

AGRICULTURAL MARKETING IN PAKISTAN

by P P S

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M. Sc. (Agri.), Panjab University, 1954

A MASTER'S REPORT

submitted in partial fulfillment of the

requirements for the degree

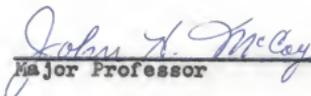
MASTER OF SCIENCE

Department of Economics

KANSAS STATE UNIVERSITY
Manhattan, Kansas

1968

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ACKNOWLEDGMENTS

The author is deeply grateful to Dr. John H. McCoy, Professor of Agricultural Economics and major professor, for his guidance, advice, and encouragement throughout the course of study. The author also wishes to express sincere thanks to Dr. George Montgomery and Dr. G. V. L. Narasimham for their help and constructive criticism on certain aspects of the study.

PURPOSE

The purpose of this study is to provide a bird's-eye view of the most important problems in the field of agricultural marketing in Pakistan today and to sketch some of the principal problems that will take on special importance in the future, as Pakistan's economic development demands that marketing systems make a larger contribution to the economic and social development of the region.

In discussing both the present and the future, opinions will be expressed regarding problems most urgently requiring a solution and ones to be dealt with at long range. It is emphasized that the statements contained in this report are generalizations. The peculiarities of each region--which are many and well worthy of consideration--cannot be taken properly into account. It is obvious in turn that the difficulties of obtaining the information in the U. S. A. when the detailed information cannot be collected from different markets of Pakistan provide many obstacles in presenting the description or a detailed analysis of the subject.

Consequently, the general picture drawn here aims merely to focus attention on the complexity and interrelationship of the problem of agricultural marketing, bringing together a common prospective observation made at the national level by specialists in this field, most of whom are from international agencies.

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INTRODUCTION

The subject of this report is of great importance for Pakistan's rural population. In a subsistence economy, the problems of marketing surplus produce do not exist. But as soon as the grower produces a sizeable surplus, there arises the problem of marketing. During recent years, the pace of development in agriculture has increased and the economy is changing from a "subsistence" to a "market" economy.

The organization of an effective marketing system is in fact one of the most urgent "imperatives" of the agricultural situation. The key to agricultural progress lies in the transformation of farming from "a way of life" to a profitable business. In order to break the crust of tradition which makes agriculture "a way of life" it is necessary to commercialize agriculture. And for the commercialization of agriculture it is essential to have a fully developed marketing system.

Pakistan suffers huge loss on account of drawbacks in marketing operations. It has been estimated that in the case of rice the loss during transportation, handling and storage amounts to about 10 per cent. In vegetables the losses may be as high as 40 per cent. Pakistan can ill afford this loss, particularly in view of the over-all shortage of food in the country.

In Pakistan, agricultural marketing is beset with many problems. The majority of farmers are petty operators with small marketable surpluses. Assembling of produce from so many farms is an expensive matter and a great handicap in the way of efficient marketing. The storage facilities available to an average farmer are extremely primitive and considerable losses occur on account of the ravages of insect pests and bacterial putrefaction.

Exports of agricultural commodities bring about a substantial and in fact a major portion of the total foreign exchange earnings of the country. Even at the existing level of exports these earnings can be increased by about 15 per cent through the introduction of better preparation methods and the introduction of standards and grading.

The communications in the rural areas are extremely poor. The transport of produce to the markets and mills is consequently slow and cumbersome. Perishable commodities such as fruits and vegetables, milk and milk products, meat and eggs deteriorate in quality in transit owing to lack of speedy transport and refrigeration facilities. The resulting wastage is considerable.

Credit facilities for the farmer, although available, have not yet proved to be adequate. The poor peasant, not being very credit worthy, has great difficulty in getting a loan, although he is really the one who needs it most.

The dissemination of market news to the farmers can protect him from exploitation by middlemen. The present media

are inadequate for remote places.

The prevalence of adulteration is within common knowledge. It is, however, a pity that this evil is almost taken for granted. This is a problem to which special attention needs to be paid.

In order to evolve an efficient marketing system, not only will basic shortages have to be removed, but improvements also will have to be made all along the line. It will be necessary to improve simultaneously the transport facilities, wholesaling, processing, and retail distribution. The phases of marketing are so closely interlinked with each other that improvement in one will necessitate corresponding improvement in the other phases.

Much has been done in recent years to achieve a breakthrough in agricultural production. Land reforms introduced in recent years have paved the way for agricultural development. The twin problems of water-logging and salinity are increasingly engaging the attention of the government. The impact of the Works Program is already being felt in the rural areas. Great stress is being laid on the use of improved agricultural practices and inputs, like fertilizers, improved seeds and pest control for greater production in the agricultural sector. The central and provincial marketing organizations are engaged in important work including grading and standardization, market news service, commodity surveys and regulation of markets. But the dimensions of

marketing problems are so gigantic that the impact of these efforts has not yet been felt widely.

Moreover, the quantum of the marketed surplus in agriculture has a crucial bearing on the process of economic growth in the developing countries of which Pakistan is one. In predominantly agricultural countries, economic growth in the early stages of development is almost entirely dependent on the surplus, which the agricultural sector makes available for consumption and investment in the non-agricultural sector and for export outside the country.

Suggestions for alleviating the problems faced by Pakistan in the field of agricultural marketing would be of use to policy makers of Pakistan government.

IMPORTANCE OF MARKETING

In a time of self-sufficiency, as prevailed in the areas now constituting Pakistan a hundred years ago, the problem of marketing was not so important as it is today. Now the produce of the village finds consumers in distant places, not only within the country itself, but also in the outside world. Even now most of the food requirements of the village are met from within. The surplus available, however, is greater in commercial crops like cotton and jute. These are converted into money, if not for other purposes, at least to make land revenue payment to the government.

The economic position of the peasant thus does not merely depend upon the total amount of production that he can secure from his land, but also on the money value of the surplus that he has to sell in the market. He has little control over the prices which prevail, because they are determined by the broad factors of supply and demand operating in the country and in many cases in the world at large. His costs of production are more or less fixed. Even then his sale proceeds can be increased by better handling of the produce and reducing to a minimum the share of the middlemen between him and the ultimate consumer. This can be done by saving him from the consequences of the various handicaps from which the farmer suffers.

Agriculturists in all countries are handicapped in certain respects. The seasonal and scattered character of their operations, the great role that nature plays in making it a success, the inelasticity of demand for agricultural products, raise many difficulties of organization and make adjustments between supply and demand uncertain. In addition to these, the Pakistani peasant is handicapped by his illiteracy, ignorance, conservatism, small unit of cultivation, lack of proper financial aid, defective means of communication and transport and a host of other individual and social disabilities. In this report an attempt will be made to study the nature of some of the important handicaps from which Pakistan's agriculturist suffers as a seller of his produce and then take note of the various remedies either suggested from time to time or actually adopted to improve his position.

To quote the Royal Agricultural Commission,

Until the peasant realizes that, as a seller of produce, he must study the art of selling, either as an individual or through combination with other producers, it is inevitable that he should come off second best in his contest with the highly specialized knowledge and the vastly superior resources of those who purchase his produce.¹

1. Report, Royal Commission on Agriculture in India, p. 338, 1926.

ESSENTIALS OF GOOD MARKETING

To maximize the producer's income, from the sale of his produce, several conditions must be present. In the first place, the quality of the produce should be good. But quality can be insured to some extent by using the best available seed, by adopting efficient and clean methods of cultivation and harvesting, by grading and standardizing the product, and by storing it in good storage places to prevent deterioration. This is the first essential of good marketing. If products of good and bad quality are mixed, as has been the case in Pakistan during the early '50s, the reputation of the whole produce suffers and the price obtained is of the lowest standard rather than of the best standard.

The second essential of good marketing is the "staying power" of the seller. If he is hard pressed to sell all his produce immediately after the harvest, the selling pressure will depress prices for all the agriculturists and will reduce their sale proceeds. It is necessary, therefore, that either the peasant should have enough reserve of his own to meet his requirements--of land revenue and other immediate payments due from him--or arrangements should exist for him to get money on credit at reasonable rates of interest. If the getting of credit throws him into the clutches of a rapacious money-lender, the remedy may be worse than the disease.

The third essential of good marketing is the existence of a good means of communications and transport. The cultivator-seller should be in touch with the movements of prices in the markets to enable him to take advantage of favorable prices. The villager should have convenient access to the market. The roads should be well planned and well kept, or there may be waterway facilities. If the transport facilities are absent, the peasant must sell to village shopkeepers, instead of carting his produce to the market for better returns.

Finally, there should be well-conducted markets at convenient distances from the producing villages. It is necessary that these markets should be properly regulated and be under impartial supervision and control. If the market practices are arbitrary, the cultivator will lose confidence in them and will prefer to sell his produce in his own village on comparatively unfavorable terms. According to "Food and Agricultural Commission,"

It has, we think, been established that when the cultivator is in a position to dispose of his produce in a market, however limited its scope and badly organized its character, he obtains a much better price for it, when the cost of transport is taken into account than when he disposes of it in his own village.²

Proper access to markets also implies the absence of transit charges like Octroi, terminal taxes, etc., which

2. "Food and Agricultural Commission," Government of Pakistan, p. 388, 1959.

serve as discouragements to the cultivator-seller. Marketing in Pakistan lacks almost all these essentials in varying degrees.

