

The Case for Land and Agrarian Reforms in Pakistan

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The Case for Land and Agrarian Reforms in Pakistan¹

Shahrukh Rafi Khan, Ali Qadir, Aasim Sajjad Akhtar, Ahmad Saleem
and Foqia Sadiq Khan

Abstract

We show that, at least for the one province (NWFP) for which data are available from the Federal Land Commission, land ownership is highly concentrated and has become much more so between 1980 and 1990. The Agricultural Census done every ten years collects data on operational holdings. These data suggest that operational holdings have become much more fragmented, and between 1980 and 1990, there was an increase in total farm sizes below 12.5 acres from 80 percent to 88 percent of the total land cultivated. As land becomes more fragmented, it appears that large landlords, who have the requisite liquidity, add to their holdings. Thus the agenda for the state is to both ensure a fair distribution of land holdings and also to ensure broader agrarian reform to ensure that small farm cultivation is both just, if under tenancy contact, and sustainable if under self-cultivation. We indicate that the case for land reform is very strong particularly on grounds of justice more broadly, but specifically from an Islamic perspective. Islam views natural resources, including land, as a trust, with individuals having usufruct rights only from the amount they can reasonably cultivate and only if they are actually cultivating it themselves. We also build the case for land reform on several other grounds including the economic argument of higher productivity of small farms and the need for land reform to make devolution and accompanying reforms successful since these reforms are subverted by landed power, and finally to enhance education since landed power has been shown to be inversely associated with mean educational attainment in villages. Finally, we indicate how a new round of land and agrarian reforms could be made more effective by avoiding the pitfalls and mistakes of past half-hearted attempts.

1. Introduction

No single set of policy initiatives by this government could be as significant as land and agrarian reforms for providing sustainable livelihoods to the poor majority in the agriculture sector, and by linkage, to those in the rest of the country. This argument rests on several planks in Pakistan's unique institutional and socio-economic context. This policy brief reviews the vantage points from which the case for land reform can be advocated. However, prior to that, we establish that landholdings are indeed highly concentrated and that large landlords continue to wield tremendous political and economic influence due to land ownership.

2. Concentration of land-ownership

It is only possible to infer something about the inequality of land ownership or land concentration from land-ownership data available from the Federal Land Commission. Khan (1999, p. 121)

¹ This brief was initiated by Omar Ashghar Khan, Federal Minister for Local Government and Rural Development. Very useful and extensive comments on an earlier draft from Mahmood Hasan Khan are gratefully acknowledged.

utilized this data and estimated gini coefficients as a measure of land concentration.² His estimates show that inequality in landownership was very high, but had declined overall and also in the Punjab, Sindh and NWFP between 1950 and 1980-81. However, for the former two provinces, the gini coefficient was still very high at 0.49 and 0.55 respectively in 1980-81, the last year for which estimates are provided. For NWFP, estimates are also provided for 1990 and the data show a massive jump in land concentration from 0.38 in 1980-81 to 0.57 in 1990. It is very likely that as land is fragmented into uneconomic units due to inheritance laws, large landlords have the liquidity to add to their holdings.

The Agricultural Census reports operational holdings (i.e. farm size cultivated rather than owned). The latest information available is from the 1990 Census and one can use this to make some inferences pertinent to the issue of agrarian reforms. Also, a recent Government of Pakistan (2001) study has made some data available enabling projection beyond 1990.

Examining data for the last two Agriculture Censuses indicates two important findings.³ First, large farms (defined by the Census as > 60 acres) accounted for a negligible number of total farms in both 1980 and 1990, but the area they cultivated more than doubled from 3 percent to 7 percent of the total. Second, the middle farm size categories thinned out, and there was greater cultivation by the smallest and largest farm-size categories.

