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Agricultural Development in Khyber Pakhtunkhwa: Prospects, Challenges and Policy Options

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Objectives

This study is spadework in its nature on agricultural development in the province, with hopes to stimulate the policy makers, practitioners and researchers whose daily concerns bring them in direct contact with the problem of lagging agriculture to do thorough work in KPK in the future.

Introduction

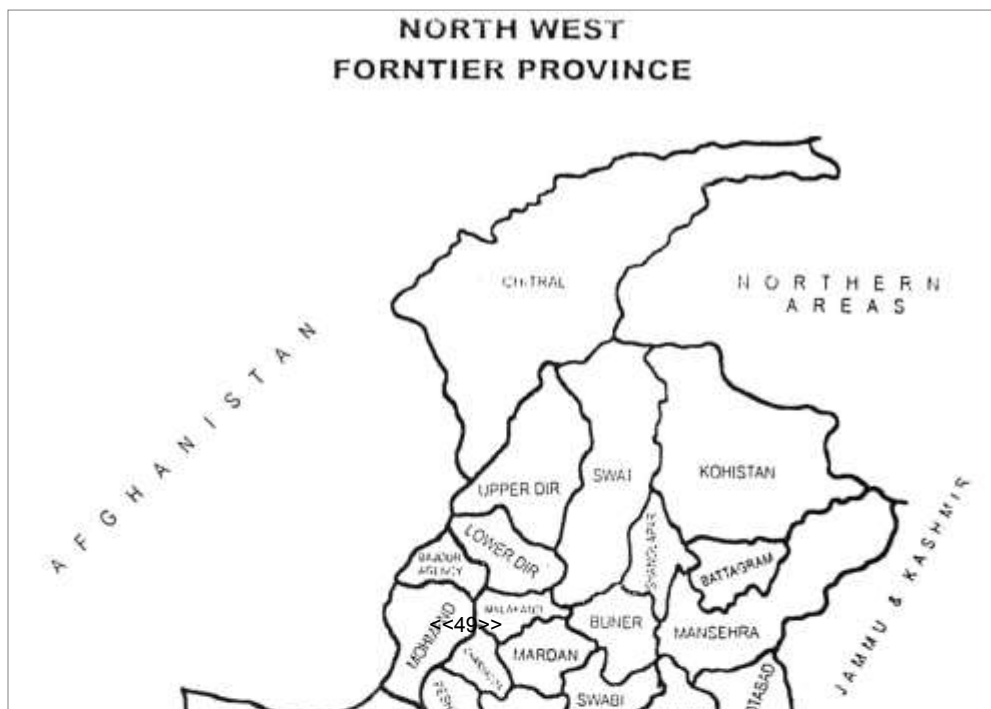
The province of KPK is situated between 31°15' and 36° 57' North latitude and 69° 5' and 74° 7' East longitude. The maximum length of the province between the parallels is 408 miles and the maximum breadth between the meridians is 279 miles (Room, 1991). It lies at the junction of three mountain ranges; Himalaya, Karakorum, and Hindukush. Kashmir and Punjab are located to its east and Afghanistan to its west; Afghanistan also bounds the province on the north, Baluchistan and the Dera Ghazi Khan District of the Punjab lie on its south (Gazetteer, 1991:1). It is separated by a narrow strip Wakhan from Central Asia and China (Government of Pakistan, 1991).

The province has three main geographical divisions: (i) the Cis-Indus division of Hazara, (ii) the comparatively narrow strip between the Indus and the hills, constituting the settled divisions of Peshawar, Mardan, Kohat, Bannu and D.I.Khan, (iii) and the rugged mountainous region located between these divisions and the border with Afghanistan (Durand line) known as the tribal belt (Baha, 1978:21).

