

POVERTY & FOOD SECURITY

Poverty Up By 12.7 Percent in 3 Years

The Economic Survey 2010-11 reveals that increase in poverty is directly related to the level of food inflation and factoring food inflation of last five years in accordance with given formula reveals that 41.2 percent or 74.16 million Pakistanis are living below poverty line. The economic survey refers to a study by Asian Development Bank that estimates the impact of food inflation on populations in different countries. For Pakistan, ADB calculated that in case of 10 percent food inflation, 2.2 percent of the population enters poverty. In case of 20 percent food inflation, the number of people falling in poverty track is 4.5 percent. At 30 percent food inflation, an estimated 6.7 percent population enters poverty trap. According to official statistics of the government, food inflation in 2008-09 was 26.6 percent. According the estimates of ADB quoted in the Economic Survey 2010-11, poverty should have increased by around 6 percent in 2008-09 (5.985 percent to be exact). The food inflation in 2009-10 was 12 percent as stated in latest economic survey. Accordingly additional 2.64 percent of the population entered poverty circle that year. This year food inflation officially has been 18.4 percent which means another addition of 4.14 percent population that lives below poverty line. This means that 12.75 percent of the population of Pakistan has entered poverty circle in three years rule of this government.

The high impact of food inflation in Pakistan is also supported by the price trend of essential food commodities between January 08 (just prior to general election) and May 19, 2011. Wheat flour rates increased during this period by 46 percent from Rs19.41 to Rs28.31 per kg. Beef rates jumped by 85 percent from Rs122.33 to Rs226.22 per kg. Prices of mutton registered a rise of 88 percent from Rs233.79 to Rs440.06. The rates of chicken meat increased from Rs74.74 to Rs125.12 per kg depicting an increase of 67 percent. Fresh milk was available at Rs29.63 in January 08 but its price increased by 86.5 percent to Rs55.27 by May 19, 2011. According to the latest economic survey, rates of cooking oil increase during this period by 64.5 percent, rice by 57 percent, sugar by 152 percent and Mash pulse by 122 percent. The Survey in its chapter on poverty though conceded that the social and economic exclusion has resulted in multiple deprivations for more than 50 percent of Pakistan's population.

[The News - June 06, 2011]

42 Percent Population Earns Only \$400 Per Capita

Against national per capita income of \$1254, the poor who account for 42 percent of the total population earn only \$400 per capita; they have literacy rate of 29.7 percent, against national average of 69.6 percent; their household size is 9.75, against national average of 6.5. A recent poor-specific research reveals that national statistics do not reveal the real plight of the poor as their status on all social and economic indicators is almost half the national average. The study is documented in a book, Poor Economics, consisting of research on the resources available in various countries about the people, living in rural and urban areas, who earn one dollar per day. The statistics give an insight into the economy of the poor. The poor earning \$1 (both urban and rural) a day spend 67 of their income on food in rural region and 64 percent in urban area. The national average of the amount of income spend on food is 40.3 percent. Although over 85 percent of the rural population has access to electricity but only 54.1 percent of the poor in rural areas have access to electricity. Only 9.9 percent of the people earning \$1 a day have access to tap water in rural and 47.8 percent in urban areas against national average of 88 percent. Latrine facilities are

available to 40 percent of the rural population in Pakistan but the rural poor have only 37.7 percent access to this facility. In urban areas, 90 percent of residents enjoy latrine facility but only 82.3 percent urban poor have the facility. The average immunization of children against measles is 85 percent while only 40.8 percent of rural poor children and 53.5 percent of urban poor children are immunized against measles.

