



INSTITUTE OF REGIONAL STUDIES, PESHAWAR

Press Conference of Dr. Muhammad Iqbal Khalil, Chairman, Institute of Regional Studies (IRS), Peshawar

The Impact of Rising Inflation on Households in District Peshawar

Findings based on a survey of 462 households, two focus group discussions, and stakeholder dialogue—August 2026

Opening Remarks

I am deeply grateful to all of you for joining this press conference. National inflation figures tell us that the prices of daily necessities and other essentials are rising, but they do not tell us who here in District Peshawar is actually bearing the brunt of it. To answer this question on a scientific footing—rather than through sentiment or hearsay—IRS carried out a comprehensive study last month, combining a household survey, two focus group discussions, and a wide-ranging dialogue.

The survey collected door-to-door data from 462 households across all seven tehsils of District Peshawar. Of the two focus group discussions, the first was held at the Sarhad Chamber of Commerce and brought together well-known industrialists and traders of Peshawar. The second was held at the IRS office and included representatives from different walks of life, particularly middle-income and low-income households. The wider dialogue also drew in economists, representatives of various organizations and civil society, teachers, journalists, members of minority communities, and a homemaker. What I am about to share with you in this briefing is not our opinion. It is the opinions and answers of these households and individuals, given in their own words and their own figures.

Our central finding is stark and impossible to ignore: inflation is not affecting all of Peshawar's households equally, and the poorest are being hit roughly seven times harder than the most affluent. I will explain what this means in everyday terms and then what we are asking of government departments and this city.

Key Finding: The Impact of Inflation Is Not Equal

We asked every household how badly inflation had affected them overall. In low-income areas, 48.7 percent of households described themselves as affected “to an extreme degree,” compared with 12.9 percent in middle-income areas and just 7.1 percent in high-income areas. This is not speculation; it comes directly from our own sample of 462 households.

This is not because people's incomes have stayed flat. 67.3 percent of households say their income genuinely rose over the past few months, yet 96.5 percent of that same group say their expenses rose by just as much, if not more. When an increase is swallowed by rising costs before it even reaches the family table, it can hardly be called a real increase, and that is precisely what is happening to most households in Peshawar today.

Where Is the Pressure Greatest?

Utility Bills: The Single Biggest Driver

93.1 percent of households say spending on electricity, gas, or fuel rose the most, more than any other category, including food. 86.6 percent of households have delayed paying a utility bill at least once. We met one household whose monthly electricity bill was Rs. 15,700, against a daily wage of just Rs. 1,200, meaning a single bill equaled more than fifteen days of full wages. So it came as little surprise that when we asked households what kind of help they needed most, 55.8 percent named energy relief as their top priority, well ahead of every other category.

Food

Our research found that 86.4 percent of households' food spending has increased, and more than half describe that increase as severe. Most households are coping by switching to cheaper food or eating less, but 34.6 percent, roughly one in every three households, have been forced to skip a meal altogether at some point.

Health and Education

79.4 percent of households have postponed medical treatment at least once because they could not afford it. Education tells much the same story: 59.1 percent of households delayed paying school fees, 19.2 percent moved a child to a cheaper school, and some households had to stop a child's education altogether. This is not a fear for the future; it is a proven reality within our own sample.

Transport and Mobility

Rising fuel prices are placing significant pressure on household budgets and daily transportation. The survey found that 84.6% of households reported increased transport costs, while 79.8% reduced market trips, 51.6% reduced school-related trips, 49.2% reduced work-related trips, and 37.7% reduced medical trips. Business representatives at the Chamber of Commerce FGD also linked higher transport costs to fuel prices and disruptions in Pak-Afghan trade routes. The findings come amid substantial changes in petroleum prices in Pakistan, which have risen by more than 50% since February 2026, compared with relatively smaller increases reported in India and Bangladesh.

Debt: The Pressure That Ordinary Conversation Doesn't Show

There is one figure I want to draw your particular attention to: 89 percent of households are now relying on some form of informal debt, whether borrowed from relatives, mounting credit with shopkeepers, or unpaid bills. For 95.1 percent of households, repaying debt has become difficult, and only 12.3 percent have any meaningful savings left. And yet, when we asked what kind of help people needed, debt relief ranked lowest of all priorities, chosen by just 3.5 percent. People are not asking for their debts to be forgiven; their

immediate need is today's food and today's electricity and energy bills. But the debt itself remains, quietly accumulating, and that is the very risk the relevant authorities need to watch closely.

Who is Being Left Behind?

Averages reveal only so much and hide just as much. When we asked households, who should be prioritized for assistance, their answer was unambiguous: first, the lowest-income households; then daily-wage earners and those with irregular incomes; then households with school-going children; and then the sick and the elderly. Only 3 percent felt that aid should be distributed equally across the board.

The stakeholder dialogue put names and faces to these numbers. Dr. Ilyas Syed, Director of the Peshawar Paraplegic Centre, pointed out that persons with disabilities and those with long-term medical needs were already spending far more than the average household before this wave of inflation began, so the same price increases hit them far harder. Professor Dr. Arbab Khan Afridi, former president of the Peshawar University Teachers Association, said that university pensioners often go unpaid for months at a stretch, to the point of having to borrow money just to buy medicine. These are not isolated cases; they are exactly the people who should be named individually in any relief program, rather than measured against a single income threshold.