This area has witnessed the rise and fall of some of the mightiest civilizations. It was the cradle of Gandahara and Hindushahi civilization. It has served as a corridor for countless invaders and conquerors—Cyprus, Alexander the Great, Tamerlain, Mahmood of Ghazni, Babur, Nadir Shah, and Ahmad Shah Abdali all crossed the famous Khyber Pass—and as a result historians and travelers have

taken keen interest in visiting this region. Islam entered the Northwest Frontier regions in 998 AD, with the conquest of the region lying west of the Indus in Subcontinent by Sabuktigin, founder of the Ghaznavid dynasty. His son, Mahmood Ghaznavi, retained possession of his father's lands and further annexed the territory of Punjab for the Afghan kingdom in AD 1022. Several Muslim Pakhtun families, including the Lodhis, Suris, and Durani, have ruled the Subcontinent. Always the masses of this region used religion and narrow nationalism against centralist power and the incumbent regimes. Bayazid Answari and Khushal Khan Khattack were from Pakhtun stock and fought with tooth and nail the Mughal emperors. Faqir of Ippi and Haji Sahib of Turangzai were diehard opponents of British *raj* and later vociferous proponents of the Pakhtunistan Bogey. (Jan, 2008). KPK remained part of the Punjab during the Sikh Rule (1818-1849) and British rule (1849-1901). It was made a separate province in 1901, named North West Frontier Province, and became a full-fledged province in 1932. The region played an important role in the movement for independence of the Subcontinent, as well as during the Cold War era on account of its geographical location. It was through this path that the British feared Russian invasion. Perhaps this is why the North West Frontier Province has played the role of a frontline state. NWFP was renamed as Khyber Pakhtunkhwa in 2010.

There are 25 districts in KPK, bordered by seven agencies and five Frontier regions. It has many historical buildings and archeological monuments. Capital and largest city of province is Peshawar and other cities include Nowshera, Mardan, Swabi, Mansehra, Nathia Gali, Abbottabad, Kohat, Karak, Bannu, Tank and Dera Ismail Khan. The most valuable asset of the province is its unique cultural heritage that is thousands years old. Cultural history of the province is enhanced by the natural beauty of landscape. KPK is largely a mountainous region with large variations in the terrain as one move through the province.



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The districts of Peshawar, Mardan, Charsadda and Swabi are fertile lands surrounded by hills. As one moves south, the barren expanse of Kohat, Bannu and Dera Ismail Khan come into view. Heading north, the mountain terrain grows more rugged, and the valleys more inaccessible. The Kaghan Valley is well wooded. Hazara is also mountainous, with fertile agricultural and forest lands. Dir, Bajour, and Swat are fertile and well wooded. The hilly terrains of Swat, Kalam, Dir, Naran and Kaghan are renowned for its beauty and attract a great many tourists from neighboring regions and around the world. Swat-Kalam is sometimes called ‘a piece of Switzerland’, as there are many landscape similarities between the two. (Wiki, NWFP: 2007) The province possesses fair prospects of becoming a major tourist spot.

The province is known for its devout Muslims who zealously guard their religion and culture and the way of life that they have been following for centuries. The primary language spoken in the province is Pashto and most of its residents are Pakhtun. Hindku and Saraiki are also spoken. Nearly all of the inhabitants are Muslims, with a Sunni majority and significant minorities of Shias and Ismailis.

The Province has a wide range of physical and climatic conditions. Though situated in a temperate zone, the climate of the province varies immensely from region to region. The average annual rainfall varies from 25 to 58 inches (Wiki, NWFP: 2007) Heavy snowfall occurs in Chitral and the Kaghan Valley, and a large glacier is a feature prominently in this landscape. Snow also cuts Chitral off from the outside world for most of the winter. Similarly Dir and Hazara are among the wettest places in Pakistan. The region south of the Himalayas and the Hindu Kush foothills has a hot and dry climate, with summer temperatures quite high. This region is both warmer and generally drier than the rest of the province. KPK province is a mountainous region intermixed with the fertile valleys of Peshawar in the center and the dry plains in the south.

Literature Review

There are many works by eminent social scientists on every aspect of agriculture of Pakistan. Most agricultural economists have interpreted data from Punjab and Sind in their works. As observed by Mahmood Hasan Khan ‘the research problems of other areas, particularly Baluchistan and KPK, deserve strong commitment for at least two reasons, firstly its agricultural problems are in many ways more complex and intractable, and secondly there is the problem of grossly inadequate information and data on these problems (Khan, 1991:10). As regards the agriculture of province, aside from a few papers in local journals and a

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number of reports and monographs from Mian Noor-ul- Islam (Mian, 1980), Muhammad Ahmad Khan (Khan, 1980) and others published by the former Board of Economic Enquiry present Institute of Development Studies (IDS) Agricultural University Peshawar, no thorough work has been done by any social scientists. So there is a need to fill the gap.

