

STRANGULATION OF AGRICULTURE AND INCREASING RURAL POVERTY IN SINDH AND LOWER PUNJAB

**BY
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Farmers in general but Sindhi farmers and Lower Punjab in particular are being systematically reduced and asphyxiated to penury and death by the manipulation of the world prices by the Eight Developed Industrial Nations (G-8), and by the hypocrisy and selfishness of the agricultural policies of the Government of Pakistan entirely based on the interests of Industry. The entire Rural Poverty in Lower Punjab and in Sindh has been artificially created. The responsibility squarely lies on the Federal Government and its price control policy.

At the time of independence in 1947, agriculture was the dominating sector, contributing 53% of Gross Domestic Product (GDP). In 1987, 40 years after formation of Pakistan, it contributed only 26% of GDP, still providing employment to more than 50% of country's total labor force. Agriculture and agro-based exports account for 80% country's total export earnings. Almost 70% of country's population is confined to rural areas. The following figures speak for themselves:

- If more than 50% contribute 75% of GDP, it in itself shows that the ratio of rural to urban income is 26/50: 74/50 or 1: 2.8 or say 1: 3.
- This ratio is also confirmed by the wage rates. The farm labor gets Rs.1000 per month with no other benefits, where as a city worker gets minimum of Rs.1, 800 plus medical benefit (Rs.800-900), plus leave fare allowance, totaling to Rs.2, 800 – 3,000. The wage ratio of rural to urban laborer therefore comes to 600-700: 1800-2000 i.e. 1: 2.85 to 1: 3.

The National Agriculture Commission 1988 is forced to admit the following facts:

- Even though the importance of agriculture has long been recognized it has never been regarded as leading sector. (p.xix).
- Agriculture sector has shown great prosperity to modernize, despite serious policy and institutional constrains (caused by Government). (p.xxi).
- Most government and institutional effort has been directed towards major crops (wheat, rice and cotton) and there has been neglect of majority of so called minor crops. "Minor" has unfortunately been confused with unimportance. (The minor crops are categorized as fruits, vegetables, nuts and industrial crops, which pay the highest returns per acre and some of them, even pay 10 times as much, as wheat and rice on the same acreage.)

- In the early years 1947-1960 the agriculture sector was discriminated against and initial development efforts were directed entirely towards industry (p.2).
- During first plan period (1955-60) some attention was finally directed towards agrarian economy, although it was not enough. (p.3).
- 1970-77 were learn years and main thrust of annual development programs and efforts were directed towards institutional frame work and structure of agriculture (land reforms, agricultural loans from banks and etc).
- 1977-1986 were years of revival (p.7).

The Commission has suppressed the fact that 1977-1986 were worst years for agriculture. The present writer has verified prices of wheat, year after year since 1950, covering a period of 40 years and converted the prices to the farmers for 40 kg of wheat to 1950 prices. The following are the conclusions:

- Prices came down from 100% in 1950 to 41% in 1963-64, when Ayub Government found that people were no longer interested in growing wheat in spite of mobilizing Deputy Commissioners and putting agricultural extension officers under their command, the price of wheat was increased from about 47% to 60.2% of 1950 value.
- The prices again fell down to 50.2% in 1967-68 when fearing rural un-rest, (cities were already agitating) they were increased to 72% of 1950 value, during the last year of Ayub's regime.
- They came down to 53% of 1950 value, in 1972-73, when Mr. Bhutto's Government in 1973-74 raised them to 65% of 1950 value and in the next year (74-75) to 106.5% of 1950 value.
- There was urban agitation against Bhutto's Government and they raised a bogey of "Mahangai" or dearness, which threatened the government and which no longer dared to raise prices during next 2 years of their rule.
- The prices as prevalent at the end of Bhutto's regime were 88.7% of 1950 prices.
- Since then the prices have fallen down and in 1988-89 they were 42.39% of 1950 prices. This is what the Agricultural Commission has convincingly suppressed calling it "Revival Period".
- By raising price of wheat from Rs.85 to Rs.97 by Benazir's Government of 1988-1990, the in 1993 prices stood at 45.18% of 1950 prices. Even at Rs.160 per 40 kg prices are only 42% of 1950 prices.
- Incidentally International prices of wheat were Rs.220 per 40 kg in the year 1989-90 and 1993 are about Rs.330 the Benazir's Government was internally so weak, that they could not raise the prices.

- The same was the fate of prices of rice from 1950 to 1990.

The chart enclosed gives prices of wheat from 1950-1990 and gives price comparison with 1950 prices in terms of percentages. The prices of fruits, vegetables and industrial crops adjust according to the prices of wheat, as people would fill their bellies with wheat and rice if fruits and vegetables were costly.

