

SMALL FARMER IN PAKISTAN- AN ANALYSIS

BY

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Most of the underdeveloped countries of the world are facing the problems of acute poverty. This is specially the case with their farm populations. The low standards of living could also be found in many such countries which have reached on high level of Economic Development. But the Less Developed Countries (LDCs) are having this situation because most of their population lives in rural areas and the main sector of their economy is agriculture.

In the predominantly agricultural economies the level of output per acre is generally lower than it is in the industrial economies. The level of output per person in agriculture is lower because dependence of the farm population per acre is much greater while the average yield per acre is less.

"The causes of low productivity in agriculture and of low standards of living of the farm population are many: poor soils and unfavourable climates, backward techniques and inadequate equipment, excessively high densities of rural population, low prices received by the farmer. All these are important in varying degrees".¹

The majority of world's poor reside in rural areas, 625 million of these poor live in precarious conditions in the major countries of South Asia. Agriculture is their single most important sector. In Pakistan's economy "about three quarters of the population is engaged in one or another agricultural activity".² This sector contributes most to the national income and is export-oriented.

Pakistan is a country of small farms. About 64% of the farms have an area below the subsistence holding, 17% of the area of farms is below an economic holding or a little higher than subsistence holding.³ Only 9% of the farms have an area equal to or more than an economic holding.⁴ Looking at such a huge number of small farms in Pakistan, one sees that there is a wide difference between per capita incomes in the rural and urban areas and that it is much lower in case of small and poor peasants.

Let us now look at some of the major policies in the agriculture sector and their effect on small farmers and poor peasants.

Agricultural Credit

Credit is a very important element for the economy as a whole,

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more so for the small farmers/poor peasants.

A study of the credit facilities in Pakistan shows that the small farmers/poor peasants require credit more often but usually receive less of it, and that also with many difficulties.

Institutional credit is provided by the Agricultural Development Bank of Pakistan (ADBP), commercial banks, cooperative societies, and taccavi loans. These institutions have no doubt served the agriculture sector, but most of the benefits have gone to big land owners or large farms. The commercial banks and ADBP are still mainly catering to the long-term credit needs of large farmers, particularly in financing their purchases of tractors, etc.

The non-institutional sources of credit, like money-lenders, traders, commission agents, friends and relatives provide more to the small farmers than the institutional sources (Table-I). As a result the small farmers and the poor peasants have to pay higher rates of interest to the private parties and can save nothing. ADBP has also given most of its credit to large land holdings as shown in Table-II.

Gotsch (1971) points out that the cooperative societies mostly granted loans to the large farmers and that was a failure of the cooperatives to provide credit facilities to small farmers.⁵ Khan (1975) is also of the same opinion that institutional loans have mostly gone to farms of over 25 acres while most small farmers depend on friends and relatives.⁶ Amjad (1972) also supports this viewpoint and says that the Government credit has been extended mainly to the large farms because small farms are not able to provide the security for loans.⁷

Irrigation

Water is one of the most important inputs for the agricultural economy of Pakistan. Irrigation water is not available to the users, specially the small farmers/poor peasants despite the substantial investment in the surface and ground water supply by the public sector. The small farmers/poor peasants, mostly tailenders on the water courses, are always at a disadvantage in getting water in adequate quantity and when they need it. This has been a serious handicap to innovation and efforts to raise the income levels.⁸

Many disparities and inequalities exist between the big and small landowners with regard to water supplies. Many private tubewell owners sell water to the small farmers/poor peasants on the conditions that they would in return give them half of their produce. A situation of permanent indebtedness and starvation confronts thousands of poor cultivators. In many

studies, evidence has shown that small peasants persistently complain that they are getting insufficient and uncertain supply of water. Most of the barani (rain-fed) lands allotted on "Harap grant" to the poor peasants are the best example and evidence of shortage of perennial irrigation facilities.

Land Reforms

Small farmers/poor peasants have not benefitted much from the land reforms introduced since these did not reduce the high concentration of land ownership in most of the areas in Punjab and Sind. High ground rent, influence on markets and public sector activities by the big landowners, land fragmentation and further fragmentation due to population rise are the real problems of the landless in the country. The nature of the past land reforms is not as progressive as it was thought by the people or as pronounced. The result of these reforms has not left any impact except a few examples here and there.

Seed Fertilizer Technology

There seems to be a general consensus among the advocates and opponents of the better input technology that the small farms have lagged behind the medium-size and large farms in adopting the new technologies. According to Dilawar Khan "the gap between the small farms and the medium size and large farms is much wider in regard to the ownership of the tubewell and the tractor, though class disparities are narrowed as far as their use is concerned. "The development of custom-hire of tractor and the sale of the tubewell water has greatly obliterated the negative scale effect due to the lumpy nature of these two technologies".⁹ Proponents of the technology had advocated that this technology was going to remove peasant poverty. Although some progress has been registered in this direction, the gains have been much less than anticipated. In order to achieve high yields, through high yielding varieties (HYV), timely availability of fertilizer, seed and water is essential but this condition has not been met in case of poor peasants. In fact these things were usually inaccessible to them because of the political power at the back of big landlords. As Moazam Mahmood has pointed out:

