

## 6

# Lend Reforms in Pakistan: A Reconsideration\*

### INTRODUCTION

Before the introduction of the high-yielding varieties of food grain in the late 1960s the argument for land reform 'was a simple one. It was observed that small farms had a higher yield per acre than large farms,<sup>1</sup> so it was argued that a re-redistribution of owned land in favour of the smaller mere would improve average yields hi agriculture. Hence and reforms were considered advisable both on grounds that they would reduce the degree of inequality of rural incomes, as well as on grounds of efficiency. The efficiency argument or land reforms in Pakistan gathered momentum in the 1950s when agricultural stagnation began to fetter the growth of industry.<sup>2</sup> Agriculture provided not only food grains for the rising urban population but also provided most of the foreign exchange with which industrial machinery and raw materials were imported. Accordingly, slow agricultural growth generated both a crisis in the balance of payments as well as food shortages in the urban sector.<sup>4</sup> In such a situation event the technocrats who were merely interested in the growth of GNP joined the cry of the social reformers for a land reform. It began to be seen as a necessary instrument for accelerating

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agricultural growth and thereby releasing the constraint on industrial growth.

When the Green Revolution technology became available in the late 1960s, the ruling classes could breathe a sigh of relief. The new technology made it possible to accelerate agricultural growth substantially through an 'elite-farmer strategy' which concentrated the new inputs on large farms. Now the crucial determinant in yield differences became not the labour input per acre in which small farms had been at an advantage, but the application of the seed-water-fertilizer package over which the large farmers with their greater financial power had superior access. Thus the technocrats felt that the Green Revolution had made it possible to accelerate agricultural growth without having to bring about any real change in the rural power structure.

Today after more than decade and a half of the 'elite-farmer strategy,' the imperative of land reform is re emerging, albeit in a more complex form than in the pre-Green revolution period. As the large farms approach the ceiling on yield per acre with the available technology, further growth in agricultural output will increasingly depend on raising the yield per acre of smaller farms.

The small farm sector whose yield potential remains to be fully utilized, constitutes a substantial part of the agrarian economy. According to the Pakistan Census of Agriculture 1972, 'below 25 acres constitute 88 percent of the total number of farms, and 57 percent of total farm area. From the viewpoint of raising the yield per acre of small farms, the critical consideration is that 54 percent of the farm area in the small farm sector (below 25 acres) is tenant operated. Since tenants lose half of any increase in output to the landlord, they lack the incentive to invest in raising yields. Tenants also lack the ability to raise yields in a situation where, because of their financial and social position, they are

unable to ensure optimum quantity and timing of inputs. The ability of the tenant to invest in increasing yields is further eroded by a whole nexus of social and economic dependence on the landlord which deprives the tenant of much of his investable surplus.

The objective of raising yields in the small farm sector is clearly inseparable from removing the institutional constraints to growth arising out of the fact of tenancy. A land reform program that gives land to the tiller is therefore an essential first step in providing both the incentive and the ability to the small farmer to raise yields. The imperative for land reform today arises not only from the need to accelerate agricultural growth, but also from the need to prevent the developing social crisis associated with the impact of the Green Revolution on Pakistan's rural society. I shall argue in the paper that in a situation where the distribution of landownership was highly unequal the adoption of the Green Revolution technology set in motion powerful economic forces which rapidly enriched the large farmers and brought a sharp increase in rural poverty, unemployment and the pressure on big urban centers. I shall discuss the following four contradictions generated by the growth process in Pakistan's agriculture during the Green Revolution period:

- (1) The rapid mechanization of large farms in an economy characterized by a 'labour surplus.
- (2) The polarization in the size distribution of farms accompanied by a growing landlessness of the poor peasantry. The polarization consisted of an increase in the percentage shares of large and small farms at the expense of medium-sized farms (8 to 25 acres).
- (3) The growth of capitalist farming together with a growing social and economic dependence of the poor peasantry on large landowners.

- (4) An absolute deterioration in the economic condition of the poor peasants alongside the growing affluence of the large farmers.

