



Role of Agriculture in Economic Development of Pakistan

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Abstract—This work is basically based on the role of agriculture in the economic development of Pakistan. The Secondary data was collected in year 2005 to 2014. The main aim of this paper was to study and analyze the significance relationship of agriculture sectors with GDP. The study shows that there is a significant relationship in economic growth rate but fishing and forestry shows insignificant relationship towards GDP, due to many problems and challenges e.g. less investem in the sector, untrained formers, and shortcomings in facilities. The study also highlights the strong relationship in agriculture development.

Keywords— Agriculture, GDP, economic growth, export, livestock, fisheries.

I. INTRODUCTION

Agriculture is very important for the economy of Pakistan. Pakistan had a large potential of agriculture since its indepedance in 1947. Pakistan is basically an agricultrural country. Industrialization is the period of social and economic change that transforms a country an agrarian society to an industrial one. After this, the share of agriculture in economy of the country has reduced but industrialization could not reduce the significance of agriculture in the country. The agricultural sector was not considered as commercial sector almost 50 years ago for economic development in many developing and developed countries .During the last 50 years this sector is dentified and considered as a major productive sector for Pakistani economy. More than 60% population is living rural areas in Pakistan. Almost 20% is contribution to GDP comes from from backward agriculral sector according to economic survey. Its growth rate is as low as 2.1% and it employs the 45.0% of total labor force and its contribution to exports food group is 8.62% [1]. Ariculture is playing a great part in the economy of Pakistan. The economic development happens when there is a rise in GDP of the country. The agriculture had a largest contribution in the GDP of Pakistan at thye time of independence of Pakistan. But as the time passes the service sector start to take over as the largest contributor to

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the GDP of the country and at present agriculture is the third largest contributor in the GDP of the country.

TABLE I PAKISTAN COMODITIES BY EXPORT VALUE IN 2011

commodities	values
Wheat	674424
Cotton	359341
Potatoes	102185
Cattle meat	71729
Maize	70028
Dates	64081
Vegetables	53136

The agriculture sector has a great significance in the economy of the Pakistan. The current contribution of this is 21% to GDP. It has a major role in ensuring the security of food; growth of economics, reduction in poverty and helps tows transforming to industrialization [5].

II. LITERATURE REVIEW

The relevant literature regarding the role of agriculture on the economic development of Pakistan is reviewd and discussed in this section. The research paper also highlights the significance relationship of agricultural sectors with GDP of the country.

Imran Sharif (2006) et.al has conducted a research on rural poverty in Pakistan. The main purpose of this paper is to explain the macro determinants of rural poverty in Pakistan. The result shows that unemployment, inflation and growth rates have great effects towards the rural poverty in Pakistan [6].

Abdual waheed (2007) has carried out a research on sustainable agriculture and eradication of rural poverty in Pakistan. This paper studied the agricultural growth, population growth, and reduction in poverty. It is argued and analyzed that agriculture will contineoly be a major and one of the very important sectors of Pakistan's economy in the future to come. The paper concluded that the growth of population is needed to be curbed by increasing the production of agricultural products. This increased productivity will also influence the poverty in rural areas in the country [7].

Sadaf Mehmood (2010) has conducted a detailed study on international migration in agricultural development and former's livelihoods. This study has to analyzed the patterns of expending remittances in agricultural sector and the impact

of remittances on the livelihood of the farmers and people related agricultural related business. The paper concludes that there is a strong relationship between migration and development of agriculture [8].

TABLE II AGRICULTURE PRODUCTS

Products	2010	2012
Rice	8,483	8,523
Wheat	571	858
Vegetables	-	-
Potatoes	2,290	2,500
Tomatoes	691	722
onions	1,042	1,098
Fruits	-	-
Apples	787	794
Oranges	786	864
Grapes	185	198
Industrial crops	-	-
Simple tea	85	86
Sugar beats	3,090	3,785

Anwar Hussain (2011) et.al has conducted a research on relationship between agriculture and growth rate in Pakistan. The main purpose of this research was to analyze of the relationship between agriculture and economic growth rate. The results revealed that 1% increase in the agriculture growth rate brings 0.34% increase in GDP growth rate [9].

Razia Begum (2011) et.al has conducted a research on the contribution of Pakistani women in agriculture sector in the country. The main purpose of the study was to analyze and identify the women participation in agriculture. The research suggest that women participation in this sector need to be encouraged in order to compete globally and to meet the food requirements and demands of the increasing population of the country [10].

Muhammed Zahir Fridi (2012) has conducted a research on contribution of agriculture exports to economic growth in Pakistan. The main purpose of this study was to identify and measure the contribution of agriculture exports in economic growth of the country. The findings of this research indicated that the agricultural exports have significant influence on economic growth of the country while agricultural exports elasticity was at 0.58 [11].

