

## Pakistan: IMF forces Structural Reform: No MSP for Wheat

February 8, 2025

February 8, 2025: Islamabad, Pakistan: Pakistan's Prime Minister said that IMF had disbursed the first \$1 Bn, as a part of IMF's Structural Reform Program for Pakistan.

On February 8, 2024, 59 Mn Pakistanis had voted to elect a new Parliament. **Imran Khan**, the Leader of PTI party, which won the elections, continues to be in jail. After the General Elections of November 1969, the General Elections of February 8, 2024 was the first election, in which the Army's chosen Party did not win.

Pakistan's leading newspaper – the Dawn, wrote that "Pakistan's ' ordinary voters had overwhelmingly rejected the narratives set by the powers of the day. In this sense, the 2024 election was indeed a historic one."

On 8<sup>th</sup> February 2025, IMF's Executive Board approved for Pakistan, the following:

- The Fund's immediate disbursement will be about US\$1 Bn.
- The approval will unlock from Pakistan's international partners around US \$38 Bn over the program period.

Pakistan's Government has decided that from 2025, the government will not any **Minimum Support Price (MSP)** for Wheat. This will lead to a more **market-driven pricing mechanism**, potentially improving market efficiency and reducing government intervention.

Fiscal Savings: Eliminating the MSP can result in fiscal savings for the government, which can be redirected to other critical areas like infrastructure and social programs.

Encouraging Diversification: Without the MSP, farmers may be incentivized to diversify their crops, leading to a more balanced agricultural sector.

Without the MSP, there is a risk of reduced wheat production, which can affect food security and lead to higher prices for consumers.

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