Another interesting development between this census period is that the numbers of landowners in the country increased from 2.227 million to 3.491 million. There was a concomitant decline in the number of owner-cum-tenants and tenants, suggesting a move towards owner cultivation as land gets sub-divided. Thus, the total amount of land in owner cultivation increased from 24.53 million acres to 30.72 million acres and there was a corresponding decline in the other two categories.⁴

Government of Pakistan (2001) estimated that in 1990, farms less than or equal to 12.5 acres accounted for 80.6 percent of the total cultivated area, while this increased to 88.2 percent in 1998-99.⁵ Farms less than 5 acres increased from 47 percent to 51 percent of the total. There were declines in areas cultivated by all other farm sizes except for the largest category of greater than 150 acres. The area cultivated by this largest farm size category increased from 0.32 percent of the total to 0.46 percent of the total, and this was significant enough to raise the average size of farm from 7.6 to 9.0 acres. Given that such a large proportion of total land is farmed in very small operational holdings and given the move towards owner cultivation, the broader issue of agrarian reform, rather than just land reform, needs to be explored to ensure sustainable livelihoods for the very large numbers of very small farms.

Finding out how the agrarian trends towards fragmentation have played out in terms of the concentration and inequalities of landownership will need to await information made available by the Federal Land Commission. However, if the trend in the NWFP between 1980 and 1990 is indicative for the rest of the country, land concentration has massively increased in Pakistan. As will be made clear from evidence reported later, the political influence of large landlords is significant. We turn now to the case for land reform on several grounds including justice (from an Islamic perspective), economic efficiency, political empowerment at the grassroots level, educational attainment and poverty alleviation.

2 Gini coefficients vary from zero (complete equality) to one (complete inequality) and a ratio of 0.40 is considered to be high as a reflection of inequality.

3 This information is reported in *Economic Survey 1992-93*, Statistical Supplement, p. 77 for 1980 and *Economic Survey 1995 - 96*, Statistical Appendix, p. 53, for 1990.

4 Government of Pakistan, Statistical Appendix (1998, p. 55).

5 The big jumps occurred in the 1 – 2.5 acre and 5.0 – 7.5 acre categories respectively.

3. The case for land reform

3.1. *Justice*

There are many theories of justice within which to view the issue of land reforms.⁶ However, from a Pakistani perspective, the Islamic concept of justice would be the most relevant. The preoccupation with justice in Islam is wide ranging and one can categorically say that it's espousal by all schools of thought represents the most notable consensus in contemporary Islamic thinking.⁷ It is also the most ubiquitous principle of Islamic law. This is not surprising, since justice is referred to in the Qur'an the third most frequently (over one thousand times) after "God" and "knowledge."⁸ In the next sub-section, we explore how this concept of justice in Islam pertains to land ownership and land reform.

3.2. *Islam and land reform*

Sunni Islam recognizes no intermediaries between humans and their creator and reinforcing this is the Qur'an's (54:22, 32, 40) reminder to the reader that, notwithstanding some verses whose true meaning is hidden from all, "it has been made easy to understand."⁹ Yet, over the centuries, many scholars have argued that only they have the right to interpretation by virtue of their scholarship and understanding of the historical context in which the Qur'anic verses were revealed. Our view is that most verses speak for themselves, and the relevant ones have been cited below to indicate an Islamic view on landownership.¹⁰

The Qur'an, (2:285) in very clear terms declares that God is the Creator of this Universe, and that everything here and above belongs to Him. This is repeated in (2:285) which unequivocally declares, "To Allah belongs whatever is in the heavens and whatever is in the earth -." Again, (7:20) states, "To Him belongs whatever is in the heavens and whatever is in the earth, and whatsoever is in between them, and whatsoever is beneath the moist sub-soil." These verses give rise to the view that natural resources in Islam are a trust and not subject to individual ownership, since God is the owner.¹¹ Hence, strictly speaking, individuals who cultivate the land, or use other natural resources, have the right to the usufruct but cannot acquire property rights.

However, property rights have been the reality in Islamic societies right from the on-set of Islam, and so one again turns to the Qur'an for guidance on the nature of such rights. An important recurring theme in the Qur'an in this regard is that it always makes a reference to the collective with regards to the provision of livelihood. Thus (7:10) declares "And we have established you in the earth and provided for you therein the means of subsistence - but very few express gratitude for this." More notably, (17: 31) urges "And slay not your children for fear of poverty. It is we who provide for them and also for you." The Divine assurance of the provision of subsistence for His creation is also evident in (6:151) and (29:61).

