

# Sustainable wheat crop: strategies

*Dr Sobia Rose*

**The recent wheat crisis in Pakistan can be attributed to two primary factors. Firstly, the Punjab government abruptly withdrew from the market, leaving room for the private sector to exploit the situation. Secondly, import permissions were extended until March and April, coinciding with the domestic wheat harvest period.**

Regarding the Punjab government's exit from the wheat market, the decision was sound in principle but flawed in execution for several reasons. Free market economists have long advocated for a gradual phase-out of wheat procurement over a period of 3 to 5 years, suggesting that procurement efforts be focused exclusively on small-scale growers.

This phase-out was recommended due to widespread inefficiencies within the wheat administration, covering procurement, storage, and resale to millers. According to estimates from the Pakistan Institute of Development Economics (PIDE), the total procedural burden last year amounted to approximately 199.75 billion PKR, not including warehouse rental costs.

Moreover, the procurement policy neither significantly increased productivity nor stabilized prices for producers and consumers. Additionally, this policy had led to a substantial debt burden, with the Punjab government alone accumulating 680 billion PKR in debt.

However, the Punjab government's withdrawal from the procurement process has plunged farmers into a severe crisis. Achieving a sustainable wheat market necessitated a thorough analysis of the implications of this exit and the development of key strategies to mitigate its consequences.

The immediate effect of this decision is likely to be a reduction in wheat cultivation in the coming season, leading to decreased production and, consequently, a greater reliance on imports. This issue is exacerbated by the relatively low productivity of wheat, which was only 31.5 maunds per acre last year. Despite being the world's 8th largest wheat producer, Pakistan ranks 56th in terms of per-acre yield. Therefore, improving productivity must become a top priority.

The government should reinvest the costs saved from procurement into enhancing wheat productivity. This could include initiatives such as ensuring the availability of high-quality seeds, as currently, only 48 percent of certified seed is available for the wheat crop.

The government should focus on reducing production costs for farmers. Keeping input prices affordable will encourage wheat cultivation, and ensuring the timely availability of inputs can boost productivity. Providing cash transfers to small farmers could be beneficial, but typically, these funds

are spent on consumption rather than on crops, resulting in minimal impact. Therefore, it is crucial for the government to ensure that the input market functions properly. A robust surveillance system is essential to achieve this goal.

KPK's interest in purchasing wheat from Punjab could have fostered healthy competition and market stability. However, Punjab's decision to seal its borders with Sindh and KPK has raised questions about the rationale behind such a move.

Further, interprovincial trade in wheat suffers from mismanagement and a lack of data-sharing between provinces. To protect farmers from unnecessary losses and ensure stability in the wheat market, provinces must cooperate and share information. By working together, provinces can effectively manage wheat stocks, prevent price fluctuations, and ultimately benefit both farmers and consumers.

Due to the ever-decreasing average farm and cultivated area, it is challenging to reap the benefits of precision agriculture. The government should encourage and facilitate contract farming or large-scale to boost wheat productivity. Leading wheat exporters like Russia and Ukraine have also transformed their wheat production based on market-oriented principles.

The use of machinery requires serious attention as well. Second-hand imported combine harvesters are inefficient and result in significant losses during harvesting.

Climate change is creating problems for Pakistan, as it is for many other countries. However, it also presents opportunities. Changing rainfall patterns have increased the potential area for wheat cultivation due to higher rainfall in some arid regions of Baluchistan and Sindh. With relatively modest investments in water storage, such as small dams, and water diffusion technologies, these areas can achieve adequate wheat harvests using residual post-monsoon moisture.

Some analysts suggest that instead of focusing on wheat cultivation, we should identify alternative crops that can earn foreign exchange. However, this suggestion is inappropriate. Wheat is the second-largest food crop worldwide and the most traded grain globally. Therefore, the right approach would be to implement measures that not only meet our domestic needs but also enhance wheat productivity. Increased productivity can eventually help us earn foreign exchange, similar to countries like Russia and Ukraine.

Regarding import decisions, there is a critical need to establish a consistent and reliable criterion to determine annual wheat requirements. Currently, our import decisions are based on outdated parameters, leading to significant disparities.

Our total wheat supply was approximately 30.3 MMT last year. This included total production of 28.1 MMT and stocks of about 2.2 MMT. According to HIES, we had a surplus of 5.7 MMT, while other estimates indicated a deficit ranging from 2 to 4.2 MMT, leading to inconsistent and potentially

misleading decisions. A coherent system of estimation should be adopted to forecast the demand.

If these discrepancies are not addressed, there will be no sustainability in wheat production in the future, and the country should become ready to face another wheat crisis.

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[Dr Sobia Rose](#)

The writer is a Research Fellow at the Pakistan Institute of Development Economics (PIDE), Islamabad. She posts on X: @sobia\_rose