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**CAUSES OF RURAL POVERTY.**

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**ABSTRACT.**

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

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

**Keywords:** Rural poverty, agricultural prices, Sindh, Government, price control policies.

INTERESTING - 6

INFORMATIVE - 6

PRAGMATIC  
REALISTIC  
UTILITY } - 5

(19)

Abstract - Bad.

Paper seems more interesting  
than abstract copies.

Need to discuss.

## CAUSES OF RURAL POVERTY

By

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- (i) Review agricultural input and price policy and suggestions for appropriate incentives in the out-put prices to accelerate transition of subsistence farming into commercial farming with high levels of productivity.

The price support policy is actually a policy to suppress the prices. This has been admitted in various Government reports stating that the prices of wheat and agricultural commodities were kept low from the First Five Year Plan so that commerce and industry get cheap labour to establish their enterprises.

At the present prices of wheat, the farmer does not make any profit or even returns of his labour. The example quoted below shows how farmer is not able to make any profit or compensation for his labour at present support prices.

### Cost of cultivation of an acre of land for optimum yield.

- (1) Time spent on seedbed preparation and drilling by 50 H.P tractor:

- One deep ploughing.	1½ hours.
- Two harrowings total.	2 hours.
- Drilling of seed.	½ hour.
<b>TOTAL</b>	<b>4 hours.</b>

- (2)
- |                                 |     |        |
|---------------------------------|-----|--------|
| - Cost of above at Rs.200/hour. | Rs. | 800.00 |
| - Seed at Rs.300/muand.         | Rs. | 300.00 |

### Fertiliser.

- DAP 65-kgs at Rs.650 per bag for 50 kgs.	Rs.	845.00
- Urea one bag at 1st Irrigation.	Rs.	350.00
- Urea one bag at 2nd Irrigation.	Rs.	350.00
- Urea one bag at 3rd Irrigation.	Rs.	350.00
- Potassium sulphate one bag.	Rs.	650.00
- Herbicides.	Rs.	350.00

- Herbicide application with sprayer.	Rs. 200.00
- Labour for herbicide.	Rs. 200.00
- Harvesting charges. Average 30 muands.	Rs. 750.00
- Threshing charges including extra labour.	Rs. 1000.00
- Water rate charges.	Rs. 100.00
- Land revenue.	Rs. 25.00
- Transport charges during cultivation.	Rs. 300.00
- The farmer's own and family's labour, working for 8 months handling 5 acres should be compensated at Rs.4500 per month or Rs.3600 per acre.	<u>Rs. 3600.00</u>
Total expenditures.	<u>Rs.10,000.00</u>

The farmer can get this return if at Rs.285 per muand of 40 kgs, his yield is 35.333 maunds per acre. This does not include any profit on his capital (land), annual production investments, interest and management charges. Since he never gets these returns, he reduces his inputs namely:

- Avoiding deep ploughing and seed bed preparation by one harrowing only.
- Drilling with borrowed bullocks and his own labour.
- Use of cheap poor quality seed saved by himself.
- Use of less fertilisers than optimum.
- Occasional use of herbicides and by using his manual labour.
- Using family labour for harvest.
- Using his own labour for casual work.
- Avoiding periodic land levelling and avoiding to carry out precision land levelling.
- Avoiding to improve watercourse.

His yield then is reduced to about 15-20 muands/acre and he retains most of it for his own domestic use and seed for next year and sells the rest to pay for borrowed inputs. In general this is the way he barter his family labour for wheat needed for food and no profits.

It has resulted into rural poverty since creation of Pakistan, low yield, neglect of land as natural resource etc. The aim of getting high yields therefore, is defeated for ever. Should farmer get the same prices as imported wheat his income from 30-35 muands/acre can be about 12000-14000 and he is compensated. Rural poverty is reduced about he could be taxed more. The farmer is

convinced that It is un-economical to grow wheat but he needs it for his use and produces only small surplus to pay for the cost of inputs.