6 Rawls (1971) in this regard is particularly notable.

7 For details see Khan (1985, pp. 16-18).

8 Naqvi (1981, p. 86).

9 The first number in the parentheses represents the chapter and the second, or those following the colon, the verse(s).

10 Naturally, we recognize that scripture has been cited throughout the ages for advocating particular purposes. Our position is that, in this context, first, this process has been very one-sided and that the verses cited above are often neglected and second, another recurring theme of the Qur'an is enjoining on humans to use their intelligence which has been provided both as a blessing for productive use and for reinforcing faith.

11 Some scholars who have advocated such views include Yusuf (1971, p. 19), Abu Sulayman (1976, p. 22), and Alam (1968, pp. 24-26).

The first set of verses combined with the second set very clearly indicate that the Creator has provided natural resources, that remain His property, as a trust to the community to ensure subsistence for all. The embodiment of the community in this regard is the state that acts on behalf of the community. There still remains uncertainty on the principles on which the state would distribute the Divine trust to ensure sustenance for all. Such inferences are certainly not new and are embodied in Islamic tradition.

For example, a tradition of Prophet Muhammad, reported on the authority of Rafeh, son of Khudej, states that a person in possession of land is supposed to cultivate it himself; otherwise the land should be given to some one else and it should neither be leased nor rented. Abu Huraira Jabar, son of Abdullah, Abu Saeed Hazri and Ibn-e-Umar, also support this tradition of Rafeh. Thus, the view that the means of production, like land, cannot be owned but are subject to use by the community to ensure sustenance for all is well established. It has also been argued that Islamic tradition suggests a three-year period in which land in possession has to be utilized or else dispossessed.

Several Islamic principles for land and agrarian reform are thus evident. First, that natural resources are a trust and are meant to serve the whole community. Second, that those in possession of a trust must utilize it or face dispossession. Third, that only the amount that a family can cultivate by utilizing the current state of technology be allowed them since sharecropping and renting are frowned upon. All other land can therefore be made available to other families that do not possess a means of sustenance.¹²

One needs to address the reasonable counter-argument to land reform that if land is to be appropriated by the state for distribution, then why not industry and even other forms of private property like homes. Two counter-arguments are applicable here. First, the reference above via Qur'anic authority has been to natural resources, including land, and not to private property. Second, while Islam endorses the free operation of the market, large landholdings lead to undue market power and the appropriation of rental income, both of which Islamic scholars have defined as *riba* and hence against Islam.¹³ The case against large-holdings is the equivalent of anti-trust action in industry and it is necessary for diffusing economic power to avoid economic exploitation of the weaker parties in a contract. We will show in a subsequent sub-section that diffusing such economic power is also necessary to diffuse political power, which can become the basis of a further accumulation of economic power. However, prior to that, we consider the economic case for land reform since a poor country can ill afford social reform that comes with a high economic price tag.

3.3 *The economic case for land reform: the inverse association between farm productivity and farm size*

There is considerable empirical support for the argument that small farms are more productive and contribute more to economic development than large farms. We state some of the main hypotheses in this regard and then present the evidence with a focus on the literature in Pakistan.

3.3.1. Hypotheses postulating an inverse size-productivity association

- a. Large farms almost always cultivate huge quantities of single crops (monoculture) with one or, at most, two crops per year, to take advantage of the heavy machinery they utilize. Small

12 Neither the Qur'an itself nor verified traditions of the Prophet Muhammad explicitly mention ceilings on land holdings. Thus conclusions in this regard are based on inference from Islamic and other principles of equity and justice already cited in the text and other political, social and economic arguments that follow in the text.

13 Proponents of this broader view of *riba* include Haque (1980) and Abu Sulayman (1976, pp.-54).

- farmers intercrop various varieties on the same field, plant multiple times during the year and integrate crops, livestock production and aquaculture. This means that small farms use land more efficiently.
- b. Given the smaller resource base, small farmers make more efficient use of precious water resources than large farms.
 - c. Small farms use labor-intensive techniques, typically utilizing motivated family labor, which are more successful than large farm absentee cultivation. They also absorb a larger amount of the labor force in agriculture, which is very important given that the carrying capacity of urban municipalities in Pakistan is over-stretched.
 - d. Again, given the smaller resource base, small farms employ less chemical fertilizer and insecticide per unit than large farms. Thus, small farms typically employ environmentally friendly techniques that are more intensive in the utilization of traditional knowledge. These methods do not harm the soil irreversibly as do the chemical input-intensive techniques of large farms.¹⁴

These hypotheses have empirical support, as shown below, and hence they demonstrate that small farms have higher land productivity (output per acre).