Research Methodology

In writing this paper, a descriptive method was preferred, involving the study and understanding of events and drawing conclusions concerning causes, effects, or trends which may be helpful for future planning. Data are reported as they were encountered; no additional data was collected by instruments or individuals. Most of the sources used are government-published or released reports, statistics, surveys, gazetteers, books, magazines, newspapers and periodicals.

Prospects of Agricultural Development in KPK

KPK and FATA constitute 16 percent of the population of Pakistan. Total reported agricultural land in the province is 13.89 million acres. Of this 22.23 percent is forested and 23.90 percent is under crop cultivation in addition to 22.49 percent cultivable land that is not utilized for want of water (MINFAL and JICA, 2002:2) The province and adjacent tribal areas have a unique distinction of highly diversified agriculture. The diversity of agriculture of this region is reflected in the map of agro-climatic zones of Pakistan prepared by Agricultural Research Council, where 6 out of 10 zones appear in the Frontier Province (PARC, 2002). Moreover, the province is capable of producing varieties of crops, fruits, vegetables, sericulture, floriculture, and medicinal herbs which are quite rare in the country.

The Kabul, Swat, Chitral, Kunhar, Bara, Kurram, Touchi, Baran, Harroah, and Siran are the main rivers flowing through the province. Karak aside, all districts in the province have easy access to the water of a river passing nearby or flowing through for irrigation. The Indus travels 200 miles in the province but little use of its water has been made agriculturally. With the exception of the Chasma Right Bank Canal (CRBC) and the Pehur High Level Canal (PHLC), no use of Indus water is being made in KPK (Baha, 1978:79). CRBC's water is partly used for irrigating lands in D.I.Khan and partly in D.G. Khan. It is astonishing that the Pehur Canal project was launched in 1960 and barely completed in 2000. It is irrigating a part of Swabi district.

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A National Water Apportionment Accord 1991 has allocated 8.78 million acre-feet of water for North West Frontier Province. The province utilizes only 5.5 m.a.f. Due to the absence of a canal fed by the Indus, about 3.2 million acre feet of the water of KPK is used by Punjab, irrigating five million acres in the province while not a single penny is paid to KPK as compensation (Statesman: 2-5-2008). The accord also allowed 14 percent of the additional river water supply including flood flow and future storage (Khan, 1994: 11).

Agriculture engages 48 percent of the total labor force and contributes 40 percent to the GDP of province (Nazir and Jalely, 1992:4). Wheat and maize are the dominant food crops of the province. KPK produces 8 percent and 60 percent of the wheat and maize grown in Pakistan. Crop yield per acre of food grain is far below achievable potential levels. Sugar cane and sugar beet are major cash crops. About 15 of the total sugarcane of Pakistan is produced in KPK, in addition to sugar beet production in Mardan and Charsadda. Sugar beet is a very efficient sugar crop and produces more sugar than sugarcane. Tobacco is another cash crop of the Frontier province and it accounts for about 90 percent of the total Virginia tobacco grown in Pakistan. The province has potential to increase its tobacco production. Tobacco is providing sizeable revenue for the government (Mian, 1980:40). The provincial income from tobacco equals Rs.50 billion and central government pays only Rs.7.2 billion out of this lump sum. (Frontier Post, 1996)

The present yield in province is only 23 percent of its potential due to a number of constraints faced by the farmers (Khan, 1994: 38). Climatic conditions and soil of the province are quite conducive for the production of fruits and vegetables. About 30 varieties of fruits are produced in KPK and orchards spread over 74,130 acres (Government of NWFP, 1996: 100).

As many varieties of vegetables are produced at both subsistence and commercial levels. In certain high elevations off-season winter vegetables are grown in summer, making many vegetables available throughout the year. There exists potential to increase per acre production of fruits and vegetables, as present harvests are well below other countries. Per capita consumption of tea in Pakistan is 1kg. Moreover Pakistan is the second largest importer of tea after Britain. The import of tea costs more than Rs. 5.9 billion annually, the second largest import bills after edible oil. (Zarat-i-Sarhad: 2009) Swat, the adjacent area of Hazara, and other areas in tribal belt are the only sites in Pakistan with 0.5 million acres land suitable for tea cultivation (Zarat-i-Sarhad, 2009). Tea cultivation has been started and tea-reprocessing plants were installed in 1990. About 2000 acres land in Shinkhari and Khuzakhela is under tea cultivation. Huge profit could be earned

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and disguised unemployment could be cured by cultivation of this low cost production crop in the tribal areas, Mansehra and Swat (PARC, 2002). Vast natural groves of wild olives are in the province, which can be converted to improved varieties. This can be converted into a source of high quality oil without scarifying cropped area. Similarly Soya bean can be produced both as a sole crop as well as intercropped in orchards.