### **The Attempts at Land Reform and their Failure**

Before embarking on an analysis of the four contradictions specified above and their link with an unequal distribution of landownership, the land reforms of 1959 and 1972 will be briefly examined.

#### **The Land Reforms of 1959**

The 1959 land reforms fixed the ceiling on the private ownership of land at 500 acres irrigated and 1,000 acres unirrigated. The fundamental feature which rendered this reform incapable of reducing the power of the big landlords was that the ceiling on ownership was fixed in terms of individual rather than family holdings. This enabled most of the big landlords to circumvent the ceiling by transferring their excess land to various real and fictitious family members. Moreover, a number of additional provisions in the 1959 land reform allowed landlords to retain land far in excess of the ceiling even on an individual basis. For example, an individual could keep land in excess of the ceiling so long as his holding was an equivalent of 36,000 Produce Index Units (PIUs). A PIU was estimated as a measure of the gross value of output per acre of land by type of soil and was therefore seen as a measure of land productivity. The flaw in this provision was that the PIUs were based on repartition revenue settlements. Since the gross value of output was dependent on the quality of land and prices, values of PIUs fixed before 1947 would grossly underestimate land productivity in 1959. M.H. Khan estimates that even if the PIU values published in 1959 were taken as a correct representative of land productivity, the allowance of 36,000 PIUs for an individual holding

would leave a substantially larger area than specified in the ceiling. Another provision which enabled landlords to retain land above the ceiling's area allowed for orchards.

Given the fact that in the 1959 land reforms the ceiling was fixed in terms of individual rather than family holding and given the existence of additional lacunae in the provisions, most big landlords were able to circumvent the ceiling and retain their land without declaring any land in excess of the, 'Those who actually declared excess and were super large landlords who even after making use of exemptions still could not conceal their entire holding. Thus the average owned area per declarant landlord in Pakistan was as much as 7,028 acres and was 11,810 acres in the Punjab province. It is interesting that even out of the land declared in excess of the ceiling only 85 percent (1.9 million acres) could be resumed by the government. After the government had resumed whatever excess land it could, the average owned holding retained by the declarant landlords was as much as 4 acres in Pakistan and 7,489 acres in Punjab province.<sup>6</sup> Thus the land reforms of 1959 failed to have a significant impact on the economy power of the landed elite in Pakistan. The final gesture of benevolence by the government towards the landlords was to be seen in the fact that of the land (actually reshuffled under the 1959 land reforms, as much as 7 percent was uncultivated. Most of this area needed considerable land improvement before it could be cultivated. Yet 'government paid Ra. 89.2 million to the former owners' as for surrendering land which was producing nothing.<sup>7</sup>

### **The Land Reforms of 1972**

The 1972 land reforms shared with the 1959 land reforms the essential feature of specifying the ceiling in terms of individual rather than family holdings. However

the ceiling of the 1972 land reforms' was lower, being 150 acres for irrigated and 300 acres for, unirrigated. The 1972 land reforms provided an area equivalent to 12,000 PIUs (with a bonus of 2000 PIUs to owners of tractors or tubewells) which enabled a de facto ceiling on an individual ownership far above, the ceiling. The reference to this discrepancy between the de jure and de facto ceiling was that the basis of estimating patterns and cropping intensities since the 1940s meant that the use of obsolete PIUs was still the revenue settlements of the 1940s. The considerable improvement, in yields, cropping patterns and cropping intensities since the 1940s and the use of obsolete PIUs in 1972 considerably understand, productivity, M.H. Khan has estimated that; the understatement of land productivity throughout the PIUs provision, the actual ceiling in the 1972 land reforms was 466 acres in the Punjab and 560 acres in Sind for a tractor/ owner. If an owner also took advantage of the provision for intra-family transfers the ceiling came to 932 acres irrigated in the Punjab and 1,210 acres in Sind.<sup>8</sup>

Of the land that was declared above the ceiling by landlords after making use of the provisions for circumventing the ceiling, only 42 percent was resumed in the Punjab and 16.9 percent in Sind. The area resumed by the government under the 1972 land reforms was only about 0.6 million acres which was even less than the area resumed under the 1959 land reforms (which was 1.9 million acres). The resumed area in 1972 constituted only 0.01 percent of total farm area in the country. Moreover in the case of the Punjab 59 percent of the area resumed by the government, was uncultivated. Consequently the land reforms of "1972, like the land reforms of 1959 failed to affect the power of the big landlords.

