

## Review Articles

# REPORT OF THE FOOD AND AGRICULTURE COMMISSION

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The *Report of the Food and Agriculture Commission*<sup>1</sup> is the most comprehensive official study of the problems of food and agriculture undertaken in Pakistan since independence. The Report contains twelve chapters of which six are devoted to policy recommendations. The Report also contains seven appendices of which Appendix IV is the *Interim Report* of the Commission which was submitted to the Government in February 1960.

The methods followed by the Commission in its enquiry are similar to those followed by agricultural commissions in the past. Questionnaires were circulated to government agencies, officials and members of the public likely to possess specialized knowledge in the field of food and agriculture. Also, fairly extensive tours were undertaken by members of the Commission all over the country to gain first-hand knowledge of the problems of agriculture; they visited agricultural colleges, research institutes, experimental stations, seed and livestock farms, holding discussions with government officials and others on a wide range of topics. An interesting feature of the enquiry was the setting-up of seventeen advisory panels on particular topics composed almost entirely of officials having specialized knowledge or interest in the field in question. A few non-officials were also included in the panels but their number was very few. Unfortunately, the reports of the panels, which were presumably responsible for much of the technical work on which the Commission drew for their elucidation of the problems in hand as well as for policy recommendations, are not made available in the report.

After discussing the terms of reference and giving a brief historical survey of the problems of agriculture in Pakistan, the Report states the nature of the food problem in the country by a reference to such factors as population growth and composition, yields of major food crops, exports and imports of foodgrains and the projected position of major foodgrains over the next six years. The overwhelming importance of agricultural production in the development of the economy is emphasized by referring to such factors as population engaged in agriculture, the drain on foreign exchange due to the necessity of large imports of foodgrains, the low standards of nutrition of the population, the low incomes of the agriculturists making capital formation difficult in the agricultural sector and limiting the markets for industrial products. Although obvious, it was probably necessary to state these facts, because it is only after the disastrous experience of the *First Five*

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<sup>1</sup>Ministry of Food and Agriculture, Government of Pakistan, *Report of the Food and Agriculture Commission*. (Karachi: Manager of Publications, 1960. Pp. ii + 582).

*Year Plan* in the field of agriculture that the Government has decided to give top priority to agriculture.

In a chapter, entitled "The Present Position of the Farmer," is discussed the systems of land utilization in the various regions, the problem of marketing and communications, the systems of land tenure, the problems of salinity and waterlogging and soil erosion. With few exceptions, the treatment is rather sketchy. Hardly any reference is given to the literature on the subject. The serious student of the subject might not accept readily some of the conclusions arrived at, particularly when they are not supported by data. For example, it is stated without qualifications, and without quoting any evidence, that the need for cash compels the farmer to sell immediately after he harvests his produce; and, this factor regularly depresses price at the harvest season (p. 37). A recent study on the marketing of jute in East Pakistan by the Dacca University Socio-Economic Research Board casts serious doubt on what is regarded as an almost axiomatic proposition. The study has revealed that the periods of maximum sales of jute have been moving away from the jute harvesting season, showing probably greater holding power on the part of the jute growers than previously<sup>2</sup>.

Again, in the section on marketing, it is stated without sufficient evidence that one of the most serious drawbacks the cultivator in East Pakistan suffers from is the absence of "regulated markets" (p. 38). Just because regulated markets have been successful in the Punjab, the Report goes on to suggest that it must be successful in East Pakistan also, without considering the fact that the conditions of production and marketing East Pakistan are vastly different from those in the Punjab. The main reason for the success of regulated markets in the Punjab is that the production and sale of cotton, the commodity which is mainly traded in these markets, take place on a reasonably large scale, such marketing being facilitated by the good system of transport and communications which exist there. As compared with such conditions, jute is cultivated in East Pakistan mostly on a very small scale and sales are made in small lots in unassorted state either at the homes of the cultivators or in the primary markets. The Dacca University study on the marketing of jute has shown that the dealers, who buy from the cultivators in the villages or in the primary markets, operate on a highly competitive basis on narrow margins so that it is doubtful if the latter are exploited by the dealers at all in such transactions. A system of regulated markets in such a situation would no doubt involve compulsory grading of jute, making all transactions subject to rules of the marketing committee, levying a higher market charge for "improved" services, and prohibition of all transactions outside the regulated markets. To impose such a system on the cultivators might mean that most of the transactions which take place now informally would be rendered illegal or uneconomic if channelled through the regulated markets, and this might seriously reduce the incentives of any but the largest cultivators of jute to continue production.