PRODUCE SOLD IN THE VILLAGE

It is difficult to say what proportion of the total produce, on the average, is sold by the cultivator and what is kept for his household requirements. Obviously, the proportion will differ in different localities and with different agriculturists according to their economic strength and the nature of the commodity concerned. The "surplus" sold will be greater in the case of commercial crops than food crops. More prosperous cultivators may sell a larger proportion of their total produce in the end, though they sell a small proportion of their total surplus at harvest time on account of their greater power to wait. In pre-Partition Bengal it was estimated that normally 54 per cent of the total rice crop was retained by the producer and 46 per cent was sold.³ The average cultivator produces mostly for his family needs and sells only what is necessary to meet his monetary obligations to the government and the money lender and also for household expenses. Even in a prosperous district like Lyallpur, 23.9 per cent of the cultivators make no sales.⁴

3. Marketing of Rice in India and Burma, p. 492, 1942.

4. Mukerjee, Economic Problems of Modern India, Vol. I, p. 299.

One investigator⁵ estimated that in pre-Partition Punjab 60 per cent of the wheat, 35 per cent of the cotton and 70 per cent of oil seeds were sold in the villages or village markets. In Bengal, before partition, 58 per cent of oil seeds and 90 per cent of the jute were sold in the villages. The proportion of produce sold in the markets diminishes, as cultivators are in debt or carry on subsistence farming in small holdings. In Attock District of West Pakistan 93.6 per cent of the cultivators dispose of their surplus wheat to local "BANIAS" who happen to be their money-lenders.⁶ The proportion of produce sold in the outside market where the means of communication and transport are not adequately developed

The produce sold in the village is sold to various kinds of middlemen through whom it ultimately reaches the larger markets and distant consuming centers. In pre-partition days these middlemen were mostly village banias or money-lenders, who in most cases were village shopkeepers. In addition, there were various middlemen purchasers called "BEOPARIS." After partition "BANIA" has migrated to India, but the "BEOPARIS" are still active and the old system has not changed substantially.

5. Hussan, Marketing of Agricultural Produce in Northern India, p. 96, 1947.

6. Mukerjee, Economic Problems of Modern India, Vol. I, p. 299.

The Agricultural Inquiry Committee (1951-1952) still refers to the "general complaints among the agriculturists that too large a share of the market value of the produce goes to the middlemen," and regards such complaints as "justified."⁷ Where the middleman is also the money-lender (this was more frequently the case before the partition) the peasant seller is still more at a disadvantage because he cannot dispose of his produce as he likes. The debtor usually has to sell to his creditor on the latter's terms. In any case when the produce is sold in the village, as the Royal Agricultural Commission pointed out thirty-three years ago, the cultivator obtains much less favorable terms than he does if he carts it to the market, however badly organized the latter may be. Thus it is necessary to create conditions in the country which should facilitate the process of marketing in well-organized markets.

7. Government of Pakistan, The Agricultural Inquiry Committee (1951-52) Report, p. 45.

agriculture played an important role in the economic development of most of the present-day developed countries. Despite its importance, adequate attention does not seem to have been given to this subject in the literature on the economies of underdeveloped countries. Discussion about the determinants of marketed surplus in agriculture appear to be particularly hazy and have given rise to considerable controversy.

Before proceeding further it is necessary to make a distinction between marketable surplus and the marketed surplus. Marketable surplus represents the theoretical surplus available for disposal with the producers after allowing for family consumption. Marketed surplus represents only that portion of the marketable surplus which is actually marketed by the producer. It is this quantity which, for reasons given above, has an important bearing on the process of economic growth. There is no ambiguity in so far as non-food products are concerned, because the marketed surplus in this case is governed by the response of producers' changes to demand. In the case of food crops, however, the marketed surplus does not depend on production alone, but also on farmers' behavior regarding retention on the farm. Another complicated factor is introduced by the uncertain nature of changes in inventory accumulation on account of precautionary or speculative motives. An analysis of the likely behavior of marketed surplus of food grains in a demand-expanding situation raises several complex issues.

It is frequently taken for granted that if the relative prices of food grains rise in an underdeveloped economy due to an increase in demand, the marketed surplus of food grains would show a decline. The explanation usually runs in terms of the high-income elasticity of demand for food grains. Since the rise in the relative price of food grains serves to raise the real income of the growers it is said that more of the farm produce would be consumed at the farm resulting in a less marketed surplus. This would be an adequate explanation if (a) production of food grains is considered to be completely inelastic to changes in relative prices, (b) income elasticity of demand for food grains of farm households is considered to be the sole factor influencing the flow of marketed supplies and (c) all farm households are considered to be uniform both in respect of production capacity and demand for food grains. As the actual position is far more complex, a simplified analysis based on income elasticity of demand alone cannot be considered either adequate or realistic.

Very little is known so far about the likely nature of changes in farmers' propensity to accumulate food stocks in the event of a rise in the relative price of food grains. This propensity is likely to be affected by a number of factors, especially by farmers' expectations about future price movements and weather conditions.

Some writers have noted that there is a tendency on the

part of farm households in less developed countries to hoard stocks to food grains surplus to their own requirements in the event of a price rise.⁸ This may have a precautionary or speculative motive. The farmer may fear a precipitate fall in agricultural prices next year and may, therefore, hold back the surplus stocks to supplement the next year's supply in order to get the necessary command over the expected minimum cash requirements of the next year. From an economic point of view, this is a wasteful procedure because in such a situation he stands to benefit more by selling the surplus at the ruling higher prices and keeping the savings in the form of money for utilization in the lean period. However, in an environment of largely subsistence agriculture, absence of well-organized savings institutions and inadvisability of keeping savings in the form of ready cash because of the greater possibility of its dissipation in immediate consumption, the small farmer may actually save in kind rather than in money. Moreover, uncertainty about prices may be compounded by uncertainty about the effect of unpredictable weather conditions on the crop next year and this may further favor savings in kind rather than in money. These factors are likely to operate with less force in the case of well-to-do farmers and in areas where weather hazards are of lesser consideration due to good irrigation facilities

8. Mather, P. N. "Time Pattern and Quanta of Purchase and Sale of Jawar by the Peasants of Vidarbha," *Astha Vijnana*, Vol. I, No. 1, pp. 61-69, March 1959.

and in areas well served by savings institutions. Speculative rather than precautionary motives may be of greater importance in deciding the disposal of surplus stocks in the case of more prosperous farm households.

The above analysis serves to clarify several points. It makes clear, in the first instance, that a knowledge about the over-all income elasticity of demand for food grains in a country like Pakistan can tell us very little as to how the marketed surplus will behave in a particular situation. By implication, it rejects the hypothesis that marketed surplus will necessarily decline in a demand expansionary situation if the over-all income elasticity of demand for food grains is high.

Marketed surplus is a complicated function of several variables, the net effect depending on how these variables behave in a particular situation. The implication is that unless reliable data are available on each of the component elements, it is not possible to say a priori which of the factors have been responsible for the observed change in marketed surplus in a particular country during a particular time period. Nor is it possible to predict the behavior of marketed surplus in a particular situation in the absence of information.

Speaking in somewhat general terms, a country whose agriculture is stagnant would suffer the greatest risk of a decline in marketed surplus as a result of a rise in the

DETERMINANTS OF THE MARKETED SURPLUS IN AGRICULTURE

The quantum of the marketed surplus in agriculture has a crucial bearing on the process of economic growth in the developing countries. In predominantly agricultural countries, economic growth in the early stages of development is almost entirely dependent on the surplus, which the agricultural sector makes available for consumption and investment in the non-agricultural sector and for export outside the country. For this to take place, an increase in agricultural production may not by itself be able to sustain the process of growth unless a marked surplus of agriculture shows a rise.

With the increase in the level of incomes consequent on development, consumption of agricultural products, including food grains, rises significantly. Unless this demand is met by a rise in the marketed surplus of agriculture, the consequence in most cases may either be inflation or an undue strain on the balance of payments, both of which inhibit the process of growth. Economic development in underdeveloped countries necessarily entails substantial imports of capital goods and a predominantly agricultural economy must release an adequate marketable surplus from its agricultural sector to finance such imports. Historical experience also shows that the emergence of a sizeable marketable surplus in

relative price of food grains. The actual reduction in total marketed surplus would in all probability be greater in a country where the marketed surplus is heavily dependent on the small surpluses of a large number of low-income farm households. On the other hand, if agricultural production shows steady expansion and the country is not too heavily dependent on the small surpluses of low-income farmers, the marketed surplus can be expected to show a rise in response to an increase in effective demand, especially if appropriate price and procurement policies are pursued by the government.

Adequate information is not available about the distribution of marketed supplies of food grains in the less developed countries by the income status of the farm household. Fragmentary information relating to certain countries shows that the bulk of the marketed supply is drawn from rural households cultivating medium and large farms. In India, for example, 60 per cent of the total marketed surplus was estimated to have originated from holdings of more than 10 acres.⁹ A study of 685 farms in 43 villages of Hyderabad state in India in 1953-54 showed a strong correlation between the size of farm income and the ratio of marketed surplus to total output.¹⁰ Other surveys in India have

9. Dhavam Narain, Distribution of the marketed surplus of agri. products by size level of holdings in India, 1950-51.

10. A. M. Khusro and A. N. Aggarwal, Problems of cooperative farming in India, p. 48.

disclosed a similar situation.¹¹ In the Republic of Korea, in 1959, farms of over two chongbo sold about 36.6 per cent of their output as compared to 19.9 per cent sold by farms of less than .5 chongbo.¹² In Taiwan, farms of less than .5 hectare sold 20.6 per cent of their rice output, those of .5 to .9 hectare sold 34 per cent, those of 1 to 1.9 hectare sold 47.8 per cent and farms of 2 hectare and over sold 62 per cent of their rice output.¹² In Pakistan also, a survey revealed that marketed surplus varies positively with output.¹³ If these data are any guide, it is clear that the real source of difficulty in regard to an adequate marketed surplus does not lie in the size distribution of farm holdings.

11. Govt. of India, Agriculture situation in India, pp. 1079-1092, January 1960; p. 259, June 1960.

12. Govt. of Korea, Agriculture Yearbook, Part III, pp. 146-147, 1961.

13. Govt. of Pakistan, Pakistan Development Review, Vol. II, No. 3, pp. 354-356.

ROADS AND AGRICULTURE

The means of transport are an indispensable prerequisite for development in the agriculture sector. The raw material and foodstuffs produced in the countryside are to be transported to the required places and the manufactured goods produced in the factories in the cities are to be sent to the villages. There should also be good means of transport for the supply of all the material required from outside for agricultural development such as fertilizers, good quality of seeds and suitable implements, etc. Moreover, reasonable and favorable prices can be fetched by the agricultural crops for the farmers only with the existence of cheap and efficient means of transport for carrying them to the market place nearby. The development of cottage and small-scale industries which are required to supplement the income of the rural people from agriculture also depends on an efficient means of transport, which may be required for the supply of raw material and appliances and for the transport of goods produced by such industries to the required places.