The government also controls the price of meat, fish, chicken, milk, butter and etc., thereby seeing to it that urban population gets these items at reasonably low rates, so as not to resort to agitation.

In the workshop sponsored by Planning Department, Government of Sindh on August 30-31, 1990, with participation of Haris, Haris representatives, and specialists. I had expressed my views as under:

- 1) As against the international prices of wheat to the tune of approx: Rs.220.00 per 40 kg, the farmer was being given Rs.97 per 40 kg.
- 2) Farmers provide mutton and beef at the prices one fourth of those in the international market.
- 3) Vegetables and fruits also being procured from farmers at one sixth of the prices for the same commodities in the international market.
- 4) Farm Labor gets Rs.900 to Rs. 650 per month compared to Rs.2, 800 to Rs.3,000 earned by the city labor.
- 5) Minimum wages fixed by the government are Rs.1, 500 per month for the labor class plus bonus, insurance, medical and other facilities.
- 6) Land owners with medium sized holdings i.e., 50 to 200 are getting more produce than those with less than 50 acres and more than 200 acres, Land owners with less than 50 acres do not normally have the resources of capital for the inputs, whereas those with more than 200 acres cannot manage effectively.
- 7) Imbalance/disparity in agricultural price structure is the root cause of rural poverty and problems pertaining to law and order.
- 8) Over the past ten years ineffectiveness of the program has resulted in an increase in the area under water logging and salinity in Sindh by about 50%, whereas through the same program it has reduced by about 49% in the Punjab, with the blessings of WAPDA.

Consequences of price control.

Consequences of low prices of agricultural commodities are:

- Low margins of profit to the farming community.
- Low capacity to develop the land further.
- Lack of interest in spending on inputs like, water management, ground water development, irrigation techniques for saving water, applying optimum fertilizer, procuring better seeds, optimum use of plant protection measures, capital cost of structures for efficient farming, precision land leveling, introducing new crops and etc.
- Lack on inputs further reduces ability to spend on input, and low levels of yields are maintained. The yields of all agricultural commodities including fruits, vegetables, and grasses are 1/3rd of those in advanced countries.
- Low salaries to farm labor.
- Low ability of farmer to improve his lot, as well as that of his family.
- He cannot support his family and has to economize on food in-take, wear cheap clothes, move bare-footed.
- The low standards of food further cause diseases in the family and high mortality as well as low life expectancy.
- The farm family is not able to earn required calories of food. For rural Sindh the present average is 1600 kilo calories for females and 2000 kilo calories for males falling short by 20%, which is acquired by browsing of wild plant-food like berries, young leaves of peas and beans, stolen vegetables and sugar cane and doing extra jobs at home or out side for some one.
- The food of most of rural labor force, tenant farmers and small owner cultivators has been reduced to cereals taken with tea or occasionally with peas and beans.
- Animal protein is taken hardly once a month.
- Milk is produced for sale, and poor of above classes hardly take it.
- The research of past 20 years has shown that if at least ½ kg milk is not taken by children under 14 years, they become mentally retarded and stupid, and this is common occurrence in Sindh of to-day i.e., new population from poor class is low in I.Q. and is mentally retarded.

Why prices are controlled?

- Prices are controlled to provide cheap labor to the industry. The industry exports manufactured goods at international prices, and over and above that, they earn bonus. Thus the industry makes high margin of profits, and they keep expanding and putting up new industries from the profits. The city labor can fight for the wages, but they are provided cheap grains, vegetables, meat, milk and fruit. They

are also provided free medical assistance, the bill being about Rs.500 per month per worker's family. Leave salary, gratuity and leave fare assistance takes him to his home village on vacation or provides extra money for family if he stays in the town he works in. He raised no voice, and if he does, wages are increased slightly and industrialist is allowed to make profits.

- As against this 100% of land owners are bankrupt and almost all of them take loans from banks for raising crops annually.
- Loans for industry are allowed against urban property and are allowed at 75% of value of property. Loans against land are paid on unit basis. A land of 40 units is sold at Rs.40, 000-50,000 per acre but the land owner can get only Rs.3, 000 for development from banks i.e., 10% or less of value.

Comparison of prices of wheat form 1975 to 1994 in terms of real money considering the inflation.

Years	Percentage of 1975 price
1975	100.00
1976	94.52
1977	88.66
1978	82.70
1979	75.73
1980	83.16
1981	85.24
1982	79.33
1983	72.74
1984	64.39
1985	70.63
1986	62.73
1987	56.55
1988	55.79
1989	47.18
1990	49.37
1991	45.00
1992	42.65
1993	40.94
1994	49.58

This is in general philosophy of price control of agricultural commodities.

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