The Report discusses the system of land tenure very sketchily. While it is rightly observed that the system of *bargada* (share-cropping) cultivation

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<sup>2</sup> Dacca University Socio-Economic Research Board, *Marketing of Jute in East Pakistan*. (Dacca: Oxford University Press, 1960).

in East Pakistan seriously reduces the incentive of the actual cultivators, although its extent is probably exaggerated, the far more extensive and intractable problem of land tenure in West Pakistan is more or less by-passed. For a radical improvement of agriculture, agrarian reform is certainly an essential prerequisite. The much publicised land reforms of 1959 in West Pakistan hardly touch more than a fringe of the problem. According to a serious student of agricultural problems of Pakistan, "altogether 1.8 per cent of the cultivated land in West Pakistan, most of it marginal, was bought and redistributed. . . the largest, least efficient operating units were left intact. Little or nothing was done to tighten landlord-tenant legislation"<sup>3</sup>. Failure to analyze the problems of agrarian reform is one of the major deficiencies of the present study. The analysis of the problems of waterlogging and salinity in the irrigated areas and of soil erosion in the hill catchment areas is lucid as well as detailed.

The chapter on "Techniques for Increasing Production" is the most important part of the book. The Report observes probably rightly that measures which would increase production have been fairly well-known and have been suggested in past reports. These suggestions include: "the evolution, production and distribution of improved seeds, the popularization and supply of fertiliser, the control of pests and diseases, the use of improved implements and machinery for the better preparation of the land, the proper use of irrigation water, the better breeding, feeding and management of livestock and the provision of adequate credit for making use of these factors." (p. 62). The problem, as the Report points out, is how to implement these recommendations. The Report discusses separately the techniques which can be applied without altering present patterns of land use and those which require an alteration in the present patterns. Under the first head are discussed the so-called "five firsts" viz., "better seed, fertiliser, plant protection, better cultivation techniques and short-and medium-term credit." These are discussed, at some length, although no reference is given to any technical literature on the subject for many of the important conclusions arrived at. What is striking is that nowhere else are the economic implications of the better techniques precisely worked out under farm conditions. We are told that striking results have been obtained by the application of some of the improved techniques but nowhere is given an idea as to the possible money costs and returns of these methods. For example, it is reported that the existing plant protection services are being supplied to the farmers at 100 per cent subsidy. So also, the fertilisers are being supplied at 50 per cent subsidy. There is no doubt that considering the total requirements of these services, which would produce a significant effect on agricultural production, the resources of the Government would be quite inadequate to provide these services on a subsidized basis for long term. To answer the question as to what are the prospects of developing these services on a commercial basis and for the farmers to continue to use these services once the subsidies are withdrawn, obviously a careful estimation of the costs and returns involved is required, and this the Commission has not attempted. The fundamental criticism to all these proposals is that unless the basic problem of land reform

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3. Mr. J. R. Motherall, "The Effect of Government Policy and Problems on Agricultural Production in Pakistan" (Paper delivered to the Economic Development Seminar held under the auspices of the Harvard University Center for International Affairs, December 8, 1960), p. 5.

is tackled and the existing landlord-tenant legislation tightened up, the cultivator may, in many cases, not have the incentive to adopt the improved practices.

Among techniques demanding alterations in present patterns of land use are mentioned consolidation of holdings, improved farming patterns *e.g.*, mixed farming involving crop diversification and integration of crops with livestock, mechanisation, irrigation, control of waterlogging and salinity. Most of these problems, in particular that of waterlogging and salinity, are discussed with considerable knowledge. The problem of waterlogging and salinity, as the Commission points out, is basically due to small application of water to crops and a high water table. Various techniques are suggested to fight the menace, such as application of more water, provision of drainage, *etc.* In suggesting the alternative techniques to fight the menace, the Commission is careful to emphasize the need for more technical as well as economic studies on the alternatives presented.