Thus the development of the rural areas, which leads to the increase in income and hence improvement in the standard of living of rural people, depends to a very large extent on an efficient means of transport. In spite of a large-scale industrialization causing urbanization in Pakistan in the

last few years, even today more than 80 per cent of the people live in villages and agriculture is the main source of income of these people. Hence the importance of good means of transport in a country like Pakistan cannot be over-emphasized.

Now the question arises, which is the most suitable means of transport for this purpose. Airways are out of the question, as they are very expensive. Similarly the construction and maintenance of canals is also very expensive and not suited to Pakistan's economy due to topographical factors, except as noted below in East Pakistan. Each and every village cannot be connected by rail with the market place nearby due to prohibitive costs. Roads are the only suitable means of transport for the countryside in the interest of development of agriculture. Roads can be easily constructed and they are cheap and conveniently manageable. They can also be maintained with comparatively less cost and local unskilled labor. Due to peculiar topographical features in East Pakistan, rivers and canals may be used as a means of transport, but even then roads have to play an important role in supplementing the transport facilities provided by railways, canals and rivers.

In the United Kingdom in the Middle Ages maintenance and repair of roads was often undertaken by monasteries and churches. Afterwards according to a statute of 1550 every land-owning man was called upon to contribute materials and

tools and to provide six days labor on the roads per annum.¹⁴ In the eighteenth century two types of roads existed, one maintained by the turnpike trusts which were empowered to charge taxes from the users of the roads, and the other which were nothing more than unmetalled tracks.¹⁵ In the United States the Federal Government gave financial assistance for the construction of roads in the nineteenth century.¹⁶ In Japan the tradition of the landlords (daimyos) to travel from their fields to the capital of the Government for staying there for a few months in a year necessitated the construction of the roads in the country during the Tokugawa Regime before the Meiji Restoration.¹⁷ The history of roads in subcontinent of India and Pakistan can be traced back to the days of the Mughal Empire. Most of the roads constructed during this period were situated in the northern part of the country. The Grand Trunk Road constructed earlier was revived during the days of Lord William Bentinck. East India Company paid little attention to the construction of roads, especially for civilian purposes. Road construction on a large scale was started during the days of Lord Dalhousie.

14. George W. Southgate, "English Economic History." J. M. Dent and Sons Ltd., London, p. 150, 1962.

15. L. C. A. Knowles, "The Industrial and Commercial Revolution in Great Britain during 19th Century." R & R Paul Ltd., London, p. 237, 1950.

16. Meier and Baldwin, "Economic Development." Asia Publishing House, p. 19, 1961.

17. Ibid.

At the time of the partition of the subcontinent, the total road length amounted to about 295,000 miles in all, out of which 95,000 miles were metalled roads and the remaining unmetalled. Pakistan inherited about 20 per cent of the total mileage, that is 58,000 miles in all, out of which 8,000 miles were metalled roads and the remaining unmetalled roads. Thus Pakistan got about 25 per cent of the total unmetalled roads in the subcontinent. Rs. 36 crores were earmarked for the construction of roads in the First Five-Year Plan of Pakistan, out of which Rs. one crores were provided as an assistance for the construction of unmetalled roads in the villages, which were expected to be built by the local people on self-help basis under the Village Aid program. A sum of Rs. 55.5 crores was set aside in the Second Five-Year Plan for the construction of roads and bridges. In the Third Five-Year Plan Rs. 86 crores, Rs. 50 crores for East Pakistan and Rs. 36 crores for West Pakistan, have been provided for transport and communications (roads) under the Works Program for the rural areas.¹⁸ This amount is in addition to Rs. 123 crores earmarked for commercial road transport in the Plan. There were 11,210 and 2400 miles of metalled roads in West and East Pakistan respectively by the end of the Second Five-Year Plan in 1965.

It is quite obvious that the roads in the countryside

18. Government of Pakistan. Outline of "Third Five-Year Plan," p. 235, 1964.

cannot be built by the Government alone. As stated earlier, in U. K. and United States even the highways were mainly constructed by non-Government institutions, not to speak of the country roads, in the days when these countries were in a state of transition from underdevelopment to development. It is a fact that the economic conditions prevailing in those countries in the last two centuries, when they were in a state of transition, were different from the conditions prevailing in Pakistan today, yet the fundamental problem remains the same. It is for the people of the area concerned to take the necessary steps in the matter. An initiative has been taken by the Government by providing some funds for the purpose in Pakistan. The remaining required amount may be contributed by the people themselves. Some sort of arrangement similar to the one evolved in England according to the Statute of 1550 may be made in Pakistan. The year 1550 should not frighten us. The system prevailing four hundred years earlier may be utilized even today with some modification, if necessary, to make it suitable nowadays. Basic Democracies can play a very useful and active role in the matter. Every Basic Democracies institution in the countryside should prepare its own program of road construction, of course with the assistance and guidance of the Government, which may provide all the facilities for help. Full cooperation of all the inhabitants in the area is essential.

It has been pointed out that the effect of the projects

under the Works Program over the employment opportunities is extremely temporary, because these projects do not establish such works, on which the laborer may work permanently and which may be a lasting source of income for them. It is, however, quite obvious that such a program for road construction will lead to a constant increase in the income of the cultivator, because with the construction of roads they will be able to get much more price than they used to get earlier, as now they will be able to transport their produce from agriculture as well as from cottage industries easily to their respective market places.

Most of the laborer's work is expected to be contributed voluntarily; therefore monetary expenses are to be incurred mostly on the purchase of appliances and land required for the purpose, if necessary. The required amount may be contributed by the people on a voluntary basis and by the Government as an assistance for their projects out of the allocations earmarked for such projects in the Plan. Thus, the imposition of an excise or special tax for road construction in the villages may be avoided. Social work by students in vacation periods is suggested and may be encouraged. It will set a very good example for villagers, especially on rich ones to contribute liberally in labor and money for the purpose. Some sort of light engineering organization may be established for the production of appliances required for roads. Similarly we have to think of attaching a small

repairing workshop for a group of adjoining rural basic democracies to be financed jointly by them.

The roads and agriculture act and react on each other for development purposes. Roads may lead to the development of agriculture by transporting the agricultural produce to the market places for fetching reasonable prices to the cultivators, supplying fertilizers, good quality of seeds and implements and transporting other articles not produced in the villages. The influence of roads in the educational and cultural aspects of rural life can also not be overemphasized. If agriculture is developed, the rural people may be able to contribute liberally for the development of roads in the countryside. If the use of tractors becomes possible on a large scale, the possibility of mechanized transport for marketing purposes cannot be ruled out. Thus the problem attacked from one front is expected to lead to victory at the other end also, but it is much better if it is possible to attack both the fronts simultaneously.

NEED FOR FARMERS' ORGANIZATION IN PAKISTAN

The theory of countervailing power, first enunciated by John Galbraith,¹⁹ postulates that the existence of market power creates an incentive for the organization of another position of power that neutralizes it. With the general disappearance of competition from the manufacturing sector in the United States and the emergence of large corporations, it became necessary for the industrial workers to develop the protection of countervailing power. Faced with an oligopronistic situation--many sellers dealing with few buyers--the workers had to organize themselves into powerful labor unions to defend themselves against exploitation.

The American farmer too has long since been seeking to develop countervailing power. Characteristically, an individual farmer has little economic power in the market place. Prices of farm commodities seem to be determined without much reference to the farmers' cost of production, whereas the prices of industrial goods are generally based on a cost-plus-profit basis. Both in buying farm supplies and selling farm output, the farmers have to face large business corporations with substantial economic power. As a consequence, the

19. John Kenneth Galbraith, *American Capitalism*, New York, pp. 85-101, 1952.

farmers have often been the "price-takers," while the industrialists have generally been the "price-setters."

The first major organization to exert countervailing power in agriculture was the Grange.²⁰ Organized in 1867, when the American farmers were in desperate economic straits due to steep decline in farm prices, the Grange tried to stimulate the cooperative purchase of farm supplies and sale of farm output. The Grangers were also successful in pushing through laws to bring railroads and warehouses under state control.

The other organizations which took active part in the development of farmers' countervailing power in the U. S. A. were the Farmers' Alliance, organized in 1875; the Farmers' Union, set up in 1902; and the American Farm Bureau Federation, started in 1920. All these organizations stressed the role of producer cooperatives as a device to exert countervailing power; the cooperative, however, has not been successful as a bargaining instrument owing to some fatal structural weaknesses. To quote Galbraith:²¹

The cooperative is a loose association of individuals. It rarely includes all producers of a product. It cannot control the production of its members and in practice, it has less than absolute control over their decisions to sell.

20. Henry H. Bakken and Marvin A. Schaars, *The Economics of Cooperative Marketing*, New York, p. 49, 1937.

21. Galbraith, *loc. cit.*

U. S. government programs--in effect since early 1930's-- have been designed to alleviate disparity in farmer bargaining power. Apart from the farmers' cooperatives, another approach has been used by the National Farmers' Organization in America to exert countervailing power. The organization tries to force bargaining by withholding supplies but its efforts have had a limited success because agricultural products being subject to rapid physical or economic deterioration, their supplies cannot be controlled. Moreover, the organization finds it difficult to maintain internal discipline and cohesion of its members.²² Having made their voluntary efforts to acquire bargaining power, the American farmers turned to the Government for assistance. The Government tried to set up a system of national cooperatives back in the thirties but these institutions were subject to the same weaknesses as the voluntary cooperatives and therefore, no bargaining gains were realized. The Government, however, continued to take interest in the matter. In 1964, the Secretary of Agriculture directed the Department of Agriculture to take steps to strengthen the farmers' bargaining power. He stressed greater teamwork between the department and the cooperatives. He specifically asked for the exploration of possible ways of "increasing the farmers'

22. Walter B. Garver, "Collective Bargaining of Farmers: Issues and Choices," *Journal of Farm Economics*, Vol. 46, No. 5, p. 1263.

muscle in the market place."²³

Although the farmers' organizations in the United States have not been able to exercise effective countervailing power, they have made the farmer highly vocal and active. There are strong pressure groups and lobbies in Washington to safeguard the projects and interests of the farmers. The techniques of market bargaining are well known to farmers and there is a general awareness of the need for group action to achieve countervailing power. This may be considered the major achievement of the farmers' organizations.

