Corporate farming: can it besieged econom

Agri
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Dawn

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IN a specially arranged briefing to Chief Executive General Pervez Musharraf, the country's financial experts and economic planners have reported a negative growth rate of 2.5 per cent in the agriculture sector.

According to the data for the current fiscal year (FY) as presented by the finance ministry, the large scale manufacturing sector has recorded a growth rate of 7.8 per cent while formal manufacturing sector and others have registered a growth rate of 7.1 per cent and 3.5 per cent respectively.

The finance ministry's calculations are much nearer to the SBP's third quarterly report in which the country's growth rate was depicted as less than 3 per cent of the GDP against the projected target of 4.5 per cent for the current financial year. When viewed in the perspective of a less than 3 per cent population growth rate per annum, one feels nothing but to admit that our development strategy has failed to show any improvement in a sector which has always played a linchpin role in the country's progress and now its share to the national economy is on the way to downslide.

Both, the State Bank of Pakistan (SBP), and Finance Ministry are the prime policy making organs of the State and an admission on their part to the effect of degrading and deteriorating conditions of agri-sector, sounds a serious cause of concern to everyone in Pakistan. Surprisingly, the soaring debt-burden ($ 37 bn); unchained fiscal deficit (over 5.3 per cent): rising in-equality ratio between the 20 per cent rich and the 20 per cent poor people in Pakistan; stagnant per capita income ($ 340-345 pa) for the last several years); 40 per cent of the population living below the poverty line; Pak-exports receiving a dull and low-rate response in the regional and global markets and above all, the current wave of drought having scored about Rs. 2 bn loss to the national economy, are just a few repressive constraints in addition to what our national planners have researched out on the agri front. These are some of the visible monetary short-falls and economic deficiencies under which they are going to present the new budget for the year 2001-2002. How long would the new budget scheme remedy our deep and protracted economic recession, is a question hardly answerable with a positive nod?

But, what is alarmingly important to take notice of, is the negative growth trend in agricultural output as pointed out by the SBP and the Finance Ministry. We know that with its 25 per cent contribution to the GDP, the agriculture sector in Pakistan, is still the biggest profession providing living and earning to over 60 percent of the country's population. Therefore, any deterioration in agriculture would further deepen the crisis of the State of Pakistan as a whole because we are basically an agrarian society. The nation can, by no means, afford any policy negligence or lukewarm treatment to this sector.

So, it is time the budget makers must bring corporate farming under priority focus for direct and sectoral investment. Because, enhanced investment in the multi-dimensional field of agriculture can not only improve the slow-productivity rate of our traditional crops, but would also introduce the technical concept of corporate farming as an instrument promoting import substitute crops in the country. Corporate farming, as highlighted by the Board of Investment (BOI) in the first Pakistan Agri-Business Conference (26-26 April 2001), would provide for a timely answer to our agrarian issues.

In line with the present Government's economic revival programme (ERP), the BOI's initiative to corporate farming has opened the doors of a splendid sector to foreign and local investment. The move is more relevant to our case because there are still several land ranges, arid zones, semi-arid belts, state lands and privately owned land tracks where investment in urgently needed not only to improve the lot of backward areas of Pakistan but also to proliferate the cultivation of Tea, Tobacco including edible oils like Sunflower, Soyabean, Canola, Groundnuts etc. These crops, as the conference delegates recommended, are the most favoured option for early production of import substitutes. Corporate farming needs encouragement both at the policy making and implementation levels.

With due rebates and proper incentives guaranteed to the investors, the scheme of corporate farming shall provide for an alternate way to agricultural boost in Pakistan. Our farmers and cultivators are fully prepared to cooperate with multinationals provided that their land holdings are justly leased to the foreign and local investors; inputs like fertilizers and pesticides are provided to them at reasonable terms and tariff; tractors, harvesters and other agri-equipments are ensured to be available at affordable prices; soft term loans are provided to them and above all, they are willing to offer their surplus or uncultivated land pieces if on-farm water management and its distribution is ensured to them without an encroachment upon their ownership rights.

No farmer, big or small, shall hesitate in leasing out his land to some business entity if he is ensured a transparent deal and fair return. Frequent changes in policy measures, low prices during the crop season and subsequent hikes are some major irritants which investment monitoring authorities like BOI, SBP, finance ministry etc must try to remove. If we really want to see the corporate farming emerge as second pillar to the agrarian economy, we will have to ensue security and protection to the local farmers before foreign companies are allowed to start operations.

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As a matter of fact, the non-farming communities in the country have, over the past 54 years, invested very little amount of energy and sources in the soil as compared to other sectors.

The planning strategy of Pakistan in the past has been exhibiting a tilt towards the non-farming sectors. On certain occasions it provided more incentives and financial concessions to the non-agriculture sectors of the country. Some times even the government decisions have brought quite harmful effects to the farmer and the farm production. Factors like delayed payments by sugar and textile units to the growers; abolition of flat rate tubewell charges by Wapda in Punjab; the decision to reduce agricultural loans and credit by financial institutions; imposing high taxes on farm outputs, depressed prices of various crops, particularly during the crop seasons, as has been the case during the current wheat season, have bad effect on agrarian economy.

It is in this context that the CE, Gen. Pervez Musharraf last week elaborated his Government's guide-lines to revamp agricultural potential in Pakistan. He directed the concern departments to improve and develop crop-specific infrastructure in areas most suitable to the cultivation of import substitute crops like tea, tobacco and edible oils. So, neither the idea nor the venture of corporate farming is impertinent or alien to the soil of Pakistan. Latest research in crop breeding and hybridization of various seeds, has proved that our barani areas and semi-arid zones in Punjab and NWFP are the most favourable choice for getting improved and per acre higher yield of tea, tobacco and edible oils. These areas can therefore, be offered as a suitable venue to the foreign and local investors under the new scheme. In this regard the government's resent decision to offer at least 200 acres land to the investors and multinational, has come as a welcome development to inspire confidence among local farmers and their new partners.

So far as the question to win the investor's confidence is concerned, the peak remains no longer insurmountable. Agri sector in Pakistan is a field traditionally ensuring luxuriant crop returns to the grower. There is the world largest river-canal irrigation system operating to the advantage of both the owners and the farm cultivators.

The investors can further refer to the field experience of world forums like WB, ADB, JICA, CIDA, Chinese enterprises, etc, who are successfully operating their business projects in different parts of the country. It is now obligatory upon the resident stake-holders like NFC, PARC, ADBP, Millat Tractors, Engro Chemicals etc to move hand in glove with the multinationals for acquiring land lease contracts. Pakistani entrepreneurs active participation in the task can bring hope to build a bulwark against the besieged economy of Pakistan and the BIO's pioneering role in this direction shall remain a historic milestone.