



**SENATE SECRETARIAT**

**REPORT OF THE  
SENATE STANDING COMMITTEE ON NATIONAL FOOD  
SECURITY & RESEARCH**

**ON**

**A POINT RAISED IN THE SENATE IN ITS SITTING HELD ON 21<sup>ST</sup>  
JANUARY, 2020 REGARDING "WHEAT & ATTA CRISES IN THE  
COUNTRY"**

**PRESENTED BY**

**Senator Syed Muzafar Hussain Shah  
Chairman  
Standing Committee on National Food Security & Research**

REPORT OF THE SENATE STANDING COMMITTEE ON NATIONAL FOOD SECURITY & RESEARCH ON A POINT RAISED IN THE SENATE IN ITS SITTING HELD ON 21<sup>ST</sup> JANUARY, 2020 REGARDING "WHEAT & ATTA CRISES IN THE COUNTRY"

I, Senator Syed Muzafar Hussain Shah, Chairman of Senate Standing Committee on Food Security & Research, have the honour to present report on behalf of the Committee, on the issue of "Wheat & Atta Crises in the Country" which was referred to Standing Committee on 21<sup>st</sup> January, 2020, for consideration and report.

2. The composition of the Standing Committee on Food Security & Research is as under:-

1. Senator Syed Muzafar Hussain Shah	Chairman
2. Senator Raja Muhammad Zafar-ul-Haq	Member
3. Senator Sajjad Hussain Turi	Member
4. Senator Seemee Ezdi	Member
5. Senator Sarfaraz Ahmed Bugti	Member
6. Senator Dr. Muhammad Farogh Naseem	Member
7. Senator Hafiz Abdul Karim	Member
8. Senator Najma Hameed	Member
9. Senator Professor Sajid Mir	Member
10. Senator Syed Muhammad Ali Shah Jamot	Member
11. Senator Qurat ul Ain Marri	Member
12. Senator Imamuddin Shouqeen	Member
13. Senator Gul Bashra	Member
14. Minister for National Food Security and Research	Ex-Officio Member

3. The Committee considered and discussed the matter in its meetings held on 4<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> February, 2020. The following Members of the Committee attended the meeting:-

1. Senator Syed Muzafar Hussain Shah	Chairman
2. Senator Sajjad Hussain Turi	Member
3. Senator Seemee Ezdi	Member
4. Senator Najma Hameed	Member

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|--------------------------------|--------|
| 5. Senator Professor Sajid Mir | Member |
| 6. Senator Imamuddin Shouqeen  | Member |

4. The Committee considering the importance of the matter decided to hold three consecutive meetings in order to urgently deliberate on the said issue. As such the committee met on 4, 6 & 7 February, 2020 and in its meetings heard the view point of the Ministry of National Food Security & Research, views of the provincial governments of Punjab and Sindh and also the Chairman of the Flour Mills Association of Pakistan Mr. Asim Raza.

5. It is necessary to state here about the importance of wheat in Pakistan, wheat is the staple crop and it ensures food security of the country. It accounts for 8.9% of the value added in agriculture and 1.6% of the Gross Domestic Products (G.D.P), as such it has been the objective of every government in Pakistan to achieve self sufficiency and has been a challenge to policy makers to meet 80% of dietary needs with 38% share of calories intake.

6. Since the present crises pertains to the year 2019, it would be pertinent to note that the Federal Committee on Agriculture in its meeting in October, 2018 fixed wheat production target to the tune of 25.51 million tones from the area of 8.833 million hector.

7. However at the final stages of the crop maturity heavy rain fall, hail storm and wind reduced the production to the level of 24.479 million tones indicating a loss of around 5%.

8. At that time availability of wheat was at the level of 28.256 million tones including production of 24.79 million tones and left over stocks of 3.777 million tones as against the national requirement of 26.91 million tons, which included 10% stock on account of strategic, seed and feed purposes.

9. It would be pertinent to note that the Provincial Food Departments started their procurement almost one and a half months late. The ECC of the Cabinet in its meeting in April and May, 2019 approved procurement targets for PASSCO and Provincial Food Departments respectively to the tune of 6.250 million tons but the actual procurement by the Public Sector shows that the wheat procurement was to the tune of 4.032 million tones which was a shortfall of 35% against the procurement targets.

10. That ECC of the Cabinet in November, 2018 allowed the export of 0.5 million tones of wheat from the public sector through PASSCO and the

Provincial Food Departments were also allowed to export wheat as per their request, but only PASSCO exported the said amount, whereas the provincial governments did not export any wheat. The total amount exported by the PASSCO was 163,000 metric tons of wheat.