It is not only in the United States that farmers have felt the need of organizing themselves in the face of monopolistic industrial and commercial sectors, but practically in all advanced countries, farmers are organized. The French Agricultural Syndicates came into existence as early as 1884. They have rendered invaluable service to French agriculture by propagating improved methods of production and by sponsoring legislation to the advantage of agricultural community. In England, the farmers have been permitted to set up Agricultural Marketing Boards, with powers of fixing prices for all producers, provided two-thirds of those producing any product so desire.

It may be useful here to distinguish between marketing boards and cooperatives. The former are generally empowered by Government to exercise control over all producers of a

23. Ibid., p. 1264.

specific commodity. In case of a cooperative all producers are rarely the members and there is no legal force to insure internal discipline and cohesion. The statutory marketing boards, which have also been set up in many less-developed countries, have proved useful in putting into effect programs to improve marketing conditions. Such boards can strengthen farmers' bargaining power and can represent their views to the Government.²⁴

Agriculture in Pakistan is carried on chiefly by a large number of small farmers, who are generally illiterate, passive, and unorganized. It is common knowledge that agriculture generates about half of the country's national income, provides employment to nearly 70 per cent of the labor force and livelihood to over 80 per cent of the population, earns most of our foreign exchange, provides cheap labor and a mass market for the industrial sector, and serves as a general shock absorber for the economy. Despite the fact that rural people constitute over 86 per cent of the country's population, they have no organization of their own, not even a chamber of agriculture, to represent their views and protect their interests.

An average farmer in Pakistan lives in miserable economic conditions. According to some estimates, the per-capita income in the rural areas is about one-sixth of that

24. J. C. Abbott, "Marketing Problems and Improvement Programs," F. A. O., pp. 216-302, 1958.

in the urban areas and the indications are that the gap between rural and urban incomes is widening. The villagers live in primitive houses under exacting climatic conditions with few medical or health facilities.

Agriculture suffers from many disabilities in comparison with the rest of the economy. Agricultural production being subject to changing weather conditions cannot be easily controlled and brought in line with prices and the demand situation. The quality of agricultural products is highly variable and wide variations in quality cause wide fluctuation in prices, make storage expensive, grading complicated and transportation difficult. Many of the agricultural products are bulky and perishable in nature. Once produced, they have to be sold at whatever prices they can fetch, and the farmer is completely at the mercy of the market. The manufacturers are able to control prices, not because they control the marketing machinery but because they can control the supply.²⁵

Because of these differences between agriculture and the rest of the economy, Government assistance becomes necessary for the agricultural sector. However, the various economic policies followed in Pakistan in the past have not been favorable to the agricultural sector. The land revenue system, which is regressive in nature, subjects even the

25. F. L. Thomsen, "Agricultural Marketing," New York, p. 315, 1951.

smallest farmer to land tax without any exemptions. In other sectors, annual incomes of less than six thousand rupees are not subject to direct taxation.

The foreign exchange earned by the agricultural sector is acquired and allocated to the industrial and commercial sectors at the official exchange rate.²⁶ The extent to which the official rate deviates from the open market rate indicates the amount of hidden taxation borne by the agricultural sector to finance the other sectors. The commercial policy has also been largely meant to develop the industrial sector. The capital imports for agricultural development are relatively much smaller compared to those for industrial development. The Export Credit Guarantee Scheme, Bonus Voucher Scheme, the sending of trade delegates and the reduction of freight rates are measures chiefly to encourage exports from the industrial and other non-agricultural sectors. The traditional exports from the agricultural sector have generally been deprived of such incentives.

The fiscal and monetary policies of the Government, too, have been framed to benefit the industrial and commercial sectors. The various incentives given to industrial sector from time to time are: accelerated depreciation rates, tax holidays, deduction from taxable income of expenditure on scientific research, of interest payable on foreign loans,

26. Government of Pakistan, The Second Five-Year Plan (1960-65), p. 48.

and investment in approved industrial undertakings. The agricultural sector too has been given a few fiscal concessions recently such as tax holiday in respect to land revenue in the case of lands brought under cultivation for the first time, and certain rebates in water rates in the case of tube well irrigation. But these allowances hardly bear any composition to the liberal concessions in the industrial sector.

The industrial and commercial sectors, though much smaller in size, are well organized and powerful. The memorandum of association of the Federation of Pakistan Chambers of Commerce and Industry lists among its main objectives the development of agriculture also,²⁷ but the Federation has done little so far to merit the confidence of the farmer. It's high time to encourage the development of a National Organization of Farmers in Pakistan.

The organization should first be started at the district level with official patronage. The Basic Democracies in the rural areas can play an important role in the creation of such an organization. Dedicated leadership would be vital to make the organization a success. This organization would be able to attain countervailing power for the agricultural sector. It would strive to mould government policies in favor of agriculture. It would encourage the development of effective cooperative organization for the purchase of farm supplies and the sale of farm products.

27. The Federation of Pakistan Chambers of Commerce and Industry. Memorandum and articles of association, p. 1, 1961.

REGULATED MARKETS

Mainly two great reforms were usually suggested in Pre-partition days to save the cultivator from the oppressions of the prevailing system. One was the establishment, all over the country, of regulated markets and the other was the marketing of produce through the cultivators' own cooperative societies formed for this purpose.

As regards regulated markets, the first provision for their establishment was made by the Berar Cotton and Grain Market Law of 1897. It vested the management of such markets in an elected committee representing the people living in the area served by the various markets and of local authorities. Arhtiyas were to be registered and the weighmen and dalals to be licensed; unlawful deductions were prohibited and only standard weights were to be used. Penalties were fixed for breach of law. The Agricultural Commission recommended establishment of similar markets for other areas and other commodities. Bombay modeled its Cotton Market Act of 1927 on the Berar law with some improvements. This latter was replaced following the enactment in 1930 of a more comprehensive law--the Bombay Agricultural Produce Markets Act. Similar laws were passed in some other provinces and states of India including N.W.F.P. (1939) and Punjab (1939). In essentials, all these laws resembled each other. A few

words may be said about the Punjab Agricultural Produce Markets Act.

The main features of this act which is still on the Pakistan Statute Book are as follows:

1. A market committee is set up in the market area to insure dealings between buyer and seller and generally to administer the market. The committee represents the various interests--the growers, commission agents, traders, etc. Members are selected by the Government from among the prescribed panel of names submitted by the non-official members of the District Council of the district in which the market area is situated and by the traders in the market.

2. The market committee standardizes the various market practices and charges, keeps standard weights, sees to it that the same broker does not represent both the buyer and the seller, and performs similar other functions insuring fair play in dealings. In cases of dispute, the commission provides arbitrations facilities.

3. The act provides for the licensing of brokers and weighmen and prescribes for penalties for breach of law.

So far eighty-five regulated markets have been established under this act in the former Punjab area. Each market comprises a defined notified area embracing several villages with a centrally located "MANDI." The "MANDI" is a well-planned marketplace having wide, paved plinths surrounded by merchants' shops, store-rooms and facilities for unloading,

cleaning, weighing and bagging grain. The "MANDIS" are located near railway stations and in some cases have a separate railway siding. Grain is the chief produce handled, though much of the cotton also passes through them to the local ginning factory. These are being made good use of. Communications are well developed. The committee then charges a fee for business done which makes the market self-supporting.

Similar legislation was passed in the former N.W.F.P. and Sind but unfortunately it was never enforced.

It is necessary to establish regulated markets in both units of Pakistan in order to bring order into the prevailing marketing system in the country. These markets may be established for single products like cotton, jute, grain, etc., or for more than one specified product, depending on local circumstances and needs. The need is great for wholesale transactions in agricultural products; retail marketing can also be regulated on similar lines. Legislation for this purpose may be enacted in both the units of Pakistan.

MARKETING OF FIBERS

Jute and cotton are highly important for Pakistan's growing economy, as they account for between 80 and 85 per cent of the country's foreign exchange earning each year. Both these crops are highly specialized and require special growing conditions. Jute is grown entirely in East Pakistan while almost all the cotton is grown in West Pakistan. Wool is produced mostly in the northern parts of West Pakistan.

Jute: Jute of East Pakistan is sometimes called the golden fiber, as it constitutes the largest item in the export market. Pakistan produces about 75 per cent of the total products of the world's jute supply and has a monopoly in fine varieties.

Jute acreage has varied since the partition, as is clear from the following table.

Table 1
Acreage and Production of Jute in Pakistan
1948-1957

Year	Acres (Million)	Production (Million Bales)	Yield per Acre (Maunds)
1948-49	1.88	3.48	5.6
1949-50	1.56	3.33	6.4
1950-51	1.25	4.45	6.1
1951-52	1.78	6.33	7.9
1952-53	1.91	6.82	7.9
1953-54	0.97	3.61	8.4
1954-55	1.24	4.66	8.9
1955-56	1.63	6.50	7.6
1956-57	1.65	6.80	7.8
1957-58	1.70	7.00	7.9

*(First Five-Year Plan 1955-60).

The growers of jute are normally small cultivators, each growing on the average about twenty maunds or so of jute. They retain a part of their produce for domestic consumption--for making ropes, mats, strings, crude sacking material, etc. This amount varies from 2 per cent to 5 per cent of the total production. The average grower, being a man of small means, has little power to withhold his crop for better prices. He tries to sell his jute at the earliest, either to village shopkeeper at his doorstep or at the local village "Hat" (primary market) and seldom sells at the secondary market (the baling centers) where he could get better prices because he lacks transport facilities and financial resources. Moreover, due to diversity of weights, measures and standards, he is likely to be defrauded at the larger markets by the unscrupulous buyers.

The buyers at the hats are more prosperous "Beoparis," representatives of the balers and other dealers (Aretdars). From these primary markets the jute moves to the baling centers. Bales may be "Katcha" (manually operated) or "Pucca" (hydraulic pressure bales). Here, the chief buyers are balers while the sellers are either large "Beoparis" or the "aretdars" and rarely the growers. At this stage jute is baled by Katcha or pucca balers. The Katcha baling may be done by representatives of jute mills, large foreign firms or small concerns of essentially local importance. The turnover of each individual may vary between 5,000 and 30,000

maunds annually. A Katcha bale weighs usually 3 to 4 maunds (240 to 330 lbs.). Katcha bales up to December 1954 were mostly exported to Calcutta. Since that date this practice has been banned. Pakistan developed her own jute industry immediately to manufacture jute products for export.

