



INSTITUTE OF REGIONAL
STUDIES (IRS) PESHAWAR

INSTITUTE OF REGIONAL STUDIES, PESHAWAR

STUDY REPORT

Impact of Rising Inflation

on Lower, Middle and Upper-Income Households
in District Peshawar, Khyber Pakhtunkhwa

*A Comparative Socioeconomic Study for
Evidence-Based Policy Dialogue, Social Protection and Household Resilience*



Prepared for
Institute of Regional
Studies (IRS), Peshawar



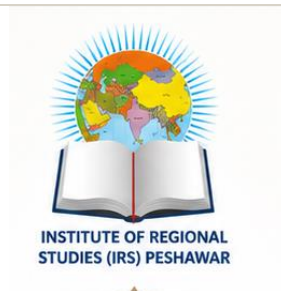
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Prepared for	Institute of Regional Studies (IRS), Peshawar
Research team	Dr Israr Ahmed and Dr Alamgir Afridi, in collaboration with the IRS field team
Report author	Dr Israr Ahmed
Study Coordination & Field Operations	Muhammad Murtaza
Reviewer	Dr Alamgir Afridi
Study basis	462-household structured survey across 7 tehsils of District Peshawar; 2 focus group discussions; and 1 stakeholder dialogue
Recall period	January-June 2026 household experience
Fieldwork duration	02 - 21 August 2026 (household survey and focus group discussions)
Report date	August 2026

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Introduction to IRS

The Institute of Regional Studies (IRS) is a registered research institute based in Peshawar, established in 1981 by Qazi Hussain Ahmad with a small group of colleagues. In 2008, under the leadership of Dr. Muhammad Iqbal Khalil - who continues to chair the Institute today - IRS was reconstituted as a policy think tank. Its Board of Directors draws on professionals, academicians, researchers and business persons, and currently includes Dr. Muhammad Iqbal Khalil, Prof. Dr. Fazal ur Rehman Qureshi, Muhammad Qasim Jan, Prof. Dr. Arbab Khan Afridi, Prof. Dr. Fakhar ul Islam, Anwar Murad Shah, Dr. Samiullah Jan, Dr. Alamgir Afridi, Engr. Izhar Ahmed, Dr. Muhammad Ilyas Syed, Bahrullah Khan Advocate, Inyatullah Khan, Dr. Israr Ahmed, Dr. Irshad Ahmad Yousafzai, Mian Anwar Said, Haji Muhammad Ishraq, Fazal-e-Wahab and Abdul Wasey. IRS now operates from its own purpose-built premises on Ring Road, Peshawar.

IRS describes itself as a Peshawar-based think tank focused on policy and governance issues in Pakistan, with particular attention to Khyber Pakhtunkhwa and to developments in Afghanistan, Iran, China and the Central Asian Republics that bear directly on the province. Its declared areas of work span education, health, social welfare, access to justice, finance and foreign policy. Its stated vision is to establish itself as a leading, credible and sustainable think tank driving informed policy decisions and effective governance on Pakistan's key socio-economic and political issues; its mission is to generate and advocate evidence-based research on socio-economic and political issues while building the human and institutional capacity for effective governance; and its stated goal is to support government institutions, political parties and civil society organizations through research, planning and informed policy decision-making.

IRS work on KP health policy, Pak-Afghan relations and Central Asian trade, delivered through seminars, webinars and policy dialogues that bring together the same mix of economists, officials, business representatives and civil-society actors convened for this study. Its Board of Directors meets regularly to provide institutional oversight, and IRS maintains working relationships with local government bodies, regional trade partners and diplomatic missions across Central Asia. Recent published output - including a study-visit report on Bangladesh and reports on Pak-Afghan relations, industrial growth in KP, the China-Pakistan Economic Corridor, and water resource development in the province - reflects a research agenda built around evidence that government and civil-society actors can act on, rather than analysis for its own sake.

This study of how rising inflation is affecting households in District Peshawar is a direct application of that mandate. It was produced by IRS to bring the same evidence-based approach the Institute applies to governance and regional-policy questions to a pressure households are living with daily, and it closes, as this report's own Section 7 records, with a personal commitment from Dr. Muhammad Iqbal Khalil to keep convening the dialogue between think tanks, policymakers, educational institutions and civil society that this report is intended to feed.

Executive Summary

462

Households surveyed
across 7 tehsils

48.7% vs 7.1%

"very highly" affected: low- vs
high-income areas

93.1%

Report utility costs as
their sharpest pressure

89.0%

Now rely on some form of
informal debt

This report exists because a province-wide inflation figure cannot tell IRS which households in Peshawar are skipping meals, which are delaying a child's school fees, and which are simply buying less. It draws on a structured survey of 462 households, two focus group discussions, and a stakeholder dialogue with economists, traders and civil-society leaders to answer that question directly. The evidence is consistent from every angle: households are not just paying more; they are running out of ways to absorb it.

The central finding is that inflation is not landing evenly. Among households in low-income areas, 48.7% describe themselves as "very highly" affected, compared with 12.9% in middle-income areas and 7.1% in high-income areas - a gap that shows up directly in the survey data, not as an assumption. Even where household income has risen (67.3% of respondents report their income increased), expenses have risen faster: 96.5% of that same group also report their overall expenses increased a lot or somewhat, meaning a nominal raise is buying very little real relief.

Utility bills are the single sharpest pressure point. 93.1% of households name electricity, gas or fuel among the expense categories that increased, more than any other category, including food. 86.6% have delayed a utility bill at least once, and "high energy bills" is the single most common answer (34.6%) when households are asked what is driving the pressure they feel. This is echoed almost word for word by business owners at the Chamber of Commerce and by economists at the IRS dialogue, who separately described utility costs consuming roughly a third of many households' monthly income. A desk review of KP's energy situation from February to July 2026, used in this report for provincial context, helps explain why: Khyber Pakhtunkhwa produces hydropower and gas, yet its consumers pay national tariffs that carry capacity payments, distribution losses and periodic adjustments, and many still face long power and gas outages.

The knock-on effects are severe and, in places, already crossing thresholds that are hard to reverse. 34.6% of households have skipped meals outright. 79.4% have delayed medical treatment at least once. 59.1% have delayed school fees, 19.2% have switched their children to a cheaper school, and a small number have already withdrawn children from education entirely. Nearly 89% of households are relying on some form of informal

credit - borrowing from relatives, running up shopkeeper credit, or falling behind on bills - and 95.1% describe repaying what they owe as difficult. Only 12.3% of households have meaningful savings left.

Households are clear about what would help most: energy relief (55.8%), food support (38.1%) and medical assistance (34.4%) top the list, well ahead of direct debt relief (3.5%), even though debt dependence is now nearly universal. That gap between what is urgently requested and what is quietly accumulating as risk is one of

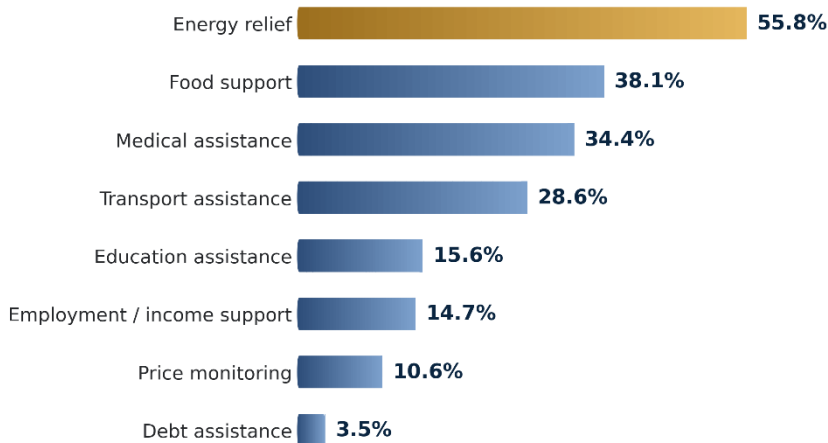
the more important findings for

IRS to carry into any policy conversation.

What follows is built to be used, not just read: a Policy Gap Matrix that ties every major finding to a specific, ownable recommendation, a set of recommendations organized by theme in Section 11, and an honest account of what this study should return to IRS - concrete next steps, named

owners, and a plain way to check, a year from now, whether any of it actually worked.

What kind of support households want most



1. Why This Study, and Why Now

Inflation shows up in national statistics as a single number, but it is not experienced that way. Pakistan Bureau of Statistics data put year-on-year CPI inflation at 10.9% in April 2026 [PBS, CPI release, April 2026], with transport running far ahead of the average at 29.9% and housing, water, electricity, gas and fuel at 16.8%. The State Bank of Pakistan raised its policy rate to 11.5% around the same time [SBP Monetary Policy Statement, April 2026], pointing to energy prices, freight costs, insurance premiums and supply-chain disruption as ongoing risks. Those figures describe the economy. They do not say who is being squeezed, through which household expense, or what people are giving up to cope.

Khyber Pakhtunkhwa had its own reasons for feeling this harder than the national figures suggest. A desk review titled Energy Prices, Economic Pressures, and Their Impact on Khyber Pakhtunkhwa, covering February to July 2026 and referred to in this report as the KP energy review, records petrol rising from about Rs. 257 a litre in early February to about Rs. 458 by early April, and high-speed diesel from about Rs. 263 to about Rs. 520, before both eased while staying well above their February levels. It also points to a contradiction that sits behind much of what Peshawar households told this study: KP is a major producer of hydropower and natural gas, yet many of its communities face long power and gas outages and relatively high energy costs. Add continuing insecurity and repeated disruption of trade with Afghanistan, and the review argues that the province is dealing with more than an ordinary cost-of-living squeeze: energy-price inflation, supply shortages, distribution losses, security costs and a weakened border economy, all in the same months.

That is the gap this study was designed to close for District Peshawar. A lower-income household facing a price shock might cut meal quality or borrow for the electricity bill. A middle-income household might pull back on a child's tuition or stop saving altogether. An upper-income household might delay a purchase or an investment rather than change how it eats. All three show up as "affected by inflation," but they need different responses,

and a national CPI figure cannot tell IRS or its partners which is in Peshawar specifically. The same logic points beyond Peshawar: if a relatively better-resourced provincial capital shows this much strain, the pressure in KP's less-resourced districts, such as Kohistan, Chitral, Torghar, Tank and the merged tribal districts, is a question this study was not designed to answer, but one a follow-up round should take up directly.

