

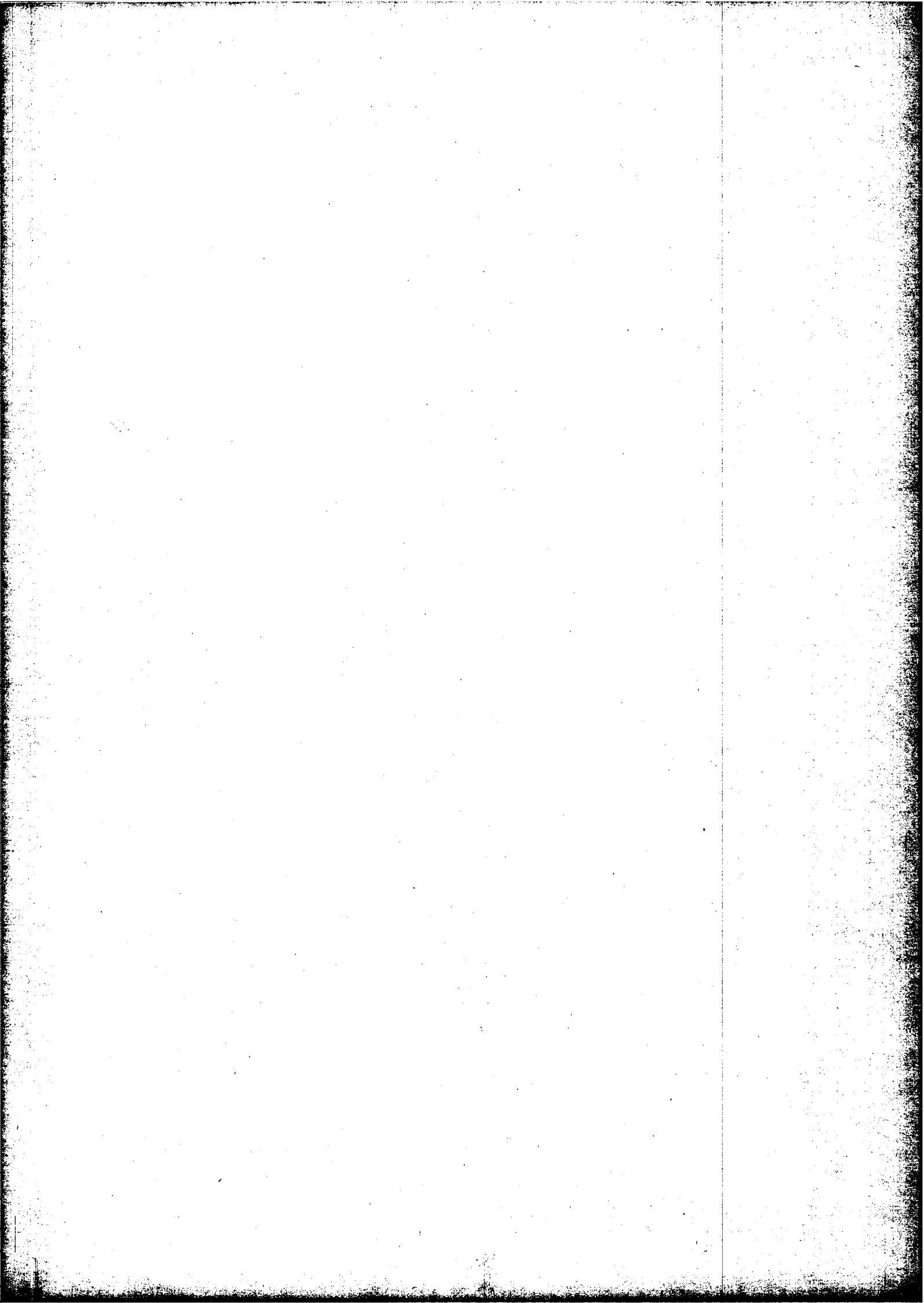
**THE FIRST
FIVE YEAR PLAN
1955-60**

2709

**GOVERNMENT OF PAKISTAN
National Planning Board**

DECEMBER, 1957

33



PB-33
7,500

LIBRARY
Planning & Development Division
Islamabad.



For Reference only

THE FIRST FIVE YEAR PLAN 1955-60

2709

GOVERNMENT OF PAKISTAN
National Planning Board

DECEMBER, 1957

PRINTED BY THE MANAGER, GOVERNMENT OF PAKISTAN PRESS, KARACHI
PUBLISHED BY THE MANAGER OF PUBLICATIONS, KARACHI: 1958

Price: Rs. 4

EXPLANATION OF TERMS USED

In Pakistan notations are expressed in 'Lakhs' and 'Crores' and rarely in 'Millions'. In this publication they are expressed in 'Millions'. In the chapter "Outline of the Plan" notations are shown in 'Lakhs' and 'Crores'. These and such other terms are explained below:—

Notation

One lakh (1,00,000)	=	One hundred thousand (100,000)
Ten lakhs (10,00,000)	=	One million (1,000,000)
One crore (1,00,00,000)	=	Ten million (10,000,000)

Unit of measurement

One maund	=	82 ² / ₇ lbs.
One bale (cotton)	=	392 lbs.
One bale (jute)	=	400 lbs.

Exchange rate

One Pakistan rupee (or Re.)	=	1 sh. 6 d. or 21 U.S. Cents
Rupees (or Rs.) 1,00,000 (lakh)	=	£ 7471 or \$ 21,000

Years

Calendar year	=	January to December
Fiscal year	=	April to March
Trade year	=	} July to June.
Agricultural year	=	

Administrative Units

There are two Provinces, East Pakistan and West Pakistan. For administrative purposes each province is divided into 'divisions', and divisions into 'districts'. In East Pakistan a district is divided into sub-division, circle, thana, union and finally the village. In West Pakistan a district is divided into tehsils (or talukas) after which there is no uniformity except as regards village.



Karachi,
12th May, 1958.

The final version of the First Five Year Plan was approved by the National Economic Council in April, 1957. It should have been signed and published as soon as it had received approval but, unfortunately, this was not done and the Plan in its final form has remained unpublished for a year.

2. I have had an opportunity now to acquaint myself with the more important recommendations contained in the Plan and I have authorised its publication. It is, of course, understood that Government may have to make such changes in the Plan from time to time as may be necessitated by circumstances which cannot be foreseen at present.

3. In authorising the release of the Plan, I wish to reiterate the appeal made by the National Economic Council to the Central and Provincial Governments and to the people of Pakistan to make their fullest contribution to the realisation of the objectives and goals laid down in the Plan. Since actual performance during the first three years of the Plan period has fallen short of the level envisaged in the Plan greater effort must be made during the remaining two years to fulfil the Plan targets. It is the intention of my Government and, I hope, the will of our people, that no effort must be spared to implement the Plan in full as the future prosperity and well-being of the nation depends on rapid and orderly economic development of the country.

4. The paramount need of the country is to attain self-sufficiency in food. This is a matter which should receive top priority and the energies of the Central as well as the Provincial Governments should be devoted to the attainment of this objective.

(Sd.) FIROZ KHAN NOON

Prime Minister.



ERRATA

Note.—This list is not intended to include all typographical errors, but only those which might give a misleading or inaccurate impression to the reader.

Page	Para and/or Sub-para	Line	Nature of correction
1	2(c)	8	<i>Read</i> " conditions " for " conditins "
9	11	2	<i>Read</i> " internal " for " intenal "
11	23	1	<i>Read</i> " total " for " tota "
11	26	13	<i>Read</i> " development " for " developøment "
11	27	8	<i>Read</i> " below " for " belows "
11	27	10	<i>Read</i> " pressure " for " pressurøl "
14	6	1	<i>Read</i> " requirements " for " requiredments "
14	7	7	<i>Read</i> " increase " for " increaes "
14	8	6	<i>Read</i> " improved " for " imported "
19	33	4	<i>Read</i> " (30 crore) " for " (30 core) "
21	39	7	<i>Read</i> " 120,000 " for " 100,000 "
24	53	7	<i>Read</i> " earnings " for " earings "
25	56	6	<i>Read</i> " two-year span " for " two-years plan "
30	78	2	<i>Read</i> " rapid " for " apid "
31	82	2/3	<i>Read</i> " villagers " for " valligers "
31	Table 9	—	Against Tobacco <i>Read</i> " 26 " and " 30 " for " 260 " and " 300 " respectively
31	Table 9	Last line	<i>Read</i> " 275,311 and 13 " for " 550,585 and 6 respectively "
33	97	7	<i>Read</i> " diseases " for " disease "
35	109	6	<i>Read</i> " Agricultural " for " Agricultural "
36	110	4—5	<i>Delete</i> last sentence
39	123	4	<i>Read</i> " from " for " fom "
47	162	5	<i>Read</i> " international " for " internationa "
50	179	1	<i>Read</i> " local " for " loca "
65	39	8	<i>Read</i> " problems " for " poblems "
65	44	1	<i>Read</i> " techniques " for " techiques "
66	45	8	<i>Read</i> " West " for " Weat "
67	52	7	<i>Read</i> " capital " for " capitat "
67	52	11	<i>Read</i> " nevertheless " for " neverthless "
67	54	2	<i>Read</i> " income " for " ncome "
67	54	3	<i>Read</i> " sense " for " isense "
71	2	8	<i>Read</i> " proposals " for " proposal "
71	3	4	<i>Read</i> " limitations " for " Imitations "
72	6	4	<i>Read</i> " or initiated " for " o nitiated "
72	7	4	<i>Read</i> " scarcer resources " for " scarcerre sources "
75	21	4	<i>Read</i> " transforming " for " transforming "
80	46	6	<i>Read</i> " on land " for " onlland "
81	53	2	<i>Read</i> " expansion " for " expanion "
81	53	3	<i>Read</i> " foreign " for " oreign "
85	1	5	<i>Read</i> " and " for " an "
105	61(b)	2	<i>Read</i> " policies " for " policie "
106	65	4	<i>Read</i> " national " for " nationa "
107	70	last	<i>Read</i> " responsibility " for " esponsibility "
108	73	2	<i>Read</i> " broad " for " board "