While one can agree with the importance of consolidation and enlarging the size of holdings as means of introducing efficient farming practices including distribution and use of water, mechanical cultivation, and large-scale farm management (in the new colonization areas), which the Commission seems to favour, might introduce serious complexities without possibly bringing the expected benefits, as has been noted by Mr. Kabir, a member of the Commission in his dissenting note. In a country where managerial ability is very scarce, it is too much to expect that large-scale farm management will necessarily be more efficient than small-scale management. Besides, before it can be introduced, far-reaching institutional changes have to be made. Neither is one convinced by the statement in the Report that under some conditions, mechanisation would definitely yield higher returns on outlay than the present system of cultivation through bullock and manpower (p. 108). It is the view of the present reviewer that mechanisation might appear to be superior because strict economic calculations are not generally made in a comparison between the techniques involved. For example, in such estimations of cost, market prices of factors and not their social prices are taken into account. Labour is valued at market price, whereas it should be valued at its social cost, which is 20—30 per cent lower. Again, mechanisation means a greater demand for capital, foreign exchange for the importation of tractors, spare parts, fuel, *etc.*, skilled labour for the efficient running and maintenance of the machines, all of which are extremely scarce in the country and may remain so for a considerable time to come. If these are valued at their social cost, it is doubtful if mechanisation could be shown to be more economical than bullock cultivation. This criticism of mechanisation does not mean that experiments in mechanisation should not be undertaken. In fact, one of the most interesting arguments advanced in favour of mechanisation, which deserves consideration, is that mechanisation by turning agriculture into a skilled operation might give some status to the occupation of farming which it lacks at present and attract people with some education, skill, and ability to it.

Perhaps, the weakest part of the Report is its failure to consider economic propositions and apply economic reasoning in making policy recommendations. In short, the Report fails to give proper guidelines to Pakistan's

planners. The difficult question of estimating cost-benefit ratios in the field of agriculture, so as to establish intra-agricultural priorities as also the procedures for evaluating agricultural development projects is nowhere dealt with. In the absence of these considerations the findings of the Commission take on a qualitative character, interesting in many points, but not precise for achieving the basic objective of national planning in agriculture. It appears that much empirical work will have to be done by the Planning Commission and the government research organizations in the field of agriculture before many of the recommendations of the Commission can be put into effect.

The Report places the greatest emphasis on organization. It is the view of the Commission that a considerable knowledge already available at the higher levels is not being made use of, owing to the lack of an effective instrument for the transmission of that knowledge to the cultivator and the means of using it. The Report makes comprehensive recommendations for setting up the necessary organization to "provide advice, supplies, guidance and perhaps direction at the farm level to ensure increased production." Recommendations for organization cover six chapters and appear to be the heart of the Report.

The Report recommends the setting-up of an Agricultural Development Corporation in each province, the Federal Areas of Rawalpindi and Karachi to form parts of the West Pakistan Corporation. The function of such a corporation will be to organize essential supplies to the farmer and provide him with technical assistance for increasing production. Each corporation will have a supply wing and a field wing. "The Supply Wing would produce, procure, transport and distribute seeds, fertilisers, plant protection materials and farm implements throughout the country. . . . A large part of the supplies would be advanced as credit" (p. 354). The field wing is to operate in selected areas which would be notified as "Project Areas" by the Government on the recommendation of their corporations. In these areas, they will ensure intensive and coordinated use of the "five firsts" including supervised credit. Further, this wing will also implement measures which would involve a change in land use, namely, land reclamation, soil conservation, irrigation management, organization of agriculture in new colonies, harnessing of hill streams, planned agriculture through suitable crop rotations and mixed farming, organization of marketing, *etc.* Each wing of these corporations will have a number of divisions. The details of these organizations are not of direct interest to economists.

When the corporations are fully established, these will have considerable power and authority in executing projects, so much so that existing government departments may be required to release their staff for work under the project directors (who would be employees of the corporations) as and when they are required (p. 219). Pending the full-scale development of the corporations, the Commission recommends that full use must be made of the available knowledge, personnel, supplies and organizations. With this end in view, the Commission recommends the strengthening and reorganization of the existing agricultural extension services and limiting their functions. In the reorganized set-up, there would be a director of agriculture at the top and union agricultural assistants at the village level, with a hierarchy of officials inbetween (p. 256).