The KP energy review makes the same point from the other direction. For a household in a relatively secure urban area, it notes, higher fuel and electricity bills mainly mean a bigger monthly expense; for a household or small business in a conflict-affected or border district, the same increase arrives alongside falling trade, fewer jobs and uncertain access to markets. Peshawar sits between the two: it is the provincial capital, but the review also lists it among the communities whose livelihoods are tied to trade with Afghanistan.

This report brings together four sources of evidence: a structured survey of 462 households across seven tehsils, split roughly by area income level; a focus group discussion with industrialists and traders at the Chamber of Commerce & Industry; a second focus group discussion with general-public household representatives at the IRS office; and a stakeholder dialogue that brought together university economists, teachers' and government-employees' associations, an organization serving persons with disabilities, a minority-community representative and IRS's own leadership. Each source has a different vantage point on the same problem, and the findings below draw on all four together rather than any one in isolation.

Alongside these four sources, the report uses the KP energy review for provincial context. It is a desk analysis, for the period February to July 2026. It is used here to explain, enhance and place the survey findings.

2. About This Study

The design is a rapid, mixed-method comparative study, not a province-wide census, and the findings should be read that way throughout this report: as credible comparative evidence from a sample chosen deliberately for comparison, not as a statistically generalizable estimate for all of Khyber Pakhtunkhwa or even all of Peshawar. That distinction matters, and it is carried through deliberately rather than softened for effect.

A word on IRS's own role in these recommendations.

A number of the recommendations in this report name IRS itself as a responsible party, not just PESCO, government departments or other external actors. That is deliberate rather than an oversight: IRS is not a neutral outside observer of this policy conversation, but a participant convening it, so where the evidence points to something IRS itself is best placed to do, this report says so directly rather than routing it only through others. The same approach used for other sensitive points in this report - see "A limitation worth naming here rather than later" in Section 2.4, or "One claim handled with care" in Section 7 - applies here: naming IRS's own role plainly is a considered choice, not something that went unnoticed.

2.1 The household survey

462 households were surveyed face-to-face across seven tehsils; Peshawar City, Shah Alam, Badbher, Hassan Khel, Pishtakhara, Mathra and Chamkani, using a structured questionnaire covering household profile, income and expenditure change, food and nutrition, energy and transport, health and education, household finance and coping, and policy priorities. Households were classified by area income level (low, middle or high) using self-reported income and expenditure bands, occupation, housing and savings/debt position. Fieldwork ran from 2 to 7 August 2026, with respondents recalling their experience since January 2026.

2.2 The qualitative component

Two focus group discussions and one stakeholder dialogue supply the explanation behind the survey's patterns. The first FGD, held on 11 August 2026 at the Sarhad Chamber of Commerce & Industry Peshawar, brought

together industrialists, traders and business representatives, a supply-side view of how inflation is changing the cost of doing business and, through that, the prices households pay. The second FGD, held on 21 August 2026 at the IRS office, brought together household representatives from different walks of life; a direct account of daily budgeting, borrowing and sacrifice. The stakeholder dialogue, convened separately by IRS, gathered 14 named speakers: university economists, the Secretary General of the government employees' alliance (AGEGA), the President of the Pakistan Education Network, a representative of the Sarhad Chamber of Commerce, the Director of the Peshawar Paraplegic Center, a minority-community representative, teachers' association leaders, a columnist, and IRS Chairman. Their remarks are reported here as attributed, paraphrased summaries of what was said, not verbatim transcripts.

2.3 How the pieces fit together

Where the survey shows a pattern, say, that utility costs are the most commonly cited pressure, the FGDs and dialogue are used to explain why, with specific, named examples: a household weighing a Rs. 15,700 monthly electricity bills against a Rs. 1,200 daily wages, or an economist describing utility bills consuming a third of household income. Where a claim comes from only one source and could not be verified against another, that is said plainly rather than smoothed over. A small number of figures reported in the FGDs, a duration described only as “several months,” a large price increase in an unusual bulk unit, a serious but unverified claim about the drivers of youth radicalization, are flagged in the underlying data books and treated with matching caution here. One of those single-source items is worth naming directly: a claim raised in the stakeholder dialogue linking the province's rising militancy and unrest, and the frustration and reaction it has produced among young people, to the same economic pressures documented in this report. It came from one speaker, could not be checked against the survey, the FGDs, or any other participant, and is therefore not carried into the findings or recommendations as an established link. It is recorded here as exactly that - a single, unverified claim worth watching, and a possible line of inquiry for a future round designed to test it properly.

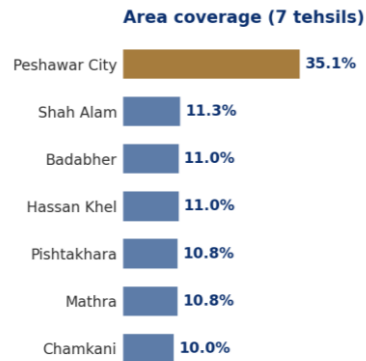
The KP energy review describes a related chain at provincial level: insecurity reduces economic activity, higher energy and transport costs reduce it further, and weaker economic opportunities can add to social vulnerability. That is an argument about the economy, not evidence about young people's attitudes, so it does not change how the dialogue claim is treated here. It does suggest the question is worth testing properly in a future round.

2.4 Who was surveyed

The sample profile below describes the 462 households behind every figure in this report.

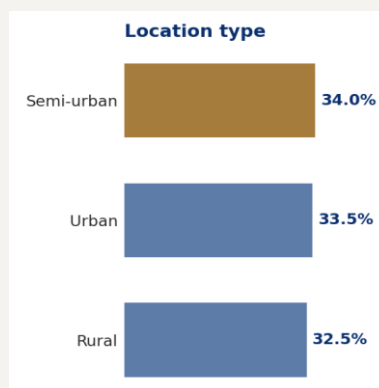
Area coverage

7 tehsils - Peshawar City (35.1%), Shah Alam (11.3%), Badabher (11.0%), Hassan Khel (11.0%), Pishtakhara (10.8%), Mathra (10.8%), Chamkani (10.0%)



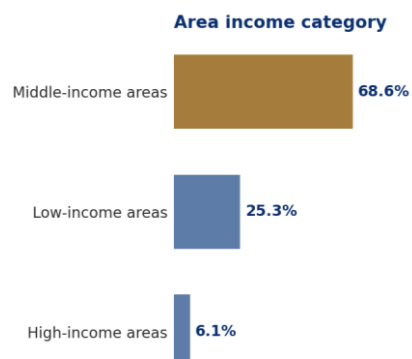
Location type

Semi-urban 34.0%, urban 33.5%, rural 32.5% - a deliberately even three-way split



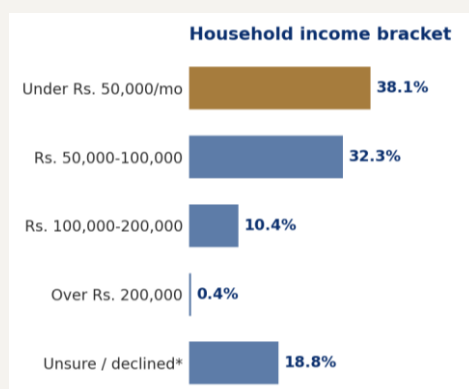
Area income category

Middle-income areas 68.6%, low-income areas 25.3%, high-income areas 6.1%



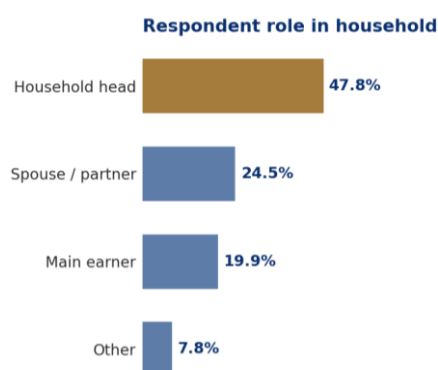
Household income bracket (self-reported)

Under Rs. 50,000/month: 38.1%; Rs. 50,000 - 100,000: 32.3%; Rs. 100,000 - 200,000: 10.4%; over Rs. 200,000: 0.4%; remainder unsure or declined to answer



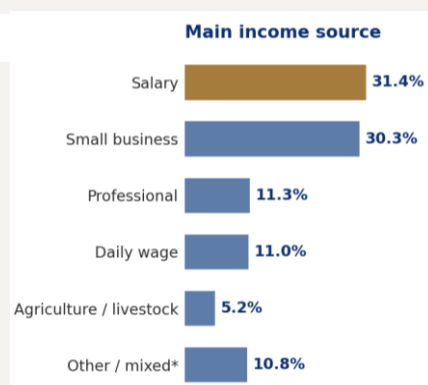
Respondent role in household

Household head 47.8%, spouse/partner 24.5%, main earner 19.9%, other 7.8%



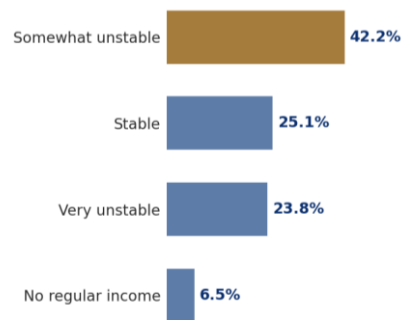
Main income source

Salary 31.4%, small business 30.3%, professional 11.3%, daily wage 11.0%, agriculture/livestock 5.2%, other/mixed sources the remainder

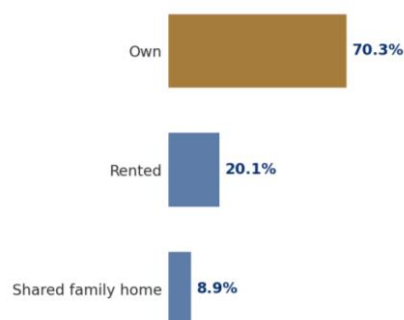


Income stability

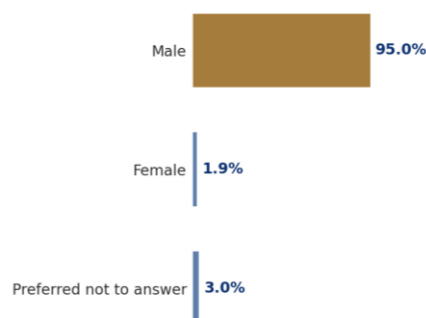
Somewhat unstable 42.2%, stable 25.1%, very unstable 23.8%, no regular income 6.5%