3.3.2. Empirical support for the inverse size productivity relationship

A wealth of literature now exists on the relationship between farm size and land productivity. Much of the literature indicates that average output decreases as farm size increases.¹⁵ This relationship is now widely recognized by specialists across the world as the “inverse size-productivity relationship,” indicating that the total productivity per acre is highest on small farms, and decreases as farms increase in size.

Leading development economists at the World Bank have also accepted that re-distribution of land to small farmers leads to greater land productivity, improves macro-economic performance and the distribution of income and reduces poverty. This is argued to be as true for an industrial as it is for a less developed country. Thus Rosset (1999) reports that the smallest farms in the USA, those of 27 acres or less, have more than ten times greater dollar output per acre than the largest farms. He also reports, based on a review of the evidence, that, in less developed countries, small farms are two to ten times more efficient than large farms.

The use of “green revolution technologies” had begun to change the inverse relationship, as large farms were more able to adapt to new technology packages including seed, mechanical and chemical input and access to water. However, it has been shown that the large farm advantage was only a short term one, since the technology rapidly diffused to the small farms also. Moreover, the initial gap itself was primarily a result of inequitable access to innovation, technology and extension services (mostly through political contacts); if this infrastructure were provided to small and large farmers equitably, the lag in productivity is found to diminish.¹⁶

14 Pesticides, for example, create pollution of water, air and soil, and also harm crop productivity by negatively interfering with crop ecologies, as argued by Hasnain (1999, p.14). According to the Government of Pakistan (2001b, p.144), only 15 percent of farms less than 10 acres report using insecticides, while 33 percent of farms greater than 10 acres report insecticide use.

15 For support for such an association, refer to Banerjee (2000, p.254), Berry and Cline (1979, pp.80-81), Faruquee and Carey (1997, p.7) and Rosset (1999). Naqvi et.al (1989, p.22) also support the argument, citing Cornia (1985), Dorner (1972), Dorner and Kanel (1971), Johnston and Tomich (1985), Prosterman (1987) and Ruttan (1969). Ahmad and Qureshi (1999, pp. 1136-1138) review the literature and argue that the debate is as yet inconclusive.

16 Berry and Cline (1979, p.92, p.96-105) argue that equitable provision of research and extension services is thus one pre-requisite for small farms to show efficiency. Banerjee (2000, p. 271) makes the same argument.

The research from Pakistan is for the most part supportive of an inverse association of farm size and productivity. Berry and Cline (1979) estimated that that productivity on the largest farms (more than 150 acres) in the Punjab was less than 40 percent of the productivity on farms of less than 12.5 acres. Based on a sample of 732 farms of varying size and tenure in the Punjab and Sindh, Khan (1981) reported a significant inverse relationship between farm size and productivity. Haque and Mahmood (1981) findings were supportive of a U-shaped association with the small and large farms being more efficient than medium sized ones. Chaudhury (1982,1883) cited evidence against a negative association, with Khan (1983) contesting these findings. However, in a subsequent study, Chaudhury, Gill and Chaudhury (1985) report the existence of an inverse association.

Based on a study of four villages in the Punjab, Nabi et.al. (1986), also indicated the existence of an inverse association between farm size and productivity, with the strength of the association reported to be higher for *barani* farms. Zia (n.d., p.27-28) supports the argument and cites Salam (1986), Chaudhary and Chaudhary (1990) and Sampath (1990). A study by Parikh, Ali and Shah (1995) on technical efficiency, cited by Ahmad and Qureshi (1999), reports that small farmers are more efficient than large farmers in the study area. Ahmad and Qureshi's (1999) own results are mixed across different districts. Thus while there is some opposing evidence in the Pakistani context, in our view, the bulk of the supporting evidence in Pakistan, along with similar evidence from other less developed countries and industrialized countries, represents substantial support for the inverse farm size-productivity association.