Page	Para and/or Sub-para	Line	Nature of correction
112	87	11	Read "economic" for "econom"
113	95	6	Read "invidious" for "individious"
113	100	6	Read "greater" for "grate"
114	102	1	Read "integrity" for "integarity"
117	114	6	Omit "." after "appointments"
130	10	3	Read "10,410" for "11,410"
		Last word	
131	11	2 (after last word)	Add "se in public"
132	18	15	Read "potential" for "potentia"
136	36	2	Read "lending" for "leading"
140	54	8	Read "for" for "or"
145	6	5 (after last word)	Delete "."
145	9	3	Read "fiscal" for "fisca"
153	40	4	Read "development" for "developmen"
159	11	3 (first and last word)	Read "finance" for "Cinance" and "Financg"
159	11	4 (first word)	Read "Corporation" for "Forporation"
159	11	4 (last word)	Read "controlling" for "controlline"
160	17	8	Read "from" for "form"
161	19	2	Read "small-" for "smal-"
161	19	6	Read "local" for "locael"
162	22	11	Read "about" for "abuot"
163	26	6	Read "Corpora-" for "Corpora"
164	33	2	Read "special" for "specia"
168	40	6	Read "facilities" for "facilitie"
168	42	3	Read "attributable to" for "attributable o"
190	9	4	Read "1.35" for "1 35"
195	27	3	Read "28" for "27"
195	27	5	Read "28" for "27"
201	19	5	Read "three" for "hree"
201	20	3	Read "on." for ".not"
201	20	4	Read "Specialists" for "Sppecialists"
201	20	11	Read "lagged" for "agged"
202	25	1	Add ",", after "capacity"
202	25	2	Read "coverage" for "coverag"
202	27	5	Add ",", after "district"
202	28	6	Add "." after "services"
204	37	1	Read "present" for "presen"
205	48	1	Read "research-" for "researches"
211	79	2	Add ",", after "partnership"
211	79	3	Delete ",", after "Officials"
212	83	4	Read "suggest" for "suges-"

Page	Para and/or Sub-para	Line	Nature of correction
212	85	2 (last word)	<i>Read " they " for " the "</i>
216	13 (Table 2)	13 (Col. 1954-55)	<i>Read " o.25 " for " 0.24 "</i>
232	93	1	<i>Read " has " for " have "</i>
244	166	6	<i>Read " farms " for " farm "</i>
244	167	1	<i>Read " farms " for " forms "</i>
247	186	6	<i>Read " such " for " uch "</i>
257	246	1	<i>Read " Rang " for " Range "</i>
260	266	4	<i>Read " frost-hardy " for " forest-hardy "</i>
266	299	5	<i>Read " Government " for " Governments "</i>
273	335	7 & 10	<i>Read " or " for " and "</i>
277	350	6	<i>Read " schemes " for " scheme "</i>
281	3	10	<i>Read " their products " for " their roducts "</i>
281	4	2	<i>Add " , " after " populated "</i>
283	Table 1	Col. 2	<i>Read " 25.8 " for " 25.2 " against " East Pakistan "</i>
283	"	" "	<i>Read " 35.2 " for " 34.6 " against " Total Pakistan "</i>
300	75	4	<i>Read " amounts " for " amonuts "</i>
303	92	Sub-head- ing(h)	<i>Read " of " for " oi " in sub-heading</i>
316	45	12	<i>Read " 1958 " for " 1957 "</i>
318	53	3	<i>Read " for the reasons " for " Fortther easons "</i>
332	Table 3	11	<i>Read " * " on " 529.1 " for " * " on " 199.1 "</i>
343	1	1	<i>Read " Chapter 18 " for " Chapter 17 "</i>
343	1	4	<i>Read " REGION " for " REIGON "</i>
345	11	2	<i>Read " Invasion " for " Inon "</i>
349	38	4	<i>Read " actual " for " estimated "</i>
390	24	7	<i>Read " rupee " for " ruppee "</i>
391	30	1	<i>Read " resources " for " resorurces "</i>
409	3	1	<i>Read " 33 " for " 3 "</i>
409	4	5	<i>Read " 23 " for " 22 "</i>
413	53	11	<i>Read " jute " for " just "</i>
415	65	1	<i>Read " Chapter 22 " for " Chapter 21 "</i>
422	98	5	<i>Read " Chapter 23 " for " Chapter 22 "</i>
422	100	10	<i>Read " Chapter 22 " for " Chapter 21 "</i>
423	102	2	<i>Read " Chapter 22 " for " Chapter 21 "</i>
424	Table 4 Col. 3	2	<i>Read " 386 " for " 286 "</i>
424	Table 4 Col. 3	10	<i>Read " 60(4) " for " 604 "</i>
426	112	6	<i>Read " Chapter 12 " for " Chapter 11 "</i>
427	Top		<i>Read " Chapter 22 " for " Capter 22 "</i>
431	Table 1		<i>Read " 4.9M " for " 49M "</i>
459	Table 13		<i>Read " 1949—56 " for " 1949—54 "</i>
468	164	8	<i>Read " 32 " for " 30 "</i>
545	24	1	<i>Read " essential " for " essentialae "</i>
545	24	1	<i>Read " prepare " for " prep "</i>
547	39	2	<i>Read " equipment " for " requipment "</i>



Page	Para and/or Sub-para	Line	Nature of correction
570	153	4	<i>Read "institution" for "intitution"</i>
577	177	7	<i>Read "The co-ordinated specialisation" for "The co-ordinate specialisation"</i>
579	190	3 & 4	<i>Read "professors" for "professors"</i>
581	199	7	<i>Read "professional implications" for "professionl implications"</i>
582	205	5	<i>Read "picture" for "pictu e"</i>
589	237(a)	1 & 2	<i>Read "progress and needs of education" for "progress and education"</i>
589	237(e)	1	<i>Read "conferences" for "conference"</i>
591	1	5	<i>Read "enlightened out look" for "enlightened a outlook"</i>
596	27	12	<i>Read "Soldiers in their raw recruits" for "Soldiers in the their recruits"</i>
644	20	5	<i>Read "these" for "the"</i>

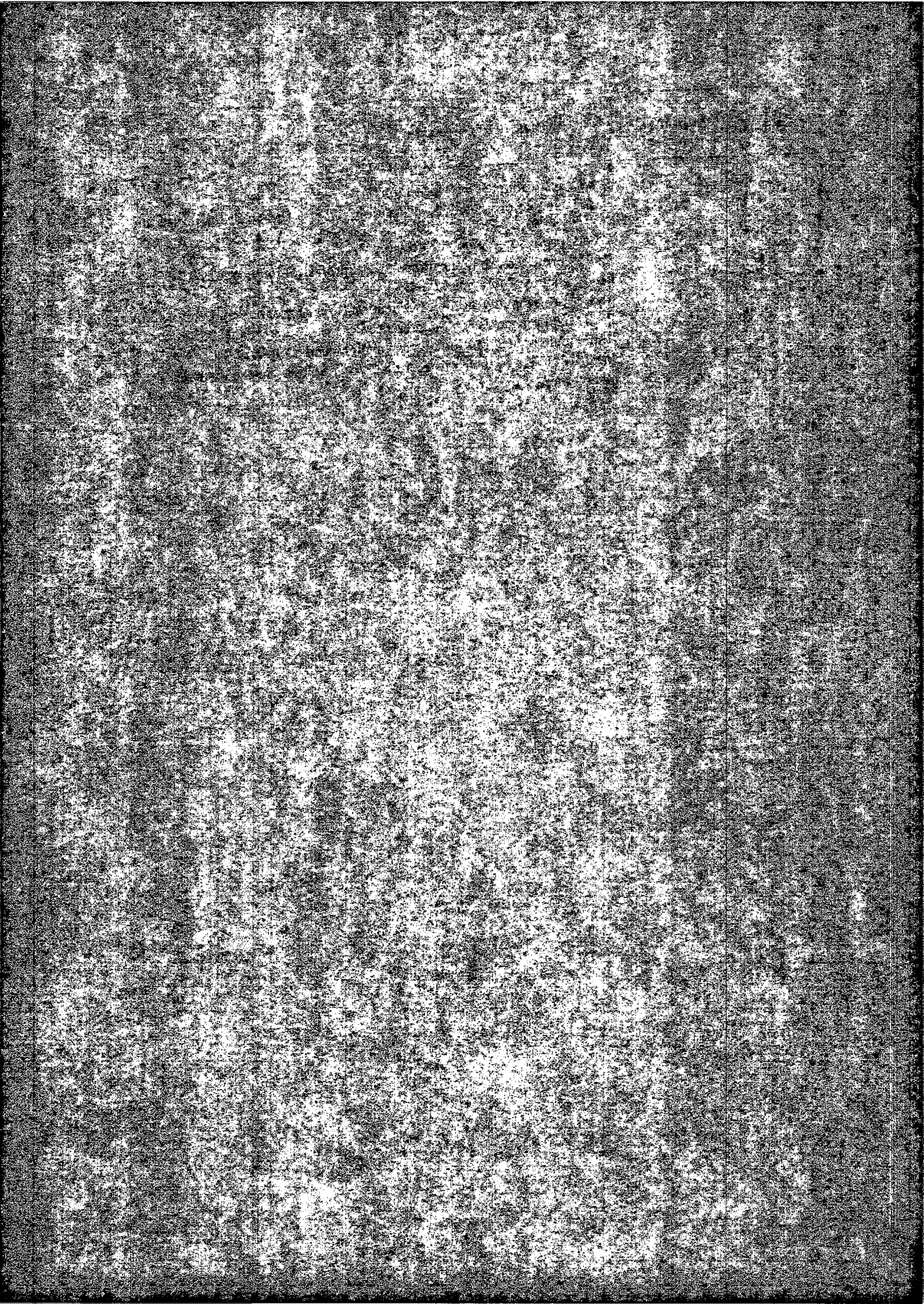
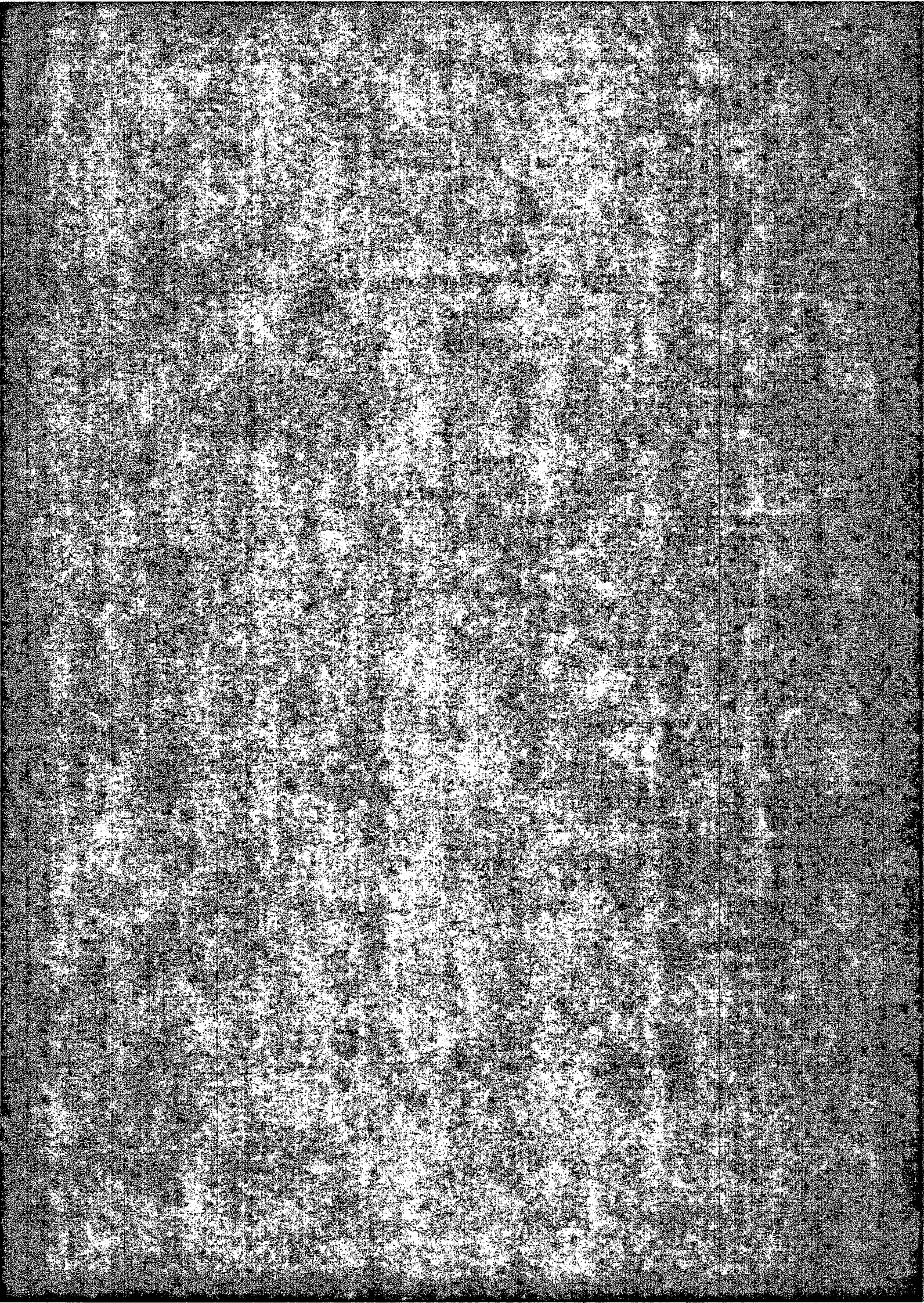