Yasir Ali (2012) et.al has conducted a research on agriculture in economic growth of Pakistan. The basic aim of

this research was to identify the positive effect of agriculture with GDP. This study concluded that there is the major role of agriculture sub-sectors in the the economic growth except only forestry shows insignificant relationship with GDP [12].

TABLE III PRICES OF COMODITIES IN 2005-2014

year	Price	Change
2005	151.9	133.7
2006	157.4	98.8
2007	163.7	205.4
2008	162.9	243.3
2009	161.8	180.7
2010	162.2	437.2
2011	162.8	179.0
2012	163.3	225.4
2013	162.9	240.9
2014	162.3	128.6
	161.6	121.8

III. METHODOLOGY

The secondary data was used in this research paper. The data has been taken from the years 2005-14. This paper aimed to analyze the significance relationship of agriculture sectors with GDP. Economic survey of Pakistan for the time period 2005 to 2014. Descriptive statistics, Mean, Median, and standard deviation method used in this paper.

IV. RESULTS AND DISCUSSION

In this research paper descriptive statistics has been used to find out the results. In the Table I shows crops value of Pakistan which exports to other countries and Table II shows agriculture production in year 2010 to 2012. In the above table rice products is 8,483 in 2010 and 8,523 in 2012. It means that a rice crop was at the top with the production in value and tea has the loewest value in production in the country in the year 2010-12 (Table III).

Table IV shows agriculture growth rate real GDP of three sectors agriculture, industry and service in 2005-14. Table shows that in all years there is a significant relationship expects 2009. In 2009 the industry sector shows insignificant relationship. In the fifth column real GDP is discussed. There is a positive relationship in growth rate, it increase or decrease in all years.

Table V shows agriculture indicators and their GDP in 2011 to 2012. In the third Colum three sectors e.g. agriculture,

industry and services shows contribution of GDP in crops and then total GDP with percentage shows. In the fourth and fifth row these sectors have no contribution in growth rate.

TABLE IV AGRICULTURE GROWTH RATE

years	agriculture	Industry	Services	Total Real growth rate GDP
2005	6.5%	12.1%	8.5%	9.0%
2006	6.3%	4.1%	6.5%	5.8%
2007	3.42%	7.73%	5.58%	5.54%
2008	1.81%	8.47%	4.94%	4.99%
2009	3.50%	-5.21%	1.33%	0.36%
2010	0.23%	3.42%	3.21%	2.58%
2011	1.96%	4.51%	3.94%	3.62%
2012	3.96%	2.55%	4.40%	3.84%
2013	2.88%	1.37%	4.85%	3.70%
2014	2.12%	5.84%	4.29%	4.14%

TABLE V GDP OF PAKISTAN

Agriculture	Share in GDP 2011	Sector contribution in growth rate 2012
Major crops	6.7	0.2
Minor crops	2.2	-
Livestock	1.6	0.5
Fishing	0.4	-
Forestry	0.2	-
Total GDP	3.0%	3.7%

V. CONCLUSION

The agriculture sector plays a very important role in economy of the Pakistan. At present, its contribution is almost 21 percent to GDP of the country, and it provides employment to 45 percent of the country's human resource, whereas 60 percent of the rural population obtain its livelihoods from this sector. Despite the devastating floods of year 2011, the sector showed a record growth of 3.1 percent in 2011-12. The profitability of agriculture sector during 2011-12, remained high because the farmers received good prices of food (rice, cotton and sugarcane) which allowed for greater

financial resources transferred on to the rural economy. The agricultural sector plays a very important role in ensuring food security, generating economic activity, improvement in overall economic growth, reduction in the poverty and transformation toward industrialization. The present government of Pakistan is very much determined to help and support the sector by circulate policy that will continue to make agriculture a very efficient, productive and profitable sector for the economy of Pakistan.

VI. RECOMMENDATIONS

- The research and institutions on agriculture should be financed to face the future challenges in this sector.
- The Training programs should be started for farmers to provide and transfer them skills and technical knowledge regarding the latest technology used in the sector.
- State have to take efficient and strong steps in order to improve governance in the public sector.
- The production of high value agricultural products e.g. fruits, vegetables and crops should be enhanced and their export should be promoted by the improvement of their quality.
- Programs should be initiated and awareness should be created in the farmers for the production enhancement of the tea and oil seeds which Pakistan is importing by investing a huge capital.
- The WTO (World Trade Organization) requirements need to be ensured to meet the competitiveness at international front.
- Programmers should be initiated to cultivate the uncultivated waste lands and state must encourage potential investors to avail this land for agricultural use.
- The support price program should be continued for wheat and indication price should be announced for other agricultural products e.g. rice, cotton and sugarcane to protect the agriculturalist and farmers against market volatility.

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