Income stability**Housing tenure**

Own 70.3%, rented 20.1%, shared family home 8.9%

Housing tenure**Gender of respondent**

Male 95.0%, female 1.9%, preferred not to answer 3.0%

Gender of respondent**A limitation worth naming here rather than later.**

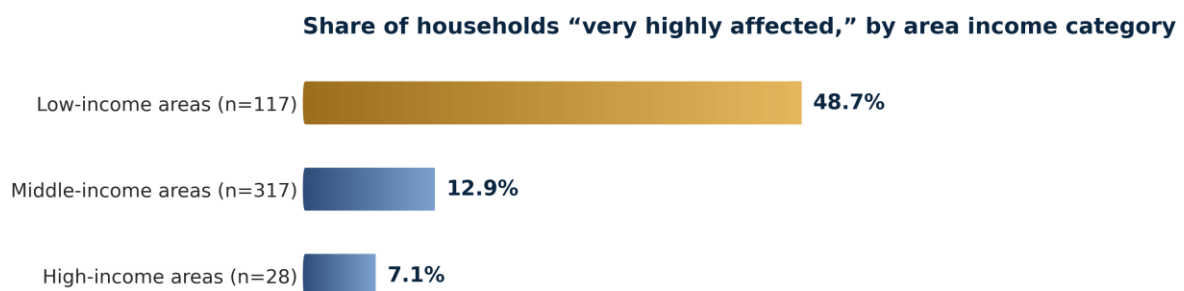
Female respondents make up under 2% of the sample. The proposal's own quality-assurance plan called for gender-sensitive access “where feasible”; in practice, feasibility did not extend far in this round. This means the report's findings, on food, health and coping decisions that are often led or shared by women in the household, are filtered mostly through male respondents' accounts. A follow-up round that specifically resources female enumerators and access arrangements would materially strengthen this evidence base.

3. How Households Are Feeling the Pressure

Across the full sample, 92.2% of households say inflation has affected them to some degree; only 7.8% say it has not touched them at all. But “affected” covers a wide range, from “slightly” (56.7% of the sample) to “very highly” (21.6%). The size of that upper group, and who is in it, is where the study’s clearest finding sits.

3.1 The income gap is real and it is large

The survey asked every household to rate how much inflation has affected them overall, and the answers split sharply by area income category. Households in low-income areas are nearly seven times as likely as those in high-income areas to describe the impact as “very highly” affecting them. The chart below shows the share of households reporting “very highly affected,” by area income category:



This is a directly calculated result from the 462-household sample, not a modelled or inferred estimate. It confirms, with actual numbers, what the proposal set out to test: the same national inflation rate is landing very differently depending on where a household sits on the income scale. At the other end of the scale, “not affected” is also somewhat more common in high-income areas (10.7%) than low-income areas (6.8%) - a smaller gap, but pointing the same direction.

In plain terms; the “seven times” figure describes how households rated their own experience, not how much money any one household lost. The chart above shows roughly 49 of every 100 households in a low-income area call themselves “very highly” affected, against about 13 in a middle-income area and 7 in a high-income area. Everyone is facing the same national price rise; what differs is how hard it lands depending on where a household sits on the income scale, and that difference is what this section is pointing to.

3.2 A raise that doesn't feel like one

67.3% of households report their income increased over the recall period - on the surface, a reassuring number. But 96.5% of those same households also report their overall expenses increased a lot or somewhat, and 68.6% of the full sample describe their expenses as having increased “a lot.” Income gains, where they exist, are being absorbed almost entirely by cost increases rather than translating into real relief. Households whose income stayed the same or fell report expense pressure at similarly high rates (80.6% and 86.7% respectively), which suggests this is a broad cost shock rather than a problem confined to households with stagnant income.

Households reporting expenses increased “a lot” or “somewhat,” by income trend

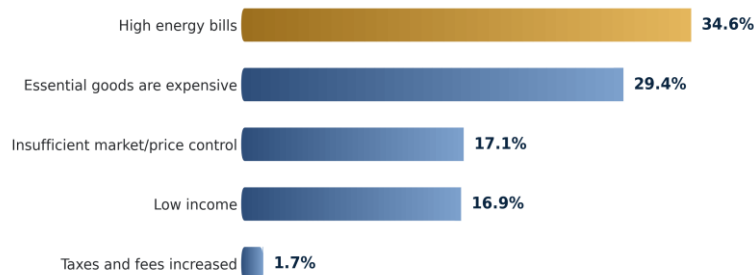
This matches what the IRS dialogue's economists described in more structural terms: a middle-class family that managed on Rs. 70,000-80,000 a month a couple of years ago now needs well over Rs. 140,000 to maintain the same standard of living - close to double - while, as several speakers put it, the salaried majority's income has barely moved in the last two years. The business owners at the Chamber of Commerce FGD described the same dynamic from the other side of the counter: shopkeepers waiting all day for customers whose purchasing has simply contracted.

3.3 What is actually driving the pressure, in households' own words

When asked directly what is behind the pressure they feel, households point first to utility bills, not food:

Reason given	Share of households
High energy bills	34.6%
Essential goods are expensive	29.4%
Insufficient market/price control	17.1%
Low income	16.9%
Taxes and fees increased	1.7%

The “insufficient market control” answer - 17.1% of households, unprompted - lines up closely with a complaint raised independently in both FGDs and by name at the dialogue: that price-check departments let large traders set their own rates while pressuring small vendors. Section 8 returns to this convergence in more detail.

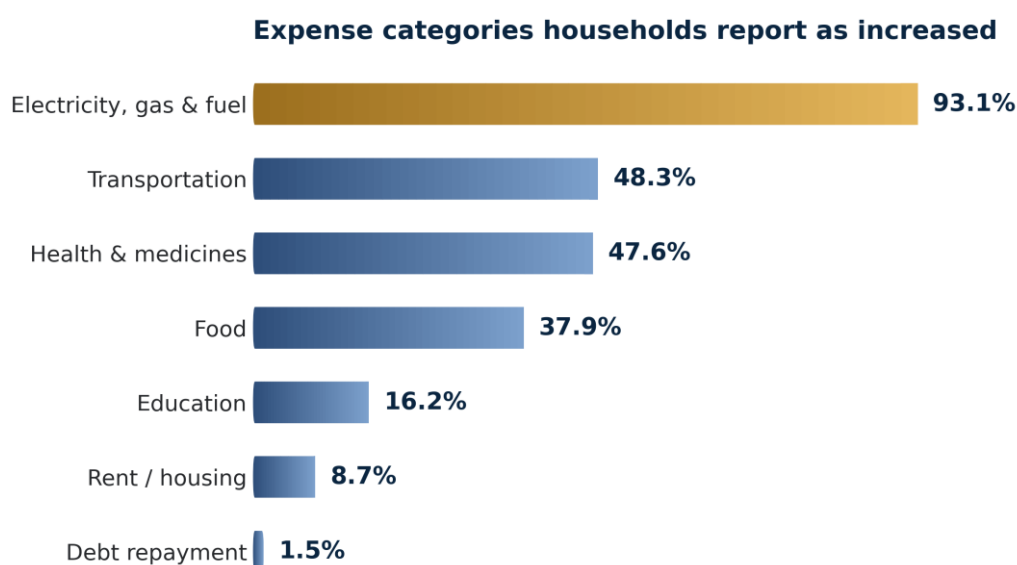
What households say is behind the pressure they feel

The KP energy review offers one reason energy bills come out on top even in a province that generates a large share of the country's hydropower. A consumer's tariff is not set by the cost of the nearest power station; it carries generation costs from every source, capacity payments, transmission costs, distribution losses, cross-subsidies, and fuel-cost and quarterly adjustments. Relatively cheap hydropower generated in KP therefore does

not produce cheap bills in KP. The review also notes that diesel feeds into the price of almost every transported good, so part of what households describe as “essential goods are expensive” (29.4%) is likely energy cost passed on through freight. The survey did not test that link directly, so it is offered here as an explanation, not a finding.

4. Where the Money is Going: Findings by Expenditure Area

The proposal set out to compare burden across food, energy, transport, health, education and household finance, and to attach a concrete recommendation to each rather than a general statement that things should improve. This section does that, area by area, using the survey's numbers alongside specific examples from the FGDs and dialogue. The chart below sets the scene: no category comes close to utility bills.



4.1 Energy and utilities - the single sharpest pressure point

No expense category is cited as often as electricity, gas and fuel: 93.1% of households name it among the categories that increased, ahead of transport (48.3%), health (47.6%) and food itself (37.9% when asked this specific way, versus the higher figure above when asked about food spending directly). 86.6% of households have delayed a utility bill at least once, including 18.0% who currently have an outstanding balance. 97.0% have cut back on energy use to cope - most only “a little,” but nearly one in five have cut back “a lot.”

The scale of the problem shows up starkly in a single comparison raised at the IRS office FGD: a household reporting a monthly electricity bill of Rs. 15,700 against a daily wage of Rs. 1,200 - a bill that, on its own, is worth more than twelve full days of that wage. At the stakeholder dialogue, Prof. Dr. Farzand Ali Jan, financial advisor to Prime Foundation, put a number on how widespread this is: in many households, utility bills now consume roughly a third of monthly income. Business owners separately complained of 9 distinct tax lines appearing on a single electricity bill¹. It is little surprise that when households were asked what kind of support they wanted

¹ This is the figure most consistently cited (originating from Pakistan's Ministry of Energy - Power Division reporting in 2023, still the reference point used across explainer sites in 2025-26). It applies to PESCO the same way it applies to every WAPDA-area DISCO, since almost all of these are federal levies - only one is provincial:

- i. **Electricity Duty (ED)** - provincial, ~1-1.5% of variable charges (KP government sets its own rate for PESCO)
- ii. **General Sales Tax (GST)** - federal, 17-18% on the electricity cost
- iii. **PTV/TV License Fee** - Rs. 35/month domestic, Rs. 60 commercial.

most, energy relief came first by a wide margin - 55.8%, ahead of food, medical assistance and every other option.

The KP energy review adds the supply side to these figures. Many parts of KP faced prolonged load-shedding during the first seven months of 2026, with additional cuts on top of scheduled outages in some areas at peak demand. The review is careful not to put all of this down to generation shortfalls or to how electricity is shared between provinces: PESCO has long carried very high transmission and distribution losses, weak recovery in some areas, electricity theft and overloaded infrastructure, and those losses reach consumers through higher tariffs and longer outages. The nine tax lines business owners counted on a single bill sit on top of a tariff that, as Section 3.3 notes, already bundles these costs. When supply fails, shops and workshops turn to generators and batteries, which adds a second energy bill to the first. The survey did not ask about outage hours, so the load-shedding picture here comes from the review rather than from respondents.