The remainder of the jute is pressed into pucca bales on hydraulic presses. A pucca bale is of 400 pounds. These presses are operated by shippers and balers whose charges are fixed. The number of pucca balers increased from 32 at partition to 78 in 1955. They have a capacity of over 70 Lakh bales annually.

After pucca baling jute moves into the shipping terminal stations of Chittagong, Chalna (now Mangla). It used to go to Calcutta sometime after partition, but links with Calcutta were disrupted by the devaluation crisis of 1949.

The main problems which need attention in the marketing of jute are: to see that the grower gets a fair price for his products, to reduce price fluctuations as far as possible, to promote standardization of the products, to make market information available to the people concerned, to safeguard against competition from substitutes through lowering costs and improving quality of the product and to control unauthorized export to the neighboring countries. The Government has been taking steps to tackle these problems. Among these are the passing of the Jute Act, creation of the jute marketing corporation, and promotion of the jute mill industry.

Cotton: Cotton production in Pakistan is more or less confined to West Pakistan province where it is grown under irrigated conditions.

The following table shows acreage and cotton production during the past few years.

Table 2
Acreage and Production of Cotton in Pakistan
1948-49 to 1957-58

Crop Year	Aores (Million)	Production (Million Bales)	Yield per Acre (Maunds)
1948-49	2.65	0.99	1.7
1949-50	2.28	1.31	2.1
1950-51	3.07	1.51	2.2
1951-52	3.38	1.56	2.0
1952-53	3.48	1.90	2.5
1953-54	2.93	1.44	2.3
1954-55	3.19	1.56	2.4
1955-56	3.54	1.70	2.3
1956-57	3.56	1.73	2.3
1957-58	3.55	1.75	2.3

*(First Five-Year Plan 1955-60).

Like jute, most of the cotton is also grown by small holders, growing on the average a few hundred pounds of "Kapas" (unginned cotton). A portion of it he retains for hand spinning and other domestic uses. The grower may sell his produce either (a) to the itinerant dealer at his doorstep, or (b) at the nearest mandi, or (c) to the ginning factory. If the sale is made on forward basis, the grower may receive an advance of a few rupees per maund as contracted. Such sales may be made with or without fixing prices.

Sometimes ready sales may be made on "unfixed-price" basis.

Responsibility of transportation is on the grower. He may transport it to the ginning factory at his own cost or suffer a discount in price, and arrangements are then made by ginners or balers with contractors. The contractors may transport it by camel or bullock carts as the condition of the transport facilities demand; and, where possible, it may be brought to factories by lorries or rail. In this way the cotton reaches Mandis or ginning factories.

Ginning is done mostly on roller gins, though the use of Sawgins is spreading. There are over 800 ginning and pressing factories in West Pakistan, with 8,555 roller gins, 1,470 double roller gins and 375 Saw-gins. These are regarded quite adequate. The average cost of ginning in the former Punjab is Rupees 16 to 24 per bale and pressing charges vary from Rupees 10 to 12 per bale.

After cotton has been ginned, it may be sold (a) ex-factory, (b) to textile mills, (c) to representatives of export houses at Karachi, or (d) it may be consigned to Karachi commission houses, on a factory selection contract basis. Generally, ex-factory sales are restricted to purchases by export house at Karachi. Most of the mills in the country have their own ginning and pressing factories. Most of the export houses also have their own ginning factories, but they also purchase from the outsider ginners. Purchases are made by agents on the basis of sample pressed bales from ginning

factories with well-established representatives, or factory selection contract is used. Under this latter the purchasing firm deputs a representative to the ginning factory to select "Kapas" from the available stock and get it processed under his supervision. Most of the crop of West Pakistan is sold on the basis of Karachi consignment. Under this system the ginner sends cotton to a commission house at Karachi, in return for an advance payment. The final settlement is made only when a sale is effected.

Cotton that moves towards Karachi after it has been ginned is kept in huge yards called "Plinths." It may be handled there by large export houses which have their own ginneries and purchase agents or by large commission-cum-export houses, or commission houses. Commission houses are selling groups while export houses are buying groups. Transactions between them take place through brokers appointed by the two cotton associations operating at Karachi--the Karachi Cotton Association and the Pakistan Cotton Association. Finally, the export houses sell cotton to foreign importers on the basis of standard grades which exhibit enormous variations in quality.

The central cotton market in Karachi consists of two main divisions: (a) the spot market and (b) the future market. In the spot market cotton can be bought for immediate delivery and is available for inspection. The future market, which is an incorporated organization of dealers, makes

possible buying and selling for future delivery. No one except the associated dealers may transact business on the future market which is generally called an Exchange. In Pakistan, trading in cotton futures started in December 1955. The Karachi Cotton Association framed rules and regulations on the lines of those existing in other countries. According to one estimate, about 70 per cent of the cotton produced in Pakistan goes to the buyers through the Exchange. Both spot and future contracts are bought and sold in the Karachi Cotton Exchange.

The main problems needing attention in the marketing of cotton are: production of adequate quantities and maintenance of quality of the product on the farm; safeguards against deterioration during the process of ginning; reducing transport costs; provision of good storage facilities and warehousing facilities at the port. In other words, it is essential to preserve this important foreign-exchange earner through creating adequate export surplus of good quality which can face competition in the international market.

Wool: Pakistan produces about 30 million pounds of wool annually and imports about 4 to 5 million pounds from foreign countries. Pakistani wool is classified as carpet wool in the world market and is known to the trade as East Indian wool. Some of this wool is obtained from the "Pawindas," who move their flocks across Iran and Afghanistan borders for winter pasturing in Pakistan area. In return they buy and

carry back with them items of personal use as they return to their home grounds in the spring.

Most of the wool produced in Pakistan is exported, though woolen mills in Pakistan are consuming much more wool now than a few years ago. Foreign demand is mainly for carpet wool, particularly from the United States, United Kingdom and Germany.

Pakistani wool some time back used to be consigned to the United Kingdom for auction in London. As a number of malpractices crept into the trade the country got a bad name for it, resulting in losses for the exporters. The Government, therefore, had to take action. It has now been made obligatory to grade all wool for export. Each parcel has to be accompanied by a certificate issued by the office of the cooperation and marketing adviser, Government of Pakistan, certifying its quality. This has restored confidence in the Pakistani product on the part of buyers abroad.

MARKETING OF FOOD GRAINS

The production of food grains (wheat, rice, gram, maize, barley and jowar) in Pakistan was 15.5 million tons in 1959-60. Of this, 9.46 million tons was rice mainly grown in East Pakistan and 3.88 million tons of wheat chiefly grown in West Pakistan.

Grain markets in both the wings are conducted by wholesale and retail grain merchants. Under the Government procurement scheme, these dealers purchase wheat and rice from the farmers under a license. When there is a rationing of grains and flour (abolished since 1959) it is accomplished by the Government supplying the grain to dealers who serve the rationing cards.

About 90 per cent of the wheat and rice marketed is sold during the first three months after the harvest due to lack of staying power and storage facilities with the producer. The farmer, therefore, obtains lower prices than he would if he could spread his sales more evenly over the year. This calls for better credit and storage facilities.

Food grains may be stored at the farm, at the grain dealers and by the Government. Farm storage accounts for 75 to 80 per cent of the wheat and rice storage. It is done mostly for domestic consumption and seed. The grains are stored in clay jars, bags, small mud-built buildings, etc.

The grain dealers store the grains in bags kept in rooms, warehouses etc. These are subject to attack by rats, insects and are damaged by climatic conditions. Government storage consists of go-downs of various types. Grain storage capacity at the time of partition was 388,600 tons, of which 255,000 tons was in East Pakistan. By 1959-60 the total capacity increased to 1,033,700 tons, of which 661,700 tons was in West Pakistan. Even this is quite inadequate and needs expansion. With recent urbanization trend the need for marketable surplus has increased and the problem of marketing of food grains has increased along with production. The main problems of marketing of food grains are: insuring better quality through better varieties; grading, improvement of storage facilities, reducing the middlemen, reasonable prices for the growers, adequate supplies to the urban people by increasing marketable surplus, attaining self-sufficiency in food grains.

MARKETING OF TEA, TOBACCO, AND SUGAR

Tea is exclusively produced in East Pakistan. Its production increased from 28.10 million pounds in 1947-48 to 57.00 million pounds in 1959-60. The marketing of tea in Pakistan is regulated in Pakistan by the Pakistan Tea Act of 1950. Under this Act, Pakistan Tea Board, Pakistan Tea Licensing Committee, and Tea Research Station in Sylehet District have been created.

Export of tea from Pakistan is made under a quota system. Ninety per cent of the exports go to London on a consignment basis for sale at London auctions. In recent years domestic consumption has increased. This may lead to a decline in exports unless production is increased considerably.

Out of the total area of over 80,000 acres under tea about 70 per cent is owned by Europeans, 10 per cent by Indians and about 20 per cent by Pakistanis. Pakistan's tea on the whole is inferior in quality as compared with tea from other competing countries like Ceylon and India, and is used for blending. The main reason for this inferior quality is that the plantations have grown old and there are no new plantations coming up. Moreover, transport from producing areas of Sylehet District to port (Chittagong) is inadequate, apart from being highly expensive. No official grades of tea are fixed. These problems will have to be solved if the

industry is to survive and compete in the world market to which Pakistan contributes 4 per cent of the total supply.²⁸

Tobacco. Pakistan produces about 225 million pounds of tobacco from an area of about 200,000 acres. Six per cent of the total is produced in East Pakistan and is consumed within the province. Export of tobacco is small; attempts are being made by the Government to boost the production of fine varieties for export. Pakistan exported about 1.5 million pounds of tobacco in 1956-57.

The main problem of marketing of tobacco is to establish grades and standards of tobacco leaf. The second problem is to insure the grower reasonable returns. At the moment various malpractices prevail like heavy market deductions, use of incorrect weights, etc. These practices need regulation.