### **Agrarian Structure and the Impact of the New Technology**

The land reforms of 1959 and 1972 failed to alter significantly the highly unequal distribution of landownership in Pakistan. As much as 30 percent of total farm area in Pakistan is owned by large landowners (owning 150 acres and' above), yet these landowners constitute only 0.5 percent of the total number of landowners in the country.<sup>9</sup> The overall picture of Pakistan's agrarian structure has been that these large landowners have rented out most of their land to tenants with small and medium-sized holdings.<sup>10</sup> In such a situation when the HYV technology became available in the late 1960s the large landowners found it profitable to resume some of their rented- out land for self- cultivation on large farms, using' hired labour and capital investment.<sup>11</sup> It is this process of the development of capitalist farming 4 which has generated new and potentially explosive contradictions the Pakistan's rural society

### **Farm Mechanization and the Problem of Employment**

During the period when the HYV technology was being adopted in Pakistan there was also a rapid introduction of tractors. The number of tractors increased from only 2,000 8 1959 to 18,909 in 1968 The rapid increase in tractors continued and by 1975 there were 35,71.4 tractors in Pakistan. Between 1976 and 1981 an additional 75,859 tractors is were imported into the country.<sup>12</sup>

It is significant that most of the tractors were large According to the report of the Farm Mechanization Committee 84 percent of the tractors were above 35 horsepower, 0while only 1 percent were m the small size range of less than 26 horsepower.<sup>13</sup> Two questions arise: why were predominantly large-sized tractors introduced in a rural sector where percent the farms are below 25 acres in size<sup>14</sup>

and why did tractorization occur at all in what is commonly regarded as a 'labour surplus' economy? Both these questions can be understood in terms of the fundamental features of Pakistan's agrarian economy arising out of the highly unequal distribution of landownership.

First; the distribution of farm area in Pakistan by size of owned holding is much more unequal than the distribution of farm area by size of operated holding. My estimates based on the 1972 Census of Agriculture show that as much as 30 per cent of total farm area in Pakistan was owned by landowners in the size class of 150 acres and above; by contrast the percentage of farm area operated by farmers in this size class was only 9.2 percent. The difference in the degree of concentration of farm area between owned and operated holdings suggests that many of the larger landowners must be renting out some or all of their owned area to smaller farmers, This proposition is supported by the data which shows that the large landowners (150 acres and above) were even in 1972 the biggest renters out of land, compared to any other size class in Pakistan and Punjab respectively.<sup>15</sup>

Second, the larger landowners attracted by the high profitability of owner cultivation following the availability of HYV technology, tended to resume their formerly rented out land for self-cultivation on large farms with tractor. Evidence for the resumption of land during 1960 and 1978 for owner cultivation on large tractor farms is provided by field survey data, which shows that farms in the size classes 50 to 150 acres and 150 and above have experienced a substantial increase in their area over the period.

In the case of farms in the size class 150 acres and above, the increase in farm area over the period 1960 to 1978 constituted half their total farm area in 1978. In terms of the source of increase, 65 percent of the increase in farm area of

large farms came through resumption of formerly rented-out land. Thus resumption of formerly rented land was by far the biggest source of increase, in farm area of large farms (see Table 1),

There is evidence that the resumption of rentedout land for self-cultivation on large farms was associated with

**Table1**  
**Increase in Farm Area since 1960 by Source of increase and**  
**Size Class in 1978 (in Acres)**

Increase in farm Area by Source between 1960 and 1978

Size Class	Size of Farm	Increase in Farm Area 1960 to 1978	Total Farm Area in 1978	Resumption of Rented out Land	Increase in Rented in Land	Net Purchase (Purchase Sale)	Net Other Sources
Small	Less than 8	-20	52	4	-5	0	-19
Lower Medium	8 to 25	-25	209	0	-50	0	-33
Medium	25 to 50	+48	407	45	+8	0	-9
Upper Medium	50 to 150	+448	711	340	+24	40	+42
Large	150 and over	+3338	6464	2172	+38	1943	-365

\* Other source of increase and decrease in farm area are : (1) land brought by wife or dowry; (2) land appropriated by government, following land reforms ; (3) farm area reduced through fragmentation following decision by family members to cultivate individually in independently operated plots.