Gas tells a similar story. KP produces substantial gas of its own, yet the review describes shortages, low pressure and long interruptions for many consumers at times of high demand, while the higher cost of imported RLNG put further strain on the gas utilities and, in the end, on consumers. Its argument is that the issue is not simply how much gas KP produces, but how production, transmission capacity, system losses, contracts and allocation add up to what actually reaches homes and businesses in the province, and that only independently verified figures can settle that.

Recommendation

Work with PESCO and the provincial energy department to establish or expand a lifeline tariff and a formal phased-repayment option for arrears, targeted at low-income and irregular-income households rather than a blanket tariff cut.

Evidence: 93.1% report utility costs increased - the highest of any category; 86.6% have delayed a bill; 55.8% name energy relief as their top preferred support, also the single largest category.

Who should act: PESCO and the KP Energy Department, with IRS providing the household-level evidence base and a policy-dialogue platform | **Feasibility:** Medium - requires utility and provincial buy-in, but IRS can start by putting this evidence directly in front of them

How to know it worked: Number of low-income households enrolled in a lifeline tariff or repayment plan within a defined period after the dialogue

4.2 Food and nutrition

86.4% of households report their food spending increased over the recall period, and more than half of those describe the increase as “a lot.” The response has mostly been to change what is eaten rather than stop eating: 50.6% have switched to cheaper items, 48.5% have reduced the quality or range of what they buy, and 33.3% have cut the quantity of food in the household. Most seriously, 34.6% of households - roughly one in three - report skipping meals outright.

-
- iv. **Income Tax / Withholding Tax** - under Section 235, Income Tax Ordinance 2001
 - v. **Extra Tax** - 5-17%, on commercial/industrial consumers not on FBR's active taxpayer list
 - vi. **Further Tax** - 3%, on consumers without a Sales Tax Registration Number (domestic consumers exempt)
 - vii. **Sales Tax (commercial slabs)** - sometimes tracked separately from GST for commercial bills
 - viii. **FC (Financing Cost) Surcharge** - ~Rs. 0.43/unit, for power-sector debt servicing
 - ix. **NJ (Neelum-Jhelum) Surcharge / TR (Tariff Rationalization) Surcharge** - roughly 1% of units, funds hydropower and inter-DISCO tariff equalization

This matches the price movements described independently by traders at the Chamber of Commerce: a 20kg bag of wheat flour rising from around Rs. 1,800 to about Rs. 3,200, and rice, ghee and tea all moving sharply in the same period. At the IRS office FGD, one household described the same pressure in daily behaviour rather than a bag price: buying a full sack of flour used to be normal; now it is Rs. 300 of flour bought a day at a time, because that is what the daily budget allows.

That pattern is best read as a shift down a ladder of what is bought at all, not simply less of the same things - the substitution, quality-reduction and meal-skipping figures already given above point the same way. Exactly which staples have moved out of reach is not something this report's data breaks out: the survey did not ask food-by-food, and neither FGD summary names specific items. Consistent with how undocumented claims are handled elsewhere in this report (Section 2.3), that level of detail is best left for a future round rather than stated here as a finding.

Recommendation

Set up a targeted ration or food-voucher channel for households in the lowest income bracket and those citing daily/irregular wage income, rather than a general food subsidy spread thin across the whole district.

Evidence: 86.4% report food costs increased; 34.6% have skipped meals; food ranks second among preferred support types (38.1%) and food/daily-wage households top the survey's own priority list for assistance.

Who should act: Provincial Social Welfare Department, working with existing local ration/charitable networks; IRS in a convening and evidence role | **Feasibility:** High - the delivery mechanism already exists locally; the gap is targeting, not infrastructure

How to know it worked: Number of targeted households reached, and a measurable drop in "skipped meals" reporting in a follow-up round

4.3 Transport and mobility

84.6% of households report transport costs increased. The more telling number is what that has cost them in access, not just money: 79.8% have cut market trips, 51.6% have cut school-related trips, 49.2% have cut work trips, and 37.7% have cut trips for medical care. Cutting a market trip is an inconvenience; cutting a school or medical trip is a different kind of cost, one that compounds over time. Business owners at the Chamber of Commerce FGD linked this directly to fuel prices and, further upstream, to the closure of Pak-Afghan trade routes, which they said has disrupted supply chains and raised transport costs across the board - a supply-side account that lines up with what households are reporting on the demand side.

The KP energy review supports this account and puts numbers to the fuel side of it. Diesel, which rose from about Rs. 263 to about Rs. 520 a litre between early February and early April, powers the freight vehicles, buses, agricultural machinery and generators KP relies on, so its price works its way into food, medicines, construction materials and farm inputs. The review also describes how the two pressures compound: a transporter already paying far more for diesel loses again when a truck is stranded at a closed border crossing for days or weeks. It adds that the effect is heavier in remote and mountainous districts, where distances are longer and there are few alternatives to road transport.

Recommendation

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

Evidence: 51.6% of households have cut school trips and 37.7% have cut medical trips specifically - not just discretionary travel.

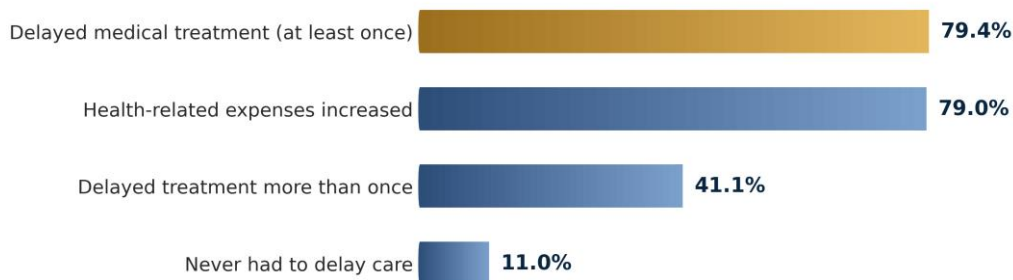
Who should act: Local transport authorities and school administrations, with IRS facilitating the initial pilot conversation | **Feasibility:** Medium - feasible as a pilot in one or two tehsils before wider rollout

How to know it worked: Reduction in reported school/medical trip cuts among targeted households in a follow-up survey

4.4 Health

79.0% of households report health-related expenses increased, and the consequence is immediate: 79.4% have delayed medical treatment at least once, including 41.1% who have done so more than once. Only 11.0% say they have never had to delay care.

Health costs and care in Section 4.4, at a glance



At the IRS office FGD, one respondent described a chronic skin condition whose treatment now costs roughly Rs. 15,000 a month, with the specific medicine involved rising from about Rs. 700 to Rs. 1,200 - a 71% increase on that item alone. At the stakeholder dialogue, Dr. Ilyas Syed, Director of the Peshawar Paraplegic Center, made the point that this burden is not evenly spread even within the “affected” population: people who need long-term care, rehabilitation services or specific medical equipment are hit hardest, because their baseline costs were already far above an average household's.

Recommendation

Establish a medicine-cost or health-access relief channel specifically for chronic-condition and disability patients, rather than a general health subsidy, working through existing NGO and pharmacy networks already serving this population.

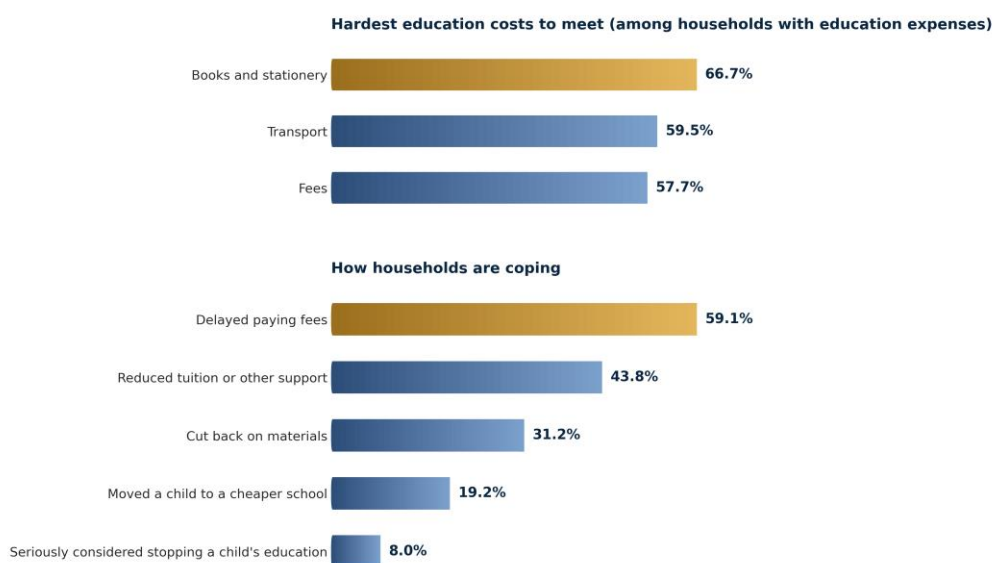
Evidence: 79.4% have delayed treatment at least once; disability and chronic-condition patients identified by name at the stakeholder dialogue as bearing a disproportionate share of this burden.

Who should act: KP Health Department, in partnership with organizations such as the Peshawar Paraplegic Center and local pharmacy networks | **Feasibility:** Medium - targeting is well defined; funding and delivery partnerships need to be built

How to know it worked: Tracked reduction in delayed-treatment incidence among enrolled patients over a defined follow-up period

4.5 Education

60.6% of households report in the survey having education-related expenses in the recall period. Among them, books and stationery (66.7%), transport (59.5%) and fees (57.7%) are the hardest costs to meet. The coping pattern is a slow unwinding rather than a sudden stop: 59.1% have delayed paying fees, 43.8% have reduced tuition or other support, 31.2% have cut back on materials, and 19.2% have moved a child to a cheaper school. A smaller number are already past that point - 8.0% have seriously considered stopping a child's education, and at least one household in the sample confirms a child has already stopped.



The IRS office FGD put a face on that last figure directly: one household had pulled three children out of school and placed them in mobile-phone repair, mechanic work and a bakery instead, specifically because the family could no longer manage both school costs and a chronic medical bill at the same time.

