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IN A NUTSHELL

Quarterly Overview on Political Economy of Agriculture

Abysmal Conditions of Peasants and Agriculture

The economic situation of agriculture along with that of peasants, the backbone of Pakistan's economy, are faring a disastrous situation. Climate crisis, a result of toxic production systems practiced and exported by imperialist countries has had debilitating impact on Pakistani agriculture. Low yield, failing crops, and extreme weather patterns have devasted the agriculture sector.

Food and Agriculture Organization (FAO) report "Impact of Disasters on Agriculture and Food Security" has detailed the economic impact of climate crisis on agriculture over the last 30 years amounting to $3.26 trillion or 4 percent of global agricultural GDP. According to the report, "the 2022 monsoon season brought record-breaking rainfall over Pakistan that triggered 8.2 million movements, making it the world's largest disaster displacement event in the last ten years."

However, in face of repeated climate disasters as well as the impact of the pandemic, and intensely anti-farmer, anti-people policies adopted in face of International Monetary Fund (IMF) conditionalities, the Finance Minister of Pakistan has held farmers responsible for the dire state of agriculture. According to him, farmers employ inefficient practices, using outdated techniques, poor quality seeds and inadequate fertilizer application. These remarks coming from Pakistan's top bureaucracy, who has also served the capitalist national and international financial sector show the callousness of the state. Further, at the Punjab Assembly, while discussion and questions were to be raised on agriculture, the agriculture minister and the parliamentary secretary were absent. It further points to the lack of accountability of government representatives. Similar concerns were raised by Sindh Chamber of Agriculture Larkana division, where it was pointed out the low market prices for agriculture produce which left farmers in debt and poverty; tomatoes were purchased from farmers at PKR5/ kg and sold to consumers at PKR50/kg a pattern that was seen across numerous vegetables. However, the government paid no heed to injustices suffered by farmers.

Instead of blaming disastrous agro-chemical industrial agriculture practices and climate imperialism, farmers who are burdened with immense debt, climate disasters and financial and economic failure of government policies are being held responsible.

The Zarai Taraqiati Bank Limited (ZTBL) credit provision to farmers has come down by 54 percent in two years to just PKR 39.66 billion. The corresponding figures in 2023, and 2024 were PKR 85.56 billion and PKR 61.36 billion, respectively. This reduction in credit informs on the decrease in credit provisions but does not provide an analysis on why the credit has decreased so drastically. However, one can surmise that the reduction is due to economic shocks borne by the farming community and their inability to pay back previous loans.

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Wheat Policy—a merry go round!

From removing support price to providing 'Wheat Growers Support Package' in Sindh, and in Punjab purchasing wheat from farmers at PKR3,500/40kg exposes our federal and provincial governments inability to provide a consistent wheat policy which would protect not only our farmers with a decent stable livelihood but also provide food security to the nation.

The federal government has announced an 'Interim Wheat Policy 2025–26: Transitioning to a Market-Based System,' which in itself is a clear indication of the impact of IMF demands on removing subsidies for farmers. No doubt these policies support the private sector rather than farmers, the backbone of our economy.

According to the Food Department, Sindh, in the last harvest season (2024–25), with no government wheat procurement, this year its open market prices have surged to PKR6,150 to PKR9,000/100 kgs. The government is entirely dependent on the private sector. And as has been the practice on and off, the provincial government is advising the federal government to once again import 2 to 3 million tons of wheat so that local prices and supply of wheat may be stabilized. It is indeed shocking, that after having refused any form of economic help to farmers, especially small farmers, the Sindh government based on the Wheat Release Policy 2025–26, has proposed issuing wheat to flour mills at PKR8,000-PKR11,000/100 kg, which would amount to about PKR 84 billion subsidy. What has been finally approved is a release of 1.265 million metric tons of wheat to flour mills at PKR 9,500/100kg bag.

According to the new wheat policy, a minimum support price (MSP) of PKR3,500/ 40kg has been set. Based on the floods in Punjab, the national food minister has indicated that 'the IMF would be approached for the restoration of the MSP policy to support wheat production.' It is shameful that our government has to seek approval from the IMF for helping its own people, especially those who already suffer from poverty and hunger. No doubt, IMF is not in the least ashamed of its blatant imperialist policies that control Pakistan's not only food policy but its entire economy.