The province also has a vast grazing area along with the capacity to produce every kind of feed required by dairy animals. Therefore the livestock sector occupies a key place in agriculture. Its contribution to the agricultural economy is 44 percent of employment and 20 percent total agricultural income in the province (Khan, plan of action under FES). The contribution of KPK to total production of livestock has declined from 19 percent of total production of Pakistan in 1950s to 12 percent in 2005. (Khan, 2005:135)

Despite nearly 70 percent of the land area of KPK and FATA being mountainous and unfit for efficient productive agriculture there are also unique opportunities. KPK is home to about 40 percent of Pakistan's Forest. About 3 million acres of forest land is situated in Hazara, Dir, Swat, Chitral, and Kohistan. A minimum of 3.5 billion cubic feet of timber is obtained from it yearly, accounting for more than 250 billion rupees. (Frontier post, 1996)

The province is blessed with some of the most exquisite areas in the world, where the beauty of the natural environment, the abundance of scenic spots, and a host of recreational outlets attract an ever-increasing number of tourists. There are also a large number of colorful traditional handicrafts based on local raw materials. If the tourism industry is properly developed, large numbers of foreign tourists could be attracted and provincial revenue could be enhanced by millions of dollars (Shah, 1995).

The varied geology provides enormous mineral wealth in the province but the exploration and development work has been very poor. Precious stones export holds tremendous potential for growth in KPK. The export of gemstones could be increased to \$50 million a year if proper modern technologies were used. There are 2 billion tons of marble deposits in Swat, Bajaur, Mohmand, and Khyber (USAID, 1993: 8). 78 percent of the total marble in Pakistan is mined from KPK. (Wiki, NWFP, 2007) Among various kinds of marble the Mullaguri marble deposits of Swat are among the best in the world, ranked with Carrara in Italy and Makrana in India. Due to the use of primitive mining methods, 65 percent of this marble is wasted during extraction (USAID, 1993:10)

There are more than 40,000MW of electric generation capacity in KPK on the Indus River alone. Similarly 20,000MW of potential is available on the Swat River (Dawn, 1998). Cost of production of hydro-electricity in KPK is quite low.

Challenges

For the last 150 years KPK and FATA have remained underdeveloped as compared to Punjab and Sind. In 1849 Britain established its hold on Punjab and the present KPK. Security of India from Russia remained pivotal to Britain's foreign policy. British-Punjabi cooperation continued throughout the period of imperialist rule (Ali, 1988:4). The dwellers of KPK and FATA looked upon the arrival and rule of the British as a curse and getting rid of them was considered the sacred duty of every individual, so they engaged in their efforts to expel the British. They resorted to armed resistance, particularly in the tribal areas, so they made slow progress and were less developed in various fields of administration than the cis-Indus districts of the Punjab. Their somewhat neglected condition might be attributed to the British Government being more occupied with the problem of security and law and order in the trans-Indus districts than with their socio-political development. The government used the FATA as a shield by means of the Frontier Crimes Regulations, and increased the effectiveness of both the British Indian Army and the tribesmen by the constant fighting. Thus no invader was capable of finding safe passage to India. The tribal areas were considered part of India but not part of British India, thus absolving Britain of its responsibility to develop and educate the tribesmen (Khan, 2011:49).

After independence the growth oriented policies of the government of Pakistan gave no priority to bringing backward regions like KPK and Baluchistan into the mainstream; instead investments were made on the basis of the proportion of population possessed by the provinces. According to Senator Haji Adeel, the KPK government has no control over its resources and is therefore unable to make progress in education, health, communication, agriculture, or industry. The provincial government has rights over only five percent of its resources, while 95 percent are controlled by the federal government. The province is dependent for 93 percent of its financial needs on federal and foreign support. During the last 62 years KPK has received only 4 percent of public development and financial sector funds, and 95 percent of these funds have been utilized in Punjab and Sind. The provincial annual income from hydro-electricity sums Rs.25 billions while the federal government is paying only Rs.6 billion (Statesman, 2008). The present

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government, through the new NFC award of 2009, has addressed the problems of smaller provinces to some extent.

