

# Ch01: Understanding Pakistan's Structural Transformation: 1947-2014

By

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Reference Book: Issues in Pakistan's Economy: A Political Economy  
Perspective by S. Akbar Zaidi

Book:

Issues in Pakistan Economy  
A Political Economy Perspective

S Akbar Zaidi

# Understanding Pakistan's Structural Transformation: 1947-2014

- **What we will discuss in this chapter is**

- 1. Structural Transformation**

- 2. Decades and Epochs**

- 2.1 Laying the foundations 1947-58*

- 2.2 The Decade of Development 1958-68*

- 2.3 The Bad luck year: 1971-77*

- 2.4 The Second Military Government 1977-1988*

- 2.5 Neo liberalism, structural adjustment and praetorian politics 1988-1999*

- 2.6 Again Dictatorship: 1999-2007*

- 2.8 2007 onwards*

- 3. Transformation and Development: The Balance Sheet**

# Political History and Transformation

## Total: 74 years; Army: 31-34 and Political:40-43

• Political: 1947 to 1958-----	Political (11 years)
• Ayub: 1958 to 1969-----	Army (11 years)
• Bad luck year: 69-1971-----	Mixed (3 years)
• Zulfikar Ali Bhutto: 1971 to 1977	Political (6 years)
• Zia Ul Haq: 1977 to 1988	Army (11 years)
• Benazir first: 1989 to 1991	Political (2 years)
• Nawaz Sharif first: 1991 to 1993	Political (3 years)
• Benazir second: 1993 to 1995	Political (2 years)
• Nawaz Sharif: 1996-1999	Political (3 years)
• Military: Pervaiz Musharaf: 1999-2007	Army (9 years)
• PPP:Syed Yousaf Raza Gillani: 2008-2013	Political (5 Years)
• PML (N) Nawaz Shaif: 2013-2018	Political (5 years)
• PTI: Imran Khan: 2018-2022	Political (3.5 years)
• PDM: S.Sharif: March 2022 todote	Political backed by Establishment ( continue)

# 1 Structural transformation

- Pakistan today is less than half it was in 1947.
- Contribution of East Pakistan was huge in every level but not fully recognized.
- In 1950 55% population lived in East Pakistan. And Population wise it was largest province.
- Eastern wing was economically and politically discriminated and exploited by ruling western wing.
- This exploitation ends after a long and bloody war of liberation ending in 1971.
- Commonly said that Pakistan is an agricultural country it is a myth, but in 1947 Pakistan had right to be called as agricultural economy because at that time major share of the GDP was 53% and more than 65% of Pakistan labour force worked in agriculture sector and 7.8% from manufacturing, 11.9% from trade.
- Export was mainly on primary goods like Jute and tea is majorly from East.
- But now after 75 years the case is different agriculture share to GDP is 19-20%, and services sector replaced the agriculture sector and contributing more than half of the GDP, manufacturing sector share goes to 20% above, services and trade to 58-60%.

# Continue

- Agriculture still biggest sector in terms of labor force 45% of total labor force.
- In 1951 census, only 17% of west Pakistan population lived in urban areas but now due to structural changes more than 60% of population lives in urban areas.
- The extent and process of urbanization used to be considered as an indicator of progress and modernization.
- Another myth is Pakistan is a feudal country.
- Green revolution of 1960s has great impact on rural areas.
- The huge change in economic, social, political force, power come from the agriculturist, so called feudal, lobby towards an urban and rural middle class is probably one of the key indicators highlighting the extraordinary structural transformation of Pakistan over six decades.

# Military Dominance and Political Turmoil: A Historical Analysis of Pakistan's Political Landscape“ By Mohammad Afzal khan

- - Pakistan gained independence from British rule on August 14, 1947.
- - Since then, the country has seen several changes in its political landscape.
- - The military has had a significant impact on Pakistan's political stability and democratic institutions.
- - There have been 32 changes in the position of Prime Minister since 1947, with an average of one change every 2.5 years.
- - No Prime Minister has completed his/her 5 years of tenure.
- - The position of Army Chief has seen 17 changes since 1951, with an average of one change every 3.2 years.
- - Pakistan has a history of military coups and interventions in politics which have hindered its development in many ways.

# Continue

- ***The position of Army Chief has seen 17 changes since 1951, with an average of one change every 3.2 years.***
- - General Ayub Khan (1958-1969)
- - General Yahya Khan (1969-1971)
- - General Gul Hassan Khan (1971-1972)
- - General Tikka Khan (1972-1976)
- - General Zia-ul-Haq (1976-1988)
- - General Mirza Aslam Beg (1988-1991)
- - General Asif Nawaz Janjua (1991-1993)
- - General Abdul Waheed Kakar (1993-1996)
- - General Jehangir Karamat (1996-1998)
- - General Pervez Musharraf (1998-2007)
- - General Ashfaq Parvez Kayani (2007-2013)
- - General Raheel Sharif (2013-2016)
- - General Qamar Javed Bajwa (2016-present)
- General Asim Munir (2022-present)



# Continue

- ***There have been 32 changes in the position of Prime Minister since 1947, with an average of one change every 2.5 years.***

- Liaquat Ali Khan (1947–1951)
- Khawaja Nazimuddin(1951–1953)
- Muhammad Ali Bogra(1953–1955)
- Chaudhry Muhammad Ali(1955–1956)
- Huseyn Shaheed Suhrawardy(1956–1957)
- Ibrahim Ismail Chundrigar(1957)
- Sir Feroz Khan Noon(1957–1958)
- Suhrawardy(1958–1960)

- Sir Feroz Khan Noon(1960–1962)
- Muhammad Ayub Khan(1962–1969)
- Yahya Khan(1969–1971)
- Zulfikar Ali Bhutto(1971–1977)
- Muhammad Zia-ul-Haq(1977–1985)
- Muhammad Khan Junejo(1985–1988)
- Benazir Bhutto(1988-1990)
- Ghulam Mustafa Jatoi(1990)
- Nawaz Sharif(1990–1993)
- Balakh Sher Mazari(1993)
- Nawaz Sharif(1993–1996)
- Miraj Khalid(1996–1997)

- Nawaz Sharif(1997–1999)
- Zafarullah Khan Jamali(2002–2004)
- Chaudhry Shujaat Hussain(2004–2004)
- Shaukat Aziz(2004–2007)
- Yousaf Raza Gillani(2008–2012)
- Raja Pervaiz Ashraf (2012-2013)
- Nawaz Sharif (2013-2017)
- Shahid Khaqan Abbasi (2017-2018)
- Imran Khan (2018-2022)
- Shehbaz Sharif (2022-present)

# Conclusion:

- No Prime Minister has completed his/her 5 years of tenure.
- Pakistan has a history of military coups and interventions in politics which have hindered its development in many ways.
- For Pakistan to achieve stability and sustainable development, it is important to address the issues related to frequent changes in leadership positions and the influence of the military on politics.
- Working towards a more stable and consistent political environment is crucial for Pakistan's progress and development.

