



## Agriculture and Livestock

### Wrong Policies Created Food Shortages

Agriculture has long been neglected. The farmer has been treated unfairly; the cost of inputs went up exponentially while the last authoritarian regime artificially kept prices of farm produce low. This made agriculture unprofitable, particularly for the small farmer, which resulted in less cultivation, reduced fertilizer application and less than required production that created shortages, food inflation, food imports and increase in trade deficit.

The scant attentions paid by the last authoritarian regime to the agricultural sector not only hampered it, it led to an increased dependence on food imports. From 4.1% in 2002-2003, agricultural growth went down to 1.5% in 2007-2008.

The last government, rather than boosting the food production, continued to chase imports. This strategy not only caused food shortage, it also led us into missing out on the benefits of high prices of food commodities in the international market. Being an economy where agriculture plays a dominant role, we would have benefited from the rise in food prices in the international market through agricultural exports, if our agricultural sector had been given due attention.

Pakistan imported items comprising "food group" worth Rs.50 billion in 2001-2002, which reached a staggering figure of \$3523.7 million, i.e., \$3.523 billion in 2007-2008.

In 1999-2000, Pakistan produced 28.38 million tons of crops including wheat, maize, rice, sorghum, millets and barley for a population of around 125 million. In 2006-2007, when population had gone up to nearly 160 million, the production was just around 31 million tons.

Despite having a bumper wheat crop of 23.3 million tons, Pakistan had to import 1.7 million tons of wheat at a time when prices in the international market were at an all-time high.

### Policy Response of the Democratic Government

The Democratic Government is focusing on a strategy to increase food production, in order to ensure adequate availability of food products in the country. The rise in global food prices is an opportunity for us to benefit our growers by boosting production and exporting the surplus. The Budget 2008-2009 carried a host of incentives for the agricultural sector to enable its growth and increased production. A National Agricultural Development Policy Framework has been evolved as a strategy to ensure regular supply and rational intervention price policy for major and minor crops.

Realizing that a boost to agricultural productivity was possible only by safeguarding the interest of the farming community, the People's Government made a record increase in the support price of major and minor crops. The price for wheat was raised to Rs.950 for 40 kilograms for the year 2008-2009 as against Rs.425 in the preceding year. Timely announcement of this attractive support price served as a major impetus for farmers to grow more wheat. This farmer-friendly policy resulted in a record wheat production of about 24 million tons in 2008-2009. The Government has 3.5 million tonnes wheat in its storage facilities because of which no shortages and artificial price escalation of wheat and wheat flour occurred during 2009-2010. While storage cost billions of rupees, the Government has announced to provide the money this year and the next year to provinces, especially Punjab.<sup>1</sup>

<sup>1</sup>Daily Times, February 10, 2010.

To maintain the momentum of growth in wheat production, the Government has retained the same support price for 2009-2010 in spite of declining prices in the international market. Due to this, wheat has been cultivated on a large scale by the farming community. There was a scare of drought due to a long dry spell during the winter, and farmers looked towards the sky with despair. The whole nation prayed for rain in January 2010 on the appeal of President Asif Ali Zardari, and a sumptuous rain occurred all over the country rescuing our wheat crop. The Government has projected a total yield of 25 million tonnes.<sup>2</sup> Wheat harvesting has started and initial estimates suggest that hopefully this will turn out to be a second successive year without shortages of wheat and wheat flour.

Similarly, the Government announced the intervention prices of Rs.700 for 40 kg for IRRI (International Rice Research Institute) type and Rs.1,259 for Super Basmati rice. This resulted in record production of 6.9 million tons of rice in 2009-2010. The Pakistan Agricultural Storage and Services Corporation Limited was instructed to establish its procurement centers in the Kalar belt of Basmati Rice and for IRRI in all parts of the country. This step has saved farmers from a loss due to decline in market price as it checked up to Rs.1,000 from Rs.750 per 40 kgs. Trading Corporation of Pakistan (TCP) has also purchased 25,000 metric tons (mt) super basmati rice and 2,541 Mmt IRRI-6 rice to stabilize the market. Efforts are being made in collaboration with Pakistan's missions in Iran, Saudi Arabia, Philippines and Niger for export of rice stocks.