TABLE OF CONTENTS

	PAGE No.
INTRODUCTION	i—iii
Chapter 1	
SOCIAL AND ECONOMIC OBJECTIVES	1—6
Chapter 2	
BACKGROUND FOR THE PLAN	
INTRODUCTORY	7
Major effects of Partition	7—8
Development since 1947	8—10
The economy in 1954-55	10—12
Chapter 3	
OUTLINE OF THE PLAN	
I. SIZE AND OBJECTIVES OF THE PLAN	13—15
II. DEVELOPMENT TARGETS AND PRIORITIES	15—16
Village AID	16
Agriculture	16
Water and power development	17
Industry	17
Transport and communications	17
Housing and settlements	17
Education and training	17
Health	18
Labour and employment and others	18
Social welfare	18
The special areas and other tribal territories	18
III. THE OBJECTIVE OF BALANCED DEVELOPMENT	18—21
IV. RESOURCES FOR DEVELOPMENT	21—24
V. EXECUTING THE PLAN	24—27
VI. NATIONAL INCOME	27—29
VII. PROGRAMMES OF DEVELOPMENT IN MAJOR FIELDS	29
Village AID	29—30
Development outside village AID areas	30—31
Agriculture	31—32
Field crops	32—33
Fisheries	33
Animal husbandry	33—34
Range management and soil conservation	34
Forestry	34
Agricultural research, education, and extension	34—35
Co-operatives, rural credit and marketing	35
Land reforms	35—37



	PAGE NO.
Water and Power Development	37
East Pakistan	37—39
River Indus and Tributaries	39—41
Costal Tributaries and Desert Streams Region	41—42
Atomic energy	42—43
Industry	44—45
Transport and Communications	45
Railways	45—46
Tourism	46
Roads and road transport	46
Inland water transport	46
Shipping	47
Ports	47
Air transport	47
Postal services	47
Telecommunications	47
Broadcasting	48
Housing and Settlements	49
Surveys, planning, design, research, and education	49
Rural housing and community facilities	49
Housing in towns and cities	49—50
Improving existing towns and cities	50
Government administrative centres	50
Education and Training	51
Teacher training and educational research	51
Primary and secondary education	51—52
Colleges and universities	52
Technical education and training	52—53
Scientific research and other activities	53
Labour and Employment	54—55
Health	55—56
Social Welfare	56—57
The Special Areas and other Tribal Territories	57
The Special Areas of the North-Western Frontier Regions	58
Quetta and Kalat Divisions	58
The Chittagong Hill Tracts	58
Statistics	58
Insurance	58

Chapter 4

PROBLEM OF ECONOMIC DEVELOPMENT

Origin and General Magnitude of the Problem	59—60
THE SIZE OF THE PROGRAMME	60—61
Opportunities for economic development	61—62
Obstacles to economic development	62
Shortages of resources	62—63



	PAGE No.
Shortage of foreign exchange	64—65
Shortage of technical knowledge	65—66
Management and organisation	66—67
THE RATE OF DEVELOPMENT	67—69

Chapter 5

PLANNING THE DEVELOPMENT PROGRAMME

THE SCOPE AND MAGNITUDE OF THE PROGRAMME	71—73
Total size	73—74
Geographical distribution of the programme	74—76
Shortfalls and flexibility	76
THE USE OF DEVELOPMENT RESOURCES	77
Priorities	77—79
Administrative feasibility	79
Consistency	79
SPECIFIC SECTORS	80
Agriculture and irrigation	80
Industry and power	80—81
Transport and communications	81—82
Housing, education, health and social welfare	82—83

Chapter 6

PUTTING THE DEVELOPMENT PROGRAMME INTO OPERATION

AGENCIES FOR DEVELOPMENT	85—86
Private enterprise	86
Public enterprise	86—87
MEASURES FOR IMPLEMENTATION	87—88
CONTROLS	88—90
STATISTICS FOR ECONOMIC POLICY	90
EVALUATION AND PROGRAMME REVISION	90

Chapter 7

PUBLIC ADMINISTRATION

INTRODUCTORY	91—92
Public administration requisites for development	92
ORGANISATION	92
Basic requirements of organisation	92—93
Organisational defects	93—94
Some suggested improvements	94—95
NATIONAL PLANNING ORGANISATION	95
Simplification of sanctioning procedures	95—96
Progressing of schemes and programmes	96
National and Provincial planning	96—98
PROVINCIAL PLANNING ORGANISATIONS	98—99
Village AID	99—100

	PAGE No.
PUBLIC CORPORATIONS AND AUTHORITIES	100
Governmental control	100—101
RE-ORGANISATION OF DISTRICT ADMINISTRATION	101—102
Village AID	102
District development officer	102—103
Divisional commissioners	103
Inculcating a development bias	103
Decentralisation of planning	103
LOCAL SELF-GOVERNMENT	103—105
Rural self-government	105
BUDGET CONTROL IN RELATION TO DEVELOPMENT	106—108
REVIEW AND ADJUSTMENT OF ORGANISATION AND PROCEDURE	108—109
PUBLIC SERVICE POLICIES AND ADMINISTRATION	109—110
THE CIVIL SERVICE OF PAKISTAN AND OTHER NON-TECHNICAL CENTRAL SUPER-	
IOR SERVICES	110—111
Recruitment and training	111—113
The technical services	113
Integrity	114—115
PUBLIC SERVICE COMMISSIONS	115—117
SYSTEM OF BUSINESS	117—121
The outlook of Public services	121
Chapter 8	
STATISTICS	
INTRODUCTORY	123
PROGRESS SINCE INDEPENDENCE	123—124
DEVELOPMENT PROGRAMME	124—125
Development statistics	125—127
Chapter 9	
INTERNAL FINANCIAL RESOURCES	
THE ROLE AND SOURCES OF FINANCE	129—130
Public Saving	130—131
Private Saving	131
Projection and definition	131—133
Method of estimation	133—134
Measures to encourage thrift	134—135
Internal Saving	135
External Finance	136
THE SOURCES AND USES OF RESOURCES FOR DEVELOPMENT	137—138
THE FINANCING OF GOVERNMENT DEVELOPMENT EXPENDITURES	138
Availability of resources	138—139
The use of private saving for government development expenditures	139—140
Methods of financing	140—141
Effects on money supply	141—142

	PAGE No.
Invisibles	176—177
Balance of payments	177—179
COMMERCIAL POLICY	179
Existing and past policy	179—180
Future policies	180—181
FINANCIAL RESOURCES—EXTERNAL	181
Foreign exchange earnings	182
Raw jute and jute manufactures	182
Raw cotton and cotton textiles	182—183
Raw wool, hides and skins, and tea	183
Other commodities	183—184
Invisible receipts	184
Summary	184
Foreign private investment	185
External grants and loans	185
Use of foreign exchange reserves	185
Foreign exchange requirements	185—187
Summary	187—188

Chapter 13

POPULATION AND MANPOWER

Population growth-1951-55	189—192
Age distribution of the population	192—193
The labour force	193—194
Changes in the labour force	194—196
Research in population and manpower	196

Chapter 14

VILLAGE AID AND RURAL DEVELOPMENT

INTRODUCTORY	197—198
ORGANISATION, METHOD OF OPERATION AND CO-ORDINATION	198
Development area	198—199
District and sub-division	199—200
Provinces and Centre	200
RATE OF EXPANSION	200—202
PLANNING THE PROGRAMME	202—203
PRIORITIES	203—205
THE SPECIAL PROBLEMS OF RURAL INDUSTRIES	205
PERSONNEL SELECTION AND TRAINING	205
Village workers	205—206
Specialists	206—207
Supervisors and administrators	207
FINANCIAL REQUIREMENTS	208
Development expenditure	208—209
Training expenditure	209
Administrative expenditures	209

	PAGE No.
PERMANENT NATURE OF VILLAGE AID	209—210
CO-OPERATIVES	210
LOCAL INSTITUTIONS	210
EVALUATION	210
TERMINOLOGY	210—211
RURAL DEVELOPMENT OUTSIDE VILLAGE AID AREAS	211—212
SUMMARY OF FINANCIAL REQUIREMENTS	212
Chapter 15	
AGRICULTURE	
INTRODUCTORY	213
General	213—215
Crop production	215—217
Animal husbandry	217—218
Fisheries	218
Forestry	218
PRODUCTION TARGETS	218
Crop production	218—221
Animal husbandry	222
Fisheries	222
Forestry	222
CROP PRODUCTION	222
Crop improvement	222
Plant breeding	222—225
Seed multiplication and distribution	225—227
Manures and fertilisers	227—229
Plant protection	229—231
Additional research projects	231—232
MECHANISATION	232
Tractors and equipment	232—233
Workshops	234
Introduction of improved small implements	234
Water lifting equipment	234
Centrifugal machines for sugar manufacture	234—235
Pest control equipment	235
MARKETING REGULATION AND GOVERNMENT STORAGE	235
Marketing	235—236
Storage	236—239
FISHERIES	239
Recent progress and present conditions	239—240
Development programme	240—242
Storage, processing, transport and marketing	242—243
Private enterprise	243
Investment programme	243
ANIMAL HUSBANDRY AND DAIRYING	244
Present conditions and problems	244
Animal husbandry	244—245