# Conclusion:

- The frequent changes in leadership positions and the influence of the military on politics have had significant impacts on the country's progress and development.
- This can erode public trust in the government and potentially lead to political instability, which can be particularly damaging for a developing country that relies on foreign investment and aid.
- It is important for Pakistan to work towards a more stable and consistent political environment to achieve sustainable development.
- Addressing issues related to democratic processes, civilian control over the military, and ensuring that elected officials complete their tenures can help achieve this goal.

## 2. Decades and Epochs

### **2.1 Laying the foundation: 1947 to 1958**

- In 1947, Pakistan was indeed a predominantly agrarian, underdeveloped, newly independent nation, with little industry, few services, and no infrastructure.
- Main concern at that time was of survival, provision of basic necessities to general public.
- No capital for industrial revolution.
- First eleven years, when economy trying to settle down.
- Kashmir Issue
- Mass migration
- Constitutional Struggle: 1956

## 2. Decades and Epochs

### **2.2 Decades of development: 1958 to 1968**

- 1960s stands out as the decade with the best performance. (tables) GDP growth to 6.74%, but this is a matter of debate.
- There was tremendous growth but there was also increasing disparity across classes and regions in both industrial and agricultural sector— focus was on rich class
- Growth of manufacturing sector exceed 20% per annum.
- Economic package was thoroughly illiberal, trade was highly controlled and closed, exchange rate was overvalued, stock markets was a playground for rich people. Government presence everywhere.
- Industrial and agriculture sectors were permitted to grow at the expense of rest of the country and east Pakistan is neglected.
- Little or no increase in level of real wages and social equality was also at little concern.
- High growth in all sector (10), era of economic and political progress.
- 1965 War

# 2 Decades and Epochs

## **2.3 The Bad luck years (1971-77)----Rather bad policies**

- 1971 War, many criticize Ayub policies which gave rise to populism.
- Nationalisation: 180 degree opposite to Ayub polices
- Bhutto's policies were more illiberal than those of Ayub and his nationalization policy was said to be the major cause for a huge downward trend in growth.
- Economic loss of East Pakistan.
- Devaluation by 120%, GDP was 5%.
- Price hike world over and drop in BOP: OPEC price hike
- Illiberal policies
- Middle east gains, Floods (1973, 74), Pest attacks and drop in cotton production.
- Also laid foundation for future growth and development but his illiberal economic policies were responsible for growth not only in his tenure, but also in 1977.

# Decades and Epochs

## **2.4 Second Military Government: 1977-1988**

- Liberal Economic policies.
- The soviet invasion of Afghanistan, excessive involvement in Pakistan by the USA.
- Remittances from middle east and aid from abroad, Pakistan's second economic revolution.
- High industrial growth rate due to heavy investment in industrial sector at Bhutto time.
- Inflicted deep-rooted damage to Pakistani society, creating intolerance and instituting violence from which it stills suffers.

# Decades and Epochs

## **2.5 Neo-Liberalism, Structural Adjustment and Praetorian Politics (1988 to 1999)**

- After Zia Regime return of not democracy, but a manipulated (by military and secret agencies) form of electoral politics to Pakistan.
- Between August 1977-1997 Pakistan had four general elections – Benazir Bhutto and Nawaz Sharif.
- Anti democratic forces determining political outcomes.
- None of elected government were able to complete their full term due to the persistent involvement of military and its junior partner the bureaucracy.
- Since 1988, Pak has been under the supervision of international leading agencies world bank and IMF, which not only effected our sovereignty but has serious consequences on economy as well.
- Deregulation, Privatization, Structural Adjustment Program (SAP)
- Almost the same Economic policies.



# Decades and Epochs

- **2.6 1999-2007 Lifestyle, liberalism, Dictatorship war and subjugation**

- Democracy was inconsequential in 1999 to Musharraf's supporters and for them something packed as liberalism mattered far more, and became team members of Musharraf in Kargil 1999.
- 3<sup>rd</sup> Military government, US granted a longevity and ensured that Pakistan would continue be ruled by military general.
- War against terrorism
- Rescued by events following 9/11 and another invasion of Afghanistan in 2002 by Americans.
- Economy boomed under a false aid from US, IMF and other global economic support.
- Pakistan's political class and its civil society were to be blame equally for supporting military authoritarianism and dictatorship.
- Same Economic policies

# Decades and Epochs

- **2.7 Another Democratic Transition? 2007 onwards 2013**

- 2007 ended with assassination of Ms. Benazir Bhutto resulting in Pak's freest and fairest democratic elections since 1970 with Bhutto's party return to power.
- Yet the 2008 democratic transition was weak, cautious, rapacious and incomplete.
- The Osama Bin laden killing and Abbottabad raid, the attack on Mehran Base in Karachi many the military's many weaknesses, which gave the civilian govt ample opportunity to enforce its authority were not exploited.
- 2013 to 2018 (third PML-N)
- 2018 to 2022: PTI Imran Khan
- 2022 to present: PDM Shahbaz Sharif

### 3. Transformation and Development

- Most of the time in 76 years, there was a healthy growth of nearly 5.2 % per annum.
- Sometime extremely low 1996/97 = 1.7% and 2008/09= 0.4%.
- So we had discussed all the parts in the chapter of understanding Pakistan's structural transformation (1947 to 2014).