11. It was also decided that the provincial governments will bear the entire expense on the export of wheat/wheat products. PASSCO exported the allocated 0.1 million tons through open tendering, however, the provincial governments could not export any wheat in spite of permission granted to them.

12. The province of Balochistan and Khyber Pakhtunkhwa (KPK) are deficit in production of wheat against their requirements. The Punjab province feeds the KPK province but in the period of April and May the supply was stopped to KPK, the reasons being given was that the data of wheat production was given very late in November, 2019 and it was found that crop damage to wheat was more than 2 million tons in the Punjab for crop 2019 and the quality of wheat was severely damaged because of the Yellow Rust attack, and that the revised estimates of the wheat crop based on the data provided, showed a shortage as compared to earlier figures.

13. In view of the all such circumstances the ECC of the Cabinet imposed the immediate ban on the export of wheat and wheat flour on 17.07.2019, subsequently it also imposed ban on fine flour, Sooji and Meda.

14. The Ministry of National Food Security & Research stated before the committee that it had recommended to the ECC for imposing ban on export of wheat in the summaries submitted to the ECC of the Cabinet as on 18.06.2019, 25.06.2019 and 28.06.2019.

15. That in view of the above circumstances and to contain the rising trend in the prices of wheat/flour the ECC of the Cabinet on 02.10.2019, 30.10.2019 and 13.11.2019 allowed the quantity of 1.10 million tons from PASSCO to be released to the provincial governments, this included 0.450 million tons for KPK, 0.40 million tons for Sindh, 0.50 million tons for Balochistan and 0.20 million tons for Utility Stores.

16. It was stated by PASSCO that the lifting of wheat by the province of Sindh was very slow, inspite of repeated reminders which led to shortage and rising in prices in Karachi and elsewhere in the province.

17. The Committee was informed that the wheat crop of 2019 and the procurement by the public sector was short by 3.5% for the following reasons:-

- i. The government of Sindh which procure 1.4 to 1.5 million tons of wheat did not procure any wheat.
- ii. Climate stress not only destroyed a substantial portion of wheat crop but because of the infestation by the Yellow Rust the quality was very adversely affected.
- iii. The government of the Punjab being a major public sector procurer started its procurement in May 2019 which was very late and private sector had already purchased a large share of wheat crop.

18. The Committee feels that wheat is such an important crop that short term and long term strategy should be evolved so as to avert a dangerous crises in the future. It is pointed out that with rising trend of population the national wheat consumption for the year 2020 would be in the range of 26.91 million tons and upto 2028 Pakistan would require 34.11 million tons to cater to the country's requirements. A table indicating the wheat consumption upto 2028 is attached herewith as **Annex – "A & B"**.

19. The Committee feels that the reasons which were responsible for creating panic and shortage were the following:-

- i) That the data pertaining to actual size of the crop especially in Punjab which should have been available by May 2019 was given in November, 2019 and that was also not accurate decisions were taken on the basis of this incorrect data.
- ii) Harvesting of wheat in Sindh and Punjab is done in March and April but the provincial governments in both provinces started their procurement very late with the result that a major chunk of the wheat crop had been purchased by the private sector.
- iii) The Punjab government released 600000 to 700000 maunds of wheat to the Feed Mills when there was a shortage in April and May 2019 and during which months the supply of wheat to the province of Khyber Pakhtunkhwa was stopped leading to a shortage and scare in the market in Khyber Pakhtunkhwa.
- iv) That the Sindh government did not procure any wheat of the crop of 2019 which led to the entire crop being purchased by the private sector and in such circumstances hoarding became possible and public sector reserves were affected.

- v) That this is evident from the decisions of ECC of the Cabinet in its meetings of April & May 2019 in which procurement targets for PASSCO and the Provincial Food Departments were taken. The target was set at 6.250 million tones but the actual procurement was made to the tune of 4.032 million tones showing a decrease of 35%.
- vi) Governments of Balochistan and Khyber Pakhtunkhwa did not make any purchase of wheat of the crop of 2019.
- vii) That the procurement price of wheat by the public sector was not compatible with the price of wheat in the open market.
- viii) That the mechanism of the provincial crop reporting data at the provincial level is very weak and inaccurate and this data is supplied to various forums very late such as in November, 2019 and as such decisions taken on this data result in wrong policies.

20. As such to meet the future requirements of the country the area of wheat cultivation will have to be increased and so also the yield per acre. In this regard it would be only possible if wheat growers are encouraged by way of injecting new technology better methods including certified seeds, inputs at reasonable prices and to ensure that the wheat growers receive realistic prices for its production.