The Problem Isn't Limited to Households

Traders and industrialists at the Chamber of Commerce and Industry, standing at the other end of this issue, told the same story: rising costs, a heavy regulatory burden, and disruptions along trade routes, all of which feed directly into the prices households pay. University economists in the stakeholder dialogue, working independently of the traders, pointed to currency depreciation, high indirect taxation, and a weak social protection system as the underlying causes behind households' current situation. Traders, households, and economists reached this same conclusion from entirely different starting points. That convergence is what gives us real confidence in these findings.

IRS's Recommendations

Every recommendation in our report is grounded in a specific finding, assigned to a named responsible department, and paired with a way to check later whether it was actually acted on. Five of these recommendations call for immediate attention:

Energy Relief

WAPDA/PESCO and PEDO should introduce a lifeline tariff and installment-based bill payment for low-income households.

There is also a strong view that, under Article 161(2) of the Constitution, the federal government is constitutionally bound to pay the province its share of Net Hydel Profit, and that this amount should be applied—with the provincial government's consultation and consent—as a subsidy on electricity bills to give the people of the province relief on energy costs. By the federal government's own figures, Khyber

Pakhtunkhwa's twelve power stations generate an average of about 5,500 megawatts of electricity, while the province's total requirement is only around 3,500 megawatts.

Likewise, under Articles 158, 161(1), and 172(3) of the Constitution, the federal government and the provinces are recognized as having an equal 50:50 share in gas production. Given this clear constitutional right, and given that Khyber Pakhtunkhwa produces 550 MMCFD of gas against a total provincial requirement of only 150 MMCFD, the province should not only be exempted from gas load-shedding, but the federal government should also provide the people of the province an appropriate subsidy on this account, following the same process of provincial consultation and consent.

Responsible: WAPDA, PESCO, PEDO; federal and provincial governments (on the constitutional revenue-sharing measures)

Food Assistance

The provincial Social Welfare Department should arrange targeted assistance, in the form of rations or vouchers, for the lowest-income households and those dependent on daily wages.

Responsible: Khyber Pakhtunkhwa Social Welfare Department

Health

The Khyber Pakhtunkhwa Health Department, working with partner NGOs, should make medicine costs for people with chronic illnesses and disabilities a permanent part of the Sehat Sahulat (Health Card) program or set up a workable discount scheme for buying these specific medicines.

Responsible: Khyber Pakhtunkhwa Health Department, partner NGOs

Transport and Mobility

Prioritize a targeted transport allowance or subsidized-fare arrangement tied specifically to school attendance and medical visits in the lowest-income tehsils, rather than a general fuel subsidy.

Responsible: Local transport authorities and school administrations, with IRS facilitation.

Monitoring Debt

Indicators of informal debt should be built into regular household monitoring so that this risk surfaces before it becomes a crisis.

Responsible: the IRS's own research team, which has taken on this responsibility

Targeted Eligibility

Rather than relying solely on an income threshold, assistance programs should name and include vulnerable groups directly: persons with disabilities, elderly pensioners, daily-wage workers, widows, orphans, and minority communities.

Responsible: Khyber Pakhtunkhwa Social Welfare Department

Closing Remarks

This report is not the end of our work, but the beginning of a dialogue that we want to continue in partnership with government departments, relief organizations, and the people of Peshawar. The full report, the underlying survey data, and this summary are available to all of you today and can also be provided to other individuals or institutions on request. We are not asking anyone to simply take our word for it; our only request is that the evidence be read and that action be taken in light of it. Thank you all once again.

Finally, if any of our friends have questions, my team—Professor Dr. Fazl-ur-Rahman Qureshi, Professor Dr. Arbab Khan Afridi, Dr. Israr Ahmed, and Dr. Alamgir Afridi—and I are here to answer them.

Anticipated Questions

Q: Does this study represent all of Peshawar or all of Khyber Pakhtunkhwa?

A: No. The report states this explicitly. This is a deliberate comparison across 462 households, drawn from different income groups and tehsils within District Peshawar; it is not a random sample of the district or the province. It offers credible comparative evidence, but not a province-wide estimate, and we have been careful not to present it as more than that.

Q: Why are women only 2 percent of your respondents?

A: Because we were not able to fully carry out our own plan for reaching women, and we do not want to hide that fact. This is the most significant limitation of this phase of the research: it means information on food, health, and household decisions, areas where women's role is usually central, was mostly obtained through indirect sources. In the next phase, we are committed to specifically allocating resources for women field workers.

Q: Beyond publishing the report, what will the IRS actually do?

A: We will take three concrete steps. First, rather than issuing a general appeal, we are placing every recommendation directly in front of the specific department responsible for it—namely WAPDA, PESCO, PEDO, SNGPL, and OGDC, the Khyber Pakhtunkhwa Social Welfare Department, and the Khyber Pakhtunkhwa Health Department. Second, a follow-up phase will be completed within six to twelve months to see whether these indicators actually change. Third, not just this report but the complete dataset will remain available for use by other researchers and institutions.

Q: Inflation is a national, even a global, problem. What can local departments realistically do?

A: No national figure can tell you that a particular household is being forced to choose between a utility bill and school fees. That requires local data, and that is exactly what this study provides. Several of our recommendations are things provincial and district institutions can act on directly, such as a lifeline electricity tariff, targeted food assistance, and relief on medicine costs. None of these require solving inflation at the national level first; they simply require understanding how inflation is playing out locally.

Q: Some of the claims raised in the focus groups—for instance, a link between unemployment and extremism—are quite serious. How solid is the evidence behind them?

A: We recorded that claim in our raw data as one participant's personal impression, not as something this study independently proved, and we are drawing that same distinction today. We believe it is far better to be transparent about the limits of a claim than to present something inconclusive as a settled finding.