Source field survey

the purchase of tractors by those farmers.

My field Survey data shows that whereas in 1960 almost 60 percent of the farmers in the large size class (150 acres and above) were without tractors, by 1978 all of them had at least one, and 41 percent had three or more tractors.'

Evidence at the all-Pakistan level is provided by the Report of the Farm Mechanization Committee. It shows that within the farm area operated by tractor owners, the percentage area operated by large farmers was as high as 87 percent.

An important reason why large sized tractors began to get introduced during the 1960s was that large landowners responding to the new profit opportunities began to resume rented-out land for use on large farms. Given the difficulty of mobilizing a large number of labourers during the peak seasons in an imperfect labour market and the problem of supervising the labourers to ensure satisfactory performance, the large farmers found it convenient to mechanize even though there may have been no labour shortage in an absolute sense.

### **Polarization in Rural Class Structure and the Increase in Landlessness**

An examination of Census data for the period 1960 to 1972 shows that in the Punjab province (where the New Technology had its greatest impact) a polarization occurred in the size distribution of farms. The percentage shares of both large and small-sized farms increased while that of medium-sized farms (7.5 to less than 25 acres) decreased (see Table 2). This polarization was essentially the result of large landowners resuming for self-cultivation some of the land which they had formerly rented out to tenants.<sup>17</sup>

The process underlying the polarization in rural class

structure was as follows:

(1) Large landowners resumed for self- cultivation land which they had rented out to both small and lower medium- sized (7.5 to less than 25 acres) tenant farmers. However, the resumption hit lower-medium farms to a much greater extent than small farms due to the considerably greater degree of tenancy in the former size class.

(2) As tenants operating lower medium-sized farms lost some but not all of their land following resumption, many of them shifted into the category of small farms over the inter- censal period.

The evidence shows that polarization in the size of farms was accompanied by a growing landlessness of the poor peasantry. My estimates based on population census data show that from 1961 to 1973, 794,042 peasants entered the category of wage labourers, that is, 43 percent of the total agricultural labourers in Pakistan in 1973 had entered this category as the result of the proletarianization of the poor peasantry.

Given the unequal distribution of landownership in Pakistan, when the New Technology became available, it induced a process of land resumption by big landlords This resulted in a polarization in the size distribution of farms on the one hand and an increased landlessness of the poor peasantry on the other.

### **The Growth of Capitalist Farming and the Economic Dependence of the Poor Peasantry**

The growth of capitalist farming was accelerated considerably in the late 1 960s as large landowners began to

resume their rented-out land to operate their own farms with  
hired

**TABLE 2**

**PERCENTAGE OF FARMS AND FARM AREA by SIZE OF FARM 1960 AND 1972  
In Punjab (ADJUSTED\* AND UNADJUSTED Agriculture Census Data)**

Size of Farm	NUMBER OF FARMS		FARM AREA			
	1960	1972	1960	1972	1960	1972
	Unadjusted	Adjusted		Unadjusted	Adjusted	
Less than 7.5	63.35	35.53	41.28	19.07	9.93	11.80
7.5 to < 25	29.81	52.82	46.88	45.27	51.15	46.42
25 to < 50	5.42	8.88	8.81	20.21	20.23	21.30
50 to < 150	1.27	2.49	2.72	10.57	12.94	14.94
150 and above	0.14	0.27	0.30	4.88	5.76	5.77
Total	100	100	100	100	100	100

**Summary table**

Size of Farm (acres)	NUMBER OF FARMS		FARM AREA	
	Col. (a)	Col. (b)	Col. (c)	Col. (d)
	1960 (Adjusted)	1972	1960 (Adjusted)	1972
Less than 7.5	35.5	41.3	9.9	11.8
7.5 to < 25	52.8	46.9	51.2	46.4
25 and above	11.6	11.8	38.9	41.8
Total	100	100	100	100

\*The columns may not add up to exactly 100 in every case due to rounding errors.