Pakistan seems to have pinned its faith to semi-autonomous corporations; and, a number of them are already functioning. There is no doubt that a semi-autonomous corporation can eliminate red tape and get things done in fields where a government department might prove very slow or inefficient. However, the danger is that such corporations may become too powerful and multiply projects in its field of interest and put technical considerations above overall requirements of economic development for the country. Such semi-autonomous corporations may also successfully escape the financial control of the Government. The success of the P.I.D.C. (Pakistan Industrial Development Corporation) should not blind one to the essential difference in functions between an industrial and agricultural development corporation. In the matter of supplies, which is to be the work of the supply wing of the proposed Agricultural Development Corporation, the corporation will function more or less the same way as the P.I.D.C. and will probably be more efficient than a government department. However, for this reason, it might be argued whether the P.I.D.C. instead of the proposed Agricultural Development Corporation could not perform these functions successfully by expanding its present activities. In the far more difficult task of running an extension service or making the farmer use the facilities and also in undertaking such projects as land reclamation, soil conservation, irrigation, management, *etc.*, which are not to be operated on purely commercial principles, it is not clear that a semi-autonomous corporation will necessarily be better than a government department. It is not certain that the existing government set-up by proper reorganization could not perform the same services as efficiently as an independent corporation might. In view of the large financial implications of the establishment and operation of the proposed corporations, it has to be carefully examined whether or not an expansion of the P.I.D.C. and the strengthening of the existing agricultural departments of the Central and the Provincial Governments could not serve the same purpose as the setting-up of the two new corporations.

It is not clear how far the proposed agricultural extension service will be successful. The Village AID organization has been in existence since 1953 with a phenomenal sum being earmarked for it in the Five Year Plans. No serious evaluation of the Village AID programme was attempted until recently. The indications are that there has been very little tangible effect of the Village AID programme so far, and the Government has recently decided to abandon the programme. One would imagine that recommendations for a comprehensive agricultural extension service should have been based on a thorough evaluation of the Village AID programme which included agricultural extension as a major part of its activity. However, the Commission has not made any serious effort in that direction.

The Commission puts a major emphasis on research, education and training in agriculture. It recommends the setting-up of five institutions of agricultural research in the country, three in West Pakistan and two in East Pakistan, the establishment of two full-fledged Agricultural Universities and a large number of training schools for training workers at various levels including field assistants. For a country which is so largely dependent on agriculture, agricultural education has been sadly neglected in the past. There is no doubt that these recommendations, if implemented, will represent a major advance in government policy in the sphere of agricultural education and training.

An important chapter in the book deals with "National Agricultural Policies." Under this head is discussed a wide range of problems with appropriate policy recommendations regarding them. These cover land tax structure, land tenure, waterlogging and salinity, utilization of surplus labour, food policy, marketing, credit, rural cooperation, etc. There is a considerable amount of overlapping with treatment in earlier chapters, and we shall discuss here only some of the most significant observations and recommendations of the Commission in these fields.

The Commission notes that the land tax structure is diverse in nature as between the different parts of the country, and the assessments are seldom related to the productive value of land. In parts of West Pakistan, there is no tax on uncropped areas, while in parts of East Pakistan, the assessment is so low as to be negligible. The Commission recommends that "a uniform system should be adopted throughout the country and that land-owners everywhere should pay a fixed rate of tax per acre irrespective of whether the land is cropped or not; the rate of tax should be fixed according to the present agricultural value of land; the rates should vary by zone and not by individual plots." An important observation of the Commission, which is not, however, sufficiently emphasized, relates to the question of re-imbusement of public authorities for effecting improvements in land through publicly-sponsored projects. In many cases, where the Government has been making heavy investments in the provision of irrigation, flood protection or drainage, there has been little effort to levy betterment taxes, and the people using these facilities have been receiving more or less windfalls at public expense. Where public investment is being made to bring benefits to private individuals, betterment taxes are an obvious and equitable method of re-imbusement. Another important observation, made by the Commission, is that export duties on cash crops may at times act as a disincentive to the production of such crops; and it feels that export duties should be replaced by land revenue taxes. However, it should be noted that a policy of variable export duties in conjunction with other measures may be used to impart some stability to the price of cash crops, the duty going up when prices are high and going down when prices fall.

As has already been noted, the examination of the systems of land tenure by the Commission is undoubtedly weak. Besides recommending that in East Pakistan ways and means be found to give security to the *bargadars* (share-croppers), there is no hint at any stage that any further dose of land reform in West Pakistan is called for. It is suggested that a Land Commission should examine (as it has been doing) the far more limited problem of tenancy arrangements between the landlord and the tenant, e.g., the rights and duties of landlords and tenants, the question of security of tenure, "the desirability of removing inefficient tenants and the need for increasing investments through direct cultivation" by the land-owners (p. 373). One gets the impression that, in the view of the Commission, the basic problem of providing sufficient incentive to the cultivators can be solved by making piecemeal adjustments or even by increasing insecurity of tenure for the cultivators.