# Conclusion Ch01

- Growth over time (new wealth): Satisfactory
- Per capital GDP: 39 Poorest country out of 203 (2003 WB)
- Distribution of wealth: Not satisfactory
- Relative position across countries with the same base: Human and Social Capital (UNDP) 120 in 1991----144 in 2003
- Transparency International : 2<sup>nd</sup> corrupt better than Nigeria (1996-97)---Now improved
- Success is a relative matter: We should measure ourselves not on the basis of measures developed for us by others, but develop for us by Allah. (Efficient in the creation of wealth and Efficient in the distribution of wealth)

# Conclusion Ch01

- Sovereignty: Not satisfactory—who are with us and who we are with
- Global powers: US, China,
- Muslims countries: Saudi Arabia, Iran, Turkey, Indonesia
- Neighbouring countries: Afghanistan

# Conclusion

- First learn where we are: Our geographical position, Our Economic Position, Our political Position, Our Global Position
- **My Take away:**
- Pakistani Authorities has confused policies:
- We created Pakistan on the name of Islam
- Policies of State capitalism, Market capitalism, State Socialism, and Islam has remained mixed
- Until, we do not fix our objective clearer, we will be on this zig-zag path

# Conclusion

We should pursue efficiency in the  
**Creation of wealth**

**and**

**Distribution of wealth**

via polices given by Sovereign whom we  
acknowledge as Sovereign

APPENDIX

# Sources of Economic Data on Pakistan



# Type of Data

- Macroeconomic Indicators

Data on GDP/GNP, Per capita income, Inflation, Exports, Imports, Investment, Taxation, Revenue, Debt, Capital Market, Money Supply, Balance of Payments (BOP), Interest rates, Agriculture production, Industry, Services

- Microeconomic Indicators

Data on Labor Force, employment, health, education, child labor, Water, Sanitation and Hygiene (WASH), Food Security

# National Sources of Macro Data

- Finance Division
- State Bank of Pakistan

# International Sources of Macroeconomic Data

- World Bank
  - World Development Indicators (WDI), WGI
- IMF Data
  - IFS Data
- International Trade Center (ITC) Data
  - Trade Map

# Micro Data Sources

- Pakistan Bureau of Statistics (PBS)
  - Labor Force Survey (LFS)
  - Pakistan Social & Living Standard Measurement Survey (PSLM)
  - Household Integrated Economic Survey (HIES)
  - **Census of Manufacturing Industries (CMI)**
- Provincial Development Statistics
- Multiple Indicator Cluster Survey (MICS) by UNICEF for measuring Development indicator in general and women and children in particular
- Annual Status of Education Report (ASER)----citizen led survey 3-16 year schooling status in rural and some urban areas
- Pakistan Demographic and Health Survey (PDHS) by National Institute of Population studies

# Part 1 Agriculture Ch#02 to Ch#05

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- # Part 1 : Agriculture

- We will study agriculture in the part 1 section of the book consists of 4-chapter, chapter 2 to chapter 5 respectively.
- *Chapter 2: Is Pakistan a Feudal? A Historical account of development of agriculture in Pakistan.*
- *Chapter 3 The Green Revolution and Land Reforms.*
- *Chapter 4 The Nature and Direction of Agrarian change*
- *Chapter 5 Issues in Agriculture Sector.*

- ***Chapter 2: Is Pakistan a Feudal? A Historical account of development of agriculture in Pakistan.***

- Introduction
- Agriculture has been the main stay of the Pakistan economy for many years, although in recent years its importance has somewhat declined. From a contribution to GDP of more than half in 1940s today it accounts for around 21% only.
- There is a general perception held by many within Pakistan that, even in the twenty first century is that Pakistan is a Feudal country.
- Impression that national and provincial assemblies are predominately full of feudal.

## 2.1 The *development* of Agriculture before the consolidation of the British Rule

- Some scientists claims that India was stagnant and British awakened them for progress.
- Some others scientists oppose them and claims that British were cruel and the underdevelopment of today's south Asian countries is the result of that colonial impact.
- Mughal Emperor:
- During pre-British period, under Mughal emperor all land was owned by King. No private property.
- 1647: Ruling class comprised of emperors and the mansabdars to serve emperors.
- Jaghirdars were officials rather then feudal.



## 2.1 The *development* of Agriculture before the consolidation of the British Rule

- These mansabdars were either given salaries or given jagirs from which they were responsible of collecting revenues from peasants and transfer it to state.
- These jaghirdars' were transferred from one area to other after 4-5 years so that they did not have an opportunity to build entrenched bases for themselves.
- Another category was Zamindars they are local lords and had obligation to collect revenues and turn it over to emperor.

- Under Mughal's rule all land was owned by the king so no inheritance or mortgage occurs.
- Zamindars and Jaghirdars had authority over assigned tracts of land.
- Direct collection: Khalisa Lands
- 1707: Death of Aurangzeb: Mughal empire began to fall.
- As central authority weakened, zamindars and jaghirdars tried to strengthen their claims on land and increase their hold on peasants.
- **BOX 2.1**
- Mode: How manner of production is linked with direct producer and non producers. Is producer and owner the same??
- Primitive Communism: Production is communal. Owners and producer are linked
- Feudalism: owners of Land and producer are partially linked. Rent and taxes
- Capitalism: Land and producer is completely delinked. Producer get wages
- How state grant approval to the above determine state type
- Islam: Dynamic. Provision of all possibilities. Not single policy

## 2.2 The Impact of British Colonialism

- Little disagreement among social scientists about the proposition that profound changes were brought about in the character of Indian society following the imposition of British rule.
- Three important institutional changes had important consequences for land holding and agricultural production.
  - 1. Institution of Private property (late 18s and early 19s)
  - 2. Legal system to the ownership of property. This created land market
  - 3. Efficient system: Establishment of efficient government.
- Main impact was end of sovereignties over lands by zamindars power of lord over peasants dissolved.
- With the decline of Mughal rule Zamindars took over possession of land. British grant property rights to zamindars and ensure the collection of their revenue demand through him.

- Introduction of monetary tax due to which producers are restricted to sell their product in market to pay tax on land. Helps in desolation of far flung areas with commodity exchange market.
- Commercialization of agriculture continued and tax burden increases.
- Some peasants and zamindars were unable to pay tax and they were forced to get loans from merchants or sell their land to tradesman which are mostly not belong to agricultural sector.

