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THE ROLE OF THE SMALL COMMERCIAL FARMER IN GROWTH AND DEVELOPMENT

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DEFINING THE SMALL COMMERCIAL FARMER

- Greater than 3 acres irrigated
 - Sufficient land to reach the poverty line from farming
 - Income primarily from farming –Average 85%
- Less than 75 acres
 - Culturally in consumption patterns rural
 - Provides a major share of the labor force.
- Most between 5 and 25 acres
 - Produce 64% of agricultural output
 - This is low compared to most Asian and African countries
 - 24% of all rural households
 - 61% of households with land

OTHER RURAL GROUPS - 1

- Large Commercial Farmers and Feudal Landholders
 - Use share-cropping to estimate importance
 - Plus farms over 75 acres
 - Negligible proportion rural households
 - 28% of output – large relative to other countries
 - Consumption patterns urban –import and capital intensive.

OTHER RURAL GROUPS -2

- Rural Non-Farm
 - Landless and less than 3 acres
 - 84% of poor in this class
 - 8% of output
 - 15% income from crop and livestock
 - 77% of rural households (large relative to other countries)
 - Services and trade market 99% in same tehsil
 - Production goods 90% in same district

MARGINAL GROUP 3 TO 5 ACRES

- 7% households
- 9% of output
- 5% of poor
- 74% of income from crops and livestock

THE POVERTY ANOMALY

- All data clear – agr. growth drives poverty reduction
- However production is by Small Commercial Farmers
 - non-poor
 - non-subsistence
- How does income transfer from SCF to Rural Poor (RNF)?
 - SCF spends 50% of incremental income on RNF
 - Labor intensive, non-tradables

CONTRAST PUNJAB AND SINDH

- Large Commercial Farmer and Feudal
 - Punjab negligible proportion of households – 21% of output
 - Sindh ditto - 57% of output
- * Small Commercial Farmer
 - Punjab 23% households – 71% output
 - Sindh 28% households- 43% output

POLICY –SMALL COMMERCIAL FARMER

- SCF requires major government technical assistance programs
- Standard agricultural growth policies
 - National level policy institute focused on SCF
 - 10% of government budget to agriculture
 - 3% of Agr. GDP for agr. research –Pakistan is at 0.17%
 - Extension system integrated with research
 - Massive investment in infrastructure and education
 - Facilitate renting on cash basis from RNF
 - Production growth rate of 6 percent
 - * Intensive dairy growth rate of 8%

POLICY – Large Commercial and Feudal

- Feudal
 - Encourage cash rental to economic size potential SCFs
 - Intensive extension for transition from share-cropping to cash rentals.
- Large Commercial Farmer
 - Less in need of government programs
 - Benefits from same programs as small commercial farmer

POLICY – RURAL NON-FARM

- Consider agr. program (extension/research)
 - Recognize expensive due to small size of farm
 - May require input agriculture
 - Must not reduce focus on SCF as core of poverty reduction
- Recognize that most income from RNF goods and service
- Facilitate cash rental to SCF
- SCF drives poverty reduction not on agriculture.
- Basic constraint is lack of demand
- Micro credit can broaden participation