Source: 1960 Pakistan Census of Agricultural and 1972 Pakistan Census of Agricultural

labour and capital Investment. The particular form of the development of capitalism in Pakistan's agriculture was such that instead of being accompanied by a growing independence of the poor peasantry (as in Europe), in Pakistan's case capitalism in agriculture was accompanied by an increased social and economic dependence of the poor peasantry on the landowners. The reason i this was that capitalist farming in Pakistan developed in a situation where the power of the landlords was still intact. Consequently the emerging market was mediated by the social and political power of the landlords. The local institutions for the distribution of agricultural inputs and credit and of sale of output, are heavily influenced by the big landlords. In order to acquire the inputs, credit and facilities for transport of output to the market the poor peasant has to depend on help from the landlord. In many cases the poor peasant in the absence of collateral cannot get credit from the official agencies at all, and has to depend on the landlord for loans In addition to this he or she often has to purchase the tube well water from the landlord and use landlord transport for taking output for sale to the market. Thus as the inputs for agricultural production become monetized and insofar as the access to the market is i la the landlord, the poor peasant's dependence has intensified with the development of capitalism in agriculture.

With the development of capitalist farming, the poor peasant is subject to a triple squeeze on his real income <sup>18</sup>

First his money costs have increased. Second with the shift from sharecropping to cash rent in many cases the cash rent Is fixed in terms of the potential rather than the actual p of the land. Yet his yields per acre have not increased in proportion to the rental burden. The third pressure on the real income of the poor parent is that in a situation of rising cash requirements and indebtedness, they are forced to sell a part

of their subsistence output at harvest time at low prices. Then at the end of the year they have to buy grain in the market at high prices. Thus selling grain cheap, and buying dear, is another squeeze on the poor peasant's income.

The squeeze on the real income of the poor peasants is reflected in the changes in the quality and quantity of their diet since 1965. The Table\* shows that the class of poor peasant (with farm size below 25 acres), contains a substantial number of farmers who have suffered an absolute decline in the quantity of food and contains an even larger number of farmers who have suffered a decline in the quality of their diet

## **CONCLUSION**

In Pakistan, with its highly unequal distribution of landownership introduction of the New Technology in agriculture has unleashed powerful contradictions which are not only likely to become constraints on, continued agricultural growth, but are also generating acute, social tensions. The nature of the economic progress, in the absence of an effective land reform is such that it is enriching the rural elite at the expense of the rapid deterioration in the economic and social conditions of the majority of the rural population. Four major contradictions can be seen in the process of agricultural growth since the adoption of the New Technology:

First, there has been a rapid adoption of large tractors in a labour-surplus economy where 88 percent of the farms are below 25 acres. This has happened as the result of large land owners resuming their formerly rented-out land for self-cultivation on large mechanized farms. Labour displacing

technology is being used by large farmers not because there is

\* See table 6 in chapter of this book titled: Behind the veil of Growth The State of Pakistan's Economy.

an absolute labour shortage, but in order to overcome the problem of supervision of labour and the difficulty of mobilizing labour within a short time period.

Second, a polarization in the size distribution of farms has taken place, with the percentage shares of large and small farms increasing at the expense of medium-sized farms (8 to 25 acres). This has also resulted from large landowners resuming their formerly rented-out land. Land resumption hit medium-sized farms, pushing many of them into the category of small farms following resumption.

Third, the development of capitalist farming has occurred in a situation where the prevalence of feudal power by the big farmers has deprived the poor peasant equal access to the market. Consequently the poor peasant has become more dependent on the big farmer for conducting his production process.

Fourth, rising money costs for the poor peasants — in a situation where they are locked in a structure of dependence — have placed the poor peasant into a triple squeeze which is resulting in a rapid deterioration of their economic condition. The contradictions specified above stem from the fact that the New Technology became available in a situation where economic and social power was concentrated in the hands of the big landlords.