## 2.3 Feudal or Capitalist ?

- Examining the issue of whether Pakistani's agriculture is, or was feudal or capitalist.
- Great debate over the claim that British colonialism initiated capitalism in agriculture in regions that constitute Pakistan.
- Agriculture remained feudal or at least pre capitalist under British and if anything the old structures were strengthened and reinforced by colonial intervention.
- It is concluded from the facts that agriculture remained feudal under British rule.
- Colonial influence actually generated and speeded up the process of change in agriculture from feudalism to capitalism.
- Many scholars believed that the impact of British was both destroy and create.
- While feudal practices may have been extensive at the time of independence and in fact may have even dominant capitalist agriculture has been the leading trend and it is not possible to label Pakistan or Pakistani agriculture today as Feudal.

## 2.4 Popular perceptions of Feudalism

- There is feudal mindset in Pakistan and people have feudal attitudes.
- Feudalism is primarily an economic system (mode of production, social formation) where agricultural economy dominates completely, where there is little urbanization, where each unit (village community) consumes much of what it produces, while little exchange between other settlements and areas.
- Pakistan is clearly not a feudal economy by this definition.
- What is being emphasized here that there are pockets of feudal like tendencies, feudalism as a dominating and organizing form of social and economic structure is no longer present.
- After British: Feudalism ceased on average.
- Note: Difference between mind-set and system of feudalism. Mind-set prevails but system of production is not feudal any more.

# Conclusion Ch02

- Main theme: In this chapter we discussed that feudalism does not dominate production in agricultural sector.
- Mode of production is no more feudalistic. There is misperception and myths about feudalism in Pakistan
- People mostly merge landholdings with feudalism.
- Details about Era of Mughal
- Feudal existed at time of independence being replaced by new orders.
- Details about British colonial system, who introduced private property rights and monetary tax system, the whole scenario changed. Production increased, market developed, lending market, large scale business, trade, transport system and so, conflicts and legal issues arise, lawyers became rich.

# Chapter 3 The Green Revolution and Land Reforms

- Introduction : it would be fair to say that one of the most important events in Pakistan's agricultural history, with extensive repercussions on other sectors has been the process called the Green Revolution.
- It forms watershed between old and new Pakistan.
- Land reforms are an important mechanism for changing ownership and wealth patterns, economic and social relations of production, political relations and a host of other factors.
- Land reforms usually imply a redistribution of land away from those who own large chunks of it to those who own large chunks of it to those who are often landless.
- So, we will study particularly in this chapter the green revolution and the land reforms.



# Agriculture Sector of Pakistan (History)

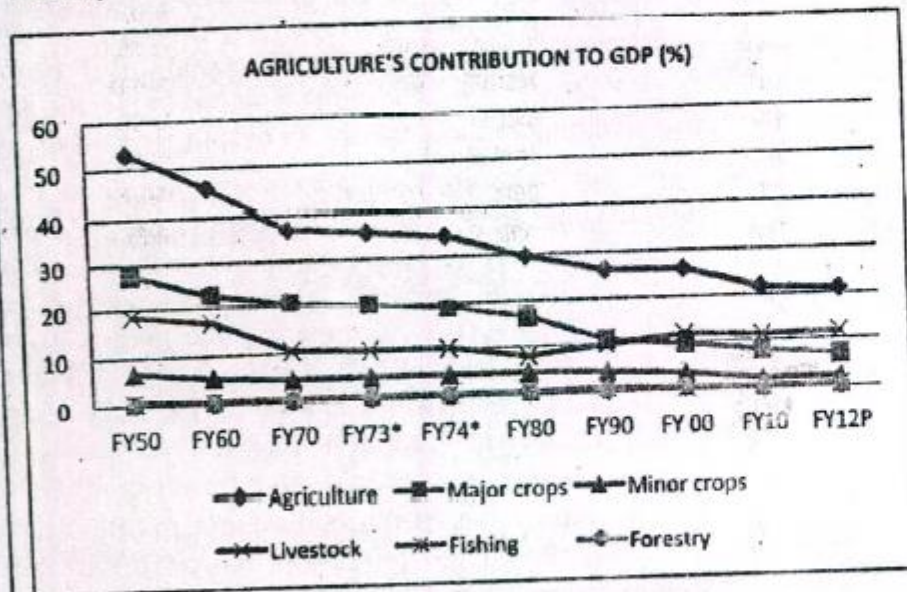
- Agriculture sector:
  - Major crop: Wheat-----Rice-----Sugar cane-----Cotton
  - Minor crop
  - Livestock
  - Fisheries &
  - Forestry
- Trends in Agriculture statistics
- Two Main Features
  - Green Revolution
  - Land Reforms

**Figure 5.1**  
**The Agricultural Sector**

Five subsectors: major crops, minor crops, livestock, fisheries, and forestry

Share in agriculture's contribution to GDP (%)

	1949/50	1980/1	2002/3	2011/12
Major crops	52.0	51.87	40.64	31.9
Minor crops	12.5	17.22	15.90	10.1
Livestock	34.4	26.36	38.85	55.1
Fisheries	0.7	3.53	3.48	1.8
Forestry	0.5	1.02	1.13	1.1

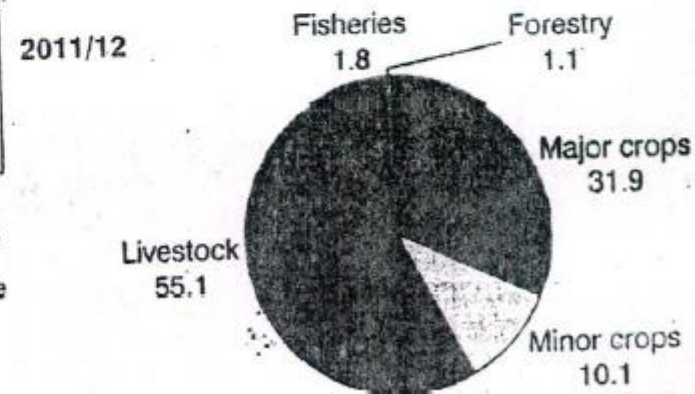
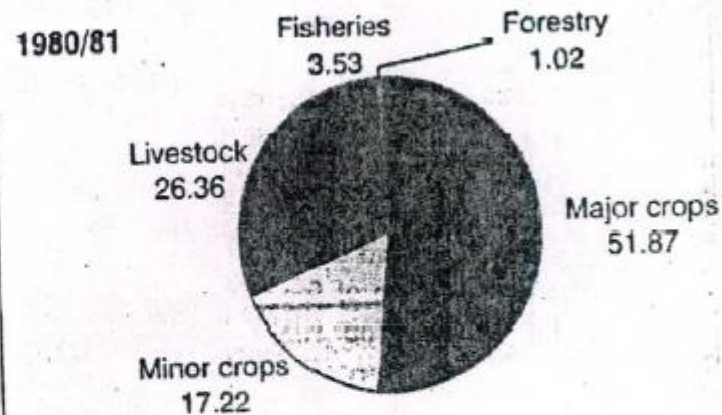


