

POLITICAL ECONOMY OF WHEAT SUBSIDY AND FOOD SECURITY IN GILGIT-BALTISTAN

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BACKGROUND

The Gilgit-Baltistan (GB) region in Pakistan has been receiving a universal wheat subsidy since the 1970s to ensure food security in this geographically isolated and economically vulnerable area. Despite the provision of 1.6 million subsidized wheat bags annually, GB continues to face significant food insecurity, with over 50% of the population affected. This situation raises concerns about the effectiveness and sustainability of the current subsidy program.

KEY ISSUES IDENTIFIED

Inefficient Targeting

The current subsidy is uniformly distributed, regardless of household income levels, resulting in inefficiencies. Wealthier households benefit equally as poorer ones, reducing the program's impact on the most vulnerable.

Operational Challenges

The public distribution system is opaque and susceptible to corruption, including black marketing and pilferage. These issues prevent the subsidy from reaching those who need it most, further exacerbating food insecurity.

Impact on Local Agriculture

The subsidy discourages local wheat production, shifting reliance on external supplies and reducing dietary diversity. This has also led to a decline in the cultivation of nutritionally rich local crops like barley and buckwheat.

Economic and Environmental Costs

The subsidy contributes to the federal budget deficit and has long-term implications for both fiscal stability and environmental sustainability. The opportunity cost of maintaining the subsidy includes underinvestment in public goods and agricultural innovation.

POLICY RECOMMENDATIONS

Targeted Subsidy Programs

Redesign the subsidy to focus on low-income households, ensuring that the benefits reach the most vulnerable. This approach can increase efficiency, reduce the fiscal burden, and better address food insecurity.

Improved Distribution Transparency

Enhance the transparency of the wheat distribution system by implementing clearly delineated quotas and compliance mechanisms. This could involve digitizing the supply chain to track wheat allocations and prevent leakages

Support Local Agriculture

Redirect subsidies to support local wheat production and diversify crops in GB. Encourage the cultivation of traditional grains, which are better suited to the region's agro-climatic conditions and contribute to nutritional security.

Sustainable Food Systems

Invest in sustainable agriculture practices and infrastructure that improve local food production and reduce dependency on external wheat supplies. This includes expanding arable land through innovative farming techniques and promoting resilient crop varieties.

Long-term Policy Reforms

Consider the gradual phasing out of universal subsidies in favor of targeted support combined with investment in public goods such as education, health, and infrastructure. Such reforms can lead to broader economic development and improved regional food security.

CONCLUSION

The wheat subsidy in Gilgit-Baltistan needs urgent reforms to address its inefficiencies and ensure it meets its primary objective of securing food for the vulnerable. By focusing on targeted assistance, improving transparency, and supporting local agriculture, the policy can better serve the region's population while promoting sustainable development.