

# IN A NUTSHELL

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## Monthly Overview on Political Economy of Agriculture

### *A Semi-feudal, Semi-Colonial State*

The Agriculture Census 2024, if nothing else, highlights the two political strongholds that run this country – the feudal class and monopoly capital. It is difficult to accept the census findings, as at different points in history, the government of Pakistan has released different set of statistics with respect to land concentration. In the current census it has been reported that only 16,958 landlords in Pakistan owned more than 100 acres of land and held 6.2% of the total farm land. Or in other words, only 215 acres of land is held on average by each of these landlords. However, in the 11<sup>th</sup> Five Year Plan (2013-2018), presented by the Planning Commission, Ministry of Planning, Development and Reform, Government of Pakistan had stated that ‘The agriculture land distribution in Pakistan is highly skewed as only five percent of the agricultural households own 64 percent of farmland. On the other side, over 80 percent of farmers own less than five acres of land and women’s share of ownership of land is less than two percent.’ Further, the Ministry of Food and Agriculture, Government of Pakistan, in its Report of the National Commission on Agriculture, 1988, stated, “Pakistan inherited a feudalistic land tenure system under which there was no limit on individual ownership of land, only 7 percent of the land-owners owned 53 percent of the land, tax-exempt jagirs abounded in all parts of the country and much of the land was cultivated by tenants-at-will who had no protection under the law.” No comprehensive land reforms have been carried out since 1947, and hence it is difficult to believe, that from the 11<sup>th</sup> Five Year Plan to 2024, there has been such a drastic change in land concentration. The timing for the release of the Census is also quite interesting. Agriculture taxation was accepted into law late 2024-early 2025, for all four provinces. And then Agriculture Census was released (after a delay of nearly ten years) which was almost simultaneous with passage of agriculture taxation. Each province has its own system for taxation for example Sindh government has set agriculture income tax based on six different slabs, and was to be levied from January 1, 2025; income less than PKR 600,000 was exempt from any tax, and the highest slab was for income exceeding PKR 5,600,000 was to be taxed at 45% and an additional amount of PKR 1,610,000.

It should be noted, that under pressure from the IMF, provincial governments had amended their income tax laws. But when it came to implementation, the Sindh government passed a new ordinance through which it has once again levied only a 15% agriculture income tax, instead of the agreed upon 45%. The government of Punjab had already set the same percentages. In summary, both Sindh and Punjab have effectively shielded feudal landlords from the conditionalities laid down by the IMF. And in this context, one can only wonder about the credibility of the Agriculture Census which has placed about 17,000 agriculture households who will have to pay taxes based on highest taxation slabs, as notified by the new income tax laws.

*The Agriculture Census 2024 exposes the real power structure of this country. Feudal elites and monopoly capital still dominate. The data claims that only 16,958 landlords own over 100 acres and control 6.2 percent of total farmland. Given the shifting land statistics released by successive governments, these figures raise serious questions about transparency and land concentration in Pakistan.*

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*In a Nutshell is based on our monthly publication Haal Ahwal that can be found on our website [https://rootsforequity.org/?%20page\\_id=593](https://rootsforequity.org/?%20page_id=593)*



According to a former finance Minister, Dr Hafeez Pasha, even the income taxes levied originally in July 2025, would have yielded PKR 450-500 billion, a collection that he considered ‘too low and embarrassing. . . . At least the one percent of farmers who own 22 percent of farmland should be taxed properly.’”

Apart from strong feudal political hold on agricultural policies and income, imperialist forces continue to control industrial and agriculture policies. In the sidelines, at a conference on China-Pakistan Economic and Trade Exchange, the two countries decided to form technical working groups to explore and implement projects focusing on high-yielding cotton seed development, advanced water-saving irrigation technologies and modern farming techniques. In addition, the Punjab Agriculture Department also held a high-level consultative session with 18 companies representing China’s corporate sector, The context was to explore joint initiatives in agricultural mechanization, smart farming, and digitalization.

At the same time, the government has finalized the national ‘biotechnology policy’ and informed the Standing Committee on National Food Security and Research. The Committee was briefed by CropLife Pakistan on research and development in the seed sector, as well as challenges and potential solutions. No need to mention that CropLife is an amalgam of the world’s biggest agrochemical and biotechnology firms, and will only highlight the advantages of its products, and if not deliberately hiding its harm, will at least not shine a light on the adverse impacts. Ethical concerns of big agrochemical corporations’ hold over global seed market, their aggressive promotion of use of chemicals including fertilizers and pesticides that harm not only human health but destroy

ecosystems and biodiversity and taking away collective rights of peasantry all are being ignored as if these crippling effects on peoples’ rights, as well on nature do not exist. It needs to be added the Committee also, on the behalf of tobacco growers, instructed implementation of ‘meaningful reforms and consult growers on issues related to tobacco sector.’ The impacts of tobacco on health and the environment are well documented and need not be reiterated. Other provincial governments are also discussing implementation of the Seed Act.