21. It is relevant to point out that as of first week of February, 2020 the wheat price in Lower Sindh was Rs.2000/- per maund and Rs.2200/- for fine flour and government had fixed minimum support price of wheat at Rs.1365/- so question is that why should wheat grower sell to the public sector for Rs.1365/- per maund when the private sector is giving him 1900/- to 2000/- rupees per maund, as such the minimum support price needs to be rationalized and must be linked with the cost of production of wheat per acre with reasonable margin of profit. Presently there are some apprehensions that wheat growers may switch over to other more profitable crops which would give them a better margin of profit.

22. As mentioned above with the rising population in Pakistan the wheat requirements would substantially increase with the passage of time and therefore it would be necessary to ensure that wheat production increases with the ratio of population.

23. The committee was informed that around 30% of Afghanistan's requirements of wheat are met through Pakistan, which accounts for 0.6 to 0.7 million tons of wheat every year. Due to devaluation of the rupee and high

price of wheat in the international market the conditions were suitable for smuggling. The committee therefore, feels that the government may consider to allow PASSCO to purchase additionally 30% wheat which can be exported to Afghanistan, so as to minimize the opportunity for smuggling.

24. The committee also feels that due to shortfall in wheat production for 2019 there was price hike of wheat and wheat flour in domestic market, this created a favourable environment for the hoarders to stock wheat and wheat flour as a result of which prices rose and the hoarders then release small quantity in open market. Hoarding needs to be checked, and severe action needs to be taken against hoarding of wheat.

25. It was also noticed by the committee that the province of the Punjab gave 600000 to 700000 tons of wheat to Poultry Feed Mills in April and May 2019, which also was one of the factor leading to the overall shortage in the province.

26. After hearing the view points of the Federal Government and Provincial Governments and the Private Sector the committee makes the following recommendations for short and long term policies in relation to wheat policy.

1. The committee recommends the constitution of a National Wheat Board comprising representatives of the Federal Government, Provincial Government, Private Sector, Fertilizer Industry, Pesticide Industry, WAPDA representative, Flour Mills and Chakkis. This National Wheat Board should have the mandate to monitor overall position of wheat crop, data and feed-back in relation to various stages of the wheat crop, cost of production and to suggest to the federal government the minimum support price for wheat for every year and that announcement should be made latest by February every year before the start of the harvesting.
2. That the Provincial Governments and PASSCO should strictly start their purchases for procurement of wheat in the public sector by the month of March in Sindh and by April in the Punjab and ensure that procurement centers and Bardana are distributed to wheat growers before starting procurements.
3. The Provincial Governments to ensure that crop production estimates by Provincial Crop Reporting Services are in hand by May/June every year, one of the major reason for wrong decisions was unavailability of correct crop production estimates which were made available in November, 2019 which was very late.

4. The ECC to periodically monitor the question of availability of wheat in the open market and decide quota of import and export in time as the committee feels that there was considerable delay in imposing ban on export of wheat.
5. The Provincial Governments should in case of shortage take cogent and timely steps to urgently lift stock from PASSCO as this year experience indicates that there was inordinate delay in lifting of stocks.
6. That minimum support price of wheat should be announced after taking into consideration the cost of production per acre and should seriously consider giving the subsidy on various inputs such as certified seeds, fertilizers and pesticides because the European Union is giving subsidy to its farmers as well as the United States and Pakistan will not be able to compete in the international markets unless cost of production is reduced and yield per acre increased.
7. That the Provincial Governments should give permission of supplying feed to Poultry Feed Mills only after being satisfied that there was a sufficient stock available for the wheat requirements in the country.
8. In order to curb smuggling the committee recommends to strengthening, monitoring of wheat products movement at national check posts in Khyber Pakhtunkhwa (KPK).
9. The committee feels that there should be sufficient wheat stocks available in the Public Sector and in case of shortage to replenish them through import. Presently the permission for 300,000 tons through public sector has been approved and is in the pipe line. It is further recommended that the Trading Corporation of Pakistan (T.C.P) may be allowed to import 500,000 tons of wheat over the extended period of 10 months which will provide cushion in relation to the availability of wheat and requirements in the domestic markets this should be done on the recommendation of Ministry of National Food Security & Research.
10. That the minimum support price of Rs.1365/- is not compatible with the cost of production of wheat and it may be enhanced considering the factor mentioned above.
11. The Provincial Government of the Punjab and Sindh to aggressively start the purchasing of wheat in the public sector in March and April respectively.
12. The supply to flour mills needs to be regulated and monitored rather than supplying them subsidized wheat without any control.