Another interesting aspect of policy decision regarding support to farmers for wheat production is that the Sindh government will spend PKR55.9 billion on farmers through the Benazir Hari Card Program to promote wheat cultivation. Initially, financial assistance will be provided for 2.26 million acres of land; 50,000, Benazir Hari Cards would be issued through the Sindh Bank.

The main aim seems to be cajoling farmers, especially small farmers to start being part of the digitalized economy. The Finance Division, Government of Pakistan, the State Bank of Pakistan (SBP) and the Pakistan Banks Association (PBA), which also includes microfinance banks, have jointly launched Zarkheze {also known as "National Subsistence Farmers Support Initiative" (NSFSI)}, a digital platform aimed at digitalized agricultural finance and providing formal credit access to small farmers. The platform's application will allow farmers to apply digitally for financing of up to PKR1 million. Verification process will include 'agronomic assessment' which includes checking on crop performance farmers' management practices and soil health, after which applications will be forwarded to chosen participants. Finally, 75 percent of financing will be provided in kind for agricultural inputs from banks' pre-approved agri-vendors. In addition, advisory services will be provided though Land Information Management System (LIMS). So apart from digitalizing economy, another goal is to improve productivity. In other words, the stage is set for pushing Pakistan's agriculture system toward market-based production mechanisms, where mega-agrochemical corporations will dominate the input market. To encourage banks to increase lending to small farmers, the government has offered (i) 10 percent first-loss coverage so to encourage banks to lend more easily, and (ii) an incentive of Rs10,000 per borrower added to their customer list. The mantra being used is 'financial inclusion and rural development,' but it is well understood that digitalization serves BigData, that allows organizations to see trends in borrowing patterns, identify risky borrowers and in general be able to use these trends for system analysis which then is in itself a commodity to be sold at a profit.

Another step in the wheat policy towards a free-market economy policy is the creation of the Wheat Stocks Management Company (WSMC); its main objective is to get rid of the debts incurred by the Pakistan Agricultural Storage and Services Corporation (PASSCO), which carries a debt of about PKR 121 billion. Various mechanisms will be used to liquidate the debt including selling off physical assets of PASSCO, get back debt owed by other agencies to PASSCO, selling off wheat stocks at competitive rates to private sector, among others. Once WSMC has cleared off the debt, it will self-liquidate as it is registered as a Special Purpose Vehicle (SPV). Finally, the labor force employed by WSMC will not be government employees but based on a contract system. About 1,100 of regular PASSCO employees will be given severance packages and laid off.

Another initiative has been digitalization of land records. The World Bank assisted Punjab to digitalize land records. After the process being initiated in Sindh, and Khyber Pakhtunkhwa (KP), it is now being taken to Balochistan. There has been a formal agreement with the Balochistan government and the Land Information Management System (LIMS) to digitalize land records in the province. In the first phase, with help of the Geographic Information System (GIS) technology in 25 districts of Balochistan. In Sindh as well, approval has been given for e-transfer and digitalization of land records.

Food security, productivity and value addition

Across the country, there has been much thought being given to agriculture sector's productivity, modernization and value additions. The Federal Minister for National Food Security and Research emphasized the need for digitalization of Pakistan's agriculture sector, emphasizing its importance in enhancing productivity, efficiency, and sustainability. This was a mantra that is now seen repeatedly by officials across the provinces.

In KP, the vision is to expand cultivable area

further to safe guard food security. The mechanism which was recommended for implementation included introduction of a modern asset management system as well as a geographic information system (GIS) mapping of the canal network and digitization of records. According to the Chief Minister, KP, digitalization of all departmental functions, including *abiana* (water rate) collections would enhance both transparency and performance. In Punjab, the recommendation was for implementing the CM Punjab's Agriculture Transformation Plan in the Potohar; the pivotal role of universities for carrying out research, innovation, and technology transfer. An emphasis was on hydroponic technology to boost production and improve food security. Similar interventions have been emphasized by Sindh chief minister; he emphasized timely provision of credit and advanced technology to farmers and target increased productivity and high-value crops.

Pakistan has requested the Food and Agriculture Organization (FAO) on a range of issues including irrigation water availability, water quality concerns, and seed-related issues; in addition help was sought for implementing modern technologies and digital tools to streamline agricultural processes.