***Farmers-Prosperous or Pauperized?***

There are contradictions in what farmers state about their conditions versus what our state bureaucracy announces. Many farmers’ associations, committees and representatives have demanded protection of farmers’ rights and rural communities. From lack of wheat support price to reinforcement of anti-peasant judgements, high cost of production to damage suffered through climate disasters there are multiple forms of economic, social, and legal inequities faced by peasants.

Women agriculture workers face various forms of occupational hazards. Farmers access to electricity has become highly affected, leaving tube wells non-functional while access to other forms of energy have also not been put in place.

It has been reported that the Sindh Tenancy Act, 1950 is tilted to favor landlords. The Section 17 amendment shifted 100% of expenses to peasants. This has especially been disastrous for sharecroppers. And even 25 years into the 21<sup>st</sup> Century, there are still more than 1.7 million bonded labor, of whom 700,000 are children. The state of af-

fairs of course reflects the fact that in Sindh, provincial members of assembly are heavily represented by feudal lords or their families.

However, it is notable that the demand for just and equitable land distribution is not articulated in many of the meetings, press conferences and other pro-peasant events. In order to achieve social equity, and a decent livelihood for small and landless farmers who constitute the vast majority of society, equitable and just land distribution remains the most critical of all pro-peasant policies.

State neglect of smaller provinces and small farmers is evident from the data that the State Bank of Pakistan (SBP) has shared, which is that only ‘97 percent of the agri-credit disbursements are made in Punjab and Sindh and the remaining 3 percent in unserved and underserved areas of Khyber Pakhtunkhwa, Balochistan, Azad Jammu & Kashmir and Gilgit-Baltistan.’ Further, according to the SBP ‘only 7 percent of total borrowers received 68 percent of the total disbursements, whereas small famers (ranging landholding of up to 12.5 acres), who make 93% of the total borrowers, received 32 percent of the total disbursements.’ These issues have emitted a response from the state to facilitate loans for small farmers and urging the private banks to do so as well. It is quite possible that small farmers will be provided loans but the mode will be based on digital sources. This is now one of the prime targets of Big Data, which uses data to evaluate risky candidates for loans, while gathering other data which they sell such as weather patterns, crop yields and agri-product promotion for sales. Given that neoliberalism is dictated by monopoly capital and is its finest tool for yielding super-profits, the emphasis on provid-



ing loans through electronic means is no surprise.

Please note that a huge range of services are now being offered to farmers by banks in Pakistan. These include various schemes launched by HBL, Sindh Bank, and Askari Bank among others. These banks have entered partnerships with other institutions. For instance, the HBL Microfinance Bank (HBL MfB) and the Pakistan Space and Upper Atmosphere Research Commission (SUPARCO) have agreed to jointly work in Punjab's key agricultural zones for 'remote pre-loan assessments using high-resolution satellite imagery, crop health analytics, yield estimation, risk profiling, and a scoring engine to assess farm-level creditworthiness.' At the same time, Engro Fertilizers and Bank Alfalah Limited have also entered a partnership to launch PKR 250 million financing for farmers across the country who will have to be registered through integrated agricultural e-commerce platform for Pakistan. In Sindh, the provincial government has announced that Benazir Hari Card will be issued to millions of farmers, where registration and verification of 80,000 new farmers have been completed. The card will be used for provision of subsidized services, and purchase of agricultural inputs. Askari Bank (AKBL) and Green Agrimall (GAM) are offering up to 5% discount on purchases of agricultural inputs through Askari Bank's debit and credit cards.

In short, the state remains loyal to serving the interests of feudal lords and big corporations and banks.

### ***Climate Crisis—a Weapon for Empowering Neoliberalism***

Pakistan remains one of the most vulnerable countries to climate crisis. This

year alone 2.5 million acres of crops, equivalent to 7.7 percent of the total cropped area were destroyed. Just before floods devastated many parts of the country, there was an acute shortage of water in parts of Sindh, affecting paddy seeds. So there is no predictability left in agriculture due to climate change.

While climate crisis has been caused by the carbon emissions from advanced industrial countries of the world, the devastation is suffered by the working class and peasantry, like the case in Pakistan. This scenario is used by imperialist institutions to further deepen their hold in the agriculture sector. A Climate Risk Fund-I (CRF-I) has been launched under the World Bank-funded Resilience and Adaptation Mainstreaming (RAM) Project. The stated purpose is to strengthen farmers who are most impacted by climate crisis. The panacea being offered is strengthening Microfinance institutions as a conduit for flood-affected rural population. The context is that climate change has resulted in 'increased risk of loan delinquencies and liquidity shortage. Microfinance sector growth has been affected, and to 'enhance the resilience of the Microfinance Providers and their agri clients' the CRF-I has been established. Instead of providing direct support to farmers as a state responsibility, loan-giving and profit-seeking institutions are being supported. We should remember that in the past these institution were also known as 'loan sharks.'