	PAGE No.
Dairying	245
Marketing of livestock and livestock products	245
Research	245—246
PROGRAMME FOR DEVELOPMENT OF ANIMAL HUSBANDRY AND DAIRYING	246
Breeding	246—247
Feeding	248
Disease and pest control	248—249
Dairying	249—250
Marketing livestock and livestock products	250
Research	251—252
RANGE MANAGEMENT	252
Present problems and conditions	252—253
Programme of action	253—255
FORESTRY	255
Present conditions and problems	255—256
Plans for development of forest resources	256
Timber extraction and utilisation	256—257
Afforestation and regeneration of forests	257—259
Development of other forest products	259
Forestry research	259—261
SOIL CONSERVATION	261
Nature of the problems and the need for action	261—262
Programme of action	262—264
SOIL SURVEY	264
COLONISATION	265—268
FARM MANAGEMENT	268—269
AGRICULTURAL STATISTICS	269
Estimates of annual acreage of crops	269—270
Estimates of annual production of crops	270
Statistics of agricultural prices	270—271
Agricultural census	271
Experimental design and statistical analysis	271—272
TRAINING AND EMPLOYMENT OF PROFESSIONAL STAFF IN AGRICULTURAL EDUCATION, RESEARCH AND EXTENSION	272
Need for more technical staff	272
Present employment of staff, training facilities and requirements	272—276
Measures to expand agricultural research and extension services	276—279
ADMINISTRATIVE ARRANGEMENTS IN RESEARCH	279—280

Chapter 16

CO-OPERATIVES, RURAL CREDIT AND MARKETING

INTRODUCTORY	281—282
PAST DEVELOPMENTS AND PRESENT STATUS OF CO-OPERATIVES, CREDIT AND MARKETING	282—288
Rural credit and its sources	288—289
Private money-lenders	289

	PAGE No.
Friends, relatives and landlords	289
Commercial banks ...	289
Public agencies ...	289—290
Co-operatives ...	290
Status of marketing ...	290—291
DEVELOPMENT PROGRAMMES	
(a) Co-operatives	291
Official responsibility	292—294
Co-operative survey groups	294
Training ...	295
Reorganizing co-operative credit and marketing structures	295
(b) Rural credit including role of co-operatives in rural credit	295
Co-operative banks ...	295—296
Agricultural bank ...	297—299
Provincial and district rural credit officers	299
(c) Marketing—including role of co-operatives in marketing	299—300
(d) Short-term measures	300—302
(e) Warehousing	302
(f) Relief in special circumstances	302
(g) Technical problems	303
Limited and unlimited liability	303
Size of co-operatives	303
Amount of loans ...	303
Single, dual and multi-purpose societies	303
(h) Sources of working funds	303—304
(i) Survey of rural credit problems	304—305
SUMMARY OF STEPS IN DEVELOPMENT PROGRAMME	
Allocation of funds for the rural credit programme	305—306
	306

Chapter 17

LAND REFORMS

INTRODUCTORY	307
Legal aspects of land tenure	307—308
Urgency of reforms	308—310
Land reforms in other countries	310—313
Recent land reforms	313—317
Ceilings on ownership	317—320
Prevention of fragmentation of holdings	320—321
Determining economic size of holdings	321—322
Consolidation of existing holdings	322—324
Tenure administration	324
Research	324—325
Conditions in the former Baluchistan and Baluchistan States Union	325
General	326

Chapter 18

POWER, IRRIGATION AND RECLAMATION
PROGRAMMES AND POLICIES

PROGRAMMES

INTRODUCTORY	327—328
Performance since Independence	328—329
Programme in the Plan period	330—333

POLICIES

Organisation for water and related resources development	333—334
General investigations	334—335
Carrying out the programme	336—337
Water and power charges	337
Agricultural use of water	338—340
Research	340—341

Chapter 19

REGIONAL WATER AND POWER DEVELOPMENT PROGRAMMES

INTRODUCTORY	343
EAST PAKISTAN (HUMID REGION)	343
General description	343
Natural resources	343—344
Needs	344
Long-range development	344—347
Development since Independence	348—349
Programme in the Plan period	349—355
THE INDUS BASIN	355
General description	355
Natural resources	355—356
Needs	356—357
Long-range development	358—362
Development since Independence	362—365
Programme in the Plan period	365—373
COASTAL TRIBUTARIES AND DESERT STREAMS REGION	373
General description	373
Natural resources	373—374
Needs	374
Long-range development	375—377
Development since Independence	377—378
Programme in the Plan period	378—381
Survey of Pakistan	381—382
Meteorological Department	382—383

	PAGE No.
MILLING	
Wheat	438
Rice	438—439
FOOD PRODUCTS INDUSTRIES	439
Edible vegetable oils	439—440
Vegetable ghee	440
Food processing	440
Sugar	440—441
Cigarettes	441
Animal feed	441
TEXTILE AND CLOTHING	442
Cotton textile industry	442—445
Woollen textiles	445—446
Jute goods	446—447
Silk and art silk textiles	447—448
Hosiery and knitted goods	448
Apparel	448
WOOD PRODUCTS	449
Saw milling	449
Woodware (mostly furniture)	449
Plywood and tea chests	449
PAPER	450
Printing, writing and wrapping paper	450
Newsprint	450
Card and straw-board	450
Hard-board	450—451
LEATHER AND PRODUCTS	451
Leather tanning	451—452
Leather shoes	453
RUBBER PRODUCTS	453
Cycle tyres and tubes	453
Motor tyres and tubes	453
Rubber-soled canvas shoes	453
Other rubber products	454
CHEMICAL INDUSTRIES	454
Sulphuric acid	454
Soda ash	454
Caustic soda	454—455
Fertilisers	455
Pharmaceuticals and fine chemicals	455—456
Penicillin	456
Dyes	456
Paints and varnishes	457

	PAGE No.
Handloom re-equipment scheme	480—481
Private investment programme	481—484
Chapter 24	
TRANSPORT	
INTRODUCTORY	485—486
RAILWAYS	487
Progress since Independence	487—488
Rehabilitation and development programmes... ..	488
Track	488
Rolling stock... ..	489—490
Bridges	490
Structural and engineering works	491
Remodelling of Karachi City and Landhi Stations	491
Other development	491
Future transport requirements	491
Indigenous coal	491
Rates and commercial salesmanship	492—493
Inter-Wing traffic	493
Management of railways	493
Training	493—494
PORTS	494
Karachi Port	494—495
Port of Chittagong	495—496
Port of Khulna/Mangla	496—497
SHIPPING	497—499
INLAND WATER TRANSPORT	499—500
An Inland Waterways Board	500
Inland water transport operations	500—501
Development programme	501—503
ROADS	503
Progress since Independence	503
Development programme	503—505
ROAD TRANSPORT	505—507
Development programme	507
CIVIL AVIATION	507
Progress since Independence	507
Development programme	508—509
CO-ORDINATION OF TRANSPORT	509—510
Transport Development Programme	510
Chapter 25	
COMMUNICATIONS	
POSTAL SERVICES	511
Development since Independence	511
Development programme	512

(xvi)

	PAGE No.
Relation to vocational training	550—551
Plan for secondary education	551
IV. ORGANISATION AND ADMINISTRATION OF PRIMARY AND SECONDARY EDUCATION	552
Present arrangements for school administration	552
Recommended improvements	553
V. VOCATIONAL EDUCATION AND TRAINING	553—554
The role of the employer	554—555
The role of Labour Ministry	555—556
Role of the educational system	556—558
Government organisation for technical education	558
Results during the Plan period	558—559
VI. EDUCATION AND RESEARCH IN TEACHING	559
Teacher training institutions	560—561
Qualifications of student teachers	561—562
Education extension centres	562
Educational research	563—564
VII. ORGANISATION AND ADMINISTRATION OF HIGHER EDUCATION	564
Progress since Independence (Punjab University, University of Dacca, University of Sind, University of Karachi, University of Peshawar, Rajshahi University)	564—566
An integrated system of higher education	566—568
Clear distribution of responsibility	568—569
Financing higher education	570—571
VIII. TEACHING AND RESEARCH IN COLLEGES AND UNIVERSITIES	571—572
Curriculum deficiencies	572
Examinations	573—574
The role of research	575
Scientific and industrial research	575
University research	575—576
Islamic studies and research	576—577
Organisation of research	577
Atomic energy	577
Social science research	578
College and university teachers	579—580
Talent scheme for students	580—581
IX. PROFESSIONAL EDUCATION	581—582
The professions	582
Agriculture	582—583
Medicine	583
Social welfare	584
Business and public administration	584
Engineering	584—586
X. SPECIAL ASPECTS OF EDUCATION	586
Emphasis on basic educational structure	586—587
Adult illiteracy	587—588
Cultural activities	588

	PAGE No.
Executing the Plan for education	588—589
Recapitulation	589—590

Chapter 28

LABOUR AND EMPLOYMENT

INTRODUCTORY	591—592
EMPLOYMENT AND UNEMPLOYMENT	592
Changes in the labour force	592—594
The need for employment statistics	594
Employment opportunities	594—596
Employment training	596
Employment exchanges... ..	597
WAGES AND EARNINGS	597—598
Wages and productivity	598—599
Minimum wage legislation	599
Fair wage clauses in public contracts	599
WORKING CONDITIONS	600
Enforcement of protective legislation	600
Central Factory Advisory Service... ..	600—601
Provincial inspection of work places	601
Industrial Employment (Standing Orders) Act, 1946	601
Employment (Record of Services) Act, 1951	601
Contract labour	601—602
Tea plantation workers	602
LABOUR WELFARE	602—603
TRADE UNIONS AND INDUSTRIAL RELATIONS	603—604
Training and industrial relations	604
Statutory recognition of unions	604—605
Works committees	606
SOCIAL SECURITY	606
LABOUR ADMINISTRATION, TRAINING AND RESEARCH	606—607
LABOUR RESEARCH AND STATISTICS	607
GRANTS TO VOLUNTARY ORGANISATIONS	607
AGRICULTURAL LABOUR	607—608
FINANCIAL SUMMARY	608