In order to protect the interest of growers of cotton during 2008-2009 season, TCP intervened in the market to stabilize the prices, whereas 192,698 bales were purchased by TCP valuing Rs.2,595 million. Out of the purchased quantity, 161,798 bales were sold in local market and 22,400 bales

were exported.

The vast and rapidly changing agriculture sector offers enormous opportunities to millions of rural poor to move out of poverty. Interventions made in this light have already started providing dividends in the shape of record production of major food crops like wheat and rice. The policy measures undertaken by the Government have led to an estimated transfer of resources of about Rs.294 billion to the rural economy.

### Benazir Tractor Scheme

The Benazir Tractor Scheme was launched to provide tractors and agricultural machinery to the farmers at a subsidized price. As many as 20,000 tractors are to be distributed amongst the farmers on concessional rates.

The Government is supplying high efficiency sprinklers and drip irrigation system to farmers on cost-sharing basis (Rs.5,000 per acre) to improve agricultural activity in areas of scarce water availability at the farm level. 21,738 watercourses were upgraded during the last two years to improve various farming practices.

### Availability of Quality Seeds

The Government decided to ensure the supply of quality seed, one of the most important inputs in crop production, to have maximum yields in all crops. About 189,375 metric tons of certified seed of wheat, 30,700 mt paddy seed and 18,400 mt of cotton seed was made available to farmers during the 2009-2010 season. As a result, production of almost all major crops, including wheat, rice, maize, gram, moong and pearl millet, rose significantly. A special project of improving vegetables seeds at local level has also been initiated. The Government facilitated the

<sup>2</sup>ibid.

access of growers to international germplasm of various crops.

During the year 2008-2009, 22 high-yielding and stress-tolerant rice hybrids were screened and their import was allowed at 10% custom duty to maximize rice production. About 1,500 mt seed of five rice hybrids was imported from China and the Philippine. Import of hybrid rice from India has also been allowed and 21 are being approved by the Variety Evaluation Committee. The Government also permitted the import of most productive varieties of hybrid maize, sunflower, canola, fodder, sorghum and vegetables.

The Government plans to initiate new programs like commercialization of the seed sector in order to enhance high quality supply through setting up an industry on the concept of public-private partnerships and diverting major investments in building and strengthening infrastructure in the sector.<sup>3</sup>

### Agricultural Development Projects

The Government allocated an amount of Rs.18 billion for 51 projects (36 on-going and 15 new projects) for agricultural development in the public sector for 2009-2010 with the anticipation that they would help in attaining food security in the country.

The Government has initiated Crop Maximization Project-II with the objective of helping the farming community to raise their crop production. The program is being run initially in 1,020 villages in all the provinces and will be extended to more villages in the years to come.

In order to ensure food security and to improve productivity of small farms, the Government is implementing a phased 'Special Program for Food Security and

Productivity Enhancement of Small Farmers' covering 13,000 villages by the year 2015 starting with 1,012 villages. This program will be executed in all the four provinces in addition to Azad Jammu & Kashmir, FATA and Gilgit-Baltistan during the first phase at a cost of Rs.8.013 billion.

### Agricultural Loans

During 2008-2009, the Government earmarked Rs.250 billion, higher by 20% over the preceding year, for banks to finance the farming community. This amount for the current fiscal is Rs.260 billion for major and minor crops, orchards and forestry. Credit limit was increased because of rising prices of all inputs including electricity. Crop loan insurance scheme was also introduced to enhance the access of farmers to agricultural loans. Provision of agricultural credit to farmers facilitated them to procure the costly inputs in order to ensure the target planting and production of various crops.

A new Agriculture Model Village Program has been initiated in 26 villages under the auspices of Zarai Taraqiati Bank Limited (ZTBL). The objective is to organize the farming community at the village level ensuring farmers easy access to agri credit.

### Benazir Credit Card Scheme

The People's Government has introduced a user-friendly credit card scheme for farmers. Farmers will be provided loans of up to Rs.500,000 per crop to purchase seeds, fertilizers, pesticides and other inputs under the Benazir Zarai Loan Card Scheme.