Sugar. The area under sugar-cane (the only source of extracting sugar in Pakistan) has been increasing since independence, particularly in West Pakistan. Since all industry was located in the parts which went to India, there was a phenomenal development of the sugar industry in Pakistan. By 1965 Pakistan became a self-sufficient country in her white sugar requirements.

Increase in the sugar-cane area from 480,000 acres to 1,199,000 acres in about 15 years time after partition indicates the rate of development of the sugar industry. But the scope of future development is limited due to limiting water requirements and the exhaustive nature of the crop.

28. Akhtar, S. M., "Pakistan, a Developing Economy," Agricultural Marketing, p. 208, July 1, 1966.

and also the length of growing season (12 months). So far, sugar is produced exclusively from sugar-cane but efforts and experiments are conducted to grow sugar beets. This new source may prove highly helpful for increasing production.

The main problems of the sugar industry include breeding of better varieties of sugar-cane to increase yield per acre, to increase the percentage of sucrose recovery, to determine the price of sugar-cane on the basis of sucrose content, and to increase the efficiency of sugar mills and to lower costs for the benefit of ultimate consumer.

MARKETING OF FRUITS AND VEGETABLES

Fruits and vegetables are a source of sizeable income to the farmers in Pakistan. Fruits are grown mostly on large orchards which have increased considerably during recent years under fear of land reforms. Some trees are also grown on borders of fields by small farmers. Vegetables are usually grown for domestic consumption. But near the city markets vegetables are grown on a commercial scale. Near the cities a certain amount of crop specialization has also appeared.

Recent statistics regarding the production of fruits and vegetables in Pakistan are not available. According to one estimate,²⁹ in 1953-54 Pakistan produced 2.73 million tons of fruits, of which 2.17 million tons were produced in East Pakistan. In 1952-53 the total vegetable production was estimated at 1.78 million tons, of which 1.60 million tons were in East Pakistan. The per capita production in fruits is 65 pounds per annum and of vegetables 18 pounds. This is far from adequate. The fruits and vegetables are bought from the producers by wholesalers who in their turn supply them to retailers in the local market. The most common method of sale by producers is through auction.

29. Akhtar, S. M., "Pakistan, a Developing Economy," Agricultural Marketing, pp. 214-215, July 1966.

Fruit and vegetable markets are usually centrally located in towns and cities. As a rule the area is owned by the municipality and is rented out to individuals for the sale of produce. This area is usually occupied by wholesalers who supply the produce to the retailers for ultimate sale to the consumers. Since fruits and vegetables are highly perishable commodities, they are bought in quantities that can be sold during a day or two. Prices are, therefore, higher in the earlier than in the later part of the day. Little systematic grading is done. It is the retailer who classifies with lots on the basis of quality indicated by size and stage of maturity.

To improve the system of marketing of fruits and vegetables it is necessary to have quick means of transport, reasonable and adequate storage facilities, grading and standardization and refrigeration facilities near the big markets.

DIRECT STATE INTERVENTION

In recent years the state has had to interfere in the marketing of agricultural crops, both food and cash crops.

As regards food crops, Government intervention has been necessitated by the persistent food shortage. Government has taken action in the following forms: fixing consumer prices below free market prices, rationing, procuring grains from domestic producers at fixed prices, arranging the imports from abroad. Under such conditions the Government purchases supplies from surplus areas and makes them available in deficit areas. Wheat is to be moved within the Province of West Pakistan, whereas rice has to be collected and for exports to East Pakistan. The primary consideration is the welfare of the people rather than the commercial profit. Provincial Governments are the monopoly buyers. When crops are plentiful, procurement operation may assume the character of a price-support scheme. Procurement operations of the Government help in years of scarcity to provide a ration in urban areas. Another purpose of such activities is to stabilize prices of food grains over a period of time. When supplies in open markets are scarce, the Government releases stocks and even imposes rationing. When open market prices fall below the Government prices, public prefers to purchase in the market, but when they rise

above the officially fixed price, people turn to the Government. In this way prices get stabilized. Government transactions are usually on a no-profit, no-loss basis.

The fixing of procurement price by Government, however, does not necessarily benefit the grower. Government purchases are usually made at the market level, and the growers may have, under pressure, already sold their produce to local dealers, landlords or the money-lenders.

The Government has also intervened in the marketing of cash crops, particularly jute and cotton. As to cotton, there has been wide instability in its market in recent years. Until 1955 there were no hedging facilities. The crisis of 1950 (October-November) necessitated Government intervention. As a result of the Korean War and short crop in the U.S.A., cotton price rose considerably. The Government met the situation by increasing the export duty on raw cotton from Rs. 60 to Rs. 300 per bale in November 1950. The idea was to depress the internal market, and enable the exports to increase. As a result of this the Government promulgated a cotton ordinance in December 1950, which was later replaced by a Cotton Act in April 1951. A Cotton Board was created to administer this law and also to scrutinize practices concerning marketing of cotton, forward transactions, insurance, storage etc.

The Government intervention in the marketing of jute took place after India's refusal to recognize Pakistan's

exchange rate after the devaluation crisis of September 1949. India refused to lift Pakistani jute at the new prices and old links with Calcutta, through which much of Pakistani jute used to be exported, were broken. This meant the disappearance of banking and exchange facilities previously provided at Calcutta for the jute trade. There was a big fall in the price of jute. To meet this situation, the Government of Pakistan issued an ordinance on October 22, 1949. This empowered the Government to fix minimum support prices and to appoint agents and brokers to purchase, store, and sell jute on behalf of the Central Government. The Jute Board was established to administer these powers. Until recent years the jute crop was strictly regulated. This is no longer the case. Minimum prices, however, have been fixed from time to time and an export price check operated by the State Bank. Licenses of traders are renewed after close scrutiny to safeguard malpractices.

DEFECTS OF PRESENT SYSTEM

The main defects in the System of Agricultural Marketing in Pakistan are as follows:

1. Indifferent quality of the produce sold.
2. Inadequate facilities of transport and communications.
3. Multiplicity of intermediaries.
4. Lack of storage and warehousing facilities.
5. Lack of uniformity in weights and measures.
6. Absence of properly regulated markets.

1. Pakistan's agricultural exports did not enjoy good reputation in the foreign market during the early years after partition, though things have improved very much in recent years. The low quality of the produce is due to a number of causes: (a) indifferently selected seed; (b) natural calamities affecting the crop while growing, like too much or too little rain, pests and diseases, etc.; (c) primitive methods of harvesting which lead to mixing of dirt and stones with the grains; (d) lack of proper storage facilities in the village, which results in deterioration through exposure to rain, dirt and rats; (e) deliberate deterioration at the various stages of marketing by dampening, mixing, etc.; and (f) lack of standardization and grading of produce.

The Provincial Agricultural Departments have done useful

work in introducing improved varieties of seed, though a very large field has yet to be covered in this connection. The percentage of the total area under the various crops which are sown with improved seed varies from crop to crop. Taking all the crops together, it is still about 90 per cent of the total area sown.³⁰ Some work has also been done to tackle the problem of pests and diseases. The methods of harvesting, however, remain as defective as ever and unless mechanization is introduced (which is not a practical solution under the present conditions), they will remain the same. Storage facilities can be introduced either by individual or cooperative effort, but little has been done so far. The trouble is that the cultivator cannot keep the produce on his hands for a long time, due to his financial weakness and hence troubling about constructing elaborate means of storage does not seem worth while to him. Conscious deterioration of quality is partly due to pure dishonesty but partly because the standard of quality for exports is fixed so low and better quality produce does not command proportionately better prices. The seller, therefore, reduces better quality products to the given standard. In the case of cotton, the Government has taken definite steps to prevent deterioration of quality in certain cotton-growing areas. In 1923, the Cotton Transport Act was passed in India which enabled any

30. Akhtar, S. M., Pakistan--"A Developing Economy," p. 191, July 1, 1966.

local Government to notify definite areas of cotton for protection and to prevent the importation of cotton from outside the area except under license. The object was to prevent inferior outside cotton getting mixed with the superior variety of the area protected. The Act produced good results. To discourage adulteration, another act was passed in 1925. This was the Cotton Ginning and Pressing Factories Act. According to this act the gins and presses have to mark their bales distinctively in serial numbers so that any fault, if discovered, can be traced back.

After Partition the Punjab Legislature passed the Punjab Cotton Control Act (1948) in order to prevent deterioration through mixing of cotton. Under this act only specified varieties of cotton are to be grown in particular areas; seed of only certified quality and purity is to be sown, ginning factories have to be licensed and it is prohibited to mix two or more varieties of cotton at the ginning stage or to transport cotton seed from one zone to another. As regards grading and standardization, the first important step was taken in pre-division India when the Agricultural Products Grading and Marketing Act was passed in 1937. Under this act licenses were issued to reliable merchants authorizing them to grade agricultural produce under the close supervision of the marketing staff appointed by the Government. Such produce was placed in the market under the label and seal of "AG MARK." A large number of products

(including grapes, oranges, tobacco, apples, flour, rice, ghee, eggs, hides and skins and lac) were graded in this way.

The present position of Pakistan is that, apart from the broad classification of jute and a very small scale of eggs and ghee (fat) there is no organized grading of any agricultural commodity. The Agricultural Enquiry Committee in 1952 observed:

At present there are no official standards of quality or grade specifications in respect of any agricultural produce. In the case of cotton and jute trade names and trade standards do prevail, but these apply only at or after the baling stage. Other commodities such as wheat, rice, wool, hides and skins etc., have no standards whatsoever except for trade names in the case of some of the grains. Adulteration thrives under these conditions.

In the opinion of the Agricultural Enquiry Committee, with which the author of this report also agrees, the grading should be done at the first stage of marketing through a co-operative agency under the control and supervision of the Cooperation and Marketing Department of the Government. Grades and standards should be prescribed by the Cooperation and Marketing Advisor after proper research into the analysis of the physical and chemical qualities of the commodities concerned.

