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Influence of Food Products Sudden Inflation on Livelihoods of Daily Income Wagers of Pakistan

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ARTICLE DETAILS	ABSTRACT
History: Received: December 28, 2021 Accepted: June 08, 2022	<p>In this review article, all the factors associated with the inflation of food products in Pakistan have been discussed. Moreover, previous trends of inflation in food products followed in Pakistan during the recent years have been compared with current trends of inflation. This article contains the impacts and effects of inflation of food products on two societal extremes rich and poor in Pakistan. Inflation is inversely proportional to daily income wages. It affects the poor people of Pakistan in negative ways as they cannot afford good quality food products and hence remain malnourished and deprived of basic food necessities. The measures that can reduce the inflation of food prices include strong strategic planning, proper policy making, reforms in food security policies, increasing agricultural outputs, appropriate audit of food supplies, control of food products prices and analysis of demand to supply ratio of food commodities.</p> <p>© 2022 The Authors, Published by WUM. This is an Open Access Article under the Creative Common Attribution Non-Commercial 4.0</p>
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1. Introduction

Food is essential for everyone to survive. The rationing of food among other things may vary from rich to poor. Poor families spend most of their income on food. Rising prices for essential foods are detrimental to their purchasing power, and at the same rate of income, it does not cost them to buy these goods. Unstable food prices create malnutrition and starvation, which contributes to the overall inflation rate. Therefore, household prices are a significant concern in today's world (Chaudhry, et al., 2008). Inflation contributes to unemployment and economic growth in Pakistan. Data were collected from 1980 to 2010, which showed that the demand for inflation was due to rising commodity prices. (Shahid, 2014). Pakistan seeks to achieve higher economic status in a short period and as a result has acquired advanced technologies from Western countries which is why inflation has risen and

unemployment has risen sharply (Mubarak & Riazuddin, 2005). There is a strong link between inflation and unemployment. There is a consensus that the era of cheap food and non-food products is over, this is a time of inflation and is spreading around the world, especially in Pakistan. These inflationary pressures do more harm to the poor than to the rich. Due to inflation, Pakistani daily commuters face difficulties because a large portion of their income is spent on food products (Amjad & Asghar, 2021). Pakistan must be strengthened to achieve the goals of sustainable development and economic stability in Pakistan. The main causes/causes of inflation are overprotection, high production costs and Government taxes and other monetary policies (Sareen, 2020). Some people also blame inflation and monetary policy and mismanagement or failure to govern (Aleem, 2007). High inflation tends to erode people's incomes and increase poverty. Food inflation has raised sharply, for example, wheat, rice, edible oil, meat, milk, eggs, and fresh vegetables are being promoted. Pakistan's annual inflation rate dropped to 8.4 percent in November 2020, the lowest figure since August, from 8.9 percent in October, mainly due to falling prices for food and non-beverages (15.1 percent compared to 16.6) and health (7.6 percent vs. 7.8 percent). Also, costs continue to decline in transportation (-4.1 vs. -1.5 percent). In contrast, inflation has accelerated in restaurants and hotels (9.3 percent compared to 8.9 percent). Every month, consumer prices have risen 0.8 percent, following a 1.7 percent increase last month (Pakistan Bureau of Statistics).

2. Causes of Inflation

Few tariffs on food prices in Pakistan such as the sick agricultural sector, overpopulation, smuggling and illegal storage of food, natural disasters, deforestation, lack of food security, lack of modern technology, lack of irrigation water, lack of the existence of food marketing infrastructure and food waste management. Inflation has become commonplace in Pakistan. The staple food is found in the agricultural sector, which is provided with risks. Food production in Pakistan is done to a certain extent by using traditional methods of sowing and harvesting food. The existing culture of subdividing the cultivated land into smaller plots also affects the pattern of the meeting, which provides excuses for farmers to use advanced technology because it is expensive and therefore less part of the land can recoup production costs and less profit potential. The causes of inflation are divided into 2 categories, Cost-push inflation and Demand-pull inflation.

