Poverty & Food Security

Domestic Context

Prices of Vegetables Continue to Rise at Sunday Bazaars

The weekly Sunday Bazaars held by Capital Development Authority (CDA) at H-9, G-6 and G-10 have failed to give relief to middle and lower middle class people, as there is no price difference of vegetables and fruits at these bazaars and the city markets. During a visit to H-9 Sunday Bazaar, the shoppers told Daily Times that there was no difference in the rates of edibles at Sunday bazaar and the city markets. The onion had become out of reach as it is being sold at Rs 334 per five kg and potato at Rs 126 per five kg. Similarly ginger, garlic and tomato prices recoded on Sunday stood at Rs 196 per kg, Rs 196 per kg and Rs 32 per kg with Rs 5-15 increase as compared to the previous week. A shopper Tahir Mehmood said that the stallholders and vendors were not selling fruits and vegetables according to official price list and most of them had not even displayed the price list.

[Daily Times – December 06, 2010]

Prices of Cooking Oil, Ghee Jump Yet Again

In the wake of unabated cycle of upward revision in prices of ghee and cooking oil products by their manufacturers, some "well-known brands" of these commodities also saw an opportunity and pushed up rates during the last 24 hours. The upward revision in rates of the most demanded commodity of every kitchen is likely to hurt the buying power of majority of consumers who are already suffering due to unabated cycle of inflation. With the advent of the new month, Dalda company has increased rates of ghee and cooking oil by a ratio of Rs 12 per kg, which came into effect from December 08. December 8th — which is the second increase of its kind in recent months as a similar increase had earlier been made by most of the cooking oil and ghee companies on weak grounds. A 5 kg tin of Dalda ghee and cooking oil would now be available to consumers at Rs 895 compared to previous rates of Rs 835 for the same weight. Similarly, 1 kg pouch of ghee and cooking oil rates also surged to Rs 177 level, which is far higher, compared to the old rates of Rs 165 per kg. The successive upward revision in ghee and cooking oil prices may result in a sharp decrease in their demand in the retail markets — as feared by the Fareed Qureshi General Secretary, Karachi Retailers and Grocer Group, who expressed concerns while talking to Daily Times over the impact of frequent increases inflicted on general consumers. He said all the leading ghee and oil manufacturing and importing companies, in the garb of increase in palm oil prices in the international market, made an upward revision in prices of their products previous month, and now while the prices of palm oil remain unchanged in the international market, another increase was made which amounts to gross injustice with helpless consumers. Ironically, majority of the importers and manufacturers have one to two months of stock in their warehouses but they never miss an opportunity to reap maximum financial benefits in case of any increase in international market.

[Daily times – December 09, 2010]

Country to Face Severe Wheat Crisis

Food experts at the Food and Agriculture Organization (FAO) said on December 13 that Pakistan, Russia and Philippines are heading to face the worst food crisis in the next coming years. Experts claimed that the food group prices will also register an increase of 20 percent in 30 low-income countries by 2012 while some of them will experience 40 percent price increase in essential food items. They said the current world wheat production registered an overall decline of 5.1 percent while in the next year the production will stand at 647.7 million tonnes. **An agro expert at Sindh Agriculture Forum said that around 30 countries will face production shortfall in wheat, rice, maize and oilseed due to water scarcity, diversified climate conditions, locus attack, water logging and salinity and poor economic conditions of farmers.** He said the world demand for wheat would stand around 669 million tonnes, which is not much alarming but the fact lies in poor use of pesticides, fertilizer and spurious seed in these countries. He added that the government should take early measures to ensure supply of better and certified seeds and other agriculture inputs. **He said in Pakistan rice production would stand at 2 million tonnes less as it would be cultivated on 871,000 hectares of land and irri-6 would be largely affected. He said export would also suffer by 40 percent.** He said overall world agriculture production would face a decline of six percent in the next year while the amount spent on all group of food imports globally would stand at $1,000 billion by the end of 2010. **Pakistan is in dire need of import of 400,000 tonnes of seed to start sowing wheat crop in the 2010-11 season and avert wheat crisis in the country**. Pakistan has the least yield record of wheat per care in the world as 23 tonnes per acre. There are estimates that show that 3.6 million hectares of standing sugarcane, rice, maize, and cotton crops were destroyed in the recent floods.

[Daily Times – December 14, 2010]

Unlimited Export of Wheat Allowed

The government has allowed the export of wheat and its by-products despite high prices of atta (flour) and estimation of low wheat yield early next year. According to a notification issued by the commerce ministry on December 13, the ban on exports imposed three years ago has been lifted to implement a decision taken at a high-level meeting last week. The ministry of food and agriculture had advised the government to allow export of only one million tons of wheat under the supervision of provincial food departments to keep a check on domestic stocks. However, a source in the commerce ministry said the suggestion had been turned down and unlimited export of wheat had been allowed.

[Dawn – December 14, 2010]

Bread, Roti Prices Raised by 15 to 20pc

The bakeries and Tandoor walas of the twin cities of Rawalpindi and Islamabad have increased the prices of their products by 15 to 20 per cent. The price of large bread has been increased by Rs5 and of roghani and paratha by Rs2 per piece by the bakers without assigning any justification. The prices of ghee, sugar and fine wheat flour have already gone up," said a front desk manager of a prominent bakery in the federal capital. The price of large bread has now reached to Rs50, while almost the same sized bread is available at Rs45 in the mid-level markets of Islamabad. In Rawalpindi, the price of large bread has been increased by Rs5 to Rs40 in ordinary bakeries while it was Rs45 in the large bakeries and those established in posh areas. Similarly, the nanbai maintain that a nominal hike of Rs2 has been made in the price of paratha and roghani nan to cover up the increase in the prices of gas, fuel, electricity and the basic raw material. However, the Deputy Commissioner Islamabad, Aamir Ali told Dawn that the decision to increase the prices has been taken unilaterally by the Tandoorwalas and bakeries and the department concerned of the District Administration, Islamabad would look into it. Similarly, the authorities in Rawalpindi expressed concerns and said that the matter would be looked into. On their part, the Tandoorwalas blamed the increase in prices on rising trend in raw material. Mohammad Riaz, President Union of Nanbai Welfare Association said that the price of super fine wheat flour (maida) is now Rs33,00 and Rs34,00 per sack of 81 kg.