Rabi (winter) crops: wheat, barley, gram, tobacco, rapeseed, and mustard

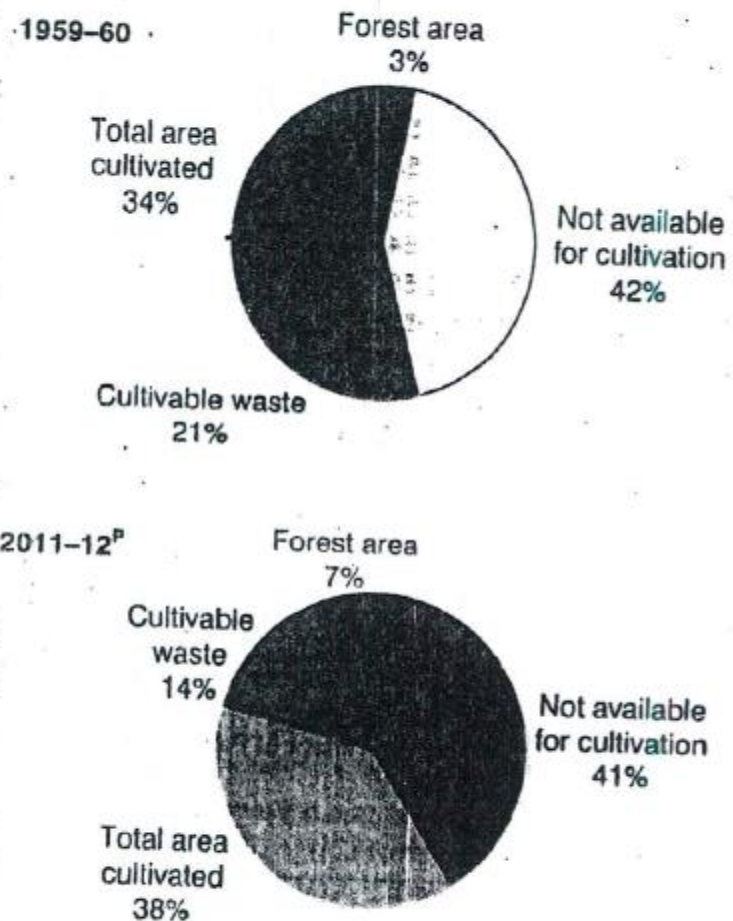
Kharif (summer) crops: cotton, rice, sugar cane, bajra, maize, and sesame

Food crops: wheat, rice, bajra, jawar, maize, barley, and gram

Cash crops: cotton, sugar cane, tobacco, rapeseed, mustard, and sesame



**Figure 5.2**  
**Land Utilization: 1959/60 and 2011/12**  
 (% Use of Reported Area)



Note: <sup>P</sup> = Provisional

Source: Government of Pakistan, *Pakistan Economic Survey* (Islamabad: various years).

# 3.1 Green Revolution (GR)

- Green revolution is an historical agricultural event occurred in 1960s.
- Before GR: Annual growth in agriculture between 1949 and 1958 was mere 1.43%, at that time industrialization was considered as indicator of growth.
- At the end of 1950s it became clear that growth in agriculture was necessary for the survival of the country. \_importance of agriculture sector. Figure 3.1 shows the growth rate.
- 1966-68 green revolution was at its peak and agricultural output grew 11.7% and maintained till 1970.
- This phenomenal growth took place in 2 phases:
  - 1. First Phase: 1960-65: Due to enhanced irrigation facilities, mainly tube wells.
  - 2. Second Phase (1965-70): irrigation facilities were supplemented by technology package HYV(high yielding variety seeds), chemical fertilizers and pesticides.

## 3.1 Green Revolution

- Most important ingredient in technology package was water which was guaranteed.
- Between 1960-65, 25000 tube wells were installed and farm are serviced by tube wells doubled.
- Moreover, the output of major crops between 1960 and 1970 increased substantially: wheat production by 91% and rice by 141%.
- Combined Both, agriculture growth rate rose up to 9.6% in 1968/69

## 3.1.1) The Issue of the Tube Wells

- While a growth in tube wells from a few hundred in 1960 to 75000 in 1968 and 156,000 in 1975 was a key factor in providing irrigation.
- **Issues also in the tube wells:**
- Locations of the Tube wells: 91% in Punjab, outside Punjab there was very little development.
- Baluchistan and KPK having hard stony mountains made the depth of drilling required for tube wells expensive. \_ shortage of ground water, Sindh water is saline and could not be used for agricultural process. So only Punjab get benefits in this way.
- Secondly due to cost, tube wells were only installed by land owners having more than 25 acres of land.
- 70% of tube wells were owned by farmers having more than 25 acres and only 4% having less than 13 acres.
- Thirdly inducement to invest in tube wells was given to farmers through subsidies on fuel, installation cost and maintenance.

## 3.1.2) Tractorization

- Tractors are now important part of the agricultural and the rural scene, but their contributions during the green revolution had very important consequences.
- Import of tractors were encouraged during 1960s.
- Due to technology being used, tractors became more useful on the farms.
- Tractorization took place in those areas which have complementary inputs by more resourceful farmers.
- 3.1.3) Regional and Income Disparities
- If we discovered another close correlation that between large farms, in specific regions and tractors and tube wells then impact on regional and income inequality would be self evident.
- Income of rural elites increase as compared to poor regions.
- Specially the poor farmers did not get the fruits of Green revolution.