Four factors shape the main development challenges for KPK and adjacent Federally Administered Tribal Area.

(i) A front line state role

As a result of regional, national, and international politics, the history of KPK and FATA has been turbulent, which has kept economy of these regions in deficit from the very beginning. Seven agencies and seven frontier regions possessed of over 10 million people and about 27220 sq km comprise the province (MINFAL and JICA,2002:). Strict observance of religion and adherence to cultural codes and values contribute to socio-economic stagnation. The poverty-stricken ignorant masses of the Frontier province, with their warlike temperament, have been always at daggers drawn with the ruling circle at the center. The passes and valleys inhabited by the Pakhtun masses have echoed with the gunfire of freedom fighters and their resistance against central government from the days of Mughals to the present. Religion and self-respect played the role of catalysts in the political affairs of the region and in spearheading their struggles against the rulers (Jan, 2008).

The rigid stance of the tribesmen against the administration has hindered development work in the region. Their behavior towards the construction of canals was not friendly. During the British period while the government was busy digging canals in the province, the work sites were attacked by mobs and the government deployed security guards to these sites. This raised the cost of these projects considerably. The government used force to subdue the uprisings and did nothing to ameliorate the socioeconomic condition of the people, which could have turned the turbulent masses into faithful citizens (Baha, 1978:79).

Pakistan's growth strategy from the very beginning has been to achieve growth by raising the saving level and to increase investment levels. The main source of investment was foreign aid in the post-independence era. They were made in already developed areas (agriculturally and industrially) of the Indus basin leaving only a few projects for the remote agricultural area of KPK and Baluchistan (Zingel, 1982:268). Investments were made on the basis of proportion of population possessed by the province and no priority was given to bringing backward regions like KPK and Baluchistan into the mainstream. According to State Bank of Pakistan data released in the mid-nineties; KPK received only 4.9

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percent of farm and 1.7 percent of non-farm loans, versus 81.9 percent and 88.9 percent of farm and non-farm loans received by Punjab (Frontier Post, 1996).

The perpetual war in neighboring Afghanistan from a sour revolution in 1979 to succeeding civil hostilities has used the FATA and KPK as a base. This creates uncertainty in the province regarding economic conditions. The inflow of more than 2 million Afghan refugees to the province has negative impacts on the environment, law and order, and the economy of KPK. The refugees have put significant pressure on the already less-competitive agricultural sector of the province. It has resulted in uneconomic use of land and deforestation in the province to meet the food and fuel needs of refugees. The Afghan war also flooded the region with a large amount of unregulated and unlicensed weaponry. The present alarming situation engulfing the whole country is in continuation of past practices and intensified after 9/11 (Saif: 2008). The government has launched a war against Talibanization and militancy. The prevailing unrest and uncertainty is affecting every segment of life and development work cannot be carried out in such conditions. When jobless mobs suffer economic deprivation in an environment of total ignorance, they very happily join the ranks of fanatics like Taliban (Jan, 2008).

(ii) Distance from sea port

The province and tribal area is far from the seaports of Pakistan, increasing the cost of imported inputs while making exports more expensive. Though the province cannot be brought closer to the sea, it is possible to improve the efficiency of transport and communication networks. It is also plausible for the province to develop and enhance its trade potential with the countries that are geographically closer to it, such as Afghanistan and other Central Asian states.

(iii) A limited modern private sector

Modern private enterprise is relatively weak in KPK as compared to other provinces of Pakistan. Peshawar ranks the lowest among the major cities of Pakistan for conducting business. Major reasons for the shortfall include uncertainty regarding government policy, weak infrastructure, and institutional impediments

(iv) Weaknesses in human resources

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In KPK the social outcomes are worse than in other provinces of Pakistan. Poverty is widespread particularly in rural areas of KPK. About 37 percent of the population lives below the poverty line in settled districts. In FATA, the situation is worse, with 60 percent below the poverty line. 40 percent of adults are unemployed in the province (WB, 2005). Literacy in the province is 38 percent, compared to 45 for Pakistan as a whole. 58 percent of households have access to clean drinking water, as compared to 85 percent access for Pakistan (WB, 2005).

GDP growth rate is 4 percent and population growth rate is 2.8 percent in the province. Lack of economic opportunities and absence of the rule of law has pushed and are pushing the work force, the urban elite, and investors to migrate to the urban centers of Punjab and Sind. 30 percent of households in KPK are fed by remittances from within Pakistan and another 8 percent on remittances from Gulf countries (Ikram, 2009:33).

