

## Abstract

### **Impact of Government-Exit from Wheat Market on Future Wheat Acreage Decision among Small Farmers: A Vignette-Based Survey Experiment**

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Will the government's no-procurement policy for wheat lead farmers to reduce the future wheat acreage? The farmers' decision making for future production operates in a very complex system of wheat demand, prices, farm characteristics, personal preferences, and government policies. Understanding their spontaneous responses to policy changes is critical to discern the potential impact on wheat acreage, income, and food security. In 2024, the government of Pakistan stopped procuring wheat directly from farmers and encouraged the free market to operate. Consequently, the sudden exit from long-standing procurement policy disadvantaged the farmers, impacting their future production decisions. We hypothesize that farmers will reduce wheat acreage next year if they have sold their produce at a price less than expected last year. To exhibit their intention for future wheat acreage, we conducted vignette-based field experiments by presenting different potential government policies to a randomly selected group of farmers. We apply randomized controlled trial method to distinguish between their intended economic choices regarding future wheat acreage by exposing them to reality-based policy scenarios. Our preliminary findings suggest that small farmers intended to reduce their wheat acreage due to limited or no access to the free market. On the other hand, relatively large farmers have taken this policy as an opportunity either to keep the acreage constant or to increase it. This study is significant in formulating agricultural and social support policies for farmers based upon their socioeconomic, cognitive, and behavioral characteristics. It will also highlight the food security implications at the national level as a consequence of reduced land for wheat cultivation.