A most interesting recommendation of the Commission, regarding the utilization of surplus labour, is the creation of a labour corps. The Commis-

sion is of the view that "the idea of national service for development should be adopted and provision made by law so that all men, not gainfully employed and within certain age limits, be required to serve for a period of time in labour corps which would be organized in the form of semi-military body." (p. 290). It is obvious that, without a measure of compulsion, it will be impossible to utilize the large body of unemployed persons for economic development.

The food policies of the Government are dealt with fairly exhaustively in the *Interim Report*. Largely as a result of the recommendations in the *Interim Report*, controls on wheat were abolished, allowing private enterprise to operate freely in the wheat market, the function of the Government being limited to operating a sizeable reserve stock so as to prevent price fluctuations beyond pre-determined limits. In the case of rice also, the Commission is of the view that the system of modified rationing which exists in East Pakistan should be abolished. This, however, would be a doubtful step. In West Pakistan, the ceiling price of wheat has been kept sufficiently low, thanks to the provision for large planned imports of wheat. Unless similar provision for substantial imports of rice can be made, there would be no possibility of the present rationed prices to be maintained. The present food policy of the Government, however, raises the question whether the ceiling price of wheat in West Pakistan and the rationed price of rice in East Pakistan are sufficiently high to provide growers the maximum incentive to increase production.

In its final report, the Commission reiterates the recommendation it had made in the *Interim Report* for the setting-up of a Food Price Stabilisation Board to maintain reserves and keep prices stable. Here, again the Commission seems to put more faith in a semi-autonomous organization than in a government department to carry out its objectives. However, one is more inclined to agree with a dissenting member of the Commission, Mr. Kehar, that a new body is probably quite unnecessary. The Government at present has the responsibility and will continue to have the responsibility for negotiating with foreign countries for the purchase and transport of food-grains even if the proposed Stabilisation Board were to be set up. Further, the Government has already an extensive organization for food procurement and operation of reserves. That organization needs to be modified and strengthened in certain directions in the light of the new food policy of the Government. If this is done, the existing organizations will probably carry out their responsibilities more efficiently than the proposed Board.

On credit and rural cooperation, the Commission makes no new observations. The treatment of these subjects is much more substantial in the report of the Credit Enquiry Commission of the Government which was issued last year<sup>4</sup>.

In the concluding chapters of the Report are discussed some miscellaneous matters of which the most important is agricultural statistics. More than anything else, the inadequacy as well as unreliability of agricultural statistics in the country have made the problem of planning and formula-

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4. Government of Pakistan, *Report of the Credit Enquiry Commission*. (Karachi: Manager of Publications, 1960. Pp. ii + 218).



tion of realistic policies in the field of agriculture difficult. It is well known that at present primary agricultural statistics relating to crop output are being collected by the village *patwaris* in West Pakistan and the *chowkidars* in East Pakistan, who are operating without any scientific basis. It is a significant recommendation of the Commission that "crop-cutting experiments on a sample basis should be introduced as a regular feature and their scope and coverage extended to as many crops as possible". Much expert work, however, will have to be done by the Provincial Statistical Boards and the Central Statistical Office in processing and analyzing the primary data as well as in undertaking special surveys in the field of agricultural and rural problems. The Commission is of the view that a comprehensive agricultural census similar to one held last year should be held every 10 years in accordance with the international programme of the Food and Agriculture Organisation of the United Nations.

In order to implement the recommendations of the Commission, a total additional sum of about Rs. 564 million in the current (second) five-year plan period will be necessary. This is not a small sum. However, if the benefits that are expected from the modernisation of Pakistan's agriculture actually materialise, the investment is probably not too high. How the additional finances will be raised, whether this will involve a re-organization of the sectoral allocations in the Plan are matters which must be closely examined by the Planning Commission.

In conclusion, it may be said that the Report is a useful study covering a wide ground and many of its conclusions and recommendations are significant. However, the value of the Report is marred by a lack of documentation and a failure in many places to support the conclusions by strict economic reasoning. Before the recommendations of the Commission can be accepted by the Government, a searching evaluation of the proposals by the Planning Commission and the Finance Ministry of the Government will be necessary.