Based on the Uraan Pakistan framework, 26 agricultural clusters have been identified, as the 'foundation for value-added processing, new export opportunities, and modern agricultural models.' Based on saving foreign exchange, key agricultural product was tea, and a Tea Commercialization Strategy has been developed for that purpose. More than 600,000 hectares of land in the country is considered suitable for tea cultivation. Other value-added products being considered include rose petals, date-powder and mango-powder. In Balochistan, olives, apples, onions and tomatoes along with other agriculture products are being ear-marked for value addition. According to the Secretary Trade Development Authority of Pakistan (TDAP), officials from Pakistan Horticulture Development and Export Company (PHDEC) have already held discussions on a three-year plan for value addition and certification of olives and other produce.

A 1,000 agricultural scientists and researchers have been sent to China for advanced training to increase knowledge and expertise nationally. Similarly, the Punjab Agriculture Department has signed memoranda of understanding (MoUs) with various Chinese entities; a Chinese agricultural university for establishing centers of excellence for advanced agricultural research, and two Chinese corporations, namely Piesat Technology Company and Gold Dafeng Machinery Company. The former will carry out crop monitoring through a modern satellite-based system, covering stages from sowing to harvesting. The Gold Dafeng Machinery Company through joint collaboration will establish a tractor and harvester manufacturing plant in Punjab.

Seed Sector: Reform, remold, cut and chop!

The Ministry of National Food Security and Research (MNFS&R) has enacted the Seed (Amendment) Act, 2024, claiming it a step forward in institutional reforms and modernization to strengthen the country's seed sector. The goal is to have nationwide availability of quality, certified seed for farmers. According to the Ministry, the Seed (Amendment) Act, 2024 has been enacted to address long-term structural issues 'such as weak regulatory oversight, fragmented policies, limited access to improved and climate-resilient varieties, and outdated certification mechanisms.' Under the Act, the National Seed Development and Regulatory Authority (NSDRA) has been established to perform functions that will 'enhance regulatory oversight, promote varietal development, and ensure the supply of genetically true-to-type seed.' Further, the Federal Seed Certification & Registration Department (FSC&RD) has been integrated into NSDRA.

Policy decisions have been taken across different levels. These include putting 70% of the staff in the surplus pool, which in essence means they will be relocated to different ministries if and when a vacancy arises, take early retirement, or to be provided with a severance packet. The emphasis is on functioning as an 'efficient, performance-oriented regulator across the seed value chain.' The authority has has canceled 430 non-compliant seed companies.

In terms of operations, an MIS-based digital system will provide end-to-end traceability of seed sector activities. Further, digital systems will also be used for registration and renewal of seed companies, variety approval, registration of nurseries and seed processing plants, fruit plant certification, internationally accredited seed testing, and market monitoring. The Truth in Labelling Scheme has been notified and implemented 'to promote transparency and accountability through performance-based regulation.' Internationally harmonized certification protocols have been developed for olive, mango, and citrus crops. A Variety Evaluation Committee (VEC) has been formed whose function is to assess and recommend new crop varieties and hybrids for commercial cultivation. The NSDRA has also submitted the National Seed Policy 2025 and the Agriculture Biotechnology Policy 2025. The authority has facilitated the import of elite germplasm from CGIAR centers, including CIMMYT. A three-tier monitoring system for imported seeds, including cotton has been introduced based on which Green means immediate release, Yellow to be assessed and verified and Red means physical intervention and inspection.

There has been critique of the immense staff reduction. In Pakistan, 1,150 public and private seed companies were responsible for producing certified seed of cotton, wheat, rice, mustard, mung bean and sesame. The sudden change in the system could impact agriculture production system, with shortage of certified seeds. On the whole, Pakistan has shown its willingness to abide by the demands of the World Trade Organization (WTO) which is the main force creating regulatory space for transnational corporations holding intellectual property rights over seed patents.

A new mantra—the Blue Economy

Govt unveils 100-year maritime roadmap to become global trade hub

Pakistan's Maritime Century (2047-2147) plan was launched by Minister for Maritime Affairs. It provides a century-long roadmap for Pakistan to be a major global maritime hub. The long-term vision is to capitalize on

Pakistan's strategic location, coastline and port infrastructure for economic growth and innovation.

Blue economy has been promoted for increasing productivity in sectors associated with seas and oceans. According to experts, blue economy in the country can yield US 100-150 billion, 'if it is expanded and modernized.' The federal government has already taken steps for developing mini fish harbors in Keti Bandar and Shah Bandar, to be funded through provincial and foreign assistance. There are also plans for three new deep-sea ports.

