

ROLE OF AGRICULTURE AND GOVERNMENT IN RURAL DEVELOPMENT

April 14, 2015

PSSP's Third Annual Conference

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THE RURAL ECONOMY OF PAKISTAN

2012-13

(%)

	Share of the Rural Economy	Share of the National Economy
Agriculture	38	92
Industry	21	42
Services	41	39
GDP/ GRP	100	51
Rural Population Share:	65	
Ratio of Rural To Urban Per Capita Income	1:2	

Source: IPR (2015)

Growth Rates

(%)

	1999-2000 to 2012-13
Agriculture	2.8
Rural Economy	4.6
Urban Economy	5.0
GDP	4.8

Source: IPR (2015)

GROWTH AND POVERTY

Annual Growth Rates of Sectors			
	FY 1990 to 2000	FY 2003* to 2008	FY 2008 to 2014
Agriculture	High (4.3)**	High (4.1)	Low (2.4)
Industry	Low (4.5)	High (8.4)	Low (2.0)
Services	Low (4.5)	High (6.7)	Low (3.7)
GDP	Low (4.4)	High (6.5)	Low (3.0)
Annual Change in Incidence of Poverty (% Point)	-4.4 ***	-3.1 ***	1.3****
<p>*2001-2002 not included because of sever drought ** Figures in Brackets are annual growth rates *** According to World Development Indicators of World Bank **** According to Social Policy Development Centre</p>			

PUBLIC INVESTMENT IN AGRICULTURE AND RURAL DEVELOPMENT

(Rs in Million)

	Development Expenditures (2013-14)		Total	% share of PSDP
	Agriculture	Rural Development		
Federal	31053	1401	32454	7.5
Provincial	53447	11886	65333	15.2
Punjab	8151	8291	16442	8.4
Sindh	29713	0	29713	24.6
K-PK	6304	2400	8704	12.0
Balochistan	9279	1195	10474	25.8
Total	84500	13287	97787	11.3

Source: MOF, GOP

GROWTH INCIDENCE CURVES

Cumulative Increase in Average Household Real Income, 2001-02 to 2011-12 (%)

	Rural	National
Bottom Quintile	9	6
Middle Quintile	32	28
Top Quintile	48	46

- The share of farm area with large land owners (with farms 60 hectares and above) has increased from 8 percent in 2000 to 11 percent in 2010.

Source: Agriculture Census, PBS, HIES

IMPACT OF 18TH AMENDMENT

- ▶ Agriculture, as before, remains pre-dominantly a Provincial Subject, except for international trade in agricultural products and agricultural research.
- ▶ Issue of fixation of wheat price. Should be in CCI not ECC. Export Subsidies need to be financed by Federal Government.
- ▶ Disaster mitigation and management a shared responsibility.

POLICIES AND PROGRAMS

POLICIES

- ▶ Adjustment to Fall in Commodity Prices (especially wheat)
- ▶ Policy on Sales Taxation of Agricultural Inputs (especially fertilizer)
- ▶ Exchange rate policy(removing overvaluation)
- ▶ Import Tariff Policy to Provide Protection to domestic Agriculture
- ▶ Increasing the Coverage of Support Prices
- ▶ Managing the 'Cob-Web' in vegetable Prices

POLICIES AND PROGRAMS

PROGRAMS

- ▶ Bigger program of lining of canals and increase in water storage capacity
- ▶ Introduction of a Rural Employment Guarantee Scheme for unemployed youth by Rural Local Governments
- ▶ Introduction of Drip Irrigation and Water Harvesting
- ▶ Introduction of Improved Seed Varieties. Passage of Draft Seed Act.
- ▶ Linking Agriculture Research and Extension Services.

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VISION FOR NEXT 20 YEARS

- ▶ Rural population rising to 170 million
- ▶ Commodity Prices get back on rising long term trend
- ▶ Problems managed successfully of water shortage, land degradation, water logging and salinity and deforestation. Widespread use of mechanization.
- ▶ Implementation of land Reforms to counter rising Inequality
- ▶ Revenues from the agriculture Sector reach 1 percent of the GDP from 0.2 percent currently
- ▶ Yields rise by 40 percent to 70 percent of crops to levels already attained by 'progressive farmers' Move toward value-added agriculture.

VISION FOR NEXT 20 YEARS

- ▶ In many parts of the country there will be a continuum of urban and rural areas.
- ▶ Improved access to services of rural households, 90 percent with electricity connection, 80 percent with piped water, 70 percent with improved sanitation. Housing standards rise due to higher incomes and remittances.
- ▶ Pakistan becomes a major exporter of livestock products
- ▶ 'Middle Class' of 4 Million farmers emerges, with purchasing power and voice in politics.

Thank You

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the frame, creating a modern, layered effect against the white background.