. By analyzing the role of different reform options that have a major impact on food price stability and over all food security, particularly with respect to wheat and flour, this study will contribute to the policy framework critically needed to address the challenges, mentioned above, to the food security governance.

Research Objectives

General Objective

To assess the role of food security governance in Sindh Province in enhancing effective, equitable and sustainable food price stabilization mechanisms.

Specific Objectives

- ❖ The study focuses on assessing food security governance systems and institutional structures which exist at both federal and provincial levels and how coordination systems impact food price control operations in Sindh.
- ❖ The study investigates how price fluctuations in food products affecting the economic conditions of Sindh and vulnerable groups/low-income households.

- ❖ The study creates policy recommendations which use evidence to improve food security governance and price stabilization systems in Sindh.

Hypothesis

The different roles of Karachi's wheat supply chain are all poorly executed due to weak institutional coordination, regulatory loopholes, and the political economy of the food security governance system in Sindh. Consequently, hoarding, formation of cartels and speculative pricing takes place in Karachi's wheat markets and the instability of food grains pricing further increases.

Scope of the Study

This research examines the governance framework of staple food commodities wheat in Pakistan. The study investigates institutional arrangements at the federal and provincial levels, price support policies, procurement mechanisms, strategic reserves and subsidy regime. The developments of last decade, especially in relation to inflationary episodes and climate disruption are covered mainly.

While recognizing other dimensions of food security like nutrition and dietary diversity, the study focuses on price stability and governance efficiency. Does not conduct primary field survey, but works with secondary data and the analysis of policies.

Significance of the Study

The study will provide empirical evidence showing the price stabilization measures like procurement, buffer stock and food subsidy programs, reduce price variations as well as increase the access of the poor to food in Sindh. The research will identify governance deficiencies and organizational breakdowns along with institutional limitations through its critical study of government structures and policy development processes.

The research will help generate evidence-based recommendations to provincial and federal governments along with development agencies and stakeholders to enhance food security governance and ensure better implementation of price stabilization mechanism.

Limitation of the Study

The study uses secondary data sources. Do not capture informal market activities, hoarding practices or cross-border trade flows, official statistics. In addition, decisions can change over time due to the dynamic nature of food prices. Even though there are limitations, using various sources to support data provides more robust analysis.

RESEARCH METHODOLOGY

The research will assess food security governance and price stabilization structures in Sindh Province through a mixed-methods research design. The approach consists of institutional and policy framework qualitative analysis with quantitative research assessing food price developments and their effects on households. The design of the study permits the researchers to investigate the

governance systems underwent and their impact on the stability of food prices as well as food security.

Data Sources

The study will mainly use secondary data and follow qualitative content analysis. Main information gathering sources.

- The research used primary data from Pakistan Bureau of Statistics, Sindh Bureau of Statistics and FAO Global Information and Early Warning System (GIEWS) to study the main staple commodities in Sindh wheat, rice, flour and edible oil.
- The policy documents and government reports on Sindh agriculture and food, wheat procurement and subsidy program documents and food department records are primary sources.

Data Analysis

A range of analysis techniques will help fulfil the research objectives.

- The trend and price volatility/shocks analysis will be carried out through statistical tools such as Price indices to assess time-wise patterns.
- The analysis will review the governance institutional and coordination frameworks for food price stabilization operations in Sindh.
- The study will use econometric methods to study the impact of the price stabilization system like wheat procurement and subsidy on food and household commodity prices using available data.
- Comparative analysis will examine how the price pattern and government performance deviate from one another immediately before and after major policy measures and climatic disasters.

By integrating both methods, we will achieve a comprehensive understanding of the influences of food security governance in Sindh on price stabilization outcomes and household food security.

Research Purpose/Expected Outcomes

Complete results about Sindh Province will generate by the research outcomes. The study will show the influence of provincial institutions, inter-departmental policy coordination and market regulation on stabilization of food prices. The study will provide evidence-based policymaking recommendations along with pragmatic solutions for institutional improvements and ensure policy coherence between agriculture, food, and social protection. The report will identify means of protecting vulnerable groups in society as well as developing targeted strategies to protect smallholder farmers. The study will also examine how climate change affects shocks and market disturbances in order to enhance long-term food security and socio-economic stability while mitigating price shock risks.