Very small farms, less than 5 acres in irrigated areas and less than 12 acres in *barani* areas, can be less productive due to diseconomies of scale, an inability to use inputs optimally because the farm size is too small. Almost 88 percent of operational holdings in Pakistan in 1998-99 were less than 12.5 acres. Thus, land reforms need to be viewed in the larger context of agrarian reforms that enable efficient joint cultivation, extension support, and most important, a fair contractual relationship to the tenants and share-croppers of large landlords. In addition, such reforms need to take off where the last reforms left off to ensure continuity. We return to the issue of implementation of prior reforms in section 4, but turn now to other arguments for land and agrarian reform.

3.4. *Poverty and livelihoods*

Poverty alleviation has become the main focus of attention for this government and also how international financial institutions like the IMF, the World Bank and the Asian Development Bank define their objectives. Indeed, the structural adjustment facility has been renamed the poverty reduction and growth enhancement (PRGE) facility. This is based on the recognition that poverty itself generates mechanisms, such as the inability to invest in health, education and environmental conservation, which reinforce poverty. Thus, an important method of dealing with poverty in the long run is to address its main determinants in the short run.

In view of this growing emphasis on poverty alleviation, the government has, with the support of the Asian Development Bank, founded The Center for Research in Poverty Reduction and Income Distribution, (CRPRID), housed in the Planning Commission. In the first working paper prepared on behalf of the Center, Government of Pakistan (2001, p. v) concludes that the two main determinants of poverty are the lack of access to land and education.

We have already addressed the issue of land reform to ensure sustainable livelihoods for the poor. However, given the centrality of this argument to the issue being discussed, it bears repeating. Since Pakistan is a country in which the capacity of towns and cities to deliver urban services is far over-stretched relative to the demand for such services, it is vital to promote

sustainable livelihoods in the countryside. The most effective way of doing this is via land reform to ensure landless and tenant farmers have access to their own economic holdings.

Currently, the Government may be moving in the reverse direction. Budget 2001-2000 provided several incentives for the corporatization of agriculture.¹⁷ The danger is that this may generate a move towards concentration of land holdings, displacement of rural labor to the cities and enclave production for foreign markets that have very few linkages to the domestic economy. Small productive farms, to the contrary, have the advantage of being highly integrated with the local economy and will produce a stimulus for other sectors of the local economy on both the production side and also on the consumption side as productivity, income and demand increase.

3.5. Education

There is no single more important investment in nation building than ensuring high quality mass education. The economic history of newly industrialized countries including, Japan, Korea and Taiwan, suggest that land reform and quality mass education were two central features accounting for their success. Pakistani policy makers have from the start paid lip service to education, but never taken it seriously, even though the lack of it undermines all institutions, including a healthy democracy and even the military.

Research shows that there is a link between large land-holdings and the lack of education. Khan and Siddiqui (1997) used data on land ownership for 1980s and showed that there was a strong inverse association of absolute landed power (defined by the size of land ownership of the largest landlord in the village) and mean educational attainment in a village. Thus, there is empirical support for the anecdotal evidence that large landlords oppose education in the villages they dominate because they want to assure themselves continued access to cheap labor (the educated find other jobs) and because they fear that education leads to empowerment and hence the villagers are not as easily dominated or as pliable. Thus, land reforms, apart from possessing the many other advantages cited above, would also be an important mechanism for eliminating an important source of opposition to the spread of mass education. Impeding mass education is not the only mechanism large landlords have for perpetuating their power. Evidence shows that land reforms may also be very necessary to ensure political empowerment of the masses because landed power is a source of ensuring continued political dominance.

3.6. Devolution

The most emphasized reform initiative this government has underway is the attempt to devolve power to the grassroots level. We argued during the planning stage of this reform that there are some important pre-requisites, in the form of accompanying reforms, that are needed in order to make this very important reform a success.¹⁸ Based on both conceptual reasoning and empirical evidence, we had argued that land reforms were the most important of such reforms. Research conducted during and after the local election confirmed this view.

