

Time for land reforms

A.S. QAZI says that there is no denying the fact that agriculture sector plays an important role in the national economy, which has been kept hostage to large holdings and low production

The World Bank has overburdened itself by involving into a number of projects ranging from CAS (Country Assistance Strategy) to rendering advice on a number of socio-economic issues like reforming judicial system and urging the government to execute land reforms in Pakistan. The rationale forwarded by the WB officials for financially supporting multi-faceted projects and rendering advices is that they are quintessential for good governance, alleviating poverty and achieving sustainable higher economic growth on the recent WB report "Poverty in Pakistan: Vulnerabilities, Social Gaps and Rural Dynamics". WB officials have strongly recommended land reforms in the country on three accounts: to enhance rural productivity, alleviate poverty and enable the agricultural sector to realise its full potential. While it might be difficult to counter the 'economic' rationale of WB report to execute land reforms in the country, the stumbling point is about the political rationale because across the board land reforms will radically change the structure of rural society and the hold of rural-cum-urban elite on the state power, which they consciously and unconsciously used for their own benefit at the cost of millions of teeming rural and urban Pakistanis. First, a brief description about the status agriculture sector hidden potential to give

impetus to achieve higher economic growth rate. Agriculture is the leading sector of national economy. It is the largest income generating sector contributing about 25 percent to the GDP of more than Rs 3000 bn. It employs more than 50 percent of the country's work force during the peak periods of agricultural production and supports around 70 percent of the population to earn their living. Its contribution is 60 percent in export earnings through export of raw commodities like price and finished goods like textile products, garments and household linen. It provides raw material to several medium and small scale industries which account for approximately 50 percent of total industrial production in the country. Good performance of the agriculture sector is key to achieving higher GDP growth rate. One of the reasons of low average GDP growth rate of 3.3 percent during 1999-2002 was low performance of agriculture sector because of some unsound policies affecting cost of production, marketing executed by the government. There is hardly any doubt to impress upon the essential role of agriculture sector comprising cash crops of all sorts, forestry, fisheries and animal husbandry in national economy. Yet the sector is hostage to historical distortions of large holdings and low production. The statistics provided by in the WB report clearly indicate that agriculture sector needs a radical over hauling. According to the report only 2 percent of households



control 40 percent of the rural economy. 60 percent of agricultural land is concentrated in large or very large landholdings. According to economic survey of 2001-02 2.7 million acres of government land is still lying available for allotment. The land reforms executed during 1959 and 1971 did not yield the desired result and the hold of rural elite on teeming millions and land resources remained firm. The large holdings develops a sort of complacency among the land holders because boosting production through huge holdings because exceptionally difficult given our socio-economic environment. That is why land reforms are considered imperative to realise the full potential of the sector and address other socio-economic problems faced particularly by the rural population. Politics and economics are

interlinked. They complement each other in our socio-economic environment and elsewhere also. Such a deep link has enabled the rural elite to make their way into the corridors of power easily through parliamentary democracy and resist any change in the structure of rural society. That is why only governments with radical agenda could execute land reforms of 1959 and 1971. Yet they did not yield the desired results and over period of past 30 years the rural elite got more than enough breathing consolidate their hold through affluence, political power directly acquired by them and through extending maximum support to army-led government. It is to be appreciated that over a period of past four decades, a new form of rural elite has taken foothold in countryside. They are retired defence personnel and members of

civil bureaucracy. They have enjoyed the privilege of being allotted big chunks of agricultural land on nominal cost in return of their 'meritorious' services. Some of them have sold them while others have made investment to change the land into production agricultural land they are now stakeholders and in order to safeguard their interest they would resist any change in the existing land and rural society structure. The present government like the previous governments is not in a position to execute land reforms of any sort. So, what is the bright idea behind the urge in WB report to go for land reforms? Who will bell the cat? The army establishment, its 'old guard', and the civilian rural elite that gains strength from urban elite, PPP or the religious parties? The answer is none. Irrespective of the merit of rationale given in the WB report, a strong agricultural structure is imperative for economic growth and stable price level and socio-economic set up in the society. High population growth makes the need of strong agricultural sector much more conspicuous. So the question is: how to make the agriculture sector more vibrant than it is at present? WB recommendation of land reforms is one of the options which cannot be executed for very obvious reasons. But, there is a lot which the government can do to improve performance of agriculture sector. There are a number of areas which the government needs to focus at. The result yielding by them would sufficiently enhance perform-

ance of agriculture sector. Those areas are: strengthening of agricultural research for better crop yield and yield in sub-sectors like forestry and animal husbandry; reducing cost of inputs like electricity, seeds and fertilisers and of equipment like tractors; developing village to market road network to enhance mobility to transport agriculture commodities to the market; improving performance of agriculture banks to provide loans to the farmers at low interest rate and finally providing reasonable price to the farmers of their products.

These measures are essential and are in addition to paying attention to developing huge water reservoirs to store irrigation water to ensure its availability 'when and where' it is required. The government is already paying attention to the development of huge water reservoirs to make the best use of irrigation water.

The measures on which the government needs to focus at, may not be to the liking of the WB and the IMF. For example, levy of GST on fertilisers has increased the cost of inputs of the agriculture sector. In case the government were to reduce the cost of inputs, GST has to be withdrawn. It will become bone of contention between the IMF and the government. How far the government can go to execute relief measures to boost agriculture production will be soon clear. The PM has appointed his financial advisor Chairman of a Committee, which is to suggest relief and other measures to enable agriculture sector to play the vibrant role it can play in national economy. Hopefully the committee would suggest measures, other than land reforms, that would neutralise the negative effects of big holdings on agricultural production. If not, then the WB's recommendation would carry the weight. Their execution, even if WB insisted, will be a problem for the government. This is certainly not the time for land reforms, their desirability notwithstanding. Let the government take other measures. ■