The national average immunization of children against polio is over 85 percent but only 31.2 percent rural children and 37.9 percent of urban poor get polio immunization. The national infant mortality rate in Pakistan is 6.3 percent while infant mortality rate of rural poor children is 9.8 percent and urban poor children is 7.8 percent. The death of children before the age of 5 years is 8.9 percent on the national level. The death rate of rural poor children under five-year age is 11.5 percent, but among the urban poor children under five-year ago is 9.8 percent. Four percent of the pregnancies fail among rural poor and 3.3 percent among urban poor. The rural poor spend 3.4 percent on health and urban poor 3.8 percent. The rural poor spend 2.40 percent of their income on education while urban poor spend 3.70 percent of their income under this head. As far as loans are concerned, 92.5 percent of the rural poor and 95 percent of urban poor have at least one loan. Only 08 percent of rural poor and 0.5 percent of urban poor borrow from money lenders. At least 15.5 percent of the rural poor and 7.5 percent of urban poor borrow from the shopkeepers. Fellow villagers lend credit to 12.1 percent of rural poor and 4.7 percent of urban poor. Relatives provide loans to 38.8 percent of the rural poor and 42.9 percent of urban poor. Poor also borrow from friends with 28 percent rural poor and 25.3 percent urban getting loans from friends. Bicycle is possessed by 26.4 percent of rural poor and 40.2 percent of rural poor that shelters them from high transportation cost.

[The News - June 23, 2011]

Bringing Price Hike of Agricultural Input within Justified Limits

Prime Minister Yousaf Raza Gilani has constituted a seven-member committee to work out a mechanism for bringing price escalation of agriculture inputs within justified limits. The committee will submit its recommendations to the prime minister within a week. The finance team is directed to prepare a fair mechanism of sales tax on agriculture inputs to redress the difficulties of farmers. The prime minister while chairing a meeting of parliamentarians at the Parliament House said that the government believes to decide matters and policies through collective wisdom. Despite a number of formidable challenges during last three years, the government had successfully turned challenges into opportunity, which speaks for exemplary resilience and courage of the government. Gilani said that Pakistan's economy is agro-based and the government is fully sensitized about the interests of subsistence farmers. A committee is tasked to investigate and recommend appropriate measures against undue increase in the prices of fertilizer, pesticide and agriculture machinery. All the causes of price-hike of agriculture inputs were discussed in-depth during the meeting. One of the major causes in increase in the prices of agriculture inputs was withdrawal of general sales tax (GST) exemption and imposition of 17 percent GST on fertilizers, pesticides and tractors. Other reasons include depreciation of Pak rupee against major currencies and double-digit inflation in the country. Prices of fertilizers and pesticides have also witnessed an increase in their prices due to the increase in their prices in the international market. The withdrawal of GST exemption on agriculture inputs was announced on the commitment made with the International Monetary Fund (IMF) for reforming the sales tax regime in the country. Any deviation from the decision announced on March 15, 2011 for withdrawal of GST exemption on agriculture inputs would negatively impact the forthcoming talks with IMF scheduled in July 2011. These talks would determine the future

course of relations with the IMF for restoration of \$11.3 billion Stand-by Arrangement as well as fresh loan programme with the IMF.

[Daily Times - June 17, 2011]

30% of Bumper Crop to Rot

With early warnings of monsoon and floods expected this year as well, stakeholders involved in the agriculture sector are expressing concern over management-related issues. Officials working in the development sector have said that storage is virtually non-existent with crops being left to rot under the open sky. The lack of storage results for wheat is one of the major issues and challenge for Pakistan today. A UN official told about his visit to areas in Punjab where there was large-scale production but the crop (wheat) was just left to rot in the open sky all day. The weather was cloudy, there were spotted rains in some areas and more rain was expected, it was a sad picture to see a bumper crop but no preservation. However, there is good news for the next few years. A USAID official working on a project for flood-affected areas said wheat would be highly productive for at least another four years. Silt which resulted into rocky soil this year will become very soft when it is ploughed next year and if water availability is sustained, production will increase next year. The official added that even if production remained the same over the next four years, the total benefits just from the wheat crop are estimated around \$700 million.