As currently planned, the devolution is to the district level such that the elected representatives have jurisdiction over the whole district. One needs to be concerned about whom, in the current socio-economic milieu, the power is being devolved to and, therefore, to understand the sources of power. Prior to devolution, an important source of power was the district administration, including the police and courts. In Pakistan, the police and courts are widely perceived as being corrupt and, instead of serving the ordinary people, are viewed as oppressing them.¹⁹

17 Government of Pakistan (nd., p. 15).

18 Khan (2002).

19 Yasin (1999, p. 22).

While poor salaries are part of the problem, the other problem is that large landlords have been able to exploit the needs of the police and courts to serve their purpose. Had land been completely equally distributed, the abuse of police and magistrates would still be present without far reaching police and judicial reforms. However, given very unequal land holdings, it is likely that such reforms would be subverted. Thus, the issue of land concentration as a source of power that allows the capture and subversion of district government via elections is a real problem in many districts.

Most reports on the local government elections confirmed our worst fears. Research conducted by Khan, Akhtar and Khan (2001) showed that in districts where landed power was expected to be a factor, they completely dominated the elections by controlling the panels.²⁰ Such findings were corroborated by serious journalism from across the country.²¹ Even reports that showed that the elections did throw up “new faces,” as hoped, conceded that the large landlords captured the all-important *nazim* seat even at the union council level.²² Thus, if devolution and accompanying reforms are to succeed in the long run, it is vital that this government engage in sincere and effective land reform, and more broadly agrarian reforms. In doing so, there is much to learn from the half-hearted attempts of past governments in Pakistan.

4 Implementing past reforms²³

4.1 Some hindrances and loopholes

As mentioned in section 3.3.2, new land reform needs to be viewed in the perspective of addressing the unfinished agenda of past reforms. The three land reforms in Pakistan’s history, in 1959, 1972, and 1977, have all largely failed to achieve the objectives that were stipulated when embarking upon them. The common drawback of all these reforms was that they were ceiling reforms that did not guarantee that landless tenants, or sharecroppers, would necessarily gain but only that the largest landlords would have their holdings reduced. Also, given the nature of the ceilings per individual, rather than household, the re-distributive effect was always likely to be small, simply because there were a lot more landless farmers that had to be allotted land than there was going to be land to be redistributed.

In 1959, President Ayub Khan stated clearly that while there was a need to address the skewed distribution of land in the country, it was important not to create disincentives for “progressive farmers,” and therefore the ceiling was deliberately set high. The result was that the reforms did not seriously affect land ownership relations in the country, with many landlords even disposing of wasteland and benefiting from compensation. Less than 1.3 percent of the total land was resumed, and most tenants receiving land had to pay for it.²⁴ Many landlords completely evaded the redistribution by claiming exemptions or “gifting” land, and many also officially transferred land to others within the family.²⁵

In 1972, President Bhutto claimed that his land reforms would be more far-reaching and comprehensive, and he reduced the ceilings accordingly. However, internal politics within the

20 More recent research by Akhtar and Khan (2001), that used theater as a research tool to explore pre and post-devolution service delivery problems, indicated the complete dominance by large landlords (*sardars, waderas, khans and jagirdars*) of local politics.

21 See *Herald* “Enter the Pawns,” August 2001, “Reading the Road Map,” September 2001, and *Newsline*, “An Engineered Order,” September 2001.

22 Bari (2001).

23 For good sources on the implementation of past reforms see Herring (1983, pp. 85-124) and Khan (1994). A summary table on the implementation status of past reforms is reported in Appendix 1.

24 See Appendix Table 1.

25 Exemptions were allowed on various grounds including game lands, stud farms orchards, tractors, tube wells, military service and gifts.

Pakistan People's Party (PPP) and a need to placate powerful landlords ensured that these reforms were also relatively ineffective. There were numerous methods employed to thwart the reforms, including concealing of land and alteration of records, both of which were possible because of political connections and corruption. There was also the familiar practice of transferring land to family, friends, and sometimes, even tenants (land was naturally, forcibly repossessed later). Many landlords simply did not file a declaration of ownership. Overall, it was apparent that the political will needed to implement these reforms was simply not there. Only 0.6 percent of the total land was resumed and tenant beneficiaries were less than 10 percent of all totally landless tenants.

The final reforms of 1977 set the ceiling at 100 acres for irrigated land and 200 acres for non-irrigated land per person. Compensation was offered, unlike in 1972, but was considerably lower than the market rate for land. The results were similar to the previous two experiences, largely because landlords could choose which land to retain and which to give up, and naturally, they almost always relinquished wasteland rather than cultivable land. Thus, only 0.09 percent of the total land was resumed. The standard practice of transferring land to next of kin or subordinates continued. This land reform was modest even in comparison to the earlier rounds because of the political upheaval that followed their announcement.