2. One of the reasons why only a small proportion of the produce is taken by the cultivator to market is the bad condition of roads. The following description still applies to most parts of Pakistan:

Communications from the field to the village and from the village to the market, are often extremely poor and defective. Bad roads, lanes and tracks connecting villages with the markets not only add to the cost of transportation and increase the strain on bullocks and other pack animals, but also lead to the multiplication of small dealers and intermediaries. They also restrict markets by hindering cheap and rapid movement of agricultural produce.³¹

The difficulties are greater in hill districts where the cultivator is often at the mercy of the grain dealer who alone can command enough animal power to undertake transport of the produce.

As regards the means of conveyance, the produce is carried to the market in bullock or camel carts, on pack animals, such as camels, ponies, buffaloes, donkeys or in human head loads. Different methods are used according to the circumstances of different localities. River transport has declined in West Pakistan but is still of considerable importance in East Pakistan. In West Pakistan the cart and pack animals are mostly used. Motor (truck) transport has, however, grown in importance in recent years.

Due to inadequate facilities of transport and communications, the cost of marketing has become very high. In the words of the Agricultural Enquiry Committee,

The success of any plan for agricultural development is largely dependent on the facilities afforded for primary produce to reach the consumer at minimum cost.

31. Mukerjee, "Economic Problems of Modern India," Vol. I, p. 295.

The first essential, particularly in West Pakistan, is to have properly metalled roads because without them full advantage cannot be obtained from the extension of the use of motor vehicles and the costly methods of transport by bullock cart and camels will have to continue. It is very encouraging that roads development has made notable progress since the partition in West Pakistan. In East Pakistan, waterways are the chief means of transport. Roads have made much less progress in East Pakistan, due to topographical conditions peculiar to that part.

The defects of railway transport from the marketing point of view which were brought to the notice of the Agricultural Enquiry Committee will need to be removed as early as possible. The complaints which need investigation are:

- (a) Inordinate delay in transit at transshipment stations and in delivery at terminals.
- (b) Pilferage in transit.
- (c) Inadequate covered storage at pivotal station.
- (d) Inadequate rail express service.
- (e) Absence of refrigeration facilities, special bulk containers and light vans.

Transport by air can be worth while only in the case of commodities of high value and small bulk, mainly perishable. Thus choice fruits like grapes could be sent from parts of West Pakistan to East Pakistan with return freight for high-value consumer goods such as betel-leaf.

3. The following typical chain of middlemen had emerged before partition in most parts of India including Pakistan where organized marketing had developed: (a) "Beopari;" (b) "Kacha Arhtiya;" (c) "Dalal;" (d) "Pucca Arhtiya;" (e) Wholesaler and (f) Retailer.

In the well-developed "Mandis" (market place)--which had appeared in areas where transport and irrigation had broken down the self-sufficiency of the village and a degree of specialization in crops had taken place--the wholesaler "arhtiya" had made his appearance and facilitated transactions. He often supplied capital to the village "beopari" on the stipulation that the products of the neighborhood would reach him regularly. He also acted as a commission agent of big exporting firms in the cities, thus forming an indispensable link in the chain between the cultivator and the shipper-buyer. It was this wholesale arhtiya who was known in the market as "Pucca arhtiya." He was distinct from "Kacha arhtiya" who acted as a commission agent for all sellers in the countryside including cultivators and village "beopari." In addition to the "arhtiya," there were other intermediaries called the dalals (brokers). Dalals were found in all the markets. Sometimes one set acted for the sellers and the other for the buyers. In the majority of the markets, however, brokers operated in the interests of buyers only. It was not necessary to employ a broker but buyers generally did so to save themselves time and bother.

His real business was to put buyer and seller in touch. This organization was disturbed at the time of partition, particularly in West Pakistan, because these middlemen were mostly Hindus and Sicks who migrated to India. New middlemen, however, have been emerging on the same lines.

There has been difference of opinion as to how far these middlemen are economically justifiable. Some people regard some of them as superfluous. It has been suggested, for instance, that the "dalal" is unnecessary. If the cultivator took the produce to the market himself, the "beopari" could also be eliminated. The "kacha arhtiya" could be displaced by the cooperative shop. The "pucca arhtiya" and the wholesaler are frequently the same person. By marketing through the village cooperative sale societies, the consumer could be approached directly. The Royal Commission on Agriculture, reporting in 1928, however, advised caution in such reforms. "Public opinion," they wrote, "is invariably watchful and is often suspicious of the middlemen.... It is clear, however, that the public is not fully informed on the costs and risks incidental to the business of distribution in modern conditions. We deprecate easy generalities suggesting that every ill from which the cultivator suffers is traceable to the existence of herds of rapacious and unnecessary middlemen. Such statements disturb confidence while distracting attention from faults in the system of marketing which are capable of being remedied or removed."

The real fact of the matter is that these middlemen arose as a necessary evil due to prevailing conditions in the country.

Bad communications and chaotic conditions of marketing encourage a superfluity of middlemen... and the most effective means of removing unnecessary middlemen is the provision of good roads and the establishment of a sufficient number of well-regulated markets easy of access to the cultivator.³²

A similar opinion was expressed by an Indian writer thus:

In the present unorganized system of credit and marketing itinerant "beopari" is a necessity and he should not be condemned offhand, just like the village "maha jan," unless and until new and better marketing methods are brought to the door of every peasant.³³

The Pakistan Agricultural Enquiry Committee attributes the existence of too many middlemen to various causes, "the most prominent among them being inadequate financial resources of the producers and their low standard of education, unsatisfactory communications, absence of properly regulated markets and cooperative effort among the producers."³⁴

Thus instead of complaining of the symptoms, we should tackle the basic factors which have given rise to these symptoms. It is certain, however, that greater attention to the

32. Report, Royal Commission on Agriculture, pp. 383-1r, 1928.

33. Mukerjee, "Economic Problems of Modern India," Vol. II, p. 306.

34. Report, Pakistan Agricultural Enquiry Committee, p. 45, 1952.

development of cooperative marketing can lighten considerably the burden of marketing costs now falling mainly on the producer.

4. Another defect in the System of Agricultural Marketing in Pakistan is the lack of proper storage and absence of licensed warehouses. The availability of storage facilities has several advantages. Price fluctuations are reduced, supply is spread more equally over time and production and consumption are both increased.

Storage is required: (a) for the produce the agriculturist keeps in his house for his family consumption, for seed or later sale, (b) by the trader in the case of produce waiting for sale, and (c) by the Government for agricultural products in which the state may have dealings in one connection or another.

So far as the agriculturist is concerned, due to the lack of financial reserves he sells his produce within a month or so of harvesting it. The only produce that he stores for any length of time is what he keeps for his family consumption or for seed. The big landlord, however, needs storage for his surplus produce which he may withhold for later sales. The cultivator seldom thinks it worth his while to undertake expenditure on storage structures. He stores grains largely in huge earthen containers, in pots and jute bags or in underground pits. Underground storage exposes the produce to white ants, rats and dampness.

In large agricultural markets produce is stored in godowns. Such produce may be sold several times before it is finally taken out. Against it, advances are given by joint-stock banks, merchants, or commission agents. The produce is held at the depositor's risk and the financing agent's taking no responsibility for losses in storage, deterioration in quality or fire risk. There are no "warehouses" as such as the term is understood in advanced countries. The lack of warehousing facilities at the assembly markets results in the congestion of produce at consuming centers.

The annual shipments of food grains from Karachi since partition have varied between 30,000 and 200,000 tons. During the current years, large stocks of wheat have been imported to meet the food deficiency. Under the price-support policy during 1951-52, the Government had to seek storage facilities for raw jute and cotton, pending their disposal.

Due to inadequate and defective storage facilities the loss of produce in quality and quantity is considerable. In food grains alone this loss has been estimated at 600,000 tons a year, i.e., 5 per cent of the total production of food grains in Pakistan. Savings of this loss alone would make Pakistan self-sufficient in food grains.³⁵

The question of cold storage for perishable foods also needs attention. The need is greatest for fruits, vegetables,

³⁵. Report, Pakistan Agricultural Enquiry Committee, p. 58, 1952.

meat, fish and seed potatoes. Absence of cold storage facilities for fruits and vegetables results in market gluts at the peak of harvest season and restricts the market in the case of meat, eggs and fish. Cold storage facilities in transit, and assembly and marketing centers would result in considerable expansion of trade and production of these commodities.

To improve the conditions of storage, the following steps are suggested and should be taken by individuals, corporations, cooperative societies, or Government, as the case may be:

- (a) In the villages, go-downs may be constructed by cooperative societies to give facilities for storage to members and enable them to keep their produce safe, until the favorable time for selling. The cooperative society can combine the functions of providing marketing finance with the provision of storage facilities.
- (b) There should be properly constructed licensed warehouses at more important markets and railway stations. These would not only safeguard the quantity and quality of the produce pending final sale but would also enable advances to be obtained at more reasonable rates from banks and other financial agencies against the security of the produce stored. For such

construction Government assistance and initiative are necessary. These warehouses should conform to plans approved by the Government.

- (c) Cold storage facilities are of great importance for fruits, vegetables, seeds, potatoes, meat, and eggs. This will necessitate a preliminary survey in these commodities which will include the present production, movement, transport and storage from the producer to the major consuming centers.

5. Standardization and uniformity of weights and measures are very essential to insure reliable trade transactions and to inspire confidence in the minds of the producer as well as the consumer. At the moment there is considerable disparity in weights and measures used in the country and unscrupulous traders are not slow to exploit the situation. Hence there is a tremendous need for uniform standardization and weights.

In West Pakistan, the standard maund is of 40 seers (82½ lbs.) and the seer is of 80 tolas. These weights are in common use by trade, industry and Government institutions. In East Pakistan also the maund is a unit of weight, but it may be of 30, 40, 40½, 41, or 60 seers. The seer may be of 60, 75, 80, 90, or 96 tolas, depending upon the customs of the locality concerned.

It is necessary to have a uniform policy regarding

weights and measures. Uniform standards should be fixed by the central Government and effectively enforced by the provinces by legislation of their own on the lines laid down by the Government. Now that the decimal system has been introduced regarding the currency, it will be appropriate to extend it to weights and measures as well.