Agriculture is the main source of livelihood in KPK and FATA, but its structure is thin and weak. Within the province the main challenges faced by farming communities are possession of land holdings by landlords and resultant fragmentation of land into small and uneconomic holdings; insufficient irrigation water; lack of technical knowledge, education and extension facilities; wide spread poverty among farmers and inadequate credit facilities; segregation of the sexes; expensive farm inputs and lack of availability of quality seeds, fertilizers and pesticides; lack of roads from field to market; low prices of agricultural output; the absence of agriculture-based industries; and the flood of Afghan refugees. Additionally, the use of modern agricultural inputs such as fertilizers and pesticides has led to alarming environmental pollution.

Landlordism and the fragmentation of land into uneconomic holdings

The agrarian structure was predominantly feudal from the time of Mughal rule, when absentee landlordism originated. First were Zamindars, possessed of hereditary rights to tribute from the tiller of the land, keeping 10 to 25 percent for himself and dispatching the remainder to the emperor. Second were Jagirdars who were granted territories for their military services and exempted from payment of revenue. The British established the explicit right to ownership of land. Zamindars and Jagirdars were allotted large tracts of agricultural land, and the latter were exempt from paying agricultural tax. After independence the government of Pakistan introduced land reforms in 1959, 1972, and 1977 to put an end to landlordism, to improve ownership patterns, to stabilize the smaller farms, and to prevent their further subdivision (Ahmad Khan, 1980:63). But due

to numerous exception clauses, all these land reforms were unsuccessful. Only a few million acres were reclaimed as a result of all these land reforms, of which only 50 percent was suitable for farming (Selier, 1988:37).

In KPK the provincial government in its individual capacity tried to abolish the Jagirdari system and the exploitation of tenants by Zamindars. Most important were the abolition of Inamdari and Jagirdari system in 1938 in the pre-partition era. The KPK Tenancy Act 1950 and KPK Protection and Restoration Act 1951 were enacted in the post-partition period. Despite these and the central government reforms of 1959, 1972, and 1977, the results were far from satisfactory. In 1981, 30 percent of all agricultural land was held by 0.5 percent of landowners who owned more than 150 acres per head. (Zaidi, 1999:35). Due to the prevailing Islamic laws regarding inheritance the land was partitioned among the inheritors. Therefore 90 percent of farms in operation in KPK do not meet the official criterion of subsistence holdings. There is a mass of marginal owners in KPK, using mostly family labor and producing for family consumption; holdings fragmented into more than 20 small, scattered packets are common, and the land is not as productive as in Punjab and Sind (Mian and Jalely: 1992:49).

Shortage of irrigation water

The pre- and post-independence agricultural policies of the central government paid the most attention to the Indus basin regions (Punjab and Sind), and the least to the border provinces of KPK and Baluchistan. Irrigation systems in KPK are very poor: of 25 million acres total land, only 2.27 million acres receive regular irrigation water and 3.5 million acres lies un-irrigated due to the absence of a proper canal system. 40 percent of water is wasted in the delivery system due to improper design and unmaintained watercourses. Some work on this was started in the mid-1970s under the 'On farm Water Management Project' (OFWM), with some success, but there is need of further work in this field. (Riaz, 1994:30) Out of the total cultivated area about 90 percent is irrigated in both Punjab and Sind. On the other hand 40 percent and 39 percent of the total cultivated land in KPK and Baluchistan are irrigated, respectively (Kardar, 1987:19).

Wide spread poverty among farmers and inadequate credit facilities

Most farmers in KPK are poor with small landholdings, so agricultural policies in the province should favor poor small landholders. An agricultural credit policy that has to date ignored the small farmers should focus on small farmers providing

them loans on easy terms. Currently the province is spending barely one percent of provincial development outlay on agriculture.

Lack of technical knowledge, education and extension facilities

Policy makers, researchers, extension workers, and farmers are equally responsible for the inefficiency of agriculture in the province. The overarching goal before them is to obtain self-sufficiency in food and fiber production. The existence of research station in each locale of the province is the responsibility of the government. In KPK, there are more than a dozen research stations large and small at various places. Extension programs train farmers about new methods of tillage and inform them of latest development in farming technique. The existing extension programs are inefficient and poor in quality. The extension workers often lack adequate skills, development funds, and facilities, making their task of improving the management skill of farmers difficult. In KPK small farmers prevail and small farmers are ignored in extension activities.