[Dawn – December 28, 2010]

Life Term, Rs 2m Fine Proposed For Unsafe Food Business

The Punjab government is considering making any person selling, storing, distributing or importing any unsafe food article face punishment up to life imprisonment and fine which may not be less than Rs 2 million under the proposed Punjab Food Safety and Standard Act, 2010. **According to draft of the act, stringent set of punishments and penalties are being proposed for manufacturing, storing, selling, distributing or importing of any unsafe food.** The government also wants to set up the Punjab Food Authority (PFA) as watchdog on edible business under the same act. The punishment for the unsafe food which does not result in injury will be imprisonment for a term up to two years and also with fine which may extend to Rs 200,000, where unsafe food results in a simple injury, up to three years imprisonment and fine which may extend to Rs 400,000; where unsafe food results in a grievous injury, imprisonment for up to six years and fine which may extend to Rs 1 million; where such unsafe food results in death, imprisonment for life and also with fine which shall not be less than Rs 2 million. Furthermore, any person selling any food which is not in compliance with the provisions of the proposed act or the regulations made there under shall be punished with imprisonment for a term which may extend to two years or with fine not exceeding Rs 1 million or with both. The act also proposes punishment for such an advertisement promoting the sale of any food which may deceive a purchaser with regard to the character, nature, value, substance, quality, strength, purity, composition, merit or safety, weight, proportion, origin, age or effects of any food or of any ingredient or constituent thereof, shall be punished with imprisonment for a term which may extend to three years or with fine not exceeding Rs 1 million or with both.

[The News – December 26, 2010]

Global Context

Rising Oil Price Adds to Asia Inflation Headaches

Rising oil prices present a new inflationary headache for Asia and further complicate the task of policymakers grappling with broader price pressures, an uneven growth outlook and surging dollar inflows. Central bankers in Asia are reluctant to stifle growth by raising rates and are wary of exacerbating yield differentials with western economies and Japan that would further attract potentially destabilizing capital flows. At the same time, rising prices are politically fraught in countries such as India and Indonesia, which must decide between taking the fiscal hit of offsetting fuel price increases through subsidies or pass costs onto inflation-wary consumers. Inflation is also a big worry for global economic powerhouse China, whose leadership perceives rising costs of living as a threat to social peace and stability. Beijing's Christmas day rate rise — its second in two months — underscored how its focus has shifted from nurturing growth to getting prices under control and India is expected to follow, resuming a tightening cycle that has brought six rate increases since March. Asia's No 1 and 3 economies can find comfort in signs that growth had sufficient momentum to withstand further policy tightening, but others — particularly those relying heavily on exports — seem less certain about next year's prospects. Yet South Korea, Indonesia, Thailand and Philippines are all also expected to tighten monetary conditions in 2011. While raising rates can do little to cap cost-driven or imported inflation, it can help cool overall demand and contain inflationary expectations stoked by a broad rally in commodity markets. Lee Sung-kwon, chief economist at Shinhan Investment Corp in Seoul said that it is difficult for individual countries such as South Korea to deal with inflationary pressure coming from these external cost factors. Lee said lowering tariffs on raw material imports, for example, will have a small impact on easing prices in South Korea, and expects the central bank to raise rates once each in the first and second quarters, to 3 percent from 2.5 percent now. Lee said that global prices of oil and raw materials will stabilise if China raises interest rates and the impact of the hikes materialise in that economy.

High and Rising: Oil prices have risen steadily this quarter. Benchmark US crude hit a 26-month high on Monday near $92 per barrel and is forecast by some analysts to be headed to $100, driven by quantitative easing in the United States and as robust growth in China and India drive demand. A weak dollar and OPEC's evident reluctance to increase output add to the case for costlier oil in 2011. Chen Xingdong, chief China economist at BNP Paribas said that we see broad price rises in soft commodities, hard commodities and black commodities (oil and coal), which have translated into imported inflation and imported cost increases. Demand for oil products in China, the world's No.2 consumer, rose 13.9 percent annually in November, as millions more Chinese bought cars and industrial and petrochemical demand boomed, despite a two-year old fuel pricing system designed to ensure rising crude oil costs were passed on to consumers.

Beyond Energy: In India, New Delhi this week deferred a decision on whether to lift the state-set price of diesel and cooking fuels, which would add to inflation, annoy the embattled ruling Congress party's rural base and further embolden the political opposition. Headline inflation in India was 7.48 percent in November, and the central bank's 5.5 percent inflation target for the end of the fiscal year in March appears increasingly out of reach as food and fuel price rises accelerate. The rise in global crude prices comes on top of high food prices and surging growth in many Asian economies. Chen estimated that while fuels contributed 10 percent to China's 5.1 percent November inflation, a 28-month high, food accounted for 74 percent. Food prices, which like energy tend to be beyond the scope of monetary policy, jumped 11.7 percent in China in the year to November, while India's food price index rose 14.44 percent on the year as of Dec. 18. Nuchjarin Panarode, economist at Capital Nomura in Bangkok said that rising oil prices will not be the only problem for inflation. Higher food prices and wages, which are seen across Asia, will also push up inflation from the demand side.

[Daily Times – December 31, 2010]