### • 3.1.4) Elite Farmer Strategy and Capitalist Development

- Some observers have argued that Green Revolution was an elite farmer strategy because it rested on the economic power of large landholders, who were its principal beneficiaries.
- They were around 5% of total rural population.
- Farmer had land over 100 acres were dominant in the adoption of the new technology and in reaping the fruits of the Green Revolution.
- 3.1.5) Social and Political Effects
- Displacement of labor, increased rural urban migration, increase in consumerism, emergence of small towns near agricultural areas, awareness of disparities between farmers and regions.
- Social and political impacts took little longer to emerge.
- Punjab and Sindh are the backbone of Pakistan's agriculture with having 75% of total population and 80% of cropped area, the impact of green revolution is restricted to these provinces.



## 3.2 Land Reforms

- Pakistan has had a long and varied history of land reforms; most attempts have been just that: attempts without any serious purpose. Table 3.1
- Landlords were the most significant class in Muslim League, comprising 163 of the 503 Muslim league parliamentary members in 1947.
- The first land reforms in Pakistan was undertaken by the military regimes that was perceived to be modern
- **3.2.1) Ayyub's Land Reforms 1959 (The 1959 Land reforms.**
- Reforms were meant to put ceiling on landholdings.
- The land reforms of 1959 the distribution of land ownership was highly skewed in favor of few large landlords who controlled large tracts of lands.
- More than 57% of land was highly cultivated, other part was not fit for cultivation (hilly, desert).
- The significant feature of 1959 land reforms was that owners were to be paid compensation for their land, many benefited by handing poor quality land to government.

## 3.2 Land Reforms

- 6000 owner owned more than that ceiling (0.1% of owner, 15.4% of Land)
- Out of 5.5million acres, only 1.9 million was resumed because of various provisions
- Only 20% of resumed land was given to tenants. The remainder was auctioned to rich farmers and military officials.
- It is now evident that land reforms of 1959 could not reduced the feudal power on lands.
- **3.2.2) The Bhutto's Land Reforms 1972**
- Philosophy behind the Bhutto's reforms was based on the social democratic leanings of the PPPs.
- Ceiling was further removed-150 irrigated—300 non irrigated (12000 and 2000 PIU)
- No compensation
- Land to be distributed free to tenants
- Only 42% was resumed in Punjab, 59% in Sindh
- Total 0.6 million acres were resumed (0.001% of total national land area)
- Only 1% of tenants benefited

Year	Reform	Key features and recommendations
1945	Tenancy Laws Committee, Sindh	Occupancy rights should be granted to <i>haris</i> who had personally cultivated at least 4 acres of land annually for the same <i>zamindar</i> for 8 years.
1947	<i>Hari</i> Committee, Sindh	Defended the landlords; famous Note of Dissent from one member who argued for radical changes in the land tenure system.
1949	Muslim League Agrarian Committee Report	Abolition of <i>jagirs</i> ; security of tenure for all tenants; share rents should replace rents-in-kind; ceiling on landholdings of 150 acres irrigated and 450 acres for unirrigated; land distribution to tenants and compensation to landlords (report shelved).
1950	Punjab Tenancy Act	No charge by landlords from tenants other than 50 per cent crop share.
1950	Sindh Tenancy Act	Permanent rights of tenancy to long-term tenants; eviction rights to landlords under certain conditions.
1950	Punjab Protection and Restoration of Tenancy Rights Act	Eviction of tenants allowed only under specified conditions.
1952	Punjab Tenancy (Amendment) Act	Abolition of occupancy tenancy; transfer of ownership rights to occupancy tenants; share of landlord reduced from 50 per cent to 40 per cent.
1955	Executive Order	Abolition of <i>jagirs</i> and other revenue-free grants; like other <i>zamindars</i> , now <i>jagirdars</i> required to pay land revenue. Landlordism remained intact, for no limit to ownership as long as all legal dues paid to the government.
1955	Challenge to the Executive Order	Challenge upheld by Sindh High Court.
1959	Land and Tenancy Reforms – Martial Law Regulations 64, 64A and 64B	Ceiling on landholdings: 500 acres irrigated, 1,000 acres unirrigated additional land allowed to bring landholding to equivalent 36,000 PIUs; resumed land to be sold first to tenants and then to small farmers; abolition of <i>jagirs</i> ; occupancy tenants made owners; all tenants, <i>haris</i> and tenants-at-will given legal protection; rents to be paid in kind and all charges other than crop share abolished.
1972	Land and Tenancy Reforms – Martial Law Regulation 115 and amendments	Ceilings on landholdings: 150 acres irrigated, 300 acres unirrigated or equivalent of 12,000 PIUs + 2,000 PIUs for tractor and tube well owners; no compensation to landowners, land redistributed without charge to landless tenants cultivating resumed land; untenanted resumed land redistributed without charge to small owners/tenants with holdings below subsistence; share system remains unchanged; land revenue, water rates, and seed costs borne by landlords and cost of fertilizers and pesticides to be shared equally; tenant eviction decided by revenue courts if tenant failed to pay rent, failed to cultivate land, sublet tenancy, or rendered land unfit for cultivation.
1977	Land Reforms Act	Landholdings: 100 acres irrigated, 200 acres unirrigated or 8,000 PIUs equivalent; compensation to landowners on resumed land at Rs. 20 per PIU.

# Summary of Ch#03 THE GREEN REVOLUTION AND LAND REFORMS

- Green revolution was focused on the well doing of farmers in prosperous regions.
- But it fails to tackle the externalities created by it.
- Major outcomes was labor migration and displacement, formation of small towns, skilled labor power and many others.
- Evaluation of 1959 and 1972 land reforms shows that they failed to make substantial changes in the landowning structure of the country.
- Hence effective land reform in Pakistan will continue to be a problem.

# Chapter 04: The nature and direction of Agrarian Change

- The agrarian structure has undergone several changes since 1950's.
- Most of the brought by rapid population growth, laws of inheritance, new technologies, and the forces of market, rural to urban migration, flow of remittances, government policies of support prices, input subsidies, and farm credit.
- Mostly tables and data
- The chapter contains numerous tables, which are extensive and cumbersome. However these are essentials, for we base our analysis only on the observation and interpretation of data.
- Distribution of land ownership in Pakistan and provinces (table 4.1)
- Holding by size and tenure (table 4.2) 1960---1970---onward
- Main focus: how transition took place from tenancy to owner-cum tenants and market-based farming.
- Transition from feudalism to market based agriculture.