Chapter 29

HEALTH

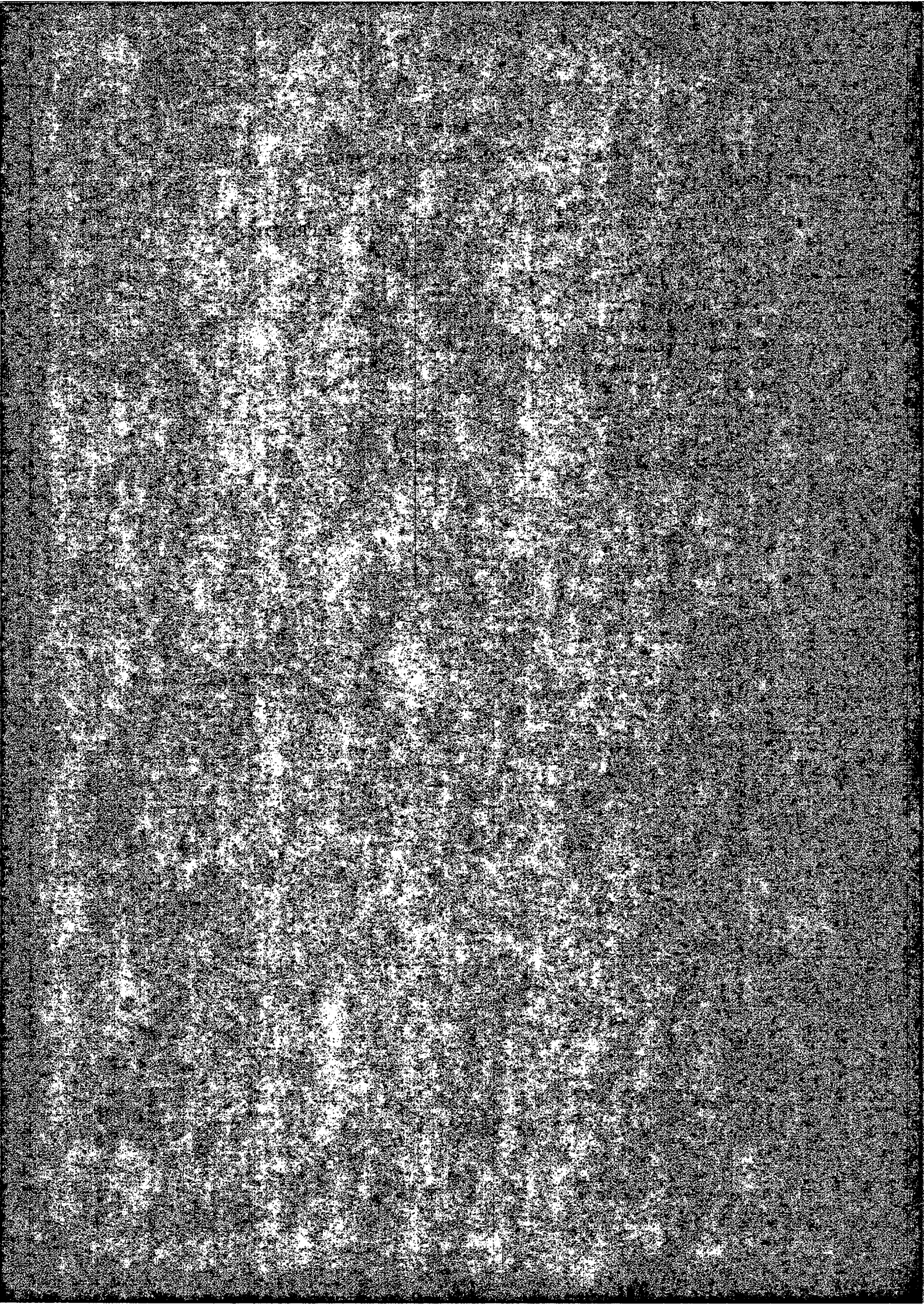
INTRODUCTORY	609—610
THE DEVELOPMENT PROGRAMME	610—612
Water supply and sewerage	612
Tuberculosis	612
Malaria	612—613
Water-borne diseases	613
Training of medical personnel	613—615

	PAGE No.
Maternity and child health services	615
Hospitals and dispensaries	615—616
School health services	616
Health education	616
Nutrition and vital statistics	616
Health administration	616
SUMMARY	617

Chapter 30

SOCIAL WELFARE

INTRODUCTORY	619—620
DEVELOPMENT SINCE INDEPENDENCE	620—621
SOCIAL PLANNING, SOCIAL RESEARCH AND SOCIAL WORK	621
(a) Social planning	621
(b) Social research	622
(c) Social work	622
(i) Village-AID	623
(ii) Urban community development	623—624
(iii) New housing development and refugee areas	624—626
(iv) Co-operation with Public Health Department in domiciliary service	626
(v) Co-operation with the Education Service	627
(vi) Refugees	627
(vii) Child protection	627
(viii) Child and adolescent recreation programme	628
(ix) Delinquency	628
(x) Welfare of the handicapped	628
(xi) Welfare of women deprived of family support	628—629
(xii) Medical social work	629
(xiii) Beggars	629
(xiv) Destitution	629—630
RESOURCES, PRIORITIES AND TARGETS	630
(a) Resources	630
(i) Skilled people	630—632
(ii) Material resources—money, buildings and equipment	632
(iii) Voluntary finance	632
(b) Priorities	632—633
(c) Targets	633
THE REFUGEE PROBLEM	633—635
ORGANISATION AND ADMINISTRATION	635—638
LEGISLATION	638



INTRODUCTION

The Planning Board was appointed in July, 1953, with the following terms of reference :—

- (i) To review the development that has taken place since Independence ;
- (ii) To assess the resources—material and human, which can be made available for development during the next five years beginning April, 1954 (later changed to April, 1955) ;
- (iii) To prepare a national plan of development based on the fullest possible utilisation of these resources for implementation in a period of 5 years from 1st April, 1955, as a step towards the attainment of the economic and social objectives of Government's policy ;
- (iv) To make proposals regarding the administrative machinery best calculated to assure the successful implementation of the Plan ;
- (v) To make any other recommendations which in the opinion of the Board will contribute towards the success of the Plan.

2. The Five Year Plan was prepared and published throughout the country in draft form in May, 1956. Besides the Provincial and Central Governments, which were directly concerned with the execution of the major part of the programme embodied in it, institutions such as chambers of commerce and industries, universities, trade unions, local self-governing bodies, co-operative societies, and the Press were requested by the Board to study the Plan and make suggestions for improving its scope and content. In response to this request, comments and suggestions, many of which were very useful, were received from various quarters. These suggestions were given careful consideration by the Board, and in many instances, the Board had useful discussions with the agencies concerned. Discussions were also held with the Governments of East and West Pakistan, and with the Ministries concerned of the Central Government. On the basis of the conclusions emerging from these discussions, and in the light of the latest information which became available during this period, the Plan was revised by the Board and submitted for the consideration of the National Economic Council early in February, 1957. The Council considered the Plan at its first and second meetings held in February and April, 1957 and accorded general approval to its size, social and economic objectives, physical targets, and programmes on April 15, 1957. This revised Report embodies the Plan as approved by the National Economic Council.

3. During the discussions which the Board had with the Provincial and Central Governments for the finalisation of the Plan, an effort was made to achieve the maximum measure of agreement on the various issues involved, and the recommendations contained in this revised Report, therefore, reflect the agreed views of all concerned in a very large majority of issues. However, a few issues still emerged on which complete agreement could not be reached. These issues were duly brought to the notice of the National Economic Council for decision, but the Council has been unable so far to consider them specifically. Consequently, in the revised Plan, the recommendations made on these issues in the draft Plan have been reiterated ; in some cases, the conflicting points of view have been merely stated. Meanwhile, the Board will continue to strive earnestly to resolve these issues with the authorities concerned consistent with the objectives and priorities of the Plan.

4. The total size of this revised Plan is Rs. 1,080 crore (Rs. 750 crore in the public sector and Rs. 330 crore in the private sector) against Rs. 1,160 crore (Rs. 800 crore in the public sector and Rs. 360 crore in the private sector) in the case of the draft Plan. The total of approved schemes included in the public sector is, however,

retained at Rs. 930 crore, in the expectation that a larger shortfall (about 20 per cent) will result in actual expenditures of about 750 crore rupees. The downward revision in the size of the Plan reflects the reduction in the original estimate of total resources which was necessitated, *first*, by the delay that occurred in the full-scale implementation of the Plan during the first two years of the Plan period ; *second*, by the fact that Government revenues are not rising as rapidly as envisaged in the draft Plan ; and *third*, by the rise in the non-development expenditures of the Government.

5. The objectives of the revised Plan remain the same as those of the draft Plan : raising the national income ; improving the foreign exchange position ; increasing the opportunities for useful employment ; providing for more social services ; and increasing rapidly the rate of development in East Pakistan and other less-developed areas.

6. A substantial part of the programme embodied in the Plan consists of schemes which were in various stages of implementation at the beginning of the Plan period. Very early after the Board started its work, two special measures were also taken to ensure that the development which took place while the Plan was under preparation was in maximum conformity with the objectives of the Plan. In the first place, the Planning Board was consulted, and its views and suggestions kept in mind, in the formulation of the development budgets for 1955-56 onwards. Secondly, an arrangement was established whereby the Planning Board was invariably consulted by the Planning Commission, which still had the responsibility of examining individual development schemes and recommending them to the Economic Committee of the Cabinet, before the Commission considered the schemes referred to it. Despite all these measures, however, the pace of implementation of the programmes recommended in the Plan remained slow till the Plan acquired the status of the approved national plan of the country. Recognising this, the National Economic Council, while giving its approval to the 5-Year Plan, rightly urged that the maximum emphasis should henceforward be placed on its 3-year phase covering the period 1957-60. This has been done.

7. In order to facilitate the vigorous implementation of the Plan during the remainder of the Plan period, the National Economic Council desired that annual development programmes should henceforth be prepared within the framework of the Plan, and should form the real basis for action. A procedure designed to ensure that the annual development programmes that may henceforward be prepared, are not only in maximum conformity with the Plan but are also fully acceptable to the agencies concerned with their implementation, is now being worked out and will probably be promulgated before this Report is published. We hope that this, coupled with the revised procedure for the approval of development schemes which has recently been brought into force, will contribute towards accelerating the pace of development under the Five Year Plan.

8. This revised Report differs very little in pattern from the draft Report. Like the latter, it has been divided into five parts. Part I explains the social and economic objectives of Government's policy which have guided us in formulating the Plan, reviews the development which took place from the time of Independence till the beginning of the Plan period, and presents an outline of the Plan. In Part II, an attempt is made to state the fundamental concepts and methods of development embodied in the Plan. Part III states the Board's views on the improvements in public administration required for the success of the Plan. Part IV assesses the financial resources—both internal and external—potentially available for development during the five-year period, and the likely course of population. Part V sets out the programmes of development, the priorities we recommend, and the major policies we advocate for the period of the Plan in each main field—agriculture, irrigation, power, industry, transport and social services. A new chapter has been added in this part to deal with the problems of the special areas and other tribal territories of Pakistan.