The price policy from 1950 to 1995 has given the farmers 40 to 50% less than international prices as shown us in table below. The figures in the table are worked out by taking into account the depreciation of Pak rupee from year to year since 1950 and calculating back the various years' support price with 1950 price.

Y E A R	Support price of wheat as compared to 1950 price in percentage	Y e a r	Support price of wheat as compared to 1950 price in percentage	Y e a r	Support price of wheat as compared to 1950 price in percentage
1950-51		1966-67.	53.30	1982-83	65.50
1951-52	100.00	1967-68	50.20	1983-84	53.60
1952-53	82.20	1968-69	72.50	1984-85	61.90
1953-54	73.10	1969-70	69.40	1985-86	55.60
1954-55	68.10	1970-71	63.80	1986-87	50.70
1955-56	63.90	1971-72	57.90	1987-88	50.20
1956-57	60.40	1972-73	53.00	1988-89	42.39
1957-58	55.70	1973-74	65.50	1989-90	45.18
1958-59	50.60	1974-75	106.50	1990-91	55.66
1959-60	54.00	1975-76	94.80	1991-92	49.05
1960-61	50.20	1976-77	88.70	1992-93	48.58
1961-62	47.20	1977-78	84.50	1993-94	43.68
1962-63	43.80	1978-79	79.50	1994-95	42.3
1963-64	41.00	1979-80	88.70	1995-96	42.2
1964-65	60.20	1980-81	80.90		
1965-66	56.20	1981-82	67.10		

Under the present Support Price Policy (actually Suppressed Price Policy) there can not be any transition from subsistence farming into commercial farming, as the cost of the additional inputs will not be compensated by the additional returns from additional yields.

The net result of all this is the wheat production is lowered, wheat is imported at about double the rate as paid to the farmer, and subsidised to the urban population. This makes industrial labour available at cheap rates and enhances profits of industry but keeps rural and urban labour as well as the total agricultural community very poor.

The similar calculation can be done for the cost of production of different crops from 1950 onwards. In brief the price policy is essentially negative and anti-farmer, causing rural poverty.

(ii) Rural to Urban migration.

Rural unemployment and insecurity combined with poverty created artificially by forcing farmers to sell most of their produce at 40-50% of international prices has led to unprecedented migration from rural to urban areas. These people not only face hardships due to unfamiliarity with urban way of living but live in slums created on the margins of agricultural land in urban areas. The cities and towns are forced by circumstances and political pressures to accept illegal occupation of such lands as Kachi-Abadis. This process which started 35 years ago, has led to acquiring of fertile agriculture lands to accommodate more and more Kachi-Abadis. It is not only the land but other resources like water which are strained and water is supplied for human population at the cost of farmers. Farm community is neither organised as influential group nor is aggressive to face the facts and retreats of every day life.

Urban residents and farmers have different perspectives on the purpose or value of farm land. In under developed towns most of house waste find its way to agriculture land. There is no buffer zone between agriculture and urban land uses and zone to eliminate incompatible land uses in agriculture area.

**(iii) Engineering rural income and employment.**

Our personal experience shows that highly organised fruit and vegetable farmers with diversified crops and the latest technologies can increase the yields of existing crops 3 to 5 times. This is possible only when inputs are increased and there is on the average one farm-worker busy year-around on each acre of land. Similarly the vegetable crops can absorb three times as many persons as area under the crop. There is also scope for floriculture, herbs and essential oils. There is unsaturated market for fresh and dried flowers. This has not been explored in Pakistan. Income from flowers per acre will far exceed fruits of all kinds and employment rate may be 3-5 persons per acre. Lately a huge market has developed for herbs. Thus changing cropping patterns, introducing new crops, adopting fruit culture, vegetables, floriculture, herbs and industrial crops will help to increase rural income and employment.

This will ensure rural employment. Experience shows that by paying 15-20% more to good workers, the labour output is doubled and in due course of time they develop skills, which help in increasing the production.