6. There is a large number of primary markets scattered all over Pakistan. Their size, character, organization and importance vary from locality to locality according to circumstances. They may belong to a local body or an individual. The majority of them which deal in bulk produce consist of open spaces where buyers and sellers carry on transactions. Wholesale markets are fewer in number. They usually perform special functions as regards storage, finance, trading, transport, etc. Most of these markets operate without set rules and regulations. Generally speaking, they are unorganized and all sorts of fraudulent practices are common in them. Some of them have agents acting for buyers and sellers both and getting commission from both parties, mainly to the disadvantage of the seller. Settlement of price under cover by "arhtiya" representing the buyer and the seller, use of incorrect weights, extortion of a variety of charges from the ignorant and illiterate farmer-seller are some of the common abuses. The result of all these is that the cultivator is deprived of his due returns from the sale of his produce. Even when the charges are initially paid by some

other party they are ultimately borne by the producer. A report on the marketing of wheat prepared in 1941-42 explains:

All octroi duties, terminal taxes, tolls, market charges and charities paid on wheat between the cultivator and the consumer are inevitably forced back on the cultivator who is willynilly compelled to pay for the upkeep of municipal roads and other amenities of the town through octroi and similar duties. He also pays by way of charities in many cases for educating the urban children and for maintaining other charitable institutions from which he himself derives no direct benefit.³⁶

36. Report, Marketing of Wheat in India, pp. 288-89.

PAKISTAN'S FIVE-YEAR PLANS--AND AGRICULTURAL MARKETING

The agricultural marketing department was organized in undivided India in the central ministry of agriculture in 1934 on the recommendations of the royal commission on agriculture in India in 1928. Most of the provinces and states, including Bengal and Punjab, followed suit and established marketing sections or departments. In Pakistan the central agricultural marketing department was renamed firstly as the Cooperation and Marketing Department. It was further re-organized and redesignated as the Department of Market Intelligence and Agricultural Statistics. At the time of partition the provinces of East and West Pakistan inherited a directorate and a section of agricultural marketing respectively.

The following comprised the development program in the rule-sector of agricultural marketing during the First and Second Plans (1955 to 1965).

1. Survey reports on important crops both of internal consumption such as wheat and rice and for exports such as jute, tea and cotton should be initiated.

2. Grading and standardization of products, especially for exportable commodities like cotton, jute, hide and skins, tobacco, dates, rice and wheat, should be undertaken.

3. Provide market information so that the producers get a fair price.

4. Enforcement of weights and measures act and extension of the Regulated Market Act to the entire country.

Achievements. A disappointing feature of implementation of the first plan was the failure in the key sector of agriculture.³⁷ The position in the sub-sector of agricultural marketing was even worse. Barring a few commodity surveys in East Pakistan, there was not much progress in the field of agricultural marketing.

During the second plan period, commodity surveys on hides and skin, milk and milk products, tobacco, fish and a few other minor crops were completed in East Pakistan.³⁸ Since then responsibility of conducting the survey was transferred to the provincial governments. No survey could be undertaken by the center. During the second plan, grade standards for butter and mustard oil for internal consumption and eggs, animal hair, sunhamp, coriander and hides and skins for export purposes were established.³⁹ Standard grades for important crops like cotton, jute, rice, fruits and vegetables could not be set at all.

During the period under review only about 10 to 15

37. Second Five-Year Plan, p. 2, June 1960.

38. Preliminary Evaluation of Progress during the second plan period, p. 41, March 1965.

39. Third Five-Year Plan, p. 441, May 1965.

markets could be brought under the purview of the Regulated Market Act in West Pakistan. In East Pakistan the Agricultural Produce Marketing Regulation Bill was passed but was not enforced, which will be undertaken during the third plan period.

The agricultural marketing section in the agricultural department of West Pakistan was disbanded; as such, there was not much activity in the field of marketing in West Pakistan.

Periodic reports and publications giving daily, weekly and monthly wholesale and retail prices of important agricultural commodities and markets were issued by the Central and East Pakistan marketing organizations. Because of lack of consistency and uniformity in the figures quoted by these agencies and the time lag with which they are published, these remained of very little value to the producer to plan his production or recover a fair price in the market.

The progress noted above cannot be satisfactory by any standard. Almost all of the tasks set during the first and second plans still remain to be accomplished.

Financial Allocation and Utilization. Allocations made to the sub-sector of agricultural marketing during the first, second and third plan are as follows:

In the first plan a sum of Rupees 59.41 million was provided for the sub-sectors of agricultural marketing and storage. Despite that, it was less than 4 per cent of the

total allocations made to the agricultural sector. Though exact figures of expenditure are not available, it is presumed on the basis of progress that a major portion, especially of agricultural marketing, remained unused.

During the second plan a sum of Rupees 4.53 million was provided for agricultural marketing. This was about 0.2 per cent of the over-all allocation made to the agricultural sector during the second plan. Actual expenditure amounted to Rupees 5.50 million.

The causes of poor progress in the field of agricultural marketing are as follows:

1. Lack of funds
2. Lack of trained personnel
3. Lack of comprehensive approach to the marketing problems

Lack of Funds. During the first plan less than 4 per cent of the allocation made to the agricultural sector was provided to the agricultural marketing and storage. Position during the second plan was even worse. The share of agricultural marketing was as low as 0.24 per cent of the allocation of the agricultural sector. Position has not been improved in the third plan either. Only 1.02 per cent of the total allocation to the agricultural sector has been earmarked for agricultural marketing.

During the first and second plan periods much emphasis was laid on increasing production. Allocations for items

like fertilizer, mechanization, seeds and plant protection were 25 to 45 per cent of the total allocation of the agricultural sector. Some emphasis continues during the third plan, as over 46 per cent of the plan allocation of agriculture will be spent on these items. Production of major crops is expected to increase by 50 to 100 per cent. But the marketing system has not been prepared to handle the increased supply of goods. Problems of marketing became more complex and serious. As a consequence, we do not see proportionate improvement in the purchasing power or the per capita income of the rural people.

Lack of Trained Personnel. Besides shortage of funds, lack of trained personnel manning the marketing organizations was another major cause of the low progress in the field.

Minimum requirements of this field have been estimated at about 1600; of this, Ph.D., M.S., B.S. and diploma holders should be 72, 103, 336, and 1084 respectively. Against this there are, at present, only 200 people in the entire field of agricultural marketing and not more than 5 per cent of them have any formal training in marketing.⁴⁰

The position appears very gloomy, as training facilities for agricultural marketing are practically non-existent.

40. ISRAR-UL-HAQ. Training and manpower requirements of agricultural marketing in Pakistan, proceedings of the all-Pakistan seminar on agricultural education and manpower requirements, WPAU, LYALLPUR, May 1965.

The universities of agriculture in East and West Pakistan have each a department of agricultural marketing. It is estimated that it would take these departments about 75 years to produce 1600 trained men, the minimum manpower requirement of the field.

Approach Problems. Lack of a comprehensive approach to tackle the problems of marketing is also an important reason for slow progress in this field. Marketing is a socio-economic institution which involves many fields of activities. Credit, storage, transport, communications, legislation, cooperatives form some of the basic ingredients. The attempt to develop agricultural marketing has been made in isolation. The program was not integrated into one system. Storage will not be used until credit is available; market information is of little avail if speedy means of transport are not readily available to reach the markets. There is still a great need of developing a wholesome and comprehensive organization of agricultural marketing.

CONCLUSION

The foregoing analysis clearly points out the defects in the existing marketing system, which have hampered the growth and development of agricultural sector. Any comprehensive plan for economic development must include the following short-run and long-run objectives for reshaping the agricultural sector on sound and stable lines:

- a. Establishment of regulated markets along with the requisite storage facilities,
- b. Grading of exportable products,
- c. Development of licensed warehousing,
- d. Grading of food products for domestic market,
- e. Increased use of refrigeration of perishables,
- f. Gathering of information about market prices in a more scientific manner and its quick dissemination to the farmers,
- g. Stabilization of agricultural prices and incomes of the farmers,
- h. Lower cost of distribution,
- i. Formation of producer's organization and,
- j. Provision of credit facilities, particularly the introduction of supervised credit facilities.

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Agricultural Marketing in Pakistan

Pakistan is predominantly an agricultural country. About 70 percent of her population are engaged on the farm. About 50 percent of her national income come from agriculture. The per capita income of the people of the country is about Rs 355/- a year (\$70). This is extremely low when compared with the per capita income of the developed countries of the world. The share of the farmer is even lower. The farmer is living on subsistence levels. The economy of Pakistan can only be strong if the agriculture is placed on healthy footing. To do this, improvement in production methods and marketing of the agricultural produce is of paramount importance.

The role that marketing services are required to play in promoting the interests of both producers as well as the consumers is of special importance in a developing economy for several reasons. It is one of the essential prerequisites of a breakthrough to higher standards of living, as a quick transition must take place from subsistence farming to an expanding agricultural production for sale. For a country which has to depend on agricultural production for more than 50 percent of its GNP and for more than 80 percent of its exports, it is obviously necessary not only to stabilize prices of agricultural produce at a reasonable level but also to facilitate movement of this produce to the national and international markets, well graded and standardized, and at minimum cost. Rise in the level of living is associated with increasing specialization in pro-

duction functions and for making such specializations profitable, there has to be a corresponding development in marketing. It is also in the interest of consumers, particularly the rural ones, not to confine themselves only to local food products which may have a low nutritional value and this is possible only with the existence of a developed marketing system on a national basis. Any plan of economic development that aims at diminishing the poverty of a large majority of population in a developing country depending mostly on agricultural production, has therefore, to insure that the marketing services develop at a fast rate.

In Pakistan, agricultural marketing is beset with many problems. Majority of farmers are petty operators with small marketable surpluses. Storage facilities available are extremely primitive. Communication in the rural areas are extremely poor. Transportation of agricultural products to markets and mills is slow and cumbersome. Credit facilities for the farmers although available have not yet proved to be adequate. The prevalence of adulteration is within common knowledge. In order to evolve an efficient marketing system, not only basic shortages have to be removed, but improvements will have also to be made all along the line. It will be necessary to improve simultaneously the transport facilities, wholesaling, processing and retail distribution. These phases of marketing are so closely inter-linked with each other that improvement in one will necessitate corresponding improvement in other phases. It is with this idea in mind the author likes to probe into the present stage

of agricultural marketing in Pakistan with an objective to suggest improvements which might be of some use to planners as well.