State Bank is developing an implementation plan for the project, which will be implemented through ZTBL and the National Bank of Pakistan. The loan will be disbursed against every crop with a grace period of 90

<sup>3</sup>Budget Speech of the Minister of State for Finance and Economic Affairs, Hina Rabbani Khar, for the fiscal year 2009-2010.

days. The scheme will benefit small farmers of up to 12 acres in Punjab and the Khyber-Pakhtunkhwa, 16 acres in Sindh and 32 acres in Balochistan. After the grace period, the loan will be charged with 8-9% interest rate.

The progress of the scheme will be reviewed every three months and the card will be a secured revolving credit card valid for three years. Interest rate on the credit will be as per the rate applicable on production loans. There will be no limit on the number of transactions through the card and require no more than one interface of the farmer with bank officials.<sup>4</sup>

### Crop Insurance

The Benazir Credit Card Schemes and Crop Loan Insurance Schemes have also been introduced for the benefit of cotton, rice and other crops growers. Crop insurance Schemes have been considered an impractical dream by the insurance sector for quite long, but innovative solutions designed by National Insurance have made it a practical option.

NICL and National Bank of Pakistan have prepared an Agri Loan Insurance Policy properly supported and backed by the re-insurance arrangements at a reasonable competitive cost. Through this collaboration, agri loans of more than Rs.30 billion have been provided insurance cover. Similarly, Bank of Khyber has also been provided the facility of Agri Insurance Cover while negotiations with ZTBL are underway to finalize the arrangement.

### Subsidy on Fertilizers

The Government has ensured timely distribution of all types of fertilizers at reasonable prices. In order to promote

balanced use of fertilizers a subsidy of Rs.27 million for Dai Ammonium Phosphate and Rs.14 million for urea was released during 2008-2009. For 2009-2010, a subsidy of Rs.500 for a bag (50 kg) on potash fertilizer has also been allowed. As for plant protection, adequate availability of quality insecticides, weedicides and other agricultural chemicals was ensured for efficient plant protection. Duty-free import of pesticides and waiver of 15% of sales tax was also allowed.

### Research

The Government has boosted research with the establishment of institutes and signed 34 MoUs with China in the field of irrigation, hybrid technology and modern agricultural practices. A world class wheat research institute has been planned to be set up in Islamabad at a cost of Rs.5.4 billion. A cotton research institute will be established at Rahimyar Khan at a cost of Rs.2.154billion to improve the quality of cotton. Likewise, an agriculture teaching research institute has been proposed at Dera Allahyar, Balochistan, involving a cost of Rs.5 billion. Two oil extraction plants were established in Thatta and Tarnab as a gift by Italy. The Government has also decided that palm oil trees will be planted on the coastal areas of Sindh and Balochistan at a cost of Rs.1.13 billion for the promotion of this product within the country.

### Livestock and Dairy Development

The Ministry of Livestock and Dairy Development was created on November 3, 2008 as part of the reform agenda and political commitment of the People's Government to improve service delivery, reduce poverty, achieve sustainable economic growth, and expand opportunities

<sup>4</sup>Dawn, December 16, 2008.

to address the needs of livestock rural farmers to protect the livelihood concerns of rural community.

The Ministry is pursuing an effective strategy in line with the policy objectives of the Government that envisages a public-private partnership in the field with the objective of achieving a substantial national economic growth and development, poverty alleviation in rural areas in particular, improve livestock service delivery, expand opportunities for better livelihoods for farmers, and get a boost in foreign exchange earnings. One of the main objectives of the policy is that the needs of food are augmented with protein rich meat (poultry, mutton and beef) and mitigate scarcity of food in the country. The fruits of the policy are being achieved through the private sector-led development of livestock and moving from subsistence farming to market-oriented and commercial farming covering the entire value chain with the Government providing an environment favorable to this activity.

Nearly eight million families are involved in livestock raising and are deriving more than 35% of their income from livestock production. It is one of the few assets available to the poor enabling them to diversify their incomes. Livestock serves as a fallback for the farmers against unexpected crop failures. Livestock can play an important role in poverty alleviation and can support socio-economic uplift of the rural people.