The stakeholder dialogue's discussion of education ran in the same direction at a policy level - participants warned that private-school fees, transport, stationery and digital-learning costs are pushing lower-income families out of private education and, in the worst cases, out of education altogether, with warnings about longer-term effects on literacy and the province's future workforce.

Recommendation

Broker fee-deferral or partial-waiver arrangements with private-school associations for identified low-income families, prioritizing keeping currently enrolled children in school over funding new enrollment.

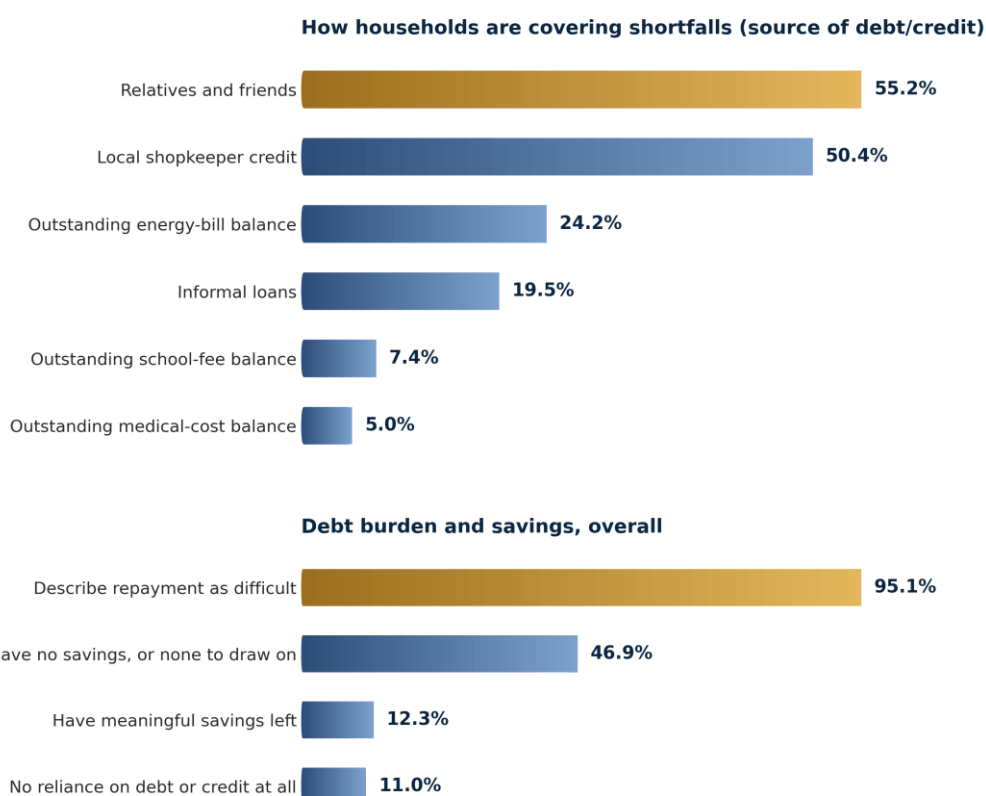
Evidence: 59.1% have delayed school fees; 19.2% have switched schools; 8.0% have considered withdrawing a child, and confirmed withdrawal is already present in the sample.

Who should act: Education Department and private-school associations, with IRS facilitating the initial agreements | **Feasibility:** Medium - depends on schools' willingness to participate, but the ask (deferral, not full waiver) is a realistic starting point

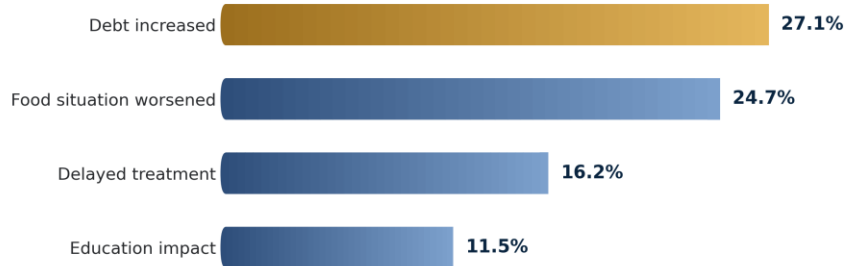
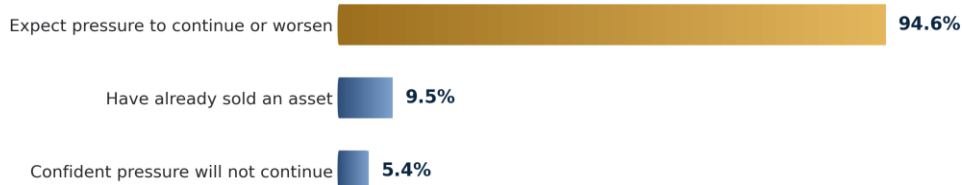
How to know it worked: Dropout and school-switching rate among a tracked cohort of low-income households in a follow-up round

4.6 Household finance, debt and coping

This is the area where the survey's numbers are most alarming, precisely because the pressure is invisible in day-to-day conversation. Only 11.0% of households report no reliance on any form of debt or credit. The rest are getting by on relatives and friends (55.2%), running up credit with local shopkeepers (50.4%), taking informal loans (19.5%), or carrying outstanding balances on energy bills (24.2%), school fees (7.4%) or medical costs (5.0%). 95.1% describe repaying what they owe as difficult, and only 12.3% of households have what they'd call meaningful savings left - 46.9% have either no savings or none available to draw on.



When asked to name the single biggest problem this has caused, “debt increased” (27.1%) and “food situation worsened” (24.7%) top the list, ahead of delayed treatment (16.2%) and education impact (11.5%). The IRS office FGD supplied the texture behind these numbers: a family of eight to ten supported by one earner on Rs. 25,000 a month; a household needing an extra Rs. 30,000-40,000 a month in loans on top of a Rs. 50,000–60,000 income just to keep up; a family that borrowed roughly Rs. 900,000 to send a son to Europe for work, on top of Rs. 2-3 million in total migration costs, because the local economics no longer worked. Asset sales remain rare (9.5%) - a sign that most households are still managing to avoid the most severe last-resort measures, for now. But 94.6% expect the pressure to continue or possibly worsen, and only 5.4% are confident it will not.

Single biggest problem this pressure has caused**Asset sales and outlook****A gap worth flagging directly.**

Households are not asking for debt relief. Only 3.5% picked it as a preferred support type - energy, food and medical assistance all rank far higher. But the underlying data shows debt dependence is close to universal (89.0% rely on some credit source) and repayment is overwhelmingly described as difficult (95.1%). This is a case where what households say they need most urgently and what the data shows is quietly building up as risk are two different things. IRS is well placed to hold both facts in view at once, even if near-term programming rightly follows the stated priorities.

Recommendation

Add informal-debt prevalence and repayment difficulty as standing indicators in any future IRS household monitoring, even though it is not the top programming priority right now - so the trend is visible before it becomes the crisis households are already living through.

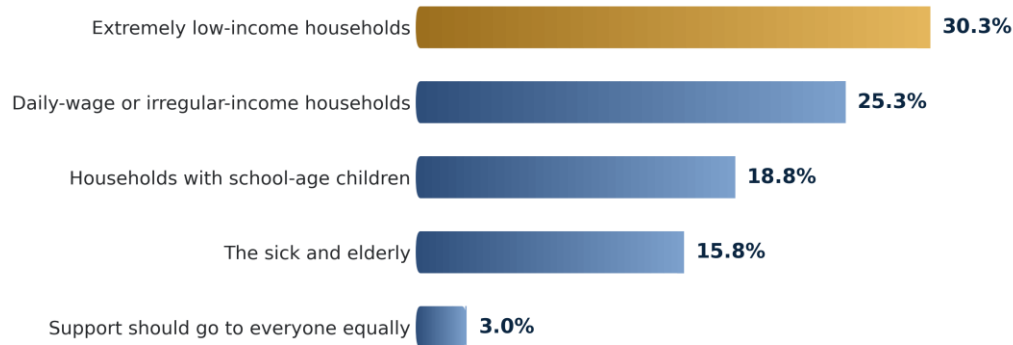
Evidence: 89.0% rely on some form of debt or informal credit; 95.1% find repayment difficult; only 12.3% have meaningful savings - yet debt relief ranks last among stated preferences (3.5%).

Who should act: IRS research team, in coordination with any microfinance or social-protection partners already active in the district | **Feasibility:** High for monitoring - this can be added to an existing survey instrument at low additional cost

How to know it worked: Debt-reliance and repayment-difficulty figures tracked and compared across at least two survey rounds

5. Who is Being Left Behind

Averages hide as much as they reveal. When the survey asked households directly who should be prioritized for support, the answers were specific: extremely low-income households first (30.3%), then daily-wage or irregular-income households (25.3%), then households with school-age children (18.8%), then the sick and elderly (15.8%). Only 3.0% said support should go to everyone equally - households themselves are asking for targeting, not a blanket response.

Who households say should be prioritized for support

The dialogue added named detail behind two of these groups in particular. Dr. Ilyas Syed, Director of the Peshawar Paraplegic Center, described persons with disabilities and others needing long-term medical care or rehabilitation as facing costs that were already well above an average household's before this inflationary period began - meaning the same price increase does proportionally more damage to them. Prof. Dr. Arbab Khan Afridi, former President of the Peshawar University Teachers Association, raised the specific case of elderly university pensioners going months without payment because of the university's own financial difficulties, to the point of borrowing money to buy essential medicine. Nasir Manto, representing minority communities at the dialogue, made a related point about equity rather than severity: that relief policies should guarantee equal access across religious and ethnic lines, not assume that existing channels already reach everyone.

None of this contradicts the income-based finding in Section 3 - low-income households remain the clearest, largest, most statistically visible group under pressure. But "low-income" is not the only axis that matters. Daily-wage workers, chronically ill and disabled residents, elderly pensioners, and minority communities each face a distinct version of the same shock, and a relief design built only around income brackets risks missing several of them.

Recommendation

Write eligibility criteria for any relief programme to name these groups explicitly - extremely low income, daily/irregular wage, households with school-age children, the sick and elderly, and minority communities - rather than relying on a single income threshold to capture all of them.

Evidence: households' own stated priority ranking, plus named, specific testimony from four separate dialogue speakers representing distinct vulnerable populations.

