

Diversification and the West Pakistan Farmer

The preceding discussion provides some indication of the problems, the costs and the benefits that can accrue from changing traditional production patterns. Nevertheless, the conclusions derived from the commodity and regional analyses (which by necessity must deal with averages) may be inappropriate recommendations for any particular farm within the region. Since the individual farmer must make most of the changes associated with diversification, new alternatives must be considered at the operating-unit level. For example, in farming areas near sizable urban market areas, the potential income gains from introducing or increasing such enterprises as fruits, vegetables, berseem, and dairy products appear to be substantial. But, in the absence of improved transportation facilities, it may be unprofitable for farmers outside the present urban market perimeter to produce these products.

A further complication in recommending new enterprise combinations involves marketing facilities. The storage capacity for most agricultural products is quite limited in West Pakistan; therefore, it is not surprising that seasonal variation in the marketing of produce is large. Given the low price elasticity of demand for agricultural products, these variations in supply create even wider seasonal price fluctuations—particularly for such cash crops as eggs, fruits, vegetables and berseem.⁽²⁰⁾ Because price uncertainty weighs heavily in farmers' planning decisions, these fluctuations inhibit the willingness of farmers to test new crops or production programs. In addition to the seasonal variation, there is a problem of projecting longer-run price trends into the future. Commodities that appear to be very profitable at present prices may prove to be unprofitable if production expands significantly and if markets are not broadened.⁽²¹⁾ This long-run price is particularly serious for livestock and for tree crops, because of their long

(20) For example, a number of farmers in Former Sind reported that price variations of Rs .75 to Rs 2.00 per maund for cut berseem, and of Rs 2 to Rs 10 per maund for carrots were not uncommon.

(21) Bananas in Former Sind may be such an example. While many farmers were reporting net incomes of greater than Rs 2000 per acre, they were very concerned about the price effects of increasing production.