# Chapter 04: The nature and direction of Agrarian Change

- **4.1) Explaining the Numbers:**
- Main features of tables provided.
- There have been six agricultural censuses in Pakistan in 1960, 1972, 1980, 1990, and 2010.
- Table 4.1 Distribution of land ownership in Pakistan and provinces.
- **4.1.1) Data from the Censuses**
- The 1960 census Table 4.2
- The 1972 census Table 4.3
- The 1980 census Table 4.4
- The 1990, 2000, and 2010 Census, Table 4.5

# Chapter 04: The nature and direction of Agrarian Change

- **4.1.2) Changes Over Time**

- Table 4.6 shows the number of farms with tenure classification
- Table 4.7 shows the same tenure categories with farm area.
- Table 4.8 takes the data from table 4.6 & 4.7 and builds a series showing trends since 1960.
- Table 4.9 shows how the average farm area has changed over time.

- **4.2) What do the Numbers mean?**

- The overall nature of transition in agriculture can be captured best by the figure 4.1.
- Important feature of transition – is the marked fall in tenancy.

# Conclusion #Chapter 04: The nature and direction of Agrarian Change

- It has been made cumbersome by the huge array of numbers presented here, which are no doubt off-putting for many readers.
- Nevertheless, one could not avoid the reference to these very useful and essential numbers.
- Bring together very important data from the 1950s to the present.
- The essential purpose of the data presented is to enable the observation and study of the pattern of agricultural transition.
- Tenancy and sharecropping have fallen drastically.
- Replaced by the operated farms- a major change in the pattern of agricultural production and shows the direction for the future.



- Ch05: Issues in Agriculture Sector

- *5.1 An Overview and Major Trends*
- *5.2 Agricultural Pricing Policy*
- *5.3 Rural Financial Markets and Agricultural Credit*
- *5.4 Mechanization*
- *5.5 Agricultural Income Tax*
- *5.6 The Water Crises*
- *5.7 Land Ownership, Power, And Land reforms*

- **Ch05: Issues in Agriculture Sector**
- ***5.1 An Overview and Major Trends***
- Agriculture sector of Pakistan has 5 subsectors consists of, Major Crops, Minor Crops, Livestock, Fisheries and Forestry. Figure 5.1
- It is seen that contribution of major crops in GDP declines and livestock increases from last thirty years.
- Rabi (winter) and Kharif (summer) calendar in Pakistan Agriculture.
- Most important exports of the country are produced in Kharif season, and this season follows heavy floods and prolonged monsoon.
- Data in total production shows that between 1950-5 and 2012 there is a substantial increase in all major and minor crops.
- But the average annual growth rate of major crops decline.
- Agriculture was the dominant sector in 1947, being the main contributor to GDP until 1958. The 1959 and early 70's land reforms.

## • ***5.2 Agricultural Pricing Policy***

- Government can play a critical role in determining what and how much to produce through its pricing policy.
- Right type of seed, water, fertilizer and other inputs as well as package of technology and credit.
- The pricing policy of agricultural inputs and outputs can determine the direction of agricultural output.
- Pricing policy has a noticeable impact on industrial productivity, urban wage, exports, cost of living, and determining the terms of trade between agriculture and other sectors.
- A good and effective pricing policy is one which acts as an incentive to increase output.
- But in case of Pakistan agriculture sector was completely ignored in first 13 years.
- The comprehensive report of the National Commission of agriculture (NCA) in 1988 examined the issues around the agricultural pricing policy of the first two decades following 1947- see details in the book.

**Figure I**

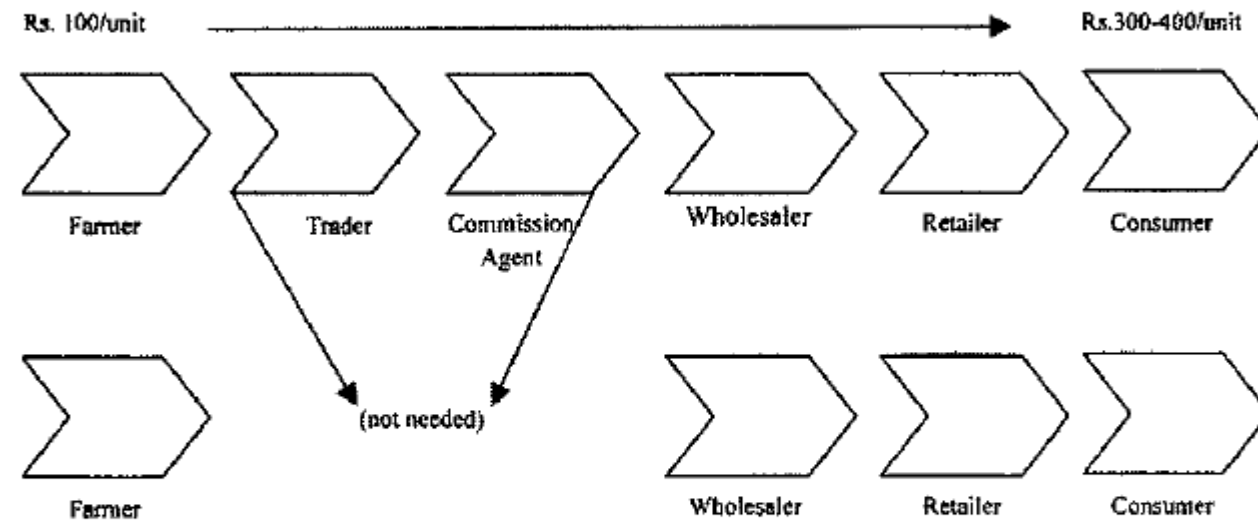


Figure Source: Khan, Mahmood Hasan, *Agricultural Growth in Irrigated Punjab: Some Issues and Policies*. Centre for Research in Economics and Business, Lahore School of Economics, 2008

- ***5.3 Rural Financial Markets And Agricultural Credit***

- In 1955 World Bank examine the extent and degree of rural finance in Pakistan and reached the following conclusions:
- Credit plays important role in agricultural productivity.
- Rural credit reaches few households and industrial sources provides credit to only small portion of households.
- Only 32% of all rural households take loans and out of them 10% borrow from institutional sources.
- 94% of loans from formal sector are used for production and 47% of informal are used for consumption.
- Inverse relationship between wealth and access to sources of credit.
- Two sources of Credit
- *5.3.1) Informal Sources of Credit*
- *5.3.2) Formal Sources of Credit*

- **5.4 Mechanization**

- By mechanization we mean Tractorization.
- Mechanization in Pakistan had late start with slow progress because the government policies of restricting mechanization because it would displace labor and cause unemployment.
- Mechanization has resulted in increased farm incomes; manpower productivity and employment is affected positively.
- Despite the early bias and recommendations against tractorization, there has been an astronomical increase in the number of tractors available in the country.
- Larger type of tractors available.
- But also, official recommendations in the past to provide tractors to small and medium farmers.
- *Should there be mechanization in Agriculture?* **See Box 5.8**
- Once tractorization and mechanization commence, they give rise to numerous ancillary activities.