SECTION-I

1. INSTITUTIONAL ARCHITECTURE OF FOOD SECURITY GOVERNANCE IN PAKISTAN

In Pakistan, food security governance has become a complex affair, with federal and provincial authorities managing this already complicated issue. After the devolution of agriculture and food policy to the provinces in 2010, following the milestone 18th Constitutional Amendment, the governance landscape was altered. Wheat procurement, storage and distribution is now the central responsibility of the provinces while the federal government continues to have responsibility for policy direction, inter-provincial coordination and international trade. Although designed to enhance efficiency and responsiveness, this division has nevertheless resulted in fragmentation, as provinces frequently pursue independent procurement and pricing strategies that undermine overall market coordination while moderating prices, increasing volatility.

At the federal level, key players like the Pakistan Agricultural Storage and Services Corporation and the Trading Corporation of Pakistan cannot perform their functions successfully. PASSCO was aimed to maintain strategic reserve and support the national food security objectives. However, its influence has waned as the provincial governments enhanced their own procurement activities. In the same vein, during times of shortage, the Trading Corporation of Pakistan intervenes in international markets by arranging imports. In addition, the delayed decision-making process sometimes diminishes these interventions. Food departments are the key actors at the provincial level. They directly procure grains from farmers, stock hold and stabilize local prices. Yet, the targets set by the provinces for procurement and their policy on release disturb the supply flows and impede efficacy of the national market.

Legal Framework

The strategy for food security governs Pakistan's food system. The Essential Commodities Act is federal and provincial law governing Pakistan's food. 2018 National Food Security Policy has probable food rights. Even though the legal provisions are broadly sufficient, they are undermined by lack of enforcement and administrative capacity constraints. On paper, there are regulations against hoarding. In practice, these regulations are rarely put to use in a timely manner on the ground. Therefore, speculation in wheat and flour continues.

Institutional Coordination Mechanisms

Coordination between the actors at the federal and provincial levels is expected to occur through formal committees, data sharing commitments and joint policy discussions. In other words, these systems should lead to quick purchases, stocking, and importing. Usually, the coordination is informal and reactive in nature. Not having a database which is centralized and informative in real-time further complicates decision-making as it limits the policymakers' capacity to take timely actions to avoid any imminent supply-demand mismatch which occurs immediately following survey of agricultural sector.

Governance Gaps

The overall governance framework has significant weaknesses that impede progress towards achieving food security. The biggest problem is weak coordination between the federal and provincial institutions, having overlapping roles and ambiguity in accountability. The unpredictability of the policy continues to be a matter of concern; frequent and sometimes abrupt changes in procurement, pricing and trade policies induce uncertainty. When policies are not implemented in time, they end up causing price shocks. For instance, when buffer stock releases are delayed, or imports are delayed.

In sum, Pakistan's architecture for food security suggests the existence of structures but weak implementation capacity. For examples, better coordination among the structures, clearer role delineation and stronger enforcement is essential to achieve food stability and equity.

Table 1: Poverty Trends in Pakistan and Sindh

Year	Pakistan Poverty Rate (%)	Sindh Poverty Rate (%)
2018–19	21.9	24.5
2020–21	24.3	28.0
2022–23	28.5	31.5
2024–25*	~29.0	~32.6

Source: PBS

Table 2: Rural vs Urban Poverty (Sindh)

Category	Poverty Rate (%)
Rural Sindh	~37
Urban Sindh	~17–20
National Urban Avg	~17.4

Table 3: Food Inflation in Pakistan (CPI Food Index)

Year	Food Inflation (%)
2021	9.3
2022	23.1
2023	48.6
2024	18.0
2025	~6–8

(Source: Pakistan Bureau of Statistics)

Table 4: Wheat & Flour Prices (Indicative National Averages)

Year	Wheat Price (Rs/kg)	Flour Price (Rs/20kg bag)
2021	50–55	1,100–1,200
2022	60–65	1,300–1,500
2023	100–120	1,800–2,200
2024	90–110	1,600–1,900
2025	110–130	1,900–2,200

Source: PBS, Provincial Food Depts.

Sindh Food System Architecture

The Sindh Food Department maintains the Food System in Sindh by procuring, stocking and supplying food to the province such as wheat in this regard. At the time of harvesting, when renewable supply is out of the question, it is the department which is the main stabilizing force in supply as it purchases wheat from the farmers and keeps it in public stocks for release at later stage. However, it cannot perform its function effectively because it is impeded by the structure. The storage system confirms greater challenges in developing countries that rely on traditional go downs which are inefficient and induce post-harvest losses. Moreover, lacking the real-time systems, the department is unable to accurately measure levels, forecast shortages or respond to the market.