2.1. Demand Pull Inflation:

It is a common form of inflation, where demand increases and purchases fall; retailers raise the price causing inflation. It could be due to a shortage of raw materials or manufacturers. Every growing economy is facing this.

2.2. Cost Push Inflation:

It is the 2nd most common form of inflation and in this case in particular the purchase fails for various reasons and suggests that retailers raise the price to earn revenue. Natural disasters such as hurricanes, earthquakes, tsunamis, or any other catastrophe lead to a lower cost of living.

3. Impact and Trends in Inflation

In the context of developing countries, and especially Pakistan, a recent World Bank report listed Pakistan as one of the twenty "most vulnerable" countries due to the moderate impact of food prices on urban poverty (Dessus, 2008). According to the Economic Survey (2012-13), food inflation was 7.4% in 2013, while it was 9.3% from July 2013 to April 2014. Thus

it also showed an upward trend after two episodes in 2007 and 2010. Earlier, the general rise in inflation was due in part to the second episode of high inflation in 2010. As a result, half of Pakistan's population is considered "food insecurity," according to the World Food Program (Chaudhry, et al, 2008). In addition, Economic Studies (2013) confirmed that food inflation was 7.4% in 2013, and it was 9.3% from July 2013 to April 2014. The volatile prices for major food products include wheat, rice, corn and so on. Food insecurity exacerbates the situation of poor families, especially in low-income countries (LDCs). The imbalance (created as a result of the neglected agricultural sector) between rising domestic demand and declining supplies (caused by high prices) puts significant pressure on food prices. This was also demonstrated in Pakistan in 2009 that food inflation has endured much in the past few months, remaining relatively stable at about 15% compared to 8% in 2009 (Pakistan Economic Survey, 2010-11). According to the World Bank report of 2008, the decline in food prices continued until the mid-1970s, which seems to have disappeared, now that there has been a nearly 200 percent increase in food prices since mid-2008. Food Inflation Trends are summarized in the following graph taken from the Pakistan Bureau of Statistics and show trends up to 2019.

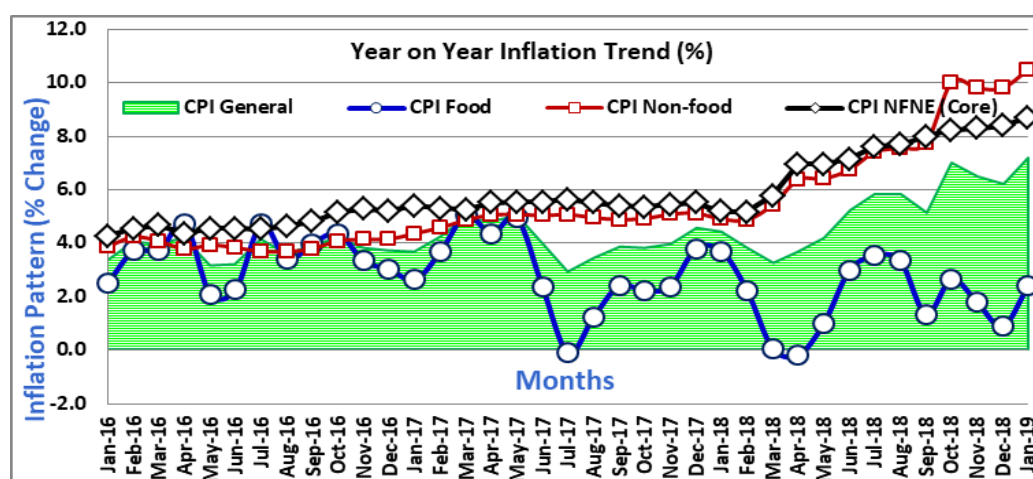


Figure 1: Abstracted from data of Ministry of Statistics, Pakistan Bureau of Statistics Islamabad's Press release on Inflation Statistics, Government of Pakistan.