4.2. *Ensuring successful implementation of future reforms*²⁶

Some lessons from the implementation of past reforms are self-evident and cited above. Others issues requiring careful consideration are as follows:

- a. Reliable land records would be required for all individual and joint landowners and their holdings above the "ceiling". These records should be computerized as has been announced by government several times.
- b. The ceiling should apply to households to prevent intra-family transfers as in past reforms. Continuing with past reforms, the upper ceiling for the household should be 100 acres for irrigated lands and 200 acres for un-irrigated (*barani*) lands.²⁷
- c. Only cultivable land should be resumed unlike in past reforms in which almost three-fifths of total resumed land was waste.²⁸
- d. Landowners should be compensated at a reasonable rate for the resumed land; they should be given some cash plus redeemable long-term bonds.
- e. The provincial land commissions should be given the responsibility and resources to resume and redistribute the land. The land revenue departments should be required to coordinate with the land commissions. The judicial process for appeals should not be cumbersome or long to avoid delays in implementation.
- f. The minimum parcel per family should not be less than 5 acres irrigated and 12 acres unirrigated (*barani*). These small farms would need to be supported by broader agrarian reforms to ensure the non-reversibility of reforms.

The last point is of particular importance.²⁹ As earlier mentioned, about 88 percent of all operational holdings are less than 12.5 acres and just over 50 percent less than 5 acres. Thus, to create sustainable livelihoods for the bulk of small farmers, and for those who are

26 Thanks are due to Mahmood Hasan Khan for sharing these thoughts, other than b and f, for the policy brief. For details, refer to his book on the subject (1981, pp. 162-202).

27 One hundred of irrigated land also accords with a definition of large in Nabi et. al. (1986) which represents the most reasoned categorization of farm size in the literature on this issue in Pakistan.

28 Herring, (1983, p. 99).

29 Thanks are due to Mahmood Hasan Khan for most of the points in this paragraph and for emphasizing the importance of agrarian reforms and for situating land reforms in this broader context. This point was also emphasized by Omar Asghar Khan.

beneficiaries of land distribution based on the land reforms, there is a need for broader agrarian reforms.

New landowners -- landless tenants and small landowners – should be given low-interest long-term loans, with a grace period (say of three to five years) to pay a large part of the price of land they receive from the government. Small landowners in general should have access to soft loans, perhaps through the Khushali Bank, for agricultural inputs and land development if that is needed. Extension support is important to ensure sustainable organic farming. Land fragmentation has become a serious problem and land consolidation needs to be facilitated by the state.³⁰ Finally, there is the need to address the issue of tenancy reforms to strengthen tenants relative to landowners and similarly legislative cover is needed to protect agricultural workers' rights.

Summary

The case for both land reform and, more broadly, agrarian reforms, is premised on the need to create sustainable livelihoods which is widely agreed to be the most effective method of alleviating poverty. In addition, land reform combats social injustice while achieving sustained economic growth.

Land ownership in Pakistan is highly concentrated, and, in the one province (NWFP) for which data are available from the Federal Land Commission, has become much more so between 1980 and 1990. More recent data, not available to researchers, is needed from the Land Commission, to update these findings for all the provinces. Land reforms that are based on specifying a ceiling on individual land holdings create the opportunity to distribute land to landless labor and tenant farmers. However, without the strong support network of agrarian reforms, the redistribution of land per se may not create sustainable livelihoods.

Agrarian reforms are also called for because, over the last 56 years, the trend has been and remains that of a rapid increase in the number of small farm as a proportion of total farms. Data on operational holdings (size of farms) suggest that land has become much more fragmented, and between 1990 and 1999, there was an increase in total farm sizes below 12.5 acres from 81 percent to 88 percent of the total land cultivated. Just over half the total farms in 1999 were less than five acres in size. Another interesting development between this census period is that the numbers of landowners in the country increased from 2.227 million to 3.491 million. There was a concomitant decline in the numbers of owner-cum-tenants and tenants. These numbers suggest fragmentation of land holdings, probably due to inheritance laws, and also a move towards owner cultivation. Thus, the total amount of land in owner cultivation increased from 24.53 million acres to 30.72 million acres and there was a corresponding decline in the other two categories of owner-cum-tenants and tenants.