Who should act: KP Social Welfare Department, with IRS in a convening and advocacy role

Feasibility: High - this is a refinement to targeting criteria, not a new programme

6. What Businesses and Traders Are Seeing

The Chamber of Commerce & Industry FGD adds a supply-side account of the same crisis - useful because it explains part of why prices are moving the way households describe, not just that they are. Business participants pointed to the closure of Pak-Afghan trade routes (Torkham, Ghulam Khan and Angoor Ada) as a major disruption, estimating losses to Pakistan around Rs. 1,200 billion and describing knock-on effects on transport costs and market supply across the province. They also described a heavy and, in their account, poorly

coordinated regulatory burden: complaints about FBR raids, a Maximum Retail Price system they want abolished, and - echoed independently at the IRS office household FGD - the experience of a small business having to satisfy 20 to 30 separate government departments, several of which were described as demanding bribes rather than simply enforcing rules.

The KP energy review describes the same disruption at provincial level. For KP, it says, the Afghan market is not just a trade statistic but a source of livelihood for communities in Peshawar, Khyber, Kurram, North and South Waziristan and elsewhere. When Torkham and other crossings close or operate unpredictably, trucks are stranded, goods deteriorate, warehouses sit underused, customs revenue falls and businesses become reluctant to commit capital to cross-border supply chains. The review gives no loss estimate of its own, so the Rs. 1,200 billion figure above remains the Chamber participants' estimate and should be quoted as such.

Participants also raised concerns specific to the business environment: rising rents, shrinking savings, and a sense that government institutions are not holding themselves accountable for the difficulties this creates for traders. Several speakers pointed to other countries - Bangladesh, Singapore, South Korea, Vietnam and Taiwan were named specifically - as examples of business-friendly policy environments Pakistan could learn from. None of these models is analyzed in depth here, but they point to the kind of longer-term reform the regulatory recommendation below is a first step toward.

The review adds two cost pressures that sit behind the rents and thinning margins traders described. Load-shedding pushes businesses onto generators, batteries and other back-up power, raising operating costs; and continuing insecurity in the province raises security and insurance costs and makes investors more cautious. Neither appears in the Chamber FGD summary, so both are reported here as the review's analysis rather than as traders' own testimony.

This context matters for how IRS frames recommendations. Regulatory and tax burden on business is not a separate issue from household inflation. It is a channel through which costs reach the household level — a mechanism this study did not test directly, though it lines up with the 1.7% of households who named “taxes and fees increased” as their main pressure in Section 3.3, since a shopkeeper facing higher rent, more taxes and more inspections has fewer options besides raising prices or closing. A credible policy response has to include the business side of this equation, not just direct household relief.

Recommendation

Convene a focused conversation between the district administration and the Chamber of Commerce on reducing duplicative regulatory inspection of small and medium businesses, since this cost is passed through to consumer prices rather than absorbed.

Evidence: consistent, independent complaints about regulatory burden from both business owners (Chamber of Commerce FGD) and a household running a small business (IRS office FGD, citing 20–30 departments).

Who should act: District administration, Provincial Excise and Revenue authorities, and the Sarhad Chamber of Commerce jointly

Feasibility: Low to medium - this is a structural, longer-horizon reform, not a quick fix

7. IRS Stakeholders' Perspective

IRS's own stakeholder dialogue reached many of the same conclusions independently, from a more structural, policy angle, and that convergence is worth stating plainly: it is not a coincidence - economists, business representatives, teachers and household respondents arrived at overlapping conclusions through entirely different conversations.

Prof. Dr. Sajjad Ahmad Jan, Chairman, Department of Economics, University of Peshawar, framed the drivers as interlinked rather than singular: currency devaluation, expensive electricity and gas tariffs, indirect taxation, volatile global commodity prices, debt servicing, supply-chain disruption and weak governance, all landing on households at the same time. Prof. Dr. Farzand Ali Jan added the tax-and-spending side of it - heavy reliance on indirect taxes on fuel, electricity and imports pushes costs into nearly everything a household buys, and the absence of a strong social-protection system means there is little to cushion the impact once it arrives.

The KP energy review reaches a very similar framing for the province as a whole: higher petroleum prices raised transport costs, transport costs raised the price of essential goods, tariff adjustments raised household and business bills, outages pushed businesses onto costlier back-up power, and insecurity and border closures cut trade, jobs and provincial revenue, all over the same months. Its conclusion matches Prof. Dr. Sajjad Ahmad Jan's: these pressures reinforce one another, which is why the same national energy policy can hit KP harder than its national average effect would suggest.

The session's own consolidated recommendations, reached independently of this survey, called for targeted subsidies on essential goods, taxation reform, support for small businesses, agricultural incentives, reduced electricity tariffs, and expanded social welfare programmes for vulnerable households. Every one of those areas is also supported directly by the survey data in Sections 3 and 4 of this report. Dr. Muhammad Iqbal Khalil, IRS's Chairman, closed the dialogue by committing the Institute to convening continued dialogue between think tanks, policymakers, educational institutions and civil society, and to keeping human wellbeing alongside fiscal targets in how economic policy is judged - a commitment this report is written to help IRS act on, not just repeat.

One difference is worth noting. The dialogue called for reduced electricity tariffs, while the KP energy review cautions against across-the-board subsidies, arguing that poorly targeted relief adds to the national circular debt without fixing the losses and pricing problems underneath. The two positions are closer than they look. Both point to relief for those under the most pressure, and the survey itself (Section 5) shows households asking for targeting rather than equal help for everyone. Section 11.2 sets out an approach that combines the two.

One claim handled with care.

A columnist at the dialogue, Dr. Alamgir Afridi, argued that political parties are largely indifferent to inflation because their leadership belongs to the same elite class that is least affected by it. This is a strongly worded, individual viewpoint from a named analyst, not a session finding or something this study can verify independently. It is reported here as his view, attributed to him, and should be read that way if referenced further - alongside the fact that the underlying frustration with unaccountable governance was echoed, in less pointed terms, by several other speakers and by households themselves.

8. Policy Gap Matrix

This table consolidates the recommendations discussed in Sections 4 through 6 into a single reference. Each row links a specific finding to a specific action, a named responsible party, and a way to check later whether it happened - the same structure the proposal set out to use rather than a general list of policy wishes. The last three rows draw on the KP energy review and on Sections 11.2 and 11.8. They address the structural causes behind the utility and transport findings and sit alongside the household-level recommendations above them, not in place of them.

A word on IRS's own role in these recommendations.

A number of the recommendations in this report name IRS itself as a responsible party, not just PESCO, government departments or other external actors. That is deliberate rather than an oversight: IRS is not a neutral outside observer of this policy conversation, but a participant convening it, so where the evidence points to something IRS itself is best placed to do, this report says so directly rather than routing it only through others. The same approach used for other sensitive points in this report - see "A limitation worth naming here rather than later" in Section 2.4, or "One claim handled with care" in Section 7 - applies here: naming IRS's own role plainly is a considered choice, not something that went unnoticed.

Finding	Recommendation	Responsible	Feasibility	Success indicator
Utility bills are the single largest and most widely felt pressure (93.1% affected; 55.8% want energy relief)	Lifeline tariff and phased arrears repayment for low-income households	WAPDA/PESCO, Pakhtunkhwa Energy Development Organization (PEDO)	Medium	Households enrolled in a relief plan
86.4% report food costs up; 34.6% have skipped meals	Targeted ration/voucher support for lowest-income and daily-wage households	Provincial Social Welfare Dept.	High	Households reached; drop in meal-skipping
79.4% delayed medical treatment; disability/chronic patients disproportionately hit	Medicine-cost relief channel for chronic-condition and disability patients	KP Health Dept. with NGO partners	Medium	Reduction in delayed-treatment cases among enrolled patients
59.1% delayed school fees; confirmed and considered dropout present in sample	Fee-deferral partnerships with private schools for identified low-income families	Education Dept., private-school associations	Medium	Dropout/school-switch rate in a tracked cohort

Finding	Recommendation	Responsible	Feasibility	Success indicator
51.6% cut school trips, 37.7% cut medical trips due to transport cost	Targeted transport allowance tied to school/medical access, not general fuel subsidy	Local transport authorities, schools	Medium	Reduction in reported trip cuts
89.0% rely on informal debt; 95.1% find repayment difficult; only 3.5% request debt relief directly	Add debt-reliance indicators to routine IRS monitoring even though not a stated top priority	IRS research team	High	Debt indicators tracked across survey rounds
Households and traders independently describe unchecked price-setting and rate-check corruption	Functioning local price-monitoring mechanism with public reporting	District administration, Chamber of Commerce	Low-Medium	Published price-check reports; perception survey
Regulatory burden on small business (20–30 departments) passes through to consumer prices	Reduce duplicative inspection of small/medium business	District administration, Excise & Revenue, Chamber of Commerce	Low-Medium	Business-community survey on regulatory burden
Distinct vulnerable groups (disabled, elderly pensioners, daily wage, minorities) named specifically by respondents and dialogue speakers	Explicit, named eligibility criteria in relief design, not income threshold alone	KP Social Welfare Dept.	High	Eligibility criteria reference these groups by name
Electricity stays expensive and unreliable despite KP's hydropower; PESCO losses reach consumers through tariffs and load-shedding (KP energy review; underlies the 93.1% utility finding)	Feeder-by-feeder PESCO loss reporting and a monthly public KP energy dashboard	PESCO, NEPRA, Power Division, KP Energy Department	Medium	Feeder-level supply, billing, loss and load-shedding data published monthly
KP's hydropower and gas do not translate into	Predictable quarterly NHP settlement, part	Federal government, KP	Low-Medium	NHP paid on schedule; gas

Finding	Recommendation	Responsible	Feasibility	Success indicator
visible local benefit; Net Hydel Profit settlements irregular (KP energy review)	directed to distribution upgrades and solarization; joint public audit of KP gas production and use	Government, OGRA, SNGPL		audit results published
Border closures and high diesel prices compound transport and supply costs (Chamber of Commerce FGD; KP energy review)	Secure, predictable Afghan trade corridor: digital customs, risk-based inspection, bonded transport, trusted-trader arrangements	Federal government, customs and security agencies, KP Government	Low	Fewer unplanned closure days; shorter clearance times at Torkham

9. Study Limitations

The proposal identified six risks before fieldwork began. It is more useful to IRS now to say plainly which of those materialized, which didn't show up in the data one way or the other, and what showed up that wasn't anticipated - rather than simply restating the original risk table.

