

# Agricultural demographics are not looking good

*Agriculture* 9/1/04 *The News*

**F**or all the hype and hoopla about agriculture being the backbone of Pakistan's economy, it remains the retarded elder brother to other economic sectors of the society. Farmers, large, medium or small, remain 'captive producers' and 'captive consumers' to urban economy. While bland statistics may provide some solace in alternating years that agricultural productivity is keeping ahead of population growth rates, the flesh and blood demographics in agriculture do not paint a pretty picture.

Even by official estimates, in the 90s (called the decade of poverty), urban poverty fell between 1990-91 and 1998-99, while rural poverty held at about 36 percent, widening the rural-urban gap. It is widely held that Pakistan hides its poverty in the rural areas. Obviously, if over 60 percent of population (estimated rural) is contributing only 25 percent to GDP it has to be at a lower threshold of income levels. But there is hidden caveat to this too! Official statistics do not include the informal economy which is, by different estimates, over 50 percent of the total economy. After adjustment is made for this anomaly, share of agriculture sector falls to around 10-12 percent of the economy, because all the non-documented, informal economy resides in the non-agrarian sectors. Agriculture sector, for all its backwardness, is amazingly well documented, thanks to Raja Todar Mal who established an impeccable land revenue system in the fifteenth century that has served all rulers, including the British, since then so admirably.

Let us look at the profile of the Pak-

istani farmers. Take the large holdings first: There were three or four thousand families who inherited large estates at partition. The Muslim Family laws of inheritance and three consecutive land reforms have chopped their holdings to a fraction of their ancestral dimensions. Today there are no more than 15,000 farmers (0.3 percent) who own more than 150 acres of land in the country; they own 10 percent of the agricultural land. All of them, barring a handful of exceptions, are maintaining a false standard of living by selling off lands. There are hardly any such families, who have not sold lands to invest in lavish urban lifestyles or urban businesses. Their next generation is either going to demote socially to medium sized farmers or move on to business-based vocations and education-driven employment in urban areas. Most of them are indebted to ADBP with loans that they can only service by selling more land or rolling over credit with connivance of local managers for as long as they can.

The medium sized farmers — 12 to 150 acre holdings — are 19 percent in number and hold 47 percent of agricultural land in Pakistan. These farmers contribute the bulk of farm surplus commodities coming to the markets. Most of them, owners or lessees, are quite commercially oriented, relatively progressive and take farming as a serious vocation. This class of farmers is just managing to keep its nose above the water as rising input costs and stagnant yields yoke them down to a cruel earth that is becoming increasingly stubborn to reward labour. Their assets are leveraged with banks for a pittance,



## Iqbal Mustafa

The writer is a former member of the Central Board, State Bank of Pakistan and CEO of SMEDA  
Mustafa@hujra.com

### Quo Vadis, whither are you going?

while they dextrously manage to keep their cash flow rolling between increasing personal needs and higher farm inputs. A good year brings them some disposable income to change their vehicle or get the house repaired or get their children married off; then a bad year rolls them back to the edge of subsistence. A typical medium sized farmer looks weather-beaten, prematurely aged, humble yet dignified with a sublime grace that comes of a clean and honest source of livelihood — almost an anti-thesis of his urban counterpart, the medium sized businessman who carries the airs of a well-fed and smug animal. The medium size farmers have to run very hard to stay put. As the value of their lands depreciates relative to urban properties their net worth is eroding away like sand banks crumbling into the river. A 50 acre farm will not buy a shop in an urban city centre today.

The small farmers — below 12 acres — are 79 percent in numbers and own 53 percent of total agricultural lands; they are the salt of the earth, the beasts of burden, the children of a lesser God. They dwell perpetually below the poverty line. Disenfranchised in almost every way in the society, except as election fodder, they subsist off livestock or employment in urban suburbs. Most of their production is for self-consump-

tion. Their land is not an economically productive unit; it is an abode that provides shelter, basic food materials and fuel sources. It's a rural mooring that keeps them from the terrible fate of migrating to the city where life is hazardous and uncertain. Increasingly family members seek employment outside and return home after days work to huddle up together by the cooking fires. Their farm inputs are provided by informal money lending village shylocks since formal credit is inaccessible to them. Their low incomes are exacerbated by lack of social services like education, sanitation and health. Their security is tethered to a loyalty towards a village warlord who can summon free labour out of them on order. With no past and a sordid present, they cannot afford a vision of the future. Unplanned breeding comes to them as naturally as breathing. Their subsistence approach to production is wasteful of resources. Today 15 percent of land and water resources are deployed in fodder production for their low productivity animals. At this rate in 20 years, it will increase to 30 percent. Then it would be a hard choice between starving the animals and starving humans.

This picture is far removed from the placid view that emerges out of statistical tables that planners ponder over. At the human level, demographics and psychographics are highly skewed.

Many developing countries have made the transition from feudal-agrarian heritage to commercially driven agricultural economies, as the Europeans did three hundred years ago; Chile, Brazil, Turkey, China, Egypt, Mo-

rocco and, to a large extent, India are doing so today. What has kept Pakistan in medieval times? With natural resources equivalent to California, Pakistan is barely managing to hobble along the path to self-reliance let alone turning into a breadbasket for food and fibre importing countries around the world.

**I**n the following column I will look at the whole range of failures, from the holistic picture to micro elements that stultify Pakistan's immense agricultural potential. We will visit the sequence of reasons that has created a system whereby capital and human resources continuously drain out of the agricultural sector to industrial/urban sectors; where economic priorities build in resource transfers through policies; where land and water resources are straight-jacketed into inflexible hereditary and equity paradigms, impeding natural development of land and water markets; where governments consider spending on rural infrastructures a matter of socio-political largesse rather than productive investments.

Virtually all farmers are in agriculture by accident of birth. I have the unique distinction of being one of the few who adopted agriculture as a matter of conscious choice for twenty-three years. And I was the first to bale out as a matter of economic survival. By this, I feel that I have earned enough credentials to make some educated comments about the distorted demographics (and psychographics) of the sector that I intend to do in the next column.

Archives available at [www.hujra.com](http://www.hujra.com)