An article by Sumaira Saleem (2013), described growing issues related to climate change such as floods, hurricanes, earthquakes and melting glaciers. It was said in 2010 there was a major flood in Pakistan with melting glaciers and floods, which widened the seas and caused extensive damage throughout Pakistan. The purpose of this study was to detect climate change by the sudden inflation and the lives of some women living in the northern hemisphere. The study was conducted in the KPK region of Nosherva Pakistan. Quality research conducted means that group discussions, interviews and other investigations are included in this item. It has been reported that due to the floods inflation has increased because businesses have been set up in the area and the remaining accessories are rising inflation. The impact of agriculture will remain below target in the south Asian region but food prices will fall in many South Asian countries including Pakistan until 8 August 2014, simply due to favorable weather conditions (World Bank Report; South Asia Economic Focus (Shahzaman et al. 2021). Recent figures as compiled by Gwartney, (2011) of Pakistan indicate that during April 09 consumer goods showed a decrease of approximately 8%. The figures were collected in 52 consumer goods surveys in more than 118 cities in 79 regions of Pakistan. In addition, the report also showed that a 5% increase in milk production resulted in

higher milk prices during a recent study. Food or inflation is especially detrimental to the poor and the wealthy because these people spend most of their money on shopping (Hanif, 2012)

4. Inflation in cities:

Consumer price index (CPI) inflation in urban areas increased by 7.7% annually in April 2020 compared to 9.3% in the previous month and 8.4% in April 2019. Rising urban food and non-food prices were recorded at 10.4% and -6.2% compared to 13% and 7.3% respectively last month.

Table 1: Inflation % of food products in urban areas of Pakistan comparison between April 2020 and April 2019 (Khan, 2021).

Foods	Inflation in April 2020 as compared to 2019
Pulse	101.1%
Potatoes	92.26%
Mash	67.89%
Masoor	47.67%
Eggs	44.16%
Onions	40.72%
Pulse gram	31.22%
Beans	29.01%
Sugar	27.80%
Cooking oil	22.01%
Food Meat	13.75%
Complete gram	12.52%
Electricity charges	54.84%
Drugs and medication	73.03%
Vehicle testing	11.25%

1.1. Inflation in rural areas

CPI increased by 9.8% per annum on an annual basis in April 2020 compared to an increase of 11.7% in the previous month and 8.1% in April 2019.

Table 2: Inflation % of food products in rural areas of Pakistan comparison between April 2020 and April 2019 (Khan, 2021).

Foods	Inflation in April 2020 as compared to 2019
Potatoes	103.48%
Moong	94.46%
Mash	56.15%
Masoor	45.11%
Onions	38.93%
Wheat	21.88%
Beans	20.92%
Rice	12.75%
Tomatoes	56.28%
Chicken	28.5%
Electricity charges	5.88%

Inflation contributes to poverty and the daily income of the people. They estimate that the effect of higher food prices has been applied to the total profit margin so that the poorest people become consumers. He said in this period it was not considered sufficient to measure the total profit margin because there were serious problems with food production and food consumption (Heady, Willan -J Marin, 2016). In the study, the researcher wanted to analyze the implications of inflation in Pakistan from 1972 to 2017. The researcher noted all factors in money, food tax, and GDP, to identify the root causes of inflation. The researcher said taxes were a major cause of inflation in Pakistan; however, he said that if we pay attention to the exports and imports of Pakistan and the donations then there is a chance of overcoming inflation (Qayyum, 2018). A review of the impact of inflation on FMCG (Fast moving consumer goods) companies in Pakistan was underway. It was pointed out that consumer acquisition and marketing were significantly affected by inflation. FMCG companies are on the top list of companies in South Asia. It stated that in addition to the Profit Company it should be used for advertising or promotions. This can be taken into account if inflation of all commodity prices falls to a minimum. But some studies also required a broader conclusion (Fahad & Ali, 2020). The COVID-19 spread in Pakistan has an impact on human health, especially in the Punjab and Sindh. People are moving into poverty as a result of the work that has been suspended on inflation and disability. Due to the lack of transportation, farmers face many disasters. Lack of staff in custody is also a factor. Due to the lockdown, there is no profit in agriculture. Investigators say the government has announced moral and financial support but that is not enough because agriculture needs equipment and our country's equipment needs to be repaired every year to lock this problem down. The disease greatly affects the lives of people living in rural and urban areas food costs in Pakistan increased by 15.13 percent in November 2020 as the same month last year. The current state of food inflation is summarized in the following graph (Pakistan Bureau of Statistics)