Expensive farm inputs and non-availability of quality seeds, fertilizers and pesticides

A large majority of tillers in KPK are small farmers with fragmented lands, so there is a need for provision of small machinery rather than large. Another problem is quality inputs being unavailable to small farmers at reasonable prices at appropriate times. Big farmers can get these inputs through their own influence and resources, which small farmers cannot meet. Lack of access to inputs hinders any increase of agricultural output. Persistent poverty, lack of capital, and high costs constrain the ability of local farmers to adopt new technologies and properly use modern inputs like fertilizers and pesticides. Additional constraints include adulteration of pesticides and lack of proper knowledge how to use it. The consumption of fertilizer, high yield variety seed, and pesticides is low compared to other agriculturally developed provinces of Pakistan.

Lack of roads from field to market and lack of storage facilities

There is a lack of farm to market roads. There is also lack of storage facilities in KPK. The rural areas of the province are major grower of crops, fruits and vegetables. As most of the regions are backward and lack facilities of black top roads. Therefore farmers suffer physical hardships and financial loss in timely reaching the produce of their land from far of rural cultivated land to market located mostly in urban area at a large distance from their farms. In addition the

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province of KPK is major producer of fruits and vegetables which are perishable and need proper storage facilities. It is difficult for poor farmers to arrange storage for preservation of perishable produce of his land because of lack of finances (Bag, 1969:22). Therefore it is duty of provincial government to build cold storage at different places in the province.

Low prices of agricultural output

Proper prices paid for output play an important role in increasing agricultural production. In Pakistan the prices of crops, particularly food grains, were kept below international levels by government to boost the urban industrial workers. At the time of independence Pakistan was strong agriculturally and was weak industrially. An unbalanced growth model was followed by Government of Pakistan to boost large Scale industries It has been remain the policy of Government of Pakistan since 1950 to keep the prices of agricultural crops below the world level and the costs of finished goods above the world level. Also some conceal taxes were imposed on export of agricultural goods and export of machinery for large scale machinery was relieved of export duties.

Lack of attention to Livestock and Forestry

Livestock and forestry have better output and support a high percentage of households. There is a need for development of the livestock sector by providing new breeds for milk and beef. This sector can raise the income level of households in the northern mountainous regions as well as southern rain-fed plains. Approximately 20 percent of the income of farm households and land-less families comes from animal husbandry. A significant population in Hazara, Malakand, and Dera Ismail Khan Divisions depends on livestock for its livelihood. The province also has the largest area under forest in the country (Khan, Plan of action under Fes).

Absence of agriculture-based industries

Industrially, KPK is one of the most backward provinces of the country due to its distance from ports, the nature of the terrain, the alarming lack of law and order, and the lack of skilled labor. The province is unable to attract investment. The existing industries are concentrated in a few areas: Peshawar, Mardan, Charsadda, Haripur, Nowshera and Abbottabad. There is an urgent need for more equal spread of facilities throughout the province. There is no consistency in existing

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government policy, creating a check on population growth, the transformation of the labor force, and additional investment in the province.

The incentives provided to the Gadoon Amazai industrial estate were suddenly withdrawn in 1990s, doing more harm than good to the industrialists who had invested there. In Swat there were 400 small silk mills in the 1980s finishing raw silk both locally produced and brought via Afghanistan through black market. These mills employed about 40,000 persons and were also earning enough foreign exchange. In 1990, the government of Pakistan imposed a tax on the import of silk and banned silk imports via Afghanistan. Only the Karachi transit trade system via Karachi seaport was to be used for silk import. This raised the price of raw silk considerably for mill owners. Tax and transportation charges of the silk thread were unbearable, and the mills closed within a year. They faced a loss of Rs. 45 billion. The labor and professional working in these Silk mills became jobless (Gillani, 2008)

Militancy in Pakistan generally and NWFP and FATA particularly in the form of Al Qaeda and Taliban activities resulted in death and destruction of civilian including woman and children. Terrorism begets terrorism and results vicious circle and devours thousands of innocent people. The growth of extremism is concentrated in the more backward parts of the country like KPK, FATA and Southern Punjab. Militancy has become an extremely complex phenomenon since 2001 when Pakistan joined the war on terror. There has been a significant deterioration in the security situation of the country. The situations worsen when militants started targeting of mosques, rallies, political leaders, and security person like army and police men through suicide bombings in which more than 5000 precious lives have been lost. The prevailing unrest and uncertainty is affecting every segment of life and development works could not be carried out in such worst law and order situation. The menace of militancy is stalking the security and economy of the country. The presence of terrorism has destroyed the existing thin structure of industry in the province.