The Bureau of Supply and Prices is regulated under the Sindh Essential Articles (Control) Act, 1977, will monitor the prices of essential articles and check hoarding and Take action through the Sindh government. The capability to execute the order is limited. The methods of collecting data are often pieced together and old-fashioned. They rely on reporting manually instead of reporting in digital systems. Because of this, the monitoring of prices in not timely. As a result, responses to policies are often reactive and not preventive.

The administrative authorities to be more specific the one in Karachi is frontline at implementation stage for price control. Deputy commissioners and assistant commissioners are price magistrates. These officers check markets, execute official price lists and take action against profiteering and hoarding. Despite this formal power their effectiveness is often limited by practical problems. Due to shortage of resources and staff, the enforcement of laws is ineffective. The proper functioning of food safety and price control mechanism has not been able to take shape in the district owing to political interference, patronages and frequent transfers of officers and induction of non-technical staff among others.

SECTION-II

EMPIRICAL ANALYSIS OF FOOD PRICE DYNAMICS AND GOVERNANCE FAILURES IN KARACHI

Through the utilization of multiple official datasets, this study undertakes an empirical analysis of food price movements in Karachi, particularly focusing on wheat and wheat flour which have staple commodities. The Pakistan Bureau of Statistics (PBS) was used as the main source of data for this project. Particularly its Sensitive Price Index (SPI) and Consumer Price Index (CPI). The report also uses price bulletins from the Sindh Bureau of Statistics. Survey data encompasses all parts of the country and various types of households and the data also draws on HIES is used to evaluate welfare impacts across income groups. The events that will unfold between 2018 and the start of 2025 have been selected as our period of analysis. This will enable us to capture the stability we had before the pandemic, the shocks we experienced during the pandemic, the climate shocks from the 2022 floods, and the recent price bump seen in 2025.

The study methodologically uses descriptive trend analysis and volatility measurement. The use of monthly SPI data for wheat flour in Karachi is utilized to devise time series trends which shows slow increase and sudden jump in prices. We use a standard deviation and coefficient of variation to assess volatility referring to a phase of abnormal instability. In addition, policy mapping involves plotting the major government interventions like MSP revisions, procurement target and import/export decisions over the price trend graphs. Using a mixed method approach, price patterns can be identified as well as the causality between governance decisions and price outcomes can be clearer.

Trends in Wheat and Flour Prices in Karachi

Between 2018 and 2024, there has been quite a significant increase in the price of wheat flour in Karachi according to SPI data. From 2018 to early 2020, the prices were slightly stable because of adequate production and inflation is also less. The COVID-19 pandemic which began in 2020 caused the first big disruption as supply chain constraints and panic purchasing led to a rise in wheat flour prices that was noticeable. During this time frame, there was policy uncertainty, such as deferred procurement decisions and mixed signals on wheat stocks.

A second, larger period of volatility emerges in 2022, following the massive floods in Sindh and elsewhere that utterly devastated agricultural yields. The SPI graph during this period has a steep slope which could mean a genuine shortage of supply in the market and anticipated price increase. The overlaying of policy decisions indicates that import delays and insufficient buffer stock releases aggravated the problem. Amidst early indications of production shortfall, adjustment of procurement targets was not made in time, and import contracts got signed after price rise had happened.

The most significant trend is noted leading to the and during the 2025 price spike. According to SPI Data wheat flour has gone up to its highest ever peak even more than the official records. There is a disjunction between reported stock availability and market behavior when mapped against policy actions during this period. Contrary to government announcements revealing high procurement levels and adequate reserves, prices are continually increasing. The divergence indicates there are likely some government market distortions. Namely, weak enforcement of anti-hoarding regulations and lack of transparency in stock reporting mechanisms.

The 2025 Price Spike – A Case Study in Governance Failure

In Karachi Pakistan, the 2025 wheat flour price rise crisis is a telling case of systemic governance failure in the country's food security. According to the timeline, the increase in prices was quite steady beginning in late 2024 but the pace suddenly ramped up in early 2025. Throughout this period, pronouncements from government officials remained consistent that wheat stocks were sufficient to meet domestic demand. Federal agencies and provincial agencies' procurement figures indicate that the buffer stock targets had been achieved, and no supply crisis is imminent. Market prices showed otherwise with retail wheat flour prices rising fast placing a huge burden on the urban consumers.

