



The Death of Fair Prices: IMF Neoliberalism and the Crisis of Pakistan's Small Farmers

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Across Pakistan's countryside, millions of peasants and small farmers labour long hours to feed the nation. Yet fair compensation for their crops has become increasingly out of reach. Over the past decade, successive governments have steadily dismantled the Minimum Support Price (MSP) system; a policy historically designed to protect farmers from market volatility and ensure stable incomes.

This retreat did not happen by accident. It followed the conditions imposed by the International Monetary Fund (IMF) and the state's growing commitment to neoliberal economic policy.



What we are witnessing today is not merely a policy adjustment. It is a structural transformation of Pakistan's agricultural economy; one that shifts power from farmers and public institutions toward corporate intermediaries and financial actors.

For decades, the MSP system served as a basic safeguard for farmers. By guaranteeing a minimum price and ensuring state procurement through institutions such as the Pakistan Agricultural Storage and Services Corporation (PASSCO), the policy provided a degree of stability in an otherwise unpredictable agricultural economy. Small farmers could at least count on recovering part of their production costs and maintaining a modest livelihood. Today, however, this safety net is rapidly disappearing.

Wheat, the country's staple crop, forms the backbone of rural livelihoods and national food security and sovereignty through this protected system. As of the 2023–24 fiscal year, wheat was cultivated on 9.6 million hectares (37 percent of the total cropped area) in Pakistan, contributing 9.0 percent to agricultural value added and 2.2 percent to the national GDP. The public procurement mechanism ensured that farmers had a reliable buyer, regardless of market fluctuations, while maintaining strategic food reserves for the nation.

IMF Dictates and the Neoliberal Assault on Farmers

In September 2024, under pressure from the IMF's \$7 billion bailout programme, the federal government effectively withdrew from the wheat support price system. The IMF demanded that Pakistan deregulate its wheat market and reduce fiscal expenditures associated with procurement and storage. In December 2024, the government formally removed the wheat support price, handing price-setting power to private traders and intermediaries who dominate grain markets. The consequences for farmers were immediate: without guaranteed procurement, they were forced to sell wheat at depressed farm-gate prices while continuing to face rising costs for fertilizer, seeds, diesel, electricity, and irrigation.



The IMF's economic programs in Pakistan, cloaked in the language of "stabilization" and "reform," have systematically eroded the foundations of public support to agriculture. Each loan agreement brings new conditions: slashing subsidies, privatizing public enterprises, liberalizing trade, and removing state controls over agricultural prices. Behind these technocratic prescriptions lies a political project: to transform Pakistan's agrarian economy from one serving its people into one serving global capital.

Under IMF pressure, successive governments have withdrawn state intervention in agriculture and food systems, allowing market forces; effectively, corporate and trader monopolies to set prices. Under IMF pressure, wheat MSP scrapping crashed farmgate prices from \$350/ton in 2023 (Rs3,900/40kg) to \$215/ton in 2025 (Rs2,200-2,500/40kg), handing control to trader cartels. In 2026, indicative rates hover at \$260-300/ton (Rs3,000-3,500/40kg) amid private dominance, leaving small farmers 30-40% below costs. The abolition or manipulation of MSPs for wheat and rice has devastated small producers who can no longer recover even their production costs. As the cost of seeds, fertilizers, fuel, and water rises due to subsidy cuts and inflation, farmers' incomes collapse. Meanwhile, agroindustrial corporations and market intermediaries continue to accumulate wealth through price speculation and export-oriented profit chains.

This is neoliberalism in practice: transferring wealth from the many to the few, erasing social protections in the name of efficiency, and deepening dependency on foreign capital. The IMF's **neoliberal prescriptions are not reforms; they are instruments of recolonization**, designed to keep the country trapped in cycles of debt, austerity, and corporate extraction.

Peasant Resistance and the Partial Return of MSP

Peasants across the country did not accept these policies quietly. In early 2025, farmers mobilised in widespread protests across Punjab and Sindh, demanding the restoration of fair prices and public procurement. Demonstrations led by the Pakistan Kissan Rabita Committee (PKRC) and allied farmer organisations exposed the political origins of the crisis. Peasant



leaders made it clear that the withdrawal of MSP was not driven by domestic agricultural needs but by IMF conditionalities attached to the bailout programme.

Facing mounting rural unrest, the government partially retreated. In October 2025, authorities announced a wheat support price of Rs3,500 per 40 kilograms (\$ 12.5 USD). Peasant leaders made it clear that the earlier refusal to announce MSP followed IMF instructions rather than domestic policy necessity. The protests demonstrated that organised rural resistance can still challenge neoliberal reforms, even under conditions of economic crisis and debt dependence.