Policy Options

The following suggestions are presented for the development of agriculture in the province:

- First of all the Federally Administered Tribal Areas must be brought out of their perpetual turmoil and included in the mainstream by scrapping the Frontier Crimes Regulation (FCR). Promotion of education among the

tribes is necessary. A plan for economic development of the tribal areas is must. Economic development is possible there only through developing agriculture and installing industries. Education and economic amelioration will give the masses of these areas the hope of a happy life, and this hope will keep them away from fanaticism and radicalism.

- The economy of KPK depends on agriculture. The province has a large potential for increased output. As mentioned previously the major barrier to agricultural development in the province is the limited supply of irrigation water. The current supply of water from canals and tube wells is insufficient. There is need for building small and large dams, excavation of canals, and installation of tube wells. The work on Chashma Lift Canal project may be started on emergent basis which can irrigate about one million acres of land that will lead to food self sufficiency in the province.
- As the Province is receiving roughly twice the amount of previous awards in the 7th NFC award, the government should take a bold step and allocate funds for the vital hydro projects that will help in producing hydroelectricity and launching new canals. The budgetary allocation for agriculture should be increased. Government should enlarge the provisions of interest-free loans on easy terms to farmers for the purchase of basic inputs such as seed, fertilizers, farm machinery and for setting up agro-based industries. Government should provide subsidies to small farmers one way or another.
- Government should increase the number of research station in each locality, especially applied experimental research stations, so farmers may be kept informed of new-found high-yield varieties of crops and the latest usage recommendations for pesticides and herbicides. Extension workers should be made mobile to enable them to convey knowledge to farmers at their farms. Information pertaining to extension activities should be spread through the media. The applied research findings should be conveyed to the farmers in printed form in the local dialect (Master Action Plan, 1995).
- As most of farmers in KPK have very small land holdings, agricultural policies in the area should favor small farmers. Agricultural credits which have ignored the small farmers should be refocused on small farmers, giving them loans with zero or minimal interest.
- Another problem that needs proper attention is the availability of quality inputs at reasonable prices. There is a dire need to ensure the availability of inputs at proper times and prices. Big farmers can get these inputs by hook or by crook while small farmers need special attention. Lack of access to inputs creates many hindrances in the way of increasing agricultural output.

- There is a need for farmers' groups or associations at the village level, to create a sense of unity among farmers in trying to solve their financial and social problems, and in approaching extension departments for services. These farmers' associations will mediate disputes regarding water and land. They will maintain watercourses and will arrange quality seeds and fertilizer for the farmers. Moreover, these associations will be able to arrange some funds for needy persons, contact higher officials and ensure the availability of training for their members. These associations will be able to carry out collective developmental works like transport management, roads maintenance, and facilitation of water. They will be beneficial in creating awareness among farmers about their rights. In some places the associations may face political troubles, but with time these can be overcome.
- Proper prices of agricultural outputs play an important role in increasing agricultural production. Government should provide a market system that ensures proper and stable prices. The role of middleman should be abandoned. Government should arrange foreign markets for domestic agricultural products like fruits and vegetables. As these items are more perishable, better storage facilities are must for them.
- The province of KPK, especially the adjacent FATA, has the potential to double its forest area through forestation efforts. Pakistan's forest policy suffers from lack of proper reforms, and maintaining the status quo has been the main theme of the country's forest policy.
- Government should encourage livestock by supplying new breeds for milk and meat, as this sector is playing an important role in raising income levels.
- Black top road facilities from market to farm and improved storage infrastructure can surely help in getting due prices for output and in minimizing transportation costs and minimal loss of perishable produce. Government should provide a marketing system which ensures the proper and stable prices. Government should arrange foreign markets for domestic agricultural produce so that farmers can get better prices of their produce
- Pest, weed s and herbs control systems should be modernized and made effective so that small farmers may be able to use pesticides and herbicides without fear of physical and financial loss.

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