This paradox can be called the “paradox of plenty”. There may be “plenty” at the aggregate level but there is plenty of evidence that it continues to be scarce and priced high in local markets like Karachi. The most likely reason behind it is the failure of governance structures to ensure efficient resource allocation while curbing market manipulation. Private hoarding along with speculative trading enhanced prices of essentials, as suggested by evidence based on returns. Due to the absence of real-time stock verification systems and weak coordination between federal and provincial authorities, the difference between actual stock and reported stock went unnoticed.

This crisis will have origins beyond exogenous variables - climate variability or global price trends, for example. The price spike’s severity and persistence were, to a considerable extent, endogenous, arising from governance failures. But surely these factors added underlying pressure. The enforcement actions on hoarders were delayed. Additionally, there is a lack of transparency in their procurements and releases. Furthermore, monitoring of markets is inadequate. The unfolding events stress that institutions must be more transparent, accountable and act more quickly in our systems in food security.

The Welfare Impact

The increase in the prices of wheat flour is having a significant and highly regressive impact on the welfare of households in Sindh, especially in Karachi. According to the assessment of HIES data, food expenditure of low-income families has a considerable share. For households in the lowest income quintile, nearly 50-60% of their total expenditures went on food, with wheat and wheat flour being a major item.

When prices go up, as in the years 2020, 2022 and 2025, the coping strategies that low-income households undertake can have a negative long-term impact. Cities like Karachi where the majority of households live in a big city and buy their requirements from the market instead of making themselves is where the erosion in purchasing power is the sharpest. As a result, food inflation will lead to more food insecurity and vulnerability.

The surge in prices witnessed in 2025 most likely resulted in a quantitative impact on the food expenditure shares of lower quintiles that could have even surpassed 65 percent for certain households. The outcome is increased poverty and worse development results including on nutrition and human capital. The rising costs of food are impacting the vulnerable group which also requires more attentiveness to food quality and quantity and is also affecting the rural sector. Although targeted subsidies or cash transfers can help, they are often too low scale or poorly targeted to fully mitigate the impact of rapid price changes. Food price instability in Karachi is a governance issue rather than an economic one, and our welfare analysis corroborates our assertion, which has important social implications.

SECTION-III

POLICY SIGNIFICANCE

Policymakers find this study important as the governance quality and food price link is essential, particularly in Karachi's wheat and flour market in Sindh. The results will help policymakers understand that food price volatility is not simply a supply and demand issue but a governance issue as well, whereby inefficiencies in procurement, storage, distribution and monitoring of markets materially impact the affordability and accessibility of staples. Additionally, the study spatializes Karachi's urban food system within the provincial architecture and the national governance context so that local policy interventions may be harmonized with national food security interventions for more stable and equitable outcomes.

Policy Implications

The findings of the study should help policymakers in Sindh, as well as other provincial and federal policymakers. Making the communication stronger between different government authorities (Center and provinces) and making the procurement, stock management and the regulation of the market (ensuring the availability of essential commodity) more transparent can reduce the opportunity of hoarding and speculative price. Making sure the wheat and flour price is stable is important for the general public. This study provides useful guide for policymakers on how to improve urban food security, make markets resilient and enable equitable access to essential staples in Pakistan by focusing on governance reforms that can resolve structural and operational bottlenecks.

Expected Results

The study expects to find clear evidence of the roles of governance failures and political economy dynamics in Sindh in causing the price volatility in the wheat and flour markets of Karachi. Recent market data illustrate the scale of the issue: wholesale wheat prices in Karachi jumped from around Rs62/kg in July to Rs90/kg in mid-2025, while flour prices rose to above Rs100/kg, stressing consumers although authorities maintain sufficiency of stocks (SPI data and market reports). According to reports, in Sindh, the price of a 10-kg flour bag is hovering between PKR 950-1,000. This is despite the fact that official stocks are more than 900,000 tons. Therefore, it seems that stockpiling and hoarding have distorted the market price drastically. Consequently, the research would validate that institutional gaps in procurement, disclosures, stock verification, and market oversight, rather than supply shortcoming, facilitate hoarding and distort pricing.

The study is expected to identify governance reforms, on the policy side, that can improve the price stabilization without putting too much stress on the fiscal side. The expected recommendations are restoration or re-design of minimum support price (MSP) mechanism to ensure floor prices for farmers; better transparency and frequency of stock audits to avoid loss and leakage; strict enforcement against hoarding; and better inter- governmental coordination in procurement and release of stocks.