Under the Special Investment Facilitation Council (SIFC) umbrella, National Fisheries Policy 2025–2035 is being implemented. The goal is to push seafood exports through deep-sea regulatory reforms, modern fishing facilities, cold-chain improvements, and scientific resource management. The Special Investment Facilitation Council (SIFC) has been initiating reforms and investment pipelines across the maritime sector.

It is expected that 15 new vessels will be added to the Pakistan National Shipping Corporation (PNSC) fleet in the coming years. In addition, Pakistan's first green ship -repair and recycling yard, "Sea to Steel", will be established at Port Qasim which will allow the country to enter the global green-ship recycling market. Further, the Gadani Ship-Breaking Yard is to be modernized. Chinese corporations are interested in investing about €2 billion to build an industrial complex at Port Qasim.

There are also plans for developing aquaculture sector including trout aquaculture in Gilgit Baltistan, Azad Jammu and Kashmir as well as Khyber Pakhtunkhwa.

All to no avail!

There is no dearth of state policies and programs to increase exports and foreign direct investment (FDI), but it remains an elusive goal. According to the State Bank of Pakistan, FDI fell by 34 percent; in the first quarter of FY26 FDI amounted to $568.8 million whereas it was $864.6 million in the same period of last fiscal year.

At the same time, the country's public debt reached PKR9.3 trillion during the 2024-25 fiscal year. Pakistan's public debt-to-GDP ratio climbed to 70.8% in FY25, up from 67.8% in FY24. The IMF has projected Pakistan's GDP growth rate at 3.6 percent during the 2025-26 fiscal year against the government target of 4.2 percent.

According to the Pakistan Bureau of Statistics data, imports grew 5.42 percent to an amount of $5.25 billion in November. This was up from $4.98 billion over the corresponding month of last year. Therefore in this month, the trade deficit rose 33 percent amounting to $2.85 billion whereas last year in the same month it had been $2.15 billion. The World Bank has indicated that Pakistan's exports as a share of GDP are declining; the reasons identified by the Bank include high tariffs, cumbersome regulations, costly energy, and logistics. In its report "Pakistan Development Update," it has been pointed out that 'since 2000, exports as a share of GDP have steadily declined from an average of 16 percent in the 1990s to just around 10.4 percent in 2024, leaving growth dependent on debt and remittance-driven consumption which underlies Pakistan's recurrent boom-bust cycles.'

In the past years, Pakistan has consistently applied neoliberalism to seek its growth; a dogma that is still being pursued. The World Bank advises the country 'to maintain a flexible exchange rate to ensure export competitiveness and complement tariff reforms,' whereas the Asian Development Bank (ADB) has offered more loans to carry out further reforms in institutional capacity building. The ADB, after the World Bank is the next multilateral to which Pakistan owes its debt stock at $16.9 billion as of end-June 2025.

Taking the dictates of imperialist international financial institutions (IFIs) to heart, there are directives to the Privatization Commission to take services from 'internationally recognized experts' to carry out privatization of state-owned enterprises (SOEs). There are also directives to privatize major airports, laboratory diagnostic services and deregulate sugar and wheat sector. It should be noticed that deregulation of a 100 commonly used medications has led an increase in their prices by 32 percent.

Based on fiscal discipline recommended by the IFIs, Public Sector Development Programme (PSDP disbursements in the July-October, FY 2025-26 amounted to PKR76 billion, which was 7.6 percent of the PKR 1 trillion allocated for the year.

Under the abysmal economic conditions, the people continue to suffer. According to Pakistan Institute of Development Economics (PIDE) survey, Pakistan Panel Household Survey (PPHS) 2024 there is intense food insecurity in the country, with 30 percent households sometimes are unable to afford three meals a day. Based on reports provided to the World Bank in a meeting with the Sindh Chief minister, over 90 percent rural households do not have access to clear drinking water, forced to consume unsafe drinking water.

There is an urgent need for the people to understand that they are teetering on the edge of a deep abyss. Without people demanding the state to review its policies that only to fill the stomachs of imperialist masters and the elite, the nation will keep sinking in a quagmire from which there will be no escape. The people must demand and implement policies that allow the nation to build economically and socially, where people's livelihood, their health and education are available to all, not only limited to a particular segment of the society which rules without accountability.

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