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Our backbone is cracking



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Inside View

lower classes. Rural populace (around 60 percent) has become captive producers and captive consumers.

The euphemistic lip service paid to agriculture all along by all governments is bordering on obscenity now. I was one of the first of educated youths to take up agriculture professionally out of choice, not for accident of birth. I lived on the farm, worked with my hands carving a modern farming enterprise out of a desert and after twenty 24 years of purgatory I was the first to escape. Much of the sense of adventure, the intoxication of living with the elements of nature remains with me but so do the horrors. It's a long story that I may document one day; the point here is that in this series of columns on agriculture economy, I speak with a combination of statistical and technical expertise as well as the human dimension—both are equally significant in any analysis.

I abandoned farming because my balance sheet had started screaming at me that my net-worth was eroding very fast. It is universally accepted that farming (specially crop farming) does not have returns on equity greater than 3 to 5 percent, if the value of land is taken into account. The book value of land may be zilch for most farmers who inherit land but the opportunity cost of current market value must be taken into account for economic sanity. I farmed from late sixties to early nineties. In the earlier years, influx of foreign remittances and massive devaluation of the seventies provided a healthy growth of land equity (12 - 15 percent per annum) for no credit to my efforts, except perhaps good farming practices in soil conservation and investment on land infrastructure. With 5 percent profits added to equity appreciation I was sitting pretty on an annual

growth of around 20 percent, which is the benchmark for any business venture globally. Inflation hovered around 13 to 16 percent and I had my nose well above the water.

Somewhere in mid to late eighties, land prices began to peak out and later dip slowly. I began to perspire late nights as I fumbled through profitability print-outs. Inflation racing away in two digit numbers and land prices stagnant, even falling, my net-worth growth was well below inflation levels. That was exactly the point where, under agreement with World Bank's structural adjustment facilities subsidies on agricultural inputs were being withdrawn progressively. As input costs increased, I hit a glass ceiling for a couple of years when I just managed to break even.

In 1987, I used to look out of my study window onto the glorious wheat fields stretching into infinity—the best wheat crop I had grown ever—and my spirits would soar for an instant when the bleak reality used to descend like a steel clamp that I was going to lose money despite 55 maunds per acre average yield because of abysmal support prices (40 percent lower than import parity price). I began to have nightmares of becoming destitute as my net-worth stagnated under racing away inflationary trends. I decided to call it day and bail out, despite the fact that I had become an icon of agricultural progress

in the country. With some creative planning, gambling bravado and a large dose of luck (luck always favours the brave, by the way), I managed to change the course of my destiny, away from agriculture. Most of my fellow farmers who chided me for a bad decision (and being a turncoat), in hindsight wisdom look at my decision with envy today, openly admitting that my decision was wise, on a personal level at least.

It has been ten years since I bid farewell to my passion for the soil and with time the sagacity of my decision gains strength. Farming community is in bad shape today. Most of the upper class farmers have eaten away more than half of their assets; many of them tottering at bankruptcy as ADBP is hounding them for servicing their accumulated liabilities. Middle level farmers (15 to 50 acres) are eking out a meagre subsistence from over-mined soils always asking me how to survive and where to go. Small farmers have always had the perverted security that things can't get worst for them. They subsist on livestock which, ironically, is the most ignored sector from government support point of view. Free of government intervention, this is the only sub-sector of agriculture that has shown a steady growth of over 5 percent since past four decades. Perhaps there is a lesson to be learned in there: Enterprise is best left alone by the government. Ghalib's couplet where he says, "hooway tum dost jiss kay, dushman us ka asmaan kiyon ho" holds so true in this case.

In livestock, especially dairy, multinationals have moved in to exploit the small farmers, although they position themselves to be their saviours by purchasing their milk. The margins on sale of packaging material by the leading

(and monopolistic) multinationals are far larger than farmer margins on production of milk. For the subsistence farmer they are a godsend since it is better to sell milk than spill it since they can only drink so much.

For the horticulture sector, conditions are more hairy than playing roulette on a tampered wheel in Las Vegas. The graph of horticulture prices resembles an oscilloscope measuring the output of electricity from Tarbela. The market pattern always catches the farmers on the lower part of the sine wave; sometimes the cost of transport to market exceeding the price of the product itself. Forty percent of horticulture produce rots for lack of storage and transport infrastructure in the country and all of this cost is borne either by the farmer or the end consumer.

These are all the symptoms of a disease that no one can ignore—let the government conduct a survey across the agriculture sector and if my assertions are incorrect I promise to write the next ten columns in praise of Planning Commission and the Ministry of Finance—MINFAL is neither here or there in the scheme of things, really. However, I am not going to follow the beaten track of bashing the government; the weaknesses lie throughout the whole system. In the following columns I will try to present a prognosis and then a road map for pulling the agriculture sector out of the pits it is in today.

(To be concluded)

PS: See headlines, December 13, "ADBPs to auction land of 109 defaulters for recovery of Rs. 950 Million in Sialkot." This is the same area where Industrialists are building the first private sector airport outside US with their own resources. How can their farming cousins be so delinquent? Point to ponder!

"Agriculture is the backbone of Pakistan's economy", so the worn out cliché goes. It has outlived its fidelity by a few decades now. At one time, before partition, Punjab was known as the 'granary of India' and Balochistan provided bulk of fruits, vegetables and livestock. Today Punjab can not feed Pakistan—wheat is being imported again this year—and Balochistan is dying of dehydration and tribal strife. It is not the backbone of the economy in the sense the metaphor was coined initially, meaning the main strength. Yes perhaps it is the backbone in the sense that it bears the burden of the whole skeleton. The correct metaphor to use today would be, "Agriculture is the back of the country that is breaking."

The early planners took a wrong fork somewhere very early after partition. This part of the subcontinent (the western part) had two historical strengths, agriculture and trade—Pakistan lies at the hub of many trade routes from antiquity. The planners strangled both for industrialisation. Industry was never a forte for this region. Resource transfers built into fiscal policies haemorrhaged agriculture to the anaemic condition it is in today and protective trade barriers turned the centuries old knack of trading into a black occupation of smuggling. Artificial creation of industrial houses in the name of 'capital formation' and 'import substitution' without any investment in infrastructure and education produced a 'skimocracy' where politically connected elites in cahoots with officialdom skimmed the cream of national wealth and resources. With the backbone bent under manipulated burdens and arteries (trade) choked, the economy atrophied. While macro-economic indicators presented a reasonable picture, poverty propagated from rural have-nots to urban