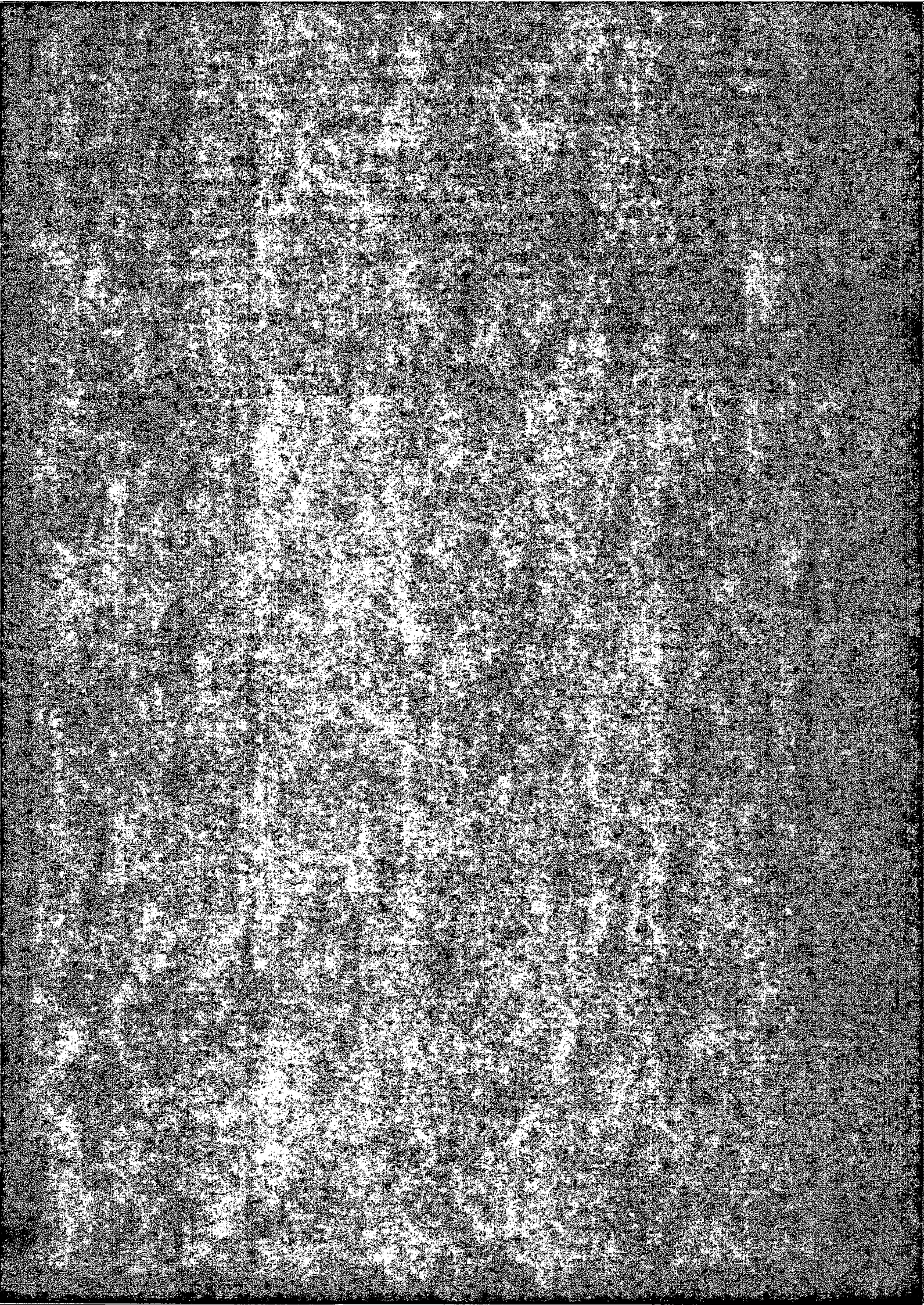
9. The preparation and adoption of a plan are the beginning, not the end, of the development process. A plan has meaning only if it is put into effect. The success of the Plan will depend upon the cultivators in the fields and the workers in the factories, upon businessmen and landowners, upon government officials and village

✓ leaders, upon public spirited citizens in all walks of life—in short, upon the many hundred thousands of people in the country who have power or influence to commit human energy and material resources to action. If they understand, accept, and are guided by the Plan, we have a strong conviction that a new day of steady and purposeful progress will dawn for the country. The implementation of the Plan will present the Government, the administration and the people with some of their most difficult problems in the Plan period.

10. We take this opportunity of thanking the staff of the Board, both Pakistani and foreign, who have worked devotedly and whole-heartedly on this national assignment. We thank the Ford Foundation and Harvard University for the services of the foreign experts, whose contribution to the preparation of the Plan has been most valuable. We thank also the many officers of the Central Ministries and the Provincial Governments who responded to our many requests for help, in spite of their inadequate statistical and staff resources. Finally, we express our gratitude to the many private citizens who have freely devoted their time and effort to assisting the Board in considering some of the difficult problems of development which confront the country to-day.

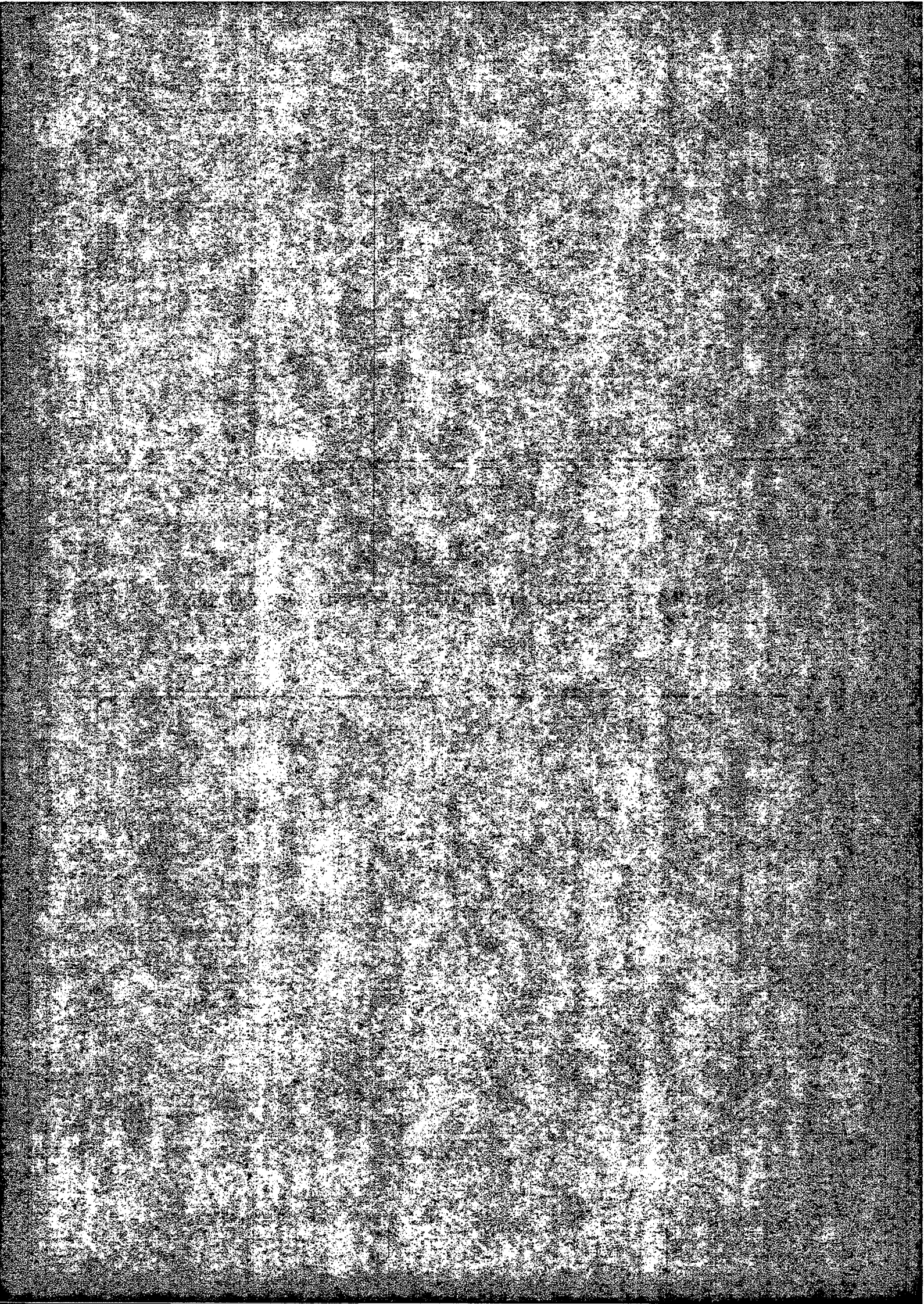
11. In conclusion, we cannot perhaps do better than to reiterate the following appeal made by the National Economic Council while approving the Five Year Plan :

“The National Economic Council seeks the support of the people of Pakistan, both in material and moral terms, and calls upon them to make their fullest contribution to the realisation of the objectives and goals of the Five Year Plan.”



PART I

THE PLAN—OBJECTIVES, BACKGROUND AND OUTLINE



Chapter I

SOCIAL AND ECONOMIC OBJECTIVES

Our Terms of Reference require the formulation of a Plan of Development which would serve as a step towards the attainment of social and economic objectives of Government's policy. The Government resolution announcing the appointment of the Planning Board and its Terms of Reference describes these objectives in the following words :

"The economic and social objectives of Government's policy are well known. They are to develop the resources of the country as rapidly as possible so as to promote the welfare of the people, provide adequate living standards, and social services, secure social justice and equality of opportunity and aim at the widest and most equitable distribution of income and property."

2. The Constitution which came into force on 23rd March, 1956 embodies directive principles concerning the principles of social uplift (Section 28) and of the social and economic well being of the people (Section 29). Section 28 directs that the State shall endeavour to :

- (a) promote, with special care, the educational and economic interests of the people of the Special Areas, the backward classes and the Scheduled Castes ;
- (b) remove illiteracy, and provide free and compulsory primary education within the minimum possible period ;
- (c) make provision for securing just and humane conditions of work, ensuring that children and women are not employed in avocations unsuited to their age and sex, and for maternity benefits for women in employment ;
- (d) enable the people of different areas, through education, training and industrial development, to participate fully in all forms of national activities, including employment in the service of Pakistan ;
- (e) prevent prostitution, gambling and the taking of injurious drugs ; and
- (f) prevent the consumption of alcoholic liquor otherwise than for medicinal and, in the case of non-Muslims religious purposes.