- ***5.5 Agricultural Income Tax***

- As much as taxation is an economic issue, where the government is concerned about increasing its revenue and dealing with the budget deficit, it is also a political issue, where some political lobbies have resisted, while others have demanded such a tax.
- Arguments against income tax on agriculture are;
- It is difficult for both tax collectors and taxpayers as farming in Pakistan of subsistence type not commercial type.
- Difficult to access the net incomes of the farmers.
- Accessibility of tax collection is difficult. Because farmers are scattered all over the country.

- ***5.5 Agricultural Income Tax***

- Time taking and expensive process to contact the taxpayers.
- Agricultural sector is uncertain.
- Arguments in Favor of income tax on Agriculture
- It is unfair to make distinctions between agricultural and nonagricultural incomes from taxation.
- Considerable evasion of income tax by those having both agricultural and nonagricultural incomes.
- Just like other sectors, incomes below certain level should be exempted from income tax.



- ***5.6 The water crises***

- Of the total cropped area in Pakistan, which includes area sown more than once of 22.15 million hectares, 18.04 million hectares or 81% is dependent on irrigation primarily through canals and tube wells, showing the importance of a good irrigation system to Pakistan's economy and agricultural sector.
- The increased water availability was a key factor which led to Green Revolution.
- Due to poor maintenance, the canal irrigation system has had its capacity of carrying water reduced. – 40% of water is being lost due to many reasons.
- Five major issues
  - 1. lack of adequate reservoirs capacity to store water
  - 2. 40% water wasted due to poor canal system.
  - 3. Does not have proper drainage system.
  - 4. Large landowners try to dominate the sector and are main culprits to steal water.
  - 5. Insufficient maintenance of irrigation network – water and financial resources.

- ***5.7 Land Ownership, Power, And Land Reforms***

- Rural elites has large influence on economic, political and administrative structure of Pakistan.
- The issue of land reforms is linked with issue of power and control of elite class.
- The land reforms leads to efficient utilization of land, improved agricultural production, employment band poverty.
- In Pakistan 2 formal land reforms were made 1959,1972. – but failed to achieve their stated targets.
- The social and economic structure of agricultural sector is not feudal as we discussed earlier as well but we have also said that there is a need for land reforms.

# Conclusion

- So, we had discussed in Chapter 2: Is Pakistan a Feudal? A Historical account of development of agriculture in Pakistan. Then in Chapter 3 The Green Revolution and Land Reforms. In Chapter 4 The Nature and Direction of Agrarian change and in last Chapter 5 Issues in Agriculture Sector.
- There is a transformation in the economy of Pakistan from agriculture to service sector
- There is a transformation within agriculture from traditional to new form
- Agriculture sector has many issues including the issue of pricing agricultural products, the issues of using the same for political purposes, water issues, agriculture credit etc.

- *Agriculture section from Pakistan economic survey 2021-2022*
  - Agriculture sector growth in FY2022: 4.4%
  - Factors contributing to growth: high yields, attractive output prices, supportive government policies, better availability of certified seeds, pesticides, and agriculture credit
  - Crops sector growth in FY2022: 6.58%
  - Growth in production of important crops: cotton (17.9%), rice (10.7%), sugarcane (9.4%), maize (19.0%)
  - Other crops growth: 5.44%, driven by increase in production of pulses, oilseeds, vegetables, fruits, and fodders
  - Livestock growth: 3.26% in FY2022

- *Agriculture section from Pakistan economic survey 2021-2022*
  - Fishing sector growth: 0.35% in FY2022
  - Forestry sector growth: 6.13% in FY2022
  - Water availability during Kharif 2021: 65.1 million-acre feet (MAF)
  - Domestic production of fertilizers in FY2022 (July-March): increased by 1.9% over last year.
  - Tractor production in FY2022 (July-March): 41,871, a 13.5% increase over last year
  - Agricultural loans disbursed by banks in FY2022 (July-March): Rs 958.3 billion, 56.4% of overall annual target

- *Agriculture section from Pakistan economic survey 2021-2022*
- Outstanding portfolio of agricultural loans increased by Rs 30.9 billion at end of March 2022
- Total fish production in FY2022 (July-March): 696.0 thousand MT (marine: 468 thousand MT, inland: 228 thousand MT), 0.8% increase over last year.
- Sure, here's a summary of the "way forward" section in bullet points:
- Agriculture sector has untapped potential for economic growth, job creation, and boosting exports.

- *Agriculture section from Pakistan economic survey 2021-2022*
- To achieve this, programs need to be synchronized, institutions need to be reformed, and public-private partnerships need to be encouraged.
- Simplification of laws and investment reforms are also necessary.
- Federal and provincial investments should be based on their respective mandates and roles in the agriculture sector, with national issues co-financed.
- Effective mechanization is crucial to enhance productivity in the sector.

اللَّهُمَّ إِنِّي أَسْأَلُكَ عِلْمًا نَافِعًا،  
وَرِزْقًا طَيِّبًا، وَعَمَلًا مُتَقَبَّلًا،

(O Allah, I ask You for beneficial knowledge,  
goodly provision and acceptable deeds)

(Sunan Ibn Majah: 925)

اللَّهُمَّ إِنِّي أَعُوذُ بِكَ مِنْ عِلْمٍ لَا يَنْفَعُ وَمِنْ قَلْبٍ لَا يَخْشَعُ وَمِنْ نَفْسٍ لَا تَتَّعِبُ وَمِنْ دَعْوَةٍ لَا  
يَسْتَجَابُ لَهَا



Thanks &  
Allah Hafiz