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**Nursing a hangover**

Pakistan must endeavour to launch an agriculture reform urgency across the country. Now is the moment to pool the best talent and financial resources, both at the federal and provincial levels, to carve a way out of the agriculture crisis.

The effort by policymakers must focus on solving the structural issues of the sector considering the frightening decline in productivity fundamentals. Resolving the issues impeding agriculture sector growth can have enormous benefits for food security, stunting, industrial raw material availability, price management and job opportunities for the 38.5 percent labor force in Pakistan. This is the conclusion of our in-depth analysis.

Evidence from agriculture productivity, innovation and growth statistics are likely to lead even non-experts to draw a similar inference. Let us try to understand the seriousness. Agriculture productivity for Pakistan stands at uncomfortably low levels, being less than 50 percent of the world frontrunners in the five staple crops – wheat, cotton, sugar-cane, maize and rice. Population growth continues to outpace volume growth in agriculture; in 2019 the volume growth of agriculture was negative 5 percent with a population growth over 2 percent in Pakistan. Consequently, Pakistan ranks 88th out of the 107 countries in the Global Hunger Index 2020.

The persistent supply side shocks are causing an unbearable burden of food inflation. Food prices have been rising in double digits for 17 months in a row since August 2019. Agriculture growth in Pakistan has been on a downward trajectory prior to the Covid epidemic – a mere 0.6 percent in FY19 with estimates of a growth of 2.7 percent in FY20. These unexciting numbers are despite the practice to estimate a higher-than-actual growth for livestock and forest area.

To make up for the low productivity, Pakistan, in the second half of 2020, started importing 3.5 million tons of wheat, 2 million tons of sugar, and about 5 million bales of cotton. Cotton has witnessed a severe drop, with production declining to just 6.3 million bales in CY 2020. The estimated demand of the local textile industry of 13 million bales has made the country a net importer of cotton. The combined import bill of the wheat, sugar and cotton is likely to touch $3 billion. In addition, an ongoing import of over $ 3.2 billion of edible oil highlights the loss of self-sufficiency in the agriculture sector. The seriousness of the statistics is real and agonizing, with repercussions on trade deficit.

In this background, let us ponder the structural ills. Issues of governance have marred every facet of life in Pakistan – and agriculture is no different. However, it’s impact has been exacerbated by more than routine turnover in the federal ministry, provincial departments and attached bodies. In addition, the Federal Seed Certification and Registration Department, Department of Plant Protection, Agriculture Policy Institute, Pakistan Central Cotton Committee, Pakistan Oil Development Board – all have remained without leadership for months and in some cases for years. This has likely resulted in delays in decisions or lack thereof.

The locust infestation in Sindh, Balochistan, southern Punjab and Khyber Pakhtunkhwa had its share of unsettling production in 2020, after a lull of over 25 years. The locust infestation, now seen as ‘agri-corona’, impacted crops as well plantations. The federal Department of Plant Protection has shown inadequate ability to manage the epidemic. Sadly, only two out of 16 spray airplanes were found to be airworthy. To make matters worse, one of the two spray planes crashed once put into operation.

Additionally, the Department of Plant Protection lacked appropriate pesticides stock, as well as allied equipment to manage the menace. The second and more lethal wave of locusts was relatively better managed, supported by the newly formed National Locust Control Center in 2020 and by international food agencies.

The unusual rise in input costs is another shock contributing to the unsatisfactory performance of this sector. Adjustment of the rupee against foreign currencies has pushed prices of fuel, fertilizers, hybrid seed, pesticides and machinery higher. Price of Urea and DAP fertilizer have surged by over 30 percent in just the two years leading to 2020. Resultantly, agriculture profits have become susceptible.

The restrictions of trade with India elevated shortage of raw material (active ingredients) of pharmaceuticals, as well as pesticides and hybrid seeds of vegetables and crops. India’s ban on import of dates from Pakistan, considering it accounts for 85 percent of total exports, was an added blow. Dependence on a single buyer highlights the need for steps for export diversification.

A comprehensive diagnostic of the agriculture sector is rather incomplete without reflecting upon the long-standing fundamental issues. Fragmentation of land holdings; lack of marketization and a consequent reliance on exploitative middle-men; gaps in farmers’ financing capability and deficiency in mechanization and modern techniques, archaic harvesting techniques; weak cold chain; wasteful use of water and logistics leading to a 33 percent waste – all hamper productivity levels.

At the government level, a managed regime of import and export creates uncertainty. Adhering to a support price for sugarcane continues to dis-incentivize cultivation of cotton. Sowing areas of cotton have declined by a massive 31 percent from 3.2 million hectares in 2006 to 2.2 million hectares in 2020.

We have deliberately tried to focus our work on fundamentals. However, in the short run, the epidemic has caused some interruptions in sowing, harvesting and transportation. A portion of farmers’ income may have been disturbed in perishable commodities – vegetables, fruits and poultry products. It is probable that exports of fruits like oranges to neighboring countries and the tomato crop have been hurt. Delays in delivery of hybrid rice seed and pesticides may have had some impact on kharif crop productivity.

Our work indicates that debilitating fundamental issues are highly correlated with the plight of the agriculture sector. One may be overwhelmed by the task at hand. However, a clearer understanding of the task at hand gives us hope of its doability.

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