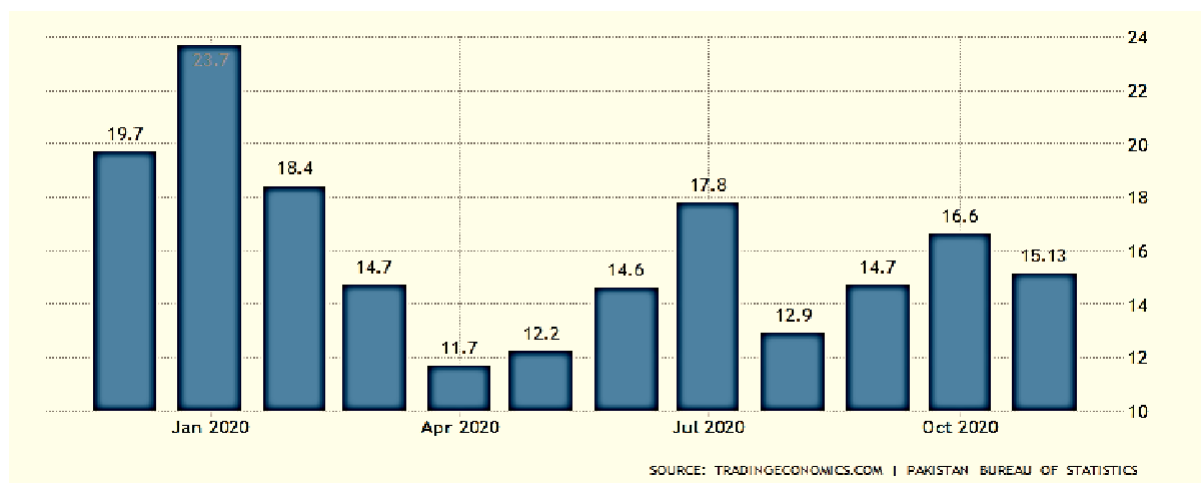


Figure 2: Food Inflation % increase from Jan 2020-October 2020, Pakistan Bureau of Statistics

5. Results of food inflation:

The effects of food inflation vary from family to household. The low-income earners, who are the poorest people in the country face great difficulties during inflation. It exacerbates poverty and malnutrition which will be the ultimate result of rising food production as people in developing countries such as Pakistan will not be able to afford enough and needed food. And it somehow increases the crime rate, as when people are unable to feed their families,

they can either kill or steal. The increase in poverty rates in Pakistan following rising food prices is in the following table taken from (Cheema & Sial, 2012).

6. Conclusion:

Pakistan had a strong agricultural economy that used to export wheat and rice but this operation had no stability due to post harvest losses and unstable government policies. As inflation rises, unemployment also increases. Now the increase in prices of food products due to COVID-19 has played a key role in inflation this year. This year 2020 chicken prices have dropped dramatically but the prices of sugar, fruit and tomatoes, in particular, have skyrocketed and this is not a good policy to deal with this epidemic. With the sudden increase in the price of food products and consumer goods, poverty alone is on the rise and nothing else is why in Pakistan poverty is rising day by day. To revive domestic demand and pressure on inflation, the State Bank of Pakistan has taken a strong monetary stance. However, there is no way to help reduce food inflation, given the tightness of food demand. Therefore, in addition, to promote the policies of the required sector one should not and should not take into account the importance of the sector of economic provision. Steps forward such as these; making the Pakistani Agricultural Research Council more effective and efficient, achieving greater productivity, timely importation of essential food items, pricing and support for corporate values, strong customer and warehouse checks, building water dams, improving farm-to-farm connectivity in the markets, maintaining the scientific capacity of Agricultural product, regional trade liberalization, and the expansion of the poor safety nets are some of the most effective ways to address the challenge of food inflation.

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