Section 29 directs that the State shall endeavour to :

- (a) secure the well-being of the people, irrespective of caste, creed, or race by raising the standards of living of the common man, by preventing the concentration of wealth and means of production and distribution in the hands of a few to the detriment of the interest of the common man, and by ensuring equitable adjustment of rights between employers and employees, and landlords and tenants ;
- (b) provide for all citizens, within the available resources of the country, facilities for work and adequate livelihood with reasonable rest and leisure ;
- (c) provide for all persons in the service of Pakistan and private concerns social security by means of compulsory social insurance or otherwise ;
- (d) provide basic necessities of life, such as food, clothing, housing, education and medical relief, for all such citizens, irrespective of caste, creed or race, as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment ;
- (e) reduce disparity, to a reasonable limit, in the emoluments of persons in the various classes of service of Pakistan ; and
- (f) eliminate *riba* as early as possible. (How early more) 20.9.92

3. Planning in the present stage of our society means the formulation of programmes and policies designed to lead it by a consciously directed and accelerated movement from a largely technologically backward and feudalistic stage into the modern era of advanced technology now on the threshold of atomic age. Movement and change constitute the law of life. The problem is to regulate and adapt the change according to our own values of life. Resistance to change generates tensions which can lead to disastrous consequences. It should, therefore, be

absorbed in an orderly and peaceful manner but so that it contributes to our individual growth as well as the growth of the community in keeping with our own basic values. Economic development is a part of this general process of social change, and planning signifies our intention to influence, regulate and adapt it along the lines desired by us.

4. Industrial development has been in progress for nearly two centuries and has revolutionised the social conditions of many countries in Europe and America and some in Asia. Scientific and technological advances have provided the means for banishing poverty, unemployment, disease and the degrading labour rendered in slavery, serfdom and other forms of exploitation. The dignity of man and the high worth of his personality which were cherished by Muslims as religious doctrines have become realisable values. The powers of control acquired over natural resources provide man with means to a life free from material care and afford him leisure and opportunity to engage in cultural pursuits to achieve a fuller, higher and more satisfying and creative life.

5. The process of social change is uninterrupted and the problem of planning in our country, in addition to influencing and regulating it, is to devise and apply methods of accelerating it so that the deficiencies accumulated over centuries are over-come in as short a period as possible within the limits of physical and human resources which Providence has granted us. In this process of swift transition to a new social order our own basic values of life must be preserved, re-affirmed and promoted. We must effectively regulate and dominate the process of change instead of being its helpless victims carried by the current to unknown destinations.

6. Political independence has created the demand as well as the opportunity to initiate a rapid process of social and economic change. A considerable amount of work has been accomplished already in the economic field. The people rightly desire and insist upon a rapid economic as well as social change. They want to see poverty and illiteracy banished. They want to end the era in which inequalities of opportunity and unjustly wide disparities in income and wealth prevail. They demand a recognition of the right to adequate means of living, right to work, right to education and the right to reasonable standards of health. These urges are agitating the hearts of our men and women in common with those of other countries. All democratic philosophies of to-day concede these rights as the minimum of social and economic objectives attainable immediately or gradually as resources permit. We believe that their recognition would do no more than affirm and fulfil the basic principles and values enunciated by Islam concerning the status and dignity of man and his ultimate answer ability for his actions. With the increasing availability of resources resulting from economic development, these principles can be progressively incorporated in the structure of our social order. The process would be long but there should be no ambiguity about the direction and the objectives. In any plans prepared for guiding the progress of social change they must be kept in the forefront.

7. The scarcity of resources and the need of making orderly and peaceful transition are factors which necessarily delay the attainment of our goals. We have to deploy our resources to achieve maximum results in order to increase our resources as rapidly as possible. The fulfilment of the rights of common man in the economic and social spheres as recognised in the Directive Principles of State Policy laid down in the Constitution would be a gradual process. But failure to fulfil them to the extent our resources permit from time to time would be equivalent to denial. In formulating our proposals we have kept these rights prominently in view. Independent Pakistan can have little meaning and evoke little enthusiasm until the millions of its men and women in the farms, in the factories and offices find the way open to a life of freedom, honour and dignity. For its successful accomplishment this long and arduous process would need generosity, vision and courage from those holding economic, social and political power in their hands; and patience, perseverance, discipline, cooperation, and understanding from others. Both must be inspired with patriotism and the determination to see a stable and prosperous Pakistan. All must give of their highest and the best in the service of present and future generations.

8. The process must be facilitated by lifting man-made artificial barriers. Outdated institutions which serve no economic or social purpose should be discarded or re-ordered. Favourable conditions should be provided for new institutions to emerge and grow. While the Government must not impose new institutions or force their growth, they must assist them to grow and flourish in the course of national development and protect them from unjust treatment.

9. There is a rapidly increasing demand in the country for the expansion and improvement of facilities for education, medical services, housing and social and labour welfare. Their expansion and improvement constitute one of our main social objectives. They furnish the most necessary means of transforming the environment for the benefit of common man. It is one of the functions of planning to suggest a balance in the allocation of resources to economic and social service sectors. The resources for expanding and improving these beneficial services are provided primarily by agricultural and industrial development. Due to the limitation of resources the Government have often to take difficult decisions. In countries with centrally controlled economies, investments were made in the early stages of development very sparingly in social services, except on education and training directly needed for the economic development programme. Historically even the countries believing in democratic ideology went through similar stages of social and economic development. Because of the urgency of maximum stimulation of agricultural and industrial development it would not be unreasonable to suggest that until the resources appreciably increase the expansion of social services should remain restricted. We have not, however, adopted this approach. In the past the Provincial Governments have made large increases in social services, in particular, education and health. This is inevitable in a democratic country where the Government have to respect the wishes of the people and respond to them to the utmost extent of national resources. We have made allocations for social services which we think are the maximum that can be spared and usefully employed. We have proposed the organisation of two new services, Social Welfare and Housing & Settlements. We look upon this Plan period as one of consolidation, strengthening of the quality and structure of the organisation and services, and of expansion in their strategic sections. While making proposals for expanding and improving them we have kept in mind the need for creating favourable conditions for rapid development in the future.

10. The concept of equality has undergone fundamental changes in course of the last hundred years. Different communities have experimented with efforts to realise different ideals of equality and have been forced to modify their notions in the light of the limiting circumstances and practical considerations. Equality does not mean equality of wealth or income. As long as nature endows us with unequal talents and merits, any attempt forcibly to establish an artificial equality is bound to fail and produce disastrous consequences for the economy. This has been realised gradually all over the world. Nevertheless, the urge for equality is ingrained in human nature and has inspired man in all generations. Equality stands for equality in the eye of law, in the eye of society, in the eye of the State. Negatively, it connotes absence of discrimination of all kinds. It stands for absence of undue privileges, honour or power which cannot be rationally defensible. It connotes reduction of unequal powers and privileges that originate from heredity, customs and environment that have become anachronistic, outmoded and have ceased to play any creative role in the context of the changing social order. In its positive aspects, equality means recognition of human personality, and of the creative potentiality of each member of society to advance social good including his own good. It means the provision of opportunities in proper relation to the talents and capabilities of each member so that no one lacks a chance to rise in life and each gets an opportunity to develop the best that he has in him. It means that any social or economic benefits that one enjoys in society should be capable of a sensible explanation. It means that there should be a rational relationship between talents and opportunities, between merit and rewards, between effort and earnings so that everyone gets a reasonably good start in life and has the fullest scope for maximum development in a peaceful and harmonious society. The emphasis has shifted from 'equal' to 'equitable' distribution. An equitable distribution is one based on equity, fairness, justice, and commonsense.

11. Equitable distribution of income and wealth is one of our important social objectives. Inequalities of income, insofar as they reflect inequalities of natural talents and of the services actual and potential to society, confer a net social benefit and are desirable within reasonable limits. They provide the needed incentives to effort, enterprise and the acquisition and improvement of skills. There are, however, other inequalities which derive from unsocial practices or have ceased to serve any social purpose or act as obstacles to social progress. They have been aggravated by the inequalities generated in the early stage of industrialisation and by the operation of economic controls which usually favour those who already have. We consider that inequalities which originate in large-scale land ownership are socially purposeless, undesirable and harmful. They act as disincentives to

development and create unjust conditions of life for large numbers of men and women and bar their way to progress. They result in a denial of the social objectives we cherish. They involve concentration of wealth and means of production and distribution in the hands of a few to the detriment of the interest of common man. A series of radical reforms in the land ownership and tenure system have been recently introduced in East Pakistan but action in this field is overdue in West Pakistan. For this province, we have recommended a re-adjustment of the rights in land to which we attach the highest priority. It is the most urgently needed social and economic measure of reform. It is a pre-requisite to rural and agricultural development. It will remove what by any criterion is by far the largest source of inequalities and injustices in our social order. This reform is the most important single measure needed for the health and vigour of our society.

12. The inequalities of income and wealth in the commercial and industrial sectors present a different problem. The businessmen and the industrialists play a useful role in the development of the country and the functioning of its economy, though they often extort an unduly high price for their services. Their incomes nevertheless serve a social purpose insofar as they lead to increased savings and investments. A strict assessment and collection of taxes including estate duty, more determined efforts to prevent tax evasion, a more equitable distribution of import licences as well as licences for setting up new industrial undertakings which would include encouragement of new-comers, the development of a professional class of managers, and exemplary punishment for gross mal-practices should for the present remain the main elements of our approach to this problem. The weakness of our administrative organisation prevents the full development of this approach but the people and their representatives cannot disclaim responsibility and must try to achieve what they can under the limiting circumstances. A progressive taxation structure coupled with a well-devised and equitable expenditure programme which provides for an expansion of the social service sectors will also generate forces of equality in a cumulative manner. The provision of basic necessities of life such as food and clothing at reasonable prices, measures for prevention of diseases and protection of health, expanded electric supply, water supply, sewerage and drainage facilities, removal of slums and construction of housing accommodation, opening of schools and colleges, clubs and libraries, Village AID and rural and urban community development programmes will all tend to foster equalitarian facilities and traditions of life.

13. Inequalities of income and wealth, if they reflect the inequalities of personal talents and of capacity for service to the nation and mankind, are desirable within reasonable limits for the health and vigour of a democratic society. These limits are necessarily wide in a country where talents are yet undeveloped and technical knowledge and administrative experience and ability fall short of actual needs. Incentives for using these limited but essential resources to the farthest limits represent a social necessity. The immediate object of high priority is the accomplishment of urgently needed development which is large in size and complex in nature. At the same time our purpose must be consistently to prevent the concentration of wealth and means of production which do not promote the interest of common man, in particular those built from unsocial gains. Anything approaching flat equality would be destructive of social health and vigour and of individual ambition for growth and development. Our social and economic policy should be to promote a process by which men in the lower scale of living are raised up ; a process of levelling up, instead of levelling down which will discourage progressive movement and produce stagnation.