Limitation	What actually happened	What to do about it
Rapid, deliberately chosen sample limits generalization	Materialized as expected. The sample is a designed comparison across income groups and tehsils, not a random sample of the district. Every figure in this report should be read as comparative evidence from these 462 households, not a province- or district-wide estimate.	Continue framing findings this way in any public use of the report; avoid quoting percentages as if they describe all of Peshawar.
Gendered access to respondents	Materialized more than the mitigation plan anticipated. 95.0% of respondents are male; female respondents are 1.9% of the sample. Household decisions on food, health and coping are frequently shared or led by women, and this survey captures that mostly at second hand.	A follow-up round should budget specifically for female enumerators and gender-appropriate access arrangements, not treat this as a “where feasible” add-on.
Recall bias in expenditure estimates	The proposal's mitigation called for short recall periods; in practice, respondents were asked to recall household experience since January 2026 during interviews conducted in August 2026 - a	Treat expenditure-change figures as directionally reliable but not precise to the rupee; a shorter recall window (for example, the last one or two months) would sharpen any follow-up round.

Limitation	What actually happened	What to do about it
	recall window of up to seven months, longer than “short.”	
Low response from targeted income households	Not directly assessable from the dataset delivered - response and refusal rates were not part of the data made available for this report.	Track and report response/refusal rates by income group in future rounds so this can actually be checked.
Access or security constraints in target areas	Not directly assessable from the dataset delivered.	Log any field-point substitutions or access issues during future fieldwork so this is checkable afterward.
Privacy risk in digital data collection	No CNIC numbers or comparable identifiers appear among the 137 retained survey variables, consistent with the proposal's safeguard.	Maintain this practice in any follow-up; continue restricting dataset access as already documented.

10. What This Means for IRS: Next Steps and Ownership

The proposal described what IRS stands to gain from this study in general terms - a district-sensitive evidence base, an income-class profile, actionable recommendations, communication-ready material. All of that is true, but none of it does anything on its own. The table below turns it into six things IRS can actually do, who inside or alongside IRS should do them, and a plain way to check afterward whether it worked.

Next step	Owner	How IRS will know it worked
Present the Policy Gap Matrix to provincial stakeholders (PESCO, Social Welfare, Health, Education Departments, Chamber of Commerce)	IRS leadership	Stakeholder attendance secured, and at least one concrete commitment logged against each matrix row
Share the survey's stated priorities and preferences directly with agencies already designing relief or subsidy criteria	IRS research team, liaising with Social Welfare Dept.	A documented change - or a documented reason for non-adoption - in at least one programme's targeting criteria
Run a lightweight follow-up round in 6-12 months repeating the headline indicators: overall impact by income, utility bill delay, delayed treatment, skipped meals, debt reliance	IRS research team	A second, comparable dataset produced, showing whether any indicator moved

Next step	Owner	How IRS will know it worked
Resource gender-appropriate access for the next round so household evidence is not filtered mostly through male respondents	IRS field team	Female share of respondents materially above the 1.9% recorded here
Keep the underlying survey and FGD data books available as an open evidence resource, not just this summary report	IRS	Dataset accessed, cited or requested by at least one external partner or researcher
Use this report's evidence base directly in donor and partnership conversations as a marker of IRS's applied-research capacity	IRS leadership	Report referenced in at least one donor proposal, MOU or partnership discussion within the following year

11. Recommendations

Every recommendation below was already made somewhere in this report - in the thematic sections, the Policy Gap Matrix, the stakeholder dialogue's own synthesis, or the study-limitations and next-steps tables. This section brings them into one place, grouped the way the rest of the report is grouped, so IRS has a single list to work from instead of nine scattered ones. A few, noted as they come up, were raised in the report but never written out as a stated recommendation until now.

11.1 Food and Nutrition

Set up a targeted ration or food-voucher channel for households in the lowest income bracket and those citing daily or irregular wage income, rather than a general food subsidy spread across the whole district. *Responsible: Provincial Social Welfare Department, with IRS in a convening and evidence role.*

11.2 Energy and Utilities

Work with PESCO and the provincial energy department to establish or expand a lifeline tariff and a formal phased-repayment option for arrears, targeted at low-income and irregular-income households rather than a blanket tariff cut. *Responsible: PESCO and the KP Energy Department, with IRS providing the evidence base.*

Keep any wider energy relief targeted rather than universal. The KP energy review warns that blanket subsidies add to the circular debt without solving the problems underneath, and suggests giving priority to low-income households, small businesses, agricultural consumers, hospitals and educational institutions, micro and small industries, and terrorism-affected and border districts. This fits the survey evidence and gives IRS a way to carry the dialogue's call for lower tariffs forward in a form that is easier to fund. *Responsible: Federal and KP governments, with IRS presenting the household evidence.*

Press for PESCO's losses to be dealt with feeder by feeder, with each feeder's electricity supplied and billed, technical and commercial losses, recovery rate, theft and load-shedding hours made public, and investment directed first to where it cuts losses most. A monthly public KP energy dashboard covering electricity, gas, petroleum prices and Net Hydel Profit payments would let households, traders and IRS work from the same facts. These are recommendations of the KP energy review, raised here because they address the cause of the

bills households report; the survey did not test them. Responsible: PESCO, NEPRA, the Power Division and the KP Energy Department.

Ask for a transparent mechanism that turns KP's hydropower and gas into visible local benefit: Net Hydel Profit settled on a predictable quarterly schedule, with part of it directed to distribution upgrades, loss reduction, small hydropower and solarization; and a joint, published audit of how much gas KP produces, consumes, loses and sends outside the province. As the review puts it, predictable payment matters as much as the amount, because it allows multi-year planning. Responsible: Federal government, NEPRA, the Power Division, the KP Government, OGRA and SNGPL.

Support decentralized solar and small hydropower for schools, hospitals, water-supply schemes, agricultural tube-wells, small industrial clusters and remote communities, with storage and maintenance built in rather than panels alone (KP energy review). Responsible: KP Government and the KP Energy Department.

11.3 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.*

11.4 Health

Establish a medicine-cost or health-access relief channel specifically for chronic-condition and disability patients, working through existing NGO and pharmacy networks already serving this population. *Responsible: KP Health Department, with the support of health-related organizations such as the Peshawar Paraplegic Center.*

11.5 Education

Broker fee-deferral or partial-waiver arrangements with private-school associations for identified low-income families, prioritizing children already enrolled over funding new enrollment. *Responsible: Elementary & secondary Education Department and private-school associations, with IRS facilitating.*

11.6 Household Finance and Debt

Add informal-debt prevalence and repayment difficulty as standing indicators in IRS's household monitoring, even though debt relief is not what households ask for most urgently - so the trend is visible before it becomes the crisis they are already living through. *Responsible: IRS team, with microfinance or social-protection partners active in the district.*

11.7 Reaching the Right Households

Write eligibility criteria for any relief programme to name the groups households and dialogue speakers actually identified - extremely low income, daily or irregular wage, households with school-age children, the sick and elderly, and minority communities - rather than relying on a single income threshold. *Responsible: KP Social Welfare Department, with IRS in a convening role.*

The stakeholder dialogue separately called for expanded social welfare programmes for vulnerable households, not just better-targeted ones. IRS should carry both asks into the same conversation: who qualifies, and whether current programmes are large enough to reach everyone who does.

11.8 Business, Regulation and Market Governance

Convene a focused conversation between the district administration and the Chamber of Commerce on reducing duplicative regulatory inspection of small and medium businesses, since this cost is passed through to consumer prices rather than absorbed. *Responsible: District administration, Federal and Provincial Excise and Revenue authorities, and the Sarhad Chamber of Commerce & Industries.*

Set up a functioning local price-monitoring mechanism with public reporting - traders and households independently described rate-check departments letting large traders set their own prices while pressuring small vendors. *Responsible: District administration and Chamber of Commerce & Industries.*

Push for a secure and predictable trade corridor with Afghanistan, so that security concerns are handled without repeatedly shutting down legitimate trade. The KP energy review suggests digital customs clearance, vehicle tracking, scanning and risk-based inspection, bonded transport, trusted-trader programmes, and a quick way to resolve operational disputes. This responds directly to the route closures described at the Chamber of Commerce FGD (Section 6). *Responsible: Federal government, customs and security agencies, with the KP Government and the Sarhad Chamber of Commerce & Industry; IRS can raise it through its existing Pak-Afghan policy work.*

Two asks from the stakeholder dialogue's own recommendations were never picked up elsewhere in this report: tax reform that eases the burden passed on to consumer prices, and incentives for agriculture, given how directly food prices feed into the pressure households report. *Responsible: Provincial tax authorities and the Agriculture Department respectively, with IRS raising both through its policy-dialogue role.*

12. Conclusion

Inflation in District Peshawar is not one story; it is at least three, running at the same time. Low-income households are absorbing it through skipped meals, delayed treatment, and children pulled from school — the clearest pattern in the data, and the one the income comparison in Section 3 puts a hard number against. Middle-income households, by the dialogue's own account, are watching a family budget that needed Rs. 70,000–80,000 a month a couple of years ago now needs well over Rs. 140,000, on salaries that have barely moved. Upper-income households and businesses are adjusting too, through delayed investment, thinner margins, and, in the words of more than one trader, simply waiting longer for customers who used to come sooner.

What ties all three together is where the pressure is actually concentrated: utility bills, ahead of food, ahead of everything else, named by more households than any other single expense and confirmed independently by traders and economists using almost identical language. And what ties together the coping response is that it is running out of room — from substituting cheaper food, to skipping meals; from delaying a bill, to carrying an outstanding balance; from borrowing from a relative, to calling that debt the single biggest problem in the household's life. Nearly 95% of households expect this to continue, or possibly get worse.

The KP energy review explains why that pressure is unlikely to ease on its own. Energy in KP is expensive and unreliable for structural reasons, including national tariff design, high distribution losses, irregular Net Hydel Profit settlements and unclear gas accounting, and these are bound up with insecurity and border closures. Subsidies alone will not fix that. The targeted relief households are asking for is needed now; the structural steps in Section 11.2 are what would make that relief less necessary over time.

None of this requires IRS to solve inflation. It requires IRS to do what this report has tried to do, applied more broadly across its work: take the evidence seriously enough to act on specific pieces of it, tell specific people what to do, and check afterward whether it worked. The recommendations in Section 11, the Policy Gap Matrix in Section 8, and the next-steps table in Section 10 are written to make that possible starting now, not as a future exercise.

Annex A: Survey Sample by Tehsil

Final achieved sample, by tehsil, against the 462-household total.