Yet this concession proved temporary. Even as the support price was restored on paper, the government simultaneously began designing a transition to a fully market-based wheat system.

Wheat Policy 2025–26: Transition to a Neoliberal Market-led System

The dismantling of MSP is now being institutionalised through a new policy framework. In 2025, the Ministry of National Food Security and Research introduced "Wheat Policy 2025–26: Transitioning to a Market-Based System." The policy explicitly aims to deregulate the wheat market and reduce the role of the state in procurement and storage.

Under the proposed Wheat Policy 2025–26, public procurement would gradually be replaced by private-sector purchasing, while the state would restrict itself to a regulatory role. While officials claim the policy ensures "market efficiency," its deeper objective is to restructure Pakistan's wheat economy around private sector control. The shift represents a fundamental restructuring of Pakistan's grain economy, following IMF demands to dismantle state procurement mechanisms and shift grain markets toward liberalised trade.

Punjab, Pakistan's largest wheat-producing province, has moved even further toward privatisation. Under the Punjab Wheat Policy 2026, the provincial government will no longer directly purchase wheat from farmers. Instead,



private companies will buy wheat directly from farmers. By early 2026, the Punjab government had prequalified 35 companies to participate in this system. But now 11 companies are qualified during the technical bidding, while the food department disqualified five traders. The policy guarantees these companies their profit margins, effectively converting wheat procurement into a lucrative corporate business. The list of participating firms reveals the growing corporate capture of Pakistan's food system. Among the actors involved are a powerful alliance of global commodity traders, domestic trading houses, banks, and military-linked corporations.

The most prominent actors include Fauji Fertilizer Company (FFC), a major agribusiness conglomerate belonging to the Fauji Foundation, one of Pakistan's largest military-linked corporate networks. The Fauji Foundation operates across sectors, including fertiliser production, banking, energy, and food processing. Its growing role in agriculture reflects the expanding influence of military-corporate capital within Pakistan's economy. FFC's involvement in wheat procurement directly intersects with the Green Pakistan Initiative, a state-backed programme that promotes large-scale corporate farming through long-term land leases and military-supported agribusiness ventures. By controlling fertilizer supply, agricultural inputs, and now grain procurement and storage, such conglomerates are positioned to dominate multiple stages of the agricultural value chain.

The presence of global agribusiness giants further underscores the international dimension of these reforms. Companies such as Louis Dreyfus Company and Cargill, two of the world's largest agricultural commodity traders, have also been linked to the emerging procurement system. These multinational firms form part of a small group of corporations that dominate global grain trade, controlling extensive networks of storage infrastructure, shipping logistics, commodity exchanges, and financial instruments. Their business models rely heavily on speculative trading and the consolidation of global supply chains. Across the Global South, such corporations have expanded their influence by exploiting liberalised markets and structural



adjustment programmes that dismantle public food institutions. Their entry into Pakistan's wheat market signals the deeper integration of the country's food system into global commodity circuits, where decisions about prices and supply increasingly reflect corporate strategies rather than farmers' needs.

Alongside multinational traders are a number of domestic trading houses and agribusiness groups, including Boota Brothers, Ali Imran, Haji Sons, Chapal Traders, N&M, Ravel Flour, Zulnoorain, Zariya, and SBRS; many of which operate in commodity trading, flour milling, and agricultural logistics. These companies are expected to function as regional wheat aggregators, purchasing grain directly from farmers while controlling storage infrastructure and distribution networks. Financial institutions such as Askari Bank, closely linked to Pakistan's military-industrial complex, will provide financing for procurement operations.

While Punjab is rapidly privatising wheat procurement, other provinces have adopted different approaches. The Khyber Pakhtunkhwa government has introduced a hybrid system, where 75 percent of procurement remains in the public sector, and 25 percent is handled by private firms. Meanwhile, Sindh has chosen to continue public sector procurement to stabilise prices and ensure food security. These policy differences highlight growing tensions between federal neoliberal market reform agendas and provincial concerns. The uneven implementation reflects both the contested nature of these market-driven reforms and the varying capacities of provincial governments to resist IMF-mandated structural adjustments.

The End of PASSCO and the Rise of Corporate Grain Traders

A major institutional change accompanies this transition. The federal government has begun replacing the Pakistan Agricultural Storage and Services Corporation (PASSCO), the central agency responsible for wheat procurement, with a new entity, the Wheat Stocks Management Company (WSMC).