Pakistan's national herd comprises 33 million cattle, 29.9 million buffaloes, 27.4 million sheep, 58.3 million goats and 562 million poultry birds. This stock is estimated to provide 43.56 million tons milk, 2.84 million tons meat (beef, mutton and poultry) and 11.258 billion eggs annually as recorded in 2008-09. The production of livestock in 2006-2007 was 40.87 million tons milk, 2.62 million tons meat, and 10.197 billion eggs. The milk production increased by 6.58%, meat by 8.4%, and eggs by 10.4% during 2008-2009.

Pakistan exports meat and meat products. In 2006-2007, livestock exports fetched Rs.2.448 billion. This increased to Rs.3.4 billion during fiscal year 2007-2008, which is an increase of 39%. The export of meat (beef, mutton and camel meat) that year was recorded at an amount equivalent to \$47.64 million as compared to \$74.4 million in 2008-2009, showing an increase of 56%. The meat export (beef, mutton and camel meat) from July to November 2009 stood at \$45.60 million. Keeping up this pace, exports expected from livestock meat by the end of 2009-2010 will improve upon those in 2008-2009. Pakistan has also made efforts to enter into the halal foods market worth \$500 billion. Pakistan-ASEAN (Association of South East Asian Nations) workshop on Halal Food Certification System was held in 2009. Malaysia has expressed interest to import 60,000 million tons meat from Pakistan every year. An MoU to this effect will be signed shortly.

The Government is presently executing seven projects in livestock sector under the Prime Minister's special initiative for livestock. The estimated cost of these projects is Rs.8.8 billion. Strengthening of livestock services for meat, process of collecting milk for dairy production and development, improving reproductive efficiency of cattle and buffaloes in small-holder's production system, and upgrading and establishment of animal quarantine stations in Pakistan are some of the salient features of these projects. Besides, the health of cattle is given high importance and a national program for the control and prevention of avian influenza has already been undertaken by the Government.

Prime Minister's Special Initiative for White Revolution, that is, Doodh Darya and Dairy Pakistan projects are serving as a primary vehicle to bring about a white revolution through fundamental changes in the dairy sector. Projects during 2009-2010 include:

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- Capacity Enhancement of Dairy Products under Public- Private Partnership -- a project worth Rs.3,500 million, for which Rs.300 million will be allocated during 2009-2010;
- Poverty Reduction through Small Holders Live Stock and Dairy Development -- worth Rs.3,539.13 million, from which an amount of Rs.400 million will be allocated in 2009-2010;
- More model dairy community, bio-gas and breeding farms, cooling tanks, rural services providers and pasturization plants.<sup>5</sup>
- Progressive Control of Foot and Mouth Disease worth Rs.3,000 million allocation for 2009-2010 Rs.9.39 million.

## Fisheries

During 2009-2010, focus will be on:

- Lifting E.U.'s ban on fisheries export by upgrading fishing vessels;
- Improvement of infrastructure facilities for value-added products;
- Establishing a fisheries training center at Gwadar;
- Landing sites along the coastal line;
- Reducing post-harvest losses through improved fish handling along the food chain and marketing; and
- Establishment of shrimp aqua-culture in the country.

## Women Own Land in People's Rule

The People's Government has decided to allot land to landless peasants. The most exciting thing about this allotment is that 70% of this land would be provided to women peasants. This is a well thought-out policy option, which aims to address poverty and gender issues simultaneously. Only Zulfikar Ali Bhutto's Pakistan Peoples Party could dare this kind of affirmative action in this male universe where women are not even given the share allowed by God and His Prophet (P.B.U.H.).

President Zardari is very enthusiastic about this project. He has directed the authorities to ensure that fertile land is allotted to women folk under land grant policy.<sup>6</sup> "This project should be treated as a special project and the allotted land should have all the required qualities," said the President, while directing the officials concerns.<sup>7</sup> "Also ensure that these landless women peasants also get other facilities including farm credit from ZTBL as well as tractors."

<sup>5</sup>Budget Speech of the Minister of State for Finance and Economic Affairs, Hina Rabbani Khar, for the fiscal year 2009-2010.

<sup>6</sup>South Asian News Agency, June 21, 2009.

<sup>7</sup>Ibid.