As land becomes more fragmented, large landlords, who have the requisite liquidity, can add to their holdings. Thus the agenda for the state is to both ensure a fair distribution of land holdings and also to ensure broader agrarian reform to ensure that small farm cultivation is both just, if under tenancy contact, and sustainable if under self-cultivation.

The case for land reform is very strong particularly on grounds of justice more broadly, but specifically from an Islamic perspective. Islam views natural resources, including land, as a trust, with individuals having usufruct rights only from the amount they can reasonably cultivate and only if they are actually cultivating it themselves. The case for land reform also rests on

30 Under the devolution plan, village councils could be a natural implementation mechanism for such agrarian reforms.

several other grounds including the economic argument that small farms are more productive. In addition, recent research has demonstrated that unequal landholdings can subvert the success of other key reforms such as devolution of power to the grassroots level and accompanying judicial, administrative and police reforms and hence condemn the poor at the grassroots level to continued oppression.

A recent Government of Pakistan Report argues that the two main determinants of poverty are the lack of education and land. Mass education and land reform also happen to be the two main determinants of nation building and economic progress, as demonstrated by the experience of newly industrialized countries such as Japan, Korea and Taiwan. Mean educational attainment is inversely associated with absolute landed power. Thus, land reform would directly impact poverty by providing a means of sustainable livelihood, but also indirectly, by removing an impediment to educational attainment.

Pakistan has much to learn from the half-hearted attempts of the last three land reforms. First, it is important to eliminate exemptions such as for orchards, stud farms, farm machinery and gifts. Second, the ceiling must apply to households rather than to individuals. Third, only cultivable and not wasteland should be resumed. Fourth, it is critical to ensure that the resumed land is actually distributed in a timely fashion. While, eventually a large portion of the resumed land was distributed according to Land Commission records, this took much time in happening. Fourth, the legal system will need to be streamlined to ensure that the appeal process does not block the reforms via the courts. Fifth, to ensure the reforms are not reversed, extension and credit support will be necessary. The benefit of past experience should ensure success for the next round of land reforms.

However, as earlier indicated, land reforms need to be part of the much larger agrarian reforms that would provide support to those who newly acquire land from the state and to the large majority of small farmers in Pakistan. In this regard, some of the key reforms include land consolidation, fair and effective tenancy contracts and credit and extension support for sustainable agriculture on small farms. The Government may be moving in the reverse direction with regards to reform in the agricultural sector.

Budget 2001-2000 provided several incentives for the corporatization of agriculture. The danger is that this may generate a move towards concentration of land holdings, displacement of rural labor to the cities and enclave production for foreign markets that have very few linkages to the domestic economy. Our cities and municipalities are already over-burdened and simply do not have the carrying capacity to accommodate more migration. Small productive farms, to the contrary, have the advantage of being highly integrated with the local economy and will produce a stimulus for other sectors of the local economy on both the production side and also on the consumption side as productivity, income and demand increase.

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Table 1. Implementation status of past land reforms in Pakistan

	Ceiling	Total land resumed (hectares)	Total land redistributed (hectares)	Total land redistributed as a % of total land resumed [#]	Total land resumed as a % of total land [@]
1959	150 acres (irrigated) 300 acres (semi-irrigated) 450 acres (unirrigated)	1,008,106	952,856	94.5	1.27
1972	150 acres (irrigated) 300 acres (unirrigated)	481,244	295,929	61.5	0.6
1977	100 acres (irrigated) 200 acres (unirrigated)	74,109	38,566	52.0	0.09

Sources Based on Khan (1994) who utilized the records of the Land Commission for 1992.

Notes [#] These figures of the land commission have been challenged in the press. For example, A. S. Yusufi, in the *Dawn*, October 2, 1998, claimed that 380,400 acres of resumed land in the NWFP was awaiting distribution.

[@] Total land is quoted as 79.61 million hectares in Government of Pakistan (1998, p. 85). Total land is quoted here instead of cultivated land because, for example in 1959, according to Herring (1983, p. 99) only 43.2 percent of land resumed was cultivated land and according to Khan (1999, p. 29) less than a quarter was cultivated land.