The WSMC has been proposed as a special purpose vehicle with authorised capital of Rs350 billion, primarily designed to manage the closure of PASSCO and settle its outstanding liabilities of approximately Rs121 billion. Unlike PASSCO, however, this body is designed primarily as a financial vehicle to manage existing wheat stocks and settle the corporation's debts rather than actively procure grain. The shift further reduces the role of public institutions in managing food reserves, reinforcing the transition toward a corporate-controlled wheat economy.

Unlike PASSCO, the new body will not directly procure wheat. Instead, it will play a limited regulatory and coordination role while the private sector takes over procurement, storage, and distribution. This effectively marks the end of a public system that once stabilised wheat markets for farmers and consumers alike.

Inflation, Climate Shocks, and the Collapse of Rural Livelihoods

Pakistan's farmers today are being crushed by a perfect storm of crises. The prices of agricultural inputs have skyrocketed due to inflation and subsidy withdrawal, while output prices remain stagnant or are driven down by neoliberal institutions like the IMF, corporations, and market manipulation. Farmers sell their wheat, rice & vegetables at throwaway rates during harvest season, only to buy back food later at inflated prices, a cruel cycle that deepens poverty and debt.

Climate change adds another brutal layer to this crisis. Recurrent floods, droughts, and heatwaves have destroyed crops and disrupted production cycles, yet the state offers no meaningful compensation or insurance to smallholders. Instead, climate disasters are used as an excuse to promote climate-smart agriculture and corporate farming, a greenwashing narrative that hands more land to agribusiness and the military, rather than supporting the peasants who have cultivated resilience for generations.

In the absence of Minimum Support Prices and state procurement, farmers are left at the mercy of exploitative traders and hoarders who buy cheap and



sell dearer. The result is paradoxical: Pakistan, an agrarian nation, is now gripped by food inflation, hunger, and malnutrition while its producers sink deeper into despair.

From Fair Prices to Free Markets: The WTO's Neocolonial Design

The attack on Minimum Support Prices (MSP) and state support is not just a domestic policy choice; It reflects the combined pressures of IMF structural adjustment programmes and global trade rules that limit the ability of developing countries to support their farmers. It is a part of a broader World Trade Organization (WTO)-led neoliberal framework that enforces market fundamentalism across the Global South. Through the Agreement on Agriculture (AoA), countries like Pakistan are compelled to open their markets, cut farm subsidies, and allow unrestricted imports even when this destroys local production.

These so-called “free trade” policies are in fact neocolonial trade regimes, designed to secure markets for agribusiness corporations from the Global North while undermining food sovereignty in the South. Pakistan's dependence on imported food and inputs has grown under these policies, deepening the trade deficit and exposing farmers to volatile global markets they cannot compete in. Pakistan's food import bill surged 15.22 per cent to \$7.09 billion in the first nine months of the current fiscal year from \$6.15bn in the same period last year. WTO and IMF conditionalities work hand in hand to dismantle public agriculture, privatize resources, and commodify food, turning farming into a playground for corporations and financiers, not a livelihood for people.

A Peasant-Centred Alternative: Reclaiming Food Sovereignty

Pakistan can take a different path. Restoring and expanding MSPs, rebuilding public procurement systems, and regulating grain markets are essential to protect small farmers and stabilise food prices. The state must reclaim policy space from IMF restrictions and challenge global trade rules that undermine domestic food systems.



Redistributive Land reform remains central. Without redistributing land away from feudal elites, corporate investors, and military conglomerates, food sovereignty will remain fragile. Democratic control over agricultural institutions, farmer cooperatives, and extension services could support sustainable livelihoods and agroecological farming.

Yet resistance continues to grow. Peasant organisations and social movements across Pakistan are mobilising to defend MSP, public procurement, and farmers' rights. For us, the struggle for fair prices is not merely an economic demand but a broader fight for democratic control over food systems. Ensuring food sovereignty requires policies that prioritise farmers' livelihoods, ecological sustainability, and public accountability rather than corporate profit.

Pakistan stands at a crossroads. One path leads toward deeper neoliberal restructuring, where agriculture becomes fully integrated into global commodity markets dominated by neoliberal & colonial institutions, multinational corporations, and domestic elites. The other path demands the rebuilding of public institutions, strong price guarantees for farmers, redistributive land reform, and a commitment to food sovereignty. For millions of Pakistan's small farmers, the stakes could not be higher. The future of the country's food system and the survival of its rural communities depend on whether agriculture remains a public good or becomes yet another domain of corporate power.