Tehsil	Households surveyed	Share of sample
Peshawar City	162	35.1%
Shah Alam	52	11.3%
Badbher	51	11.0%
Hassan Khel	51	11.0%
Pishtakhara	50	10.8%
Mathra	50	10.8%
Chamkani	46	10.0%
Total	462	100.0%

Annex B: Survey Questionnaire

Impact of Rising Prices on Lower-, Middle- and Upper-Income Households in District Peshawar, KP

field survey tool | Period: January to June 2026 | Target respondent: adult household member who knows household spending & coping decisions

Field information

Questionnaire ID	_____	Date of interview	____ / ____ / 2026
Tehsil	☐ Peshawar City ☐ Shah Alam ☐ Mathra ☐ Peshtakhara ☐ Chamkani ☐ Badbher ☐ Hassan Khel	Locality / field point	_____
Location type	☐ Urban ☐ Peri-urban ☐ Rural	Target income group	☐ Lower ☐ Middle ☐ Upper
Enumerator name / code	_____	Interview language	☐ Pashto ☐ Urdu ☐ Hindko ☐ Other: _____

Enumerator essentials: Introduce the study politely. Do not promise any benefit, relief or payment. Interview only one eligible adult per household. You may explain questions in Pashto/Urdu/local language, but keep the meaning the same. Do not record name, CNIC, phone number or unnecessary personal identifiers. Stop the interview if the respondent refuses or feels uncomfortable.

Consent and screening

We are conducting a short household survey in District Peshawar to understand how rising prices from January to June 2026 affected household spending, food, bills, transport, health, education, savings, debt and coping decisions. Participation is voluntary. You may skip any question or stop at any time. We will not record your name or CNIC. Your answers will be combined with other responses and used only for research and policy discussion.

No.	Question / prompt	Response / coding
S1	Do you agree to participate in this survey?	☐ Yes - continue ☐ No - thank and end interview
S2	Are you 18 years or above and familiar with household spending decisions?	☐ Yes - continue ☐ No - ask for another eligible adult, if available

S3	Has anyone from this household already been interviewed for this study?	☐ No - continue ☐ Yes - thank and end interview
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Module 1 - Household background

Purpose: Record only the basic details needed to compare household experiences by area, income group and income source.

No.	Question / prompt	Response / coding
1.1	Respondent role in household	☐ Household head ☐ Spouse of household head ☐ Main earner ☐ Person managing purchases/bills ☐ Other: _____
1.2	Respondent gender and age	Gender: ☐ Male ☐ Female ☐ Prefer not to say Age in completed years: _____
1.3	How many people usually live and eat together in this household?	Total members: _____ Regular/irregular earners: _____
1.4	Housing situation	☐ Own house ☐ Rented house ☐ Shared/family house ☐ Other: _____
1.5	Main household income source	☐ Salaried job ☐ Daily wage/labour ☐ Small business/shop ☐ Professional work ☐ Agriculture/livestock ☐ Remittances/relatives ☐ Mixed sources ☐ Other: _____
1.6	How stable was household income during January to June 2026?	☐ Stable ☐ Somewhat unstable ☐ Very unstable ☐ No regular income ☐ Prefer not to say

Module 2 - Income, spending and main price pressure

Purpose: Understand whether income kept up with expenses and identify the biggest household pressure.

No.	Question / prompt	Response / coding
2.1	Approximate monthly household income during January to June 2026	☐ Less than Rs. 50,000 ☐ Rs. 50,000-100,000 ☐ Rs. 100,001-200,000 ☐ More than Rs. 200,000 ☐ Does not know ☐ Prefer not to say
2.2	Compared with before January 2026, what happened to household income?	☐ Increased ☐ Stayed almost the same ☐ Decreased ☐ Became irregular ☐ Do not know
2.3	Compared with before January 2026, what happened to overall household spending?	☐ Increased a lot ☐ Increased a little ☐ Stayed almost the same ☐ Decreased ☐ Do not know
2.4	Which expenses increased the most? Tick up to three.	☐ Food ☐ Electricity/gas/fuel ☐ Transport ☐ Health/medicines ☐ Education ☐ Rent/housing ☐ Debt repayment ☐ Other: _____
2.5	Which one expense is most difficult for your household right now?	Expense: _____ Main reason: _____

2.6	Overall, how much have rising prices affected your household during the last six months?	☐ Not affected ☐ Slightly affected ☐ Moderately affected ☐ Severely affected
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Module 3 - Food, utilities and transport

Purpose: Record the direct effect of rising prices on daily essentials, bills and mobility.

No.	Question / prompt	Response / coding
3.1	How did food spending change compared with before January 2026?	☐ Much higher ☐ Somewhat higher ☐ Same ☐ Lower ☐ Do not know
3.2	Did rising prices change household food habits? Tick all that apply.	☐ No change ☐ Bought cheaper items ☐ Reduced quality/variety ☐ Reduced meal size/quantity ☐ Skipped meals ☐ Bought food on credit ☐ Other: _____
3.3	Which food items became most difficult to afford?	Open response: _____
3.4	How did electricity, gas or fuel costs change?	☐ Much higher ☐ Somewhat higher ☐ Same ☐ Lower ☐ Not applicable
3.5	Did your household delay utility bills or reduce electricity/gas/fuel use because of cost?	Bill payment: ☐ No delay ☐ Delayed once ☐ Delayed more than once ☐ Still unpaid/arrears Reduced use: ☐ No ☐ Yes, a little ☐ Yes, a lot
3.6	How did transport costs affect household travel?	Transport cost: ☐ Much higher ☐ Somewhat higher ☐ Same ☐ Lower ☐ Not applicable Trips reduced due to cost: ☐ No ☐ Work ☐ Market ☐ School/college ☐ Health ☐ Other: _____

Module 4 - Health and education

Purpose: Identify whether rising costs affected treatment, medicines, schooling or education continuity.

No.	Question / prompt	Response / coding
4.1	Did health or medicine costs increase during January to June 2026?	☐ Much higher ☐ Somewhat higher ☐ Same ☐ Lower ☐ No health expense
4.2	Did anyone delay treatment, doctor visits, or reduce/skip medicines because of cost?	☐ No ☐ Once ☐ More than once ☐ Prefer not to say
4.3	Does this household have school, college, madrasa or tuition expenses?	☐ Yes - answer 4.4 and 4.5 ☐ No - skip to Module 5
4.4	If yes, which education costs became difficult? Tick all that apply.	☐ Fees ☐ Books/stationery ☐ Uniforms ☐ Transport ☐ Tuition ☐ Other: _____
4.5	Did education spending change because of rising costs?	☐ No change ☐ Delayed fee payment ☐ Reduced tuition/support ☐ Reduced supplies ☐ Changed school ☐ Considered stopping education ☐ Child withdrawn

Module 5 - Coping, debt and financial stress

Purpose: Identify how households managed rising prices and whether coping actions are creating new risks.

No.	Question / prompt	Response / coding
5.1	What did your household do to manage rising prices? Tick all that apply.	☐ Reduced non-essential spending ☐ Changed food items/quality ☐ Reduced meals/food quantity ☐ Reduced utility use ☐ Reduced travel ☐ Delayed healthcare ☐ Reduced education spending ☐ Used savings ☐ Borrowed money or bought on credit ☐ Took extra/side work ☐ Sold asset or pawned valuables ☐ Received help from relatives/community ☐ Other: _____
5.2	Did your household borrow money, buy on credit, or have unpaid bills mainly because of rising costs?	☐ No ☐ Borrowed from relatives/friends ☐ Shopkeeper credit ☐ Informal loan ☐ Utility arrears ☐ School fee arrears ☐ Health debt ☐ Other: _____
5.3	If borrowed or used credit, how difficult is repayment?	☐ Not difficult ☐ Somewhat difficult ☐ Very difficult ☐ Not applicable
5.4	Did your household use savings, sell assets, or pawn valuables to cover routine expenses?	Savings: ☐ No ☐ Small amount ☐ Large amount ☐ No savings available Assets/valuables: ☐ No ☐ Yes, type: _____
5.5	Which coping action created the biggest new problem or risk?	☐ None ☐ Debt increased ☐ Food/nutrition worsened ☐ Health delayed ☐ Education affected ☐ Bills unpaid ☐ Stress increased ☐ Asset lost ☐ Other: _____
5.6	Can your current coping actions continue for the next few months?	☐ Yes ☐ Maybe ☐ No Reason: _____

Module 6 - Support needs and policy priorities

Purpose: Collect practical support preferences and a clear message from households.

No.	Question / prompt	Response / coding
6.1	What type of support would help your household the most? Tick up to three.	☐ Food support ☐ Utility bill relief ☐ Transport support ☐ Health/medicine support ☐ Education support ☐ Employment/income opportunity ☐ Debt-related support ☐ Better price monitoring/market control ☐ Other: _____
6.2	Which households should be prioritised for support?	☐ Very low-income households ☐ Daily wage/irregular earners ☐ Households with children in school ☐ Households with sick/elderly members ☐ Households with high debt ☐ All households equally ☐ Other: _____

No.	Question / prompt	Response / coding
6.3	What is the fairest way to provide support?	☐ Direct cash/transfer ☐ Food package ☐ Utility bill support ☐ Health/medicine assistance ☐ Education fee/supply support ☐ Local referral/social protection support ☐ Other: _____
6.4	In your view, what is the main reason prices are difficult to manage?	☐ Income has not increased ☐ Essential items are too expensive ☐ Utility/fuel bills are high ☐ Poor price control in markets ☐ Taxes/fees increased ☐ Other: _____
6.5	What one price or expense should be monitored most closely in your area?	Expense: _____ Reason: _____
6.6	What is the single most important message policymakers should hear from households like yours?	Open response: _____

Closing and quality check

No.	Question / prompt	Response / coding
C1	Is there anything else you want to share about rising prices and your household?	Open response: _____
C2	Enumerator final check	☐ Consent completed ☐ Screening completed ☐ All relevant questions completed ☐ No personal identifiers recorded ☐ Responses reviewed for missing values
C3	Enumerator observation note, if needed	Only record relevant field context, not personal judgments. Note: _____
C4	Supervisor coding	Income group: ☐ Lower ☐ Middle ☐ Upper ☐ Review Main burden: ☐ Food ☐ Utilities ☐ Transport ☐ Health ☐ Education ☐ Rent/Housing ☐ Debt/Savings Coping severity: ☐ Low ☐ Moderate ☐ High ☐ Review Data quality: ☐ Complete ☐ Minor missing ☐ Major missing ☐ Inconsistent ☐ Revisit required



INSTITUTE OF REGIONAL
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A Peshawar Based Think Tank



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