Sindh's own policy debates point towards the argument that neglect of state procurement and market intervention has aggravated price volatility and demotivated farmers, as the sector mirrored negative growth of -0.56% when MSP was abandoned compared to 6.25% growth when MSP was implemented. The results will show policymakers that governance reforms and not merely ad-hoc subsidies or imports alone are important for sustainable price stability and better food security outcomes in Sindh.

CONCLUSION

The food security governance and price stabilization in Pakistan would evolve from being a reactive and wheat centric approach to a proactive, technology driven, and nutrition centric approach by 2026. In the past, food security in Pakistan has been synonymous with wheat availability. However, the present framework suggests otherwise; caloric consumption does not imply nutrition which is also evident from the over 40% stunting among children under five on account of lack of dietary diversity. Governance model means building a case for a "One Health" approach which promotes crop diversification and bio-fortification to meet micronutrient deficiencies.

Additionally, price stabilization mechanisms are moving away from rigid MSPs to Indicative Prices which will reduce the burden of procurement on the exchequer, use technology for real-time tracking of the supply chain to reduce artificial hoarding and price rise among others. This is a shift away from government procurement to a private sector-driven stabilization.

The strengthening of climate resilience must be the critical pillar of governance. Infrastructure must be modernized to prevent significant post-harvest losses due to the impacts of climate. Maintenance of buffer stocks will ensure that government interventions do not lead to any distortion of market incentives. Success in food security will require effective federal provincial cooperation on the implementation of the "National Wheat Policy 2025–2030." The objective of the policy is to ensure price signals move from erratic and low to market-based and transparent that ensure farmer margin yet keep consumer prices affordable. The bottom line is that the government's role has changed: to be an agile regulator using data and reserves to stabilize markets rather than be an inefficient market player.

RECOMMENDATIONS

Institutional Coordination

- Establish a provincial food security command and control system which will be a real time dashboard for procurement, stocks, prices access by Sindh Food Department along with Bureau of Supply and Prices district administrations. The Sindh IT Department will implement it with the Food Department and Bureau of Supply and Prices within 6-12 months.
- Federal-Provincial Coordination Mechanism – A standing committee will be created under the CCI. The standing committee must address conflicts over procurement, imports and price policy before they escalate into a crisis.

Coordination would be institutionalized and decisions would be made in a non-reactive, ad-hoc manner. The implementation of the initiative is medium-term (1 to 2 years) and requires joint action by the CCI, Ministry of National Food Security and Research (MNFSR) and Government of Sindh.

Regulatory Enforcement

- Strengthen Bureau of Supply and Prices – Increase budget, technical capability and investigate authority. The Bureau must have the authority to conduct surprise stock audits at major flour mills and wholesalers in Karachi. Furthermore, the Bureau should be able to take legal action against any hoarding incidents. The Sindh government and Finance Department may initiate the Reforms measuring within 6-12 months. Amendments in Price Control and Hoarding Act, 1977 – The Act should be amended to allow digital evidence (e.g., CCTV footage, warehouse documents, etc.) and a precise definition of hoarding (e.g., stock limits basis production capacity etc.). In addition, penalties should be increased significantly to ensure deterrence.
- The existing law is old and not strictly enforced. If changed, it will make the regulators' hand legally clear and strong. The implementation of this plan will happen in one to two years' time frame. The provincial law department of the Sindh and the Sindh Provincial Assembly will have to act.

Market Functionality

- Revamp Cold Chain and Storage Infrastructure – Replacing rundown warehouses with silos can reduce post-harvest losses and ensure better management of stocks in big cities such as Karachi. Although this is seen as a long-term investment (approximately 3–5 years), it is best pursued as public-private partnerships; still, it is the first step to reducing physical losses that are currently aggravating shortages. The Sindh Food Department and PPP Unit lead this action plan as a medium impact action to stabilise prices by reducing waste and making stocks more reliable.
- Re-assess the role of MSP – Shift from rigid, un-targeted MSP to a flexible system like a “price deficiency payment” scheme that directly compensates farmers if their market price falls below a specified level. This will lessen distortions in the market and also lower the ongoing government expenditure on procurement whilst also protecting the income of farmers. The implementation will take a long-term horizon (3–5 years) with MNFSR, Sindh government, and Finance Divisions cooperation.

Social Protection

Target Subsidies – Move away from universal flour subsidies that benefit all and are prone to leakage.

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