Agricultural growth during the 1960s and 1970s was based on the rapid increase in yields of the larger farms, but continued growth in the next two decades will have to be derived from increasing yields per acre of the small farms.

An essential pre-condition for this is Institue economic changes which will give the small farther better over the new inputs and greater control over the pro- process and investable surplus. In this sense, an effective land reform is now not only an imperative of a more equitable economic growth but also of growth itself.

## NOTES

1. There was a lively debate on the factors underlying the inverse relationship between farm size and productivity. One of the more elegant explanations for this phenomenon was offered by A.K. Sen who suggested that with traditional technology small family farms could produce a higher yield per acre than large farms through a higher labour input per acre. This could happen be cause Rmall farms using family labour applied labor Input beyond the point where the marginal product equaled the wage rate, while large farms using hired labour could not afford to 40 so.
2. Annual growth rate of large-scale manufacturing during 1950-55 was 23.6 percent, while that of agriculture during the same period was only 1.3 percent. During the period 1955-60, annual growth rate in large scale manufacturing declined to 9.3 percent while that of agriculture was only 1.4 percent. See S.R. Lewis, Jr., *Economic Policy and Industrial, Growth in Pakistan*, London: George Allen and Unwin Ltd., 1959, p.3, table 1.
3. Cotton and jute constituted 85 percent of total commodity exports up to the mid 1950s. See S.R. Lewis, op. cit., p.7, table 5.
4. Import of foodgrains and flour as a percentage of total commodity imports increased from 0.5 percent in 1951.52 to 14.6 percent in 1959-60. See; A Hussain, 'The Impact of Agricultural Growth on Changes in the Agrarian Structure of

- Pakistan.' D. Phil. Thesis, Sussux University, 1980, table 3, p. 16.
5. M Khan, Underdevelopment and Agrarian Structure in Pakistan. Vanguard Publications Ltd., 1981, chap. 5.
  6. Land Reform in West Pakistan Vol. III, appendix 18, Government of Pakistan, 1967.
  7. See MN. Khan op. cit., chap. 5.
  8. Ibid.
  9. These figures are estimated on the basis of combining Land Reforms Commission data and the Agriculture Census data. The 1972 Agriculture Census data alone gives an incorrect figure for land owned by the large landowners because its sampling procedure is such that absentee land is systematically excluded. For details of my estimating procedure, see: A. Hussain, op. cit., appendix 2, PP. 219.21.
  10. As late as 1972, 46 percent of the total farm area in Pakistan was tenant-operated, and of this tenant area, 50 per cent had been rented out by large landowners (owning 150 acres and above). My estimates show that as much as 75 percent of area owned by large landowners in 1972 was rented out to smaller tenants. See.: A, Hussain, op. cit., chap. 3.
  11. For detailed evidence and analysis of this tendency of land resumption by big landlords, see: A. Hussain, 'Technical Change and Social Polarization in Rural Punjab' in Karamat Ali (edited), The Political Economy of Rural Development. Vanguard Publication, 1982.
  12. Finance Division, Economic Adviser's Wing, Pakistan Economic Survey 1980-81. Government of Pakistan, Islamabad.
  13. Ministry of Agriculture and Works, Report of the Farm Mechanization Committee, Government of Pakistan, March, 1970.
  14. Ministry of Food and Agriculture, Agriculture Census Organization, Pakistan Census of Agriculture: All Pakistan Report, Government of Pakistan, table 1.

15. See: A. Hussain op. cit., table 5(a), p. 194 and 6(a), p. 198.
16. A Hussain, op. cit., chap. 5 and Appendix.
17. This picture emerges when the 1960 Census data is adjusted for biases inherent in its methodology in order to make it comparable with the 1972 Census methodology. A. Hussain, op. cit., chap. 3.
18. For and elaboration of the nature of this triple squeeze on the real income of the poor peasant, see the chapter in this book titled: Technical Charge and Social Polarization in Rural Punjab.