[The Express Tribune - June 29, 2011]

Price Hikes Altering Food Patterns in Pakistan: Oxfam

44% of the 16,000 Pakistanis questioned as part of a survey for Oxfam's GROW campaign said that their diet had changed because of rising food prices while 32 per cent cited health reasons as the cause behind the dietary choices they make. Our diets are changing fast and for too many people, it is a change for the worse. A huge number of people, especially the poorest, are cutting back on the quantity or quality of food they eat because of rising food prices. In Pakistan, there has been a consistent rise in the prices of food and beverages. In June, the government's Federal Bureau of Statistics (FBS) reported that food and beverage prices in May had increased by 15.8 per cent against the same period last year while prices of perishable food items increased by 17.8 per cent. According to the survey, 57 per cent of Pakistanis are not eating the same food that they did two years ago when the food crisis began. But what is even more alarming is that 45 per cent of Pakistanis that Oxfam spoke to said they always had enough food to eat on a daily basis. By far, cost was the biggest worry with over half (51 per cent) of respondents in Pakistan, citing it as one of their top concerns. Twenty-eight per cent of people surveyed in Pakistan said they were concerned about the availability of food whilst 19 per cent of people said that healthiness or nutritional value of food they eat is also a key concern. When asked about the most important factor affecting food supply of food, 28 per cent of respondents in Pakistan highlighted weather patterns and catastrophic events, 26 per cent agreed that government policies in Pakistan and elsewhere were factors and 23 per cent cited the rising price of oil and other transport costs. The government needs to undertake substantial agriculture reform and provide stronger land rights for landless poor farmers, provide the required fertilizers; seed and storage facilities needed so poor farmers can grow food and bring rising food prices under control.

[The Express Tribune - June 18, 2011]

Pakistan Fast Becoming Water Scarce Country: IRSA Chief

Pakistan is fast becoming a water scarce country as the per capita water availability has decreased to 500 percent since the Independence, said Indus Regulation System Authority (Irsa) Chairman Rao Irshad Ali Khan. Addressing a conference on policy aspects for water irrigation, he said that per capita water availability was 5,600 cubic meters in 1951, which had now decreased to 1,000 cubic meters and it would be 800 cubic meters in 2025. He stressed the need to increase the storage capacity by constructing reservoirs and to adopt water conservation measures such as lining and rehabilitation of barrages. He said that proposed dams on the Indus included Bhasha Diamer Dam with storage capacity of 6.4 MAF, Akhori Dam with storage capacity of 6 MAF, Kalabagh Dam with storage capacity of 6.1 MAF and Skardu Dam. Speaking on the occasion, Agriculture Planning Commission Adviser Dr Muhammad Jameel Khan said that the irrigation water productivity for cereal crops was 0.13 kg/m³ in Pakistan, 0.39 kg/m³ in India and 0.82 kg/m³ in China. Susumu from Japan, who is also the chief adviser for strengthening irrigated agriculture through participatory irrigation management in the Punjab, said that the land improvement district was the most popular irrigation management body in Japan. The University of Agriculture Faisalabad VC and others also spoke on the occasion.

[The News - June 21, 2011]

Water Crisis: From Food Bowl to Dust Bowl

The dialogue session “Pakistan-From Food Bowl to Dust Bowl” was organized by School of Civil & Environmental Engineering in collaboration with UNESCO at National University of Sciences and Technology (NUST). The policy briefing was a follow-up of the three-day international workshop on “Education for Managing Hydrological Extremes and Related Geo-hazards”. NUST Rector Engineer Muhammad Asghar said that it is essential to raise awareness among media and policymakers regarding two silent tsunamis of water and food shortage that can potentially harm the future of the country. He asserted the dialogue would serve as a stepping stone in devising water management techniques. Dr. Shahbaz Khan, Chief of Section on Sustainable Water Resources Development and Management, UNESCO, France, presented a comprehensive comparative analysis of Pakistan’s water problems. He pinpointed the four fundamental water-related challenges facing the country including its geo-political vulnerability to rapid population increase and climate change. He laid emphasis on efficient water management through technological advancement in this vital sector. We are not prepared technologically and that makes us more susceptible to water crisis in comparison with other countries. Knowledge investment can lead to better water future. UNESCO Pakistan while addressing the gathering stressed the need for taking urgent steps with regard to natural disaster management in Pakistan. Though natural disasters are beyond human control, the risk factor can be reduced by means of utilizing the immense potential of science and technology.

[The Express Tribune - June 22, 2011]

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