There is also a joint project between the Asian Development Bank (ADB) and the University of Faisalabad (UAF) for mapping low carbon agriculture mechanism to address agriculture and environmental issues. It is worth knowing that the entire carbon emissions from Pakistan remain less than 1% of global

emissions, and it may be better to find mechanisms for finding an end to the Gaza genocide and ecocide where in the very first 15 months of war by the Zionist entity Israel (provided weapon from the US and other western countries) has led to emissions approximately equivalent to emissions from a 100 countries. ADB provides support to Pakistan that includes climate-resilient development through investments in the country's economic management, energy, food security, institutional capacities, private sector, public finance, and social services among others.

Further dangers lie in Pakistan committing to Atoms4Food Initiative, an initiative that has been launched by the International Atomic Energy Agency (IAEA) and the Food and Agriculture Organization (FAO) to mitigate impacts of climate crisis. It should be noted that nuclear based solutions do not promote self-reliance, nor build on community knowledge. They are based on high-tech instruments and cause long-term dependency on foreign knowledge systems being sold at high profit rates further increasing the country's odious debt.

### ***Cotton Crisis***

The agriculture sector is facing many different crises which include global warming, floods and high price of production. Cotton production is particularly impacted; according to the Pakistan Cotton Ginners Association (PCGA), by late September total cotton production was only 2.0 million bales. Though floods were a factor in the low production, it should be noticed that cotton production has dropped from 14 to 7.1m bales over the past eleven seasons.

There is lack of a cotton policy, and



various recommendations are being offered that include a five-year policy framework that ensures no surprises are faced in price and taxing mechanisms. There is also a demand for special economic zones for cotton production. The Prime Minister's Committee on Cotton is looking to developing next-generation genetically modified (GM) cotton varieties with stacked traits for heat tolerance and resistance to the cotton leaf curl virus. The same committee is also suggesting implementation of zoning to protect core cotton areas, and promoting organic cotton in Balochistan. The Food and Agriculture Organization (FAO) of the United Nations reports that farmers in Balochistan are shifting to organic production, as organic certified fiber attracts higher sales price.

There is much to be learned from the organic cotton production in Balochistan. Instead of chasing GM technology which has basically brought cotton production to its knee, it would be much more economically and environmentally feasible to pursue organic production across the country. But the public policy push is for market-gearred mechanisms. This can be seen as the Board of Governors of the National Seed Development and Regulatory Authority (NSDRA) have carried out reforms as well as launched a 'Truth-in-Labeling System' for cotton. Ostensibly, such measures provide better quality seeds to farmers, but in fact international seed corporations gain control over the market. So instead of local production of good quality seeds subsidized and protected by the state, the seed sector is handed over to the private sector, which to date has never shown accountability for its poor production, and harm to the environment.

### ***The Market!***

There is much emphasis on privatization, deregulation and trade liberalization in the agriculture sector. What do these policy measures mean for small and landless farmers? There is an acute dependence on agriculture inputs coming from foreign sources, while there have been difficulties in meeting local demand of agricultural inputs. There have been inefficiencies reported in provision of pesticides to farmers. At the same time, there is a plethora of fake products in the market. In Sindh, the agriculture department has seized 5,318 bags of fake agricultural medicines and fertilizers.

High fertilizer prices were followed by a dip in sales of urea and fertilizers. The sale rose as discounts were offered by manufacturers; however, it is entirely probable that the surge in sales could have been based on purchases being made by dealers, who are the real beneficiaries of discounts. They are able to reap higher profits as they have the ability to buy bulk, and then sell the same lots at a much higher price in the market.

According to the Competition Commission of Pakistan (CCP), it intends to monitor the fertilizer industry, as this industry was inclined to cartelization. However, the CCP report has been questioned by the Pakistan's fertilizer sector, stating that it presents a narrow focus, and fails to examine the 'core challenge of natural gas allocations an input critical for urea production'. The public and private sector are investing in coal-powered fertilizer plants.

The seed sector is also facing more and more influx of seed corporations. Cor-teva Agriscience, one of the largest seed corporations in the world are interested in introducing climate-resilient hy-

brid corn seeds in Pakistan. According to the company management, Pakistan has the potential to gain high yields. One can only remember the debacle faced by the cotton sector; when will our policy makers learn?

While the government vies for international markets, it is clear that markets, especially in Europe and North America have many protectionist measures in place. For instance, the US, has finally lifted its ban on seafood exports from Pakistan, that had been in place for the last four years. However, seafood exporters fear gains in global trade may not be forthcoming as without implemented certain fishing practices such as the adoption of Turtle Excluder Device (TED) rules, Pakistan will still not be able to export to the US.

In short, Pakistan is a semi-colonial country where its people are held hostage by imperialist laws and regulations that do not allow the working class, the peasantry to benefit from the fruits of their labor. Unless systems that allow neo-colonialism to prosper are challenged and erased, the possibility of a prosperous country are negligible.

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