"The means of adoption of the new seeds, tubewells and fertilizer showed that the pattern is biased to certain extent in favour of the large farms and so tentatively supported the critics of the 'Green Revolution' strategy who say that the pattern of adoption has favoured the large farms and so the gains of the technology are unequally distributed".¹⁰

Land Grant Policies

Ever since the beginning of perennial irrigation in Pakistan, lands have been granted to local Haris or Kisans (poor peasants) on the nominal rate charges by the Government. This was done specially in the barrage areas of Sind and canal colonies of Punjab. From time to time the land

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grant policies are made by the Government for the allotment of land to the poor peasants or the landless tenants. This process has continued since the British period. The land grant policy of 1972 of the Sind Government is very clear regarding the allotment of the land to the local peasants or landless tenants. According to this policy, lands are to be given to peasants who could cultivate their own few acres and earn their living. For quite a few years the rules of land grant policy have not been followed properly in the province of Sind. Lands measuring thousands of acres have been granted to big individual landowners and industrialists of the country at very nominal price on 10 to 30 years lease in the name of various schemes not provided in the land grant policy. None of the schemes under which lands have been given, have been initiated by the individual allottees. The rights of the poor peasants are being jeopardized by the big landlords and industrialists in violation of a clear policy:

If the small peasants are to be helped the following proposals may be considered.

Suggestions

1. A separate bank on the pattern of ADBP be established which should cater exclusively to the needs of small farmers.
2. Full loan facilities for the purchase of agricultural implements.
3. Institutional credit arrangements be made more effective under the supervision of various agencies and they must ensure that the right persons get loans.
4. Interest-free loans with less difficulties. Formalities for getting loans be simplified.
5. Small farmers should be entitled to long-term loans.
6. Government agencies dealing with agriculture should provide machinery, tractors, etc on nominal rent.
7. In view of variations in farm size in Pakistan, complementary farm equipment may be manufactured. Small size tractors should also be popularised.
8. Small-size well, of 0.4 and 0.2 cusecs capacity, costing between Rs.12,000 to 18,000 may be sunk on the small farms and loans on very easy terms be provided to them.
9. Remodelling and Improvement of water courses should be expedited. Water should not be wasted, and on farm water management department be made more effective.
10. The efforts to check waterlogging and salinity should be redoubled.
11. The supply of farm implements should be liberalised.
12. Better and Improved seeds and fertilizers should be made.

TABLE-I

**LOAN ADVANCES BY INSTITUTIONAL AND
NON-INSTITUTIONAL AGENCIES
(PERCENTAGE)**

Sources of credit	Large Farms	Medium Farms	Small Farms
<u>Institutional</u>			
1. A.D.B.P	54.9	17.6	2.2
2. Cooperatives	9.1	0.9	3.2
3. Taccavi	7.0	1.2	7.2
4. Others	3.9	-	1.0
Total	74.9	19.7	13.6
<u>Non-Institutional</u>			
1. Friends & relatives	22.7	60.0	58.7
2. Well-to-do farmers	0.1	11.0	13.7
3. Commission Agents	0.9	4.1	6.7
4. Village Shop-keepers	0.5	2.9	2.3
5. Beoparies	0.9	2.9	2.3
6. Total	25.1	80.9	83.7

Source: Pakistan Economist, November 19-25, 1977
issue No. 47, Karachi, 1977, P.31.

TABLE-II

YEAR-WISE COMPOSITION OF LOANS DISBURSED BY
AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN 1973-74 1981-82

Year	Short Term		Medium Term		Long Term		Total		Percentage Increases (Base Year 1973-74)		
	No of cases'	Amount	No of cases	Amount	No of cases	Amount	No of cases	Amount			
1973-74	1,13,629	194.27	29,198	101.94	24.6	11,095	118.97	28.6	1,528,322	415.18	100.00
1974-75	48,379	101.79	10,464	67.80	17.2	9,283	225.91	57.1	68,126	395.50	95.26
1975-76	36,521	74.58	6,451	35.79	6.7	5,600	421.82	79.3	52,582	532.19	128.18
1976-77	1,27,341	177.47	14,532	45.18	7.1	8,322	415.28	65.1	1,50,195	637.99	153.67
1977-78	18,381	44.61	2,821	14.19	3.3	6,696	371.09	86.3	27,898	429.83	103.42
1978-79	10,729	49.92	13,428	36.81	8.8	6,837	335.66	80.6	31,014	416.39	100.29
1979-80	16,065	89.10	6,263	48.75	6.9	9,487	571.99	80.5	31,815	709.84	170.97
1980-81	20,996	199.31	6,419	81.12	7.6	11,586	791.17	74.3	93,001	1065.60	256.66
1981-82	25,845	320.36	12,282	177.78	11.5	15,125	1052.65	67.9	53,252	1550.79	373.52

Source: Government of Pakistan, Agricultural Statistics of Pakistan 1982, Islamabad, 1983, p.149.

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