14. We regard private enterprise as an agency for performing the tasks which it can competently discharge. The need for making rapid advance is so great in the present stage of development that we cannot afford to discard any which can make a useful contribution. Private enterprise is a desirable agency in this sense. The public services cannot perform all the tasks that are feasible and needed. If private enterprise in large scale industry fails to show signs of its willingness and ability to develop a sense of social responsibility, the demand for displacing it to the needed extent would become justified. With an adequately staffed, better organised and more experienced public sector there would be no good reasons, economic or administrative, for resisting the demand.

15. It is necessary to discourage conspicuous consumption and ostentatious living effectively. They justifiably cause resentment among the people and weaken their will to make sacrifices in the cause of national progress. When even the poorest among us are called upon to contribute directly or indirectly to the costs of development, extravagant living by a few assumes the character of a social evil. Conspicuous consumption manifests itself in expensive conveyances and banqueting, large and luxurious houses, and frequent trips to foreign countries. The injuries inflicted on the country are in the first place material insofar as extravagant living involves unproductive use of our limited and precious resources. In a higher degree they are moral insofar as they cause frustration and discontent among the people and delay the process of social cohesion and stability. They must be effectively prevented by suitable measures and by example. The leaders in politics, administration and social life have a great responsibility to perform. Our women can play a decisive role. Such discouragement of ostentatious consumption and luxurious living will also indirectly tend to promote saving and to canalise the savings into productive investment.

16. We consider that the development of co-operative organisations can go a long way to alleviate the inequalities of income as well as of opportunity. The large profits of middlemen are one of the most important sources of unduly large incomes and wealth, and the inability of men of small means to compete with men of large means contributes to inequalities and aggravates them. The central purpose of co-operative organisation is to enable men of small means to organise in order to acquire the strength needed for survival in competition against men of large means by combined co-operative action. We appreciate that the present socio-economic conditions prevent the rapid progress of co-operation and have discussed this subject under Village AID and Rural Credit. It should be the aim of Government to assist the development of co-operation by firm measures of policy and action. The policy of preserving normal channels and instruments of business and trade is in conflict with the declared policy of creating favourable conditions for ensuring equality of opportunity.

17. The programmes we have proposed in the various sectors such as Education, Health, Housing and Settlements and Labour and Employment are intended to initiate or to accelerate processes which will directly or indirectly contribute to the fulfilment of the Directives of State Policy as embodied in Sections 28 and 29 of the Constitution, except those which are outside the scope of a development programme or require prior formulation and enunciation of national policy. The Plan is intended to create extended facilities for work and to improve the conditions in which the people live and earn their livelihood. These processes are to be carried to the farthest limits to which our resources in men, money and administrative and technical organisations can be stretched.

18. Our programme can be deemed to fall short in that it makes no provision for direct relief to the indigent. Section 29 of the Constitution provides that the State shall endeavour to "(d) provide basic necessities of life such as food, clothing, housing, education and medical relief for all citizens, irrespective of caste, creed or race as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment." We think that neither the resources of the country, nor the information available to us are yet adequate to form a satisfactory basis of any worthwhile programme of assistance to the indigent. We also believe that in the present social conditions a hasty measure of State relief can do serious harm. There is undoubtedly great room for such relief. At present the institution of extended families as against nuclear families and the traditional recognition by the well-to-do and earning members of the community of their responsibilities towards the sick, the indigent and the disabled relatives and others makes an essential contribution to the stability of our social fabric. The teachings of Islam, in particular the institution of Zakat, are powerful stimulants to quiet and unnoticed charity, which benefits without offending the self-respect and dignity of the beneficiaries. A scheme of State relief would adversely affect this source which supports innumerable men and women, while the resources of the Government, either financial or administrative, would be grossly inadequate to fill the vacuum. Social changes are occurring, in particular as a result of urbanisation which in the long run would tend to dry up the existing private source of support to the needy. The Social Welfare organisations to be set up under our recommendations by the Central and Provincial Governments might well initiate suitable research

studies to collect necessary data and keep under review the situation which will change as urbanisation extends and develops. This will enable the Government to frame and introduce a suitable scheme of relief when the situation requires and the resources permit. The need for such relief will diminish as work opportunities resulting from development increase in the country.

19. The dignity and worth of human personality constitute the basic values of a free society, which it is the aim of our people to build in Pakistan. Men and women must be guaranteed fullest opportunities for the development of their personalities. Subject to their obligations to others, they must be allowed widest measure of freedom for exercising their right to choose their own course of action and the most favourable environment should be promoted to this end.

20. Democratic methods are difficult due to the constant need of reacting and responding to the moods, wishes and requirements of the people. For achieving success a consciousness of unity of social purpose has to be created in all ranks, to win their support and willing co-operation. Initiative and leadership must be encouraged and developed at all levels. Understanding must exist among the political parties on the social and economic objectives of State policy, the difference being confined to the pace and emphasis from time to time in the programmes for achieving them. Political parties, public services and the people must be inspired by common aims and aspirations. These are not easy conditions to fulfil but in a democratic society this is the only means by which we can expect to reach the goals the nation has set for itself. Ultimate rewards in terms of human values and standards are richer and higher in the measure in which they are difficult to win.

21. In the modern age it is not inherently necessary that any men and women should spend their lives in degrading labour to maintain others in comfort and luxury and to afford them opportunities to engage in cultural pursuits. Slavery which once contributed to the promotion of knowledge and culture by the favoured few has ceased. The serfdom of feudal ages has been eliminated, though it lingers in some countries where it is fighting a losing battle. By developing our resources and using them to gain our social objectives we should be able in course of time to assure to all men and women a life of comfort and dignity with reasonable opportunities for social and cultural development which would release their creative energies.

22. The basic principles underlying our social objectives have determined our approach to several important questions which arise in the course of development, such as the right to property, private versus State enterprise, development of local self-governing bodies at all levels, community development in rural and urban areas, and the like. Our approach in all cases has been influenced by the contribution expected towards the development of human personality in a free society.

23. We believe that the principles which underlie the social objectives of our policies are supported by the teachings of Islam, according to which man as the vice-gerent of God is granted a position of high dignity. He is created in the "choicest frame" and has the responsibility of freedom of action to which heaven and earth were found unequal. He must have opportunities for free development in this life to enable him later to render an account of his performance as an individual answerable for his actions.

24. The objectives of our social policy while guaranteeing fullest freedom and rights to minorities will enable Muslims to order their lives according to the teachings of Islam, which is one of the duties enjoined upon the State under the Constitution.

Chapter 2.

BACKGROUND FOR THE PLAN

INTRODUCTORY

1. Development plans for the future must be based on an assessment of the economic situation before the beginning of the Plan period and the conditions that have led to it. In this Chapter we summarise very briefly the economic condition of Pakistan at Independence, the most significant events and changes that have occurred in the past years and the major problems that confront us now. Details will be found in parts IV and V of this Report.

2. Modern commercial and industrial development in the Indo-Pakistan sub-Continent started in the fifties of the last century when coastal cities like Bombay, Calcutta and Madras and later some inland areas gradually emerged as the first centres of trade, industry and commerce. There were various reasons—political, economic, strategic and other—why these particular areas developed first. The areas lying in the north-western and north-eastern regions of the sub-Continent remained predominantly agricultural.

3. At the time of Partition, Pakistan was an under-developed area even relative to some other Asian countries. The systems of production, transportation, trade and consumption yielded a very low standard of living—most of the people living at, or barely above, the level of subsistence with little opportunity for education, or economic advancement. Agricultural methods were for the most part primitive and average yields were among the lowest in the world. Industry was nearly non-existent. Financial institutions to provide credit and to collect the savings and channel them into productive investments were rudimentary. The social services—education, health, housing and welfare—were limited in quality as well as quantity. The systems of land ownership, business, activity, and family relationship had changed little in hundreds of years. The people living in the villages were virtually untouched by the scientific and social advances of the past two centuries. The numerous problems and pre-occupations of this rudimentary economy were further complicated as a result of the Partition and the dislocations coming in its wake.

Major effects of Partition

4. From the standpoint of development, the major effects of Partition were the enormous upheaval that accompanied the wholesale transfers of population, the disruption of trade and business, channels of communication, marketing relationships, industrial and commercial organisation, and the pressing need to establish new Central and Provincial Governments.

5. It is estimated that over 6 million refugees crossed over from India after Partition with few assets of their own. Rarely before in the history of mankind did such a large-scale transfer of population take place under such adverse conditions and within so short a time. The refugees had no shelter to go to, no cash to support them. Towards the early months of 1948, the expenses of feeding them were running into crores of rupees. Then there were the huge tasks of compensating, resettling and rehabilitating them. The background of the Muslim refugees who arrived in Pakistan was different from that of the Hindu and Sikh evacuees who left. Many of the latter lived in towns and were engaged in trade, business and money-lending, or in the professions of law, medicine, engineering and business management. The Muslim refugees who crossed over into Pakistan were mostly agriculturists and craftsmen. The mass departure of non-Muslims created a sudden void in many vital fields which the Muslim refugees with different occupational patterns could not always fill. Banks and insurance companies, manufacturing and commercial firms were crippled as the Hindus who had operated them left in large numbers leaving only inexperienced and lower grade staff behind them. The village money-lenders, who with all their faults nevertheless provided a much needed source of credit for cultivators, largely disappeared, and the resulting absence of rural credit facilities remains a problem to this day. Technical institutions, schools, colleges and universities underwent similar dislocations due to the sudden departure of Hindu teachers and instructors who had mostly manned their staff. Health clinics, dispensaries, hospitals and other medical institutions suffered the same fate, and at some stages essential municipal services—water supplies, electricity, conservancy—came almost to a breaking point.

6. Partition disrupted the long established patterns of trade and communications. Railway lines were cut by the new borders ; rolling stock and the other assets of the railways were divided arbitrarily. The great port cities and centres of trade and business, most of the raw materials for industry, and nearly all established industrial facilities were in India. Pakistan inherited primarily agricultural areas and the less-developed frontier areas which produced agricultural raw materials that now had to seek markets through international trade. Both East and West Pakistan were situated in large part in the lower valleys of rivers whose upper reaches were now in India, giving that country a substantial measure of control over the allocation of water.

7. In the sphere of Government, Pakistan had to create two new capitals at Karachi and Dacca, and to establish new ministries, departments, and offices at the Centre and for the two newly-created and largest provinces West Punjab and East Bengal. In some departments, the Railways for instance, the number of low and middle-grade employees who opted for Pakistan were in excess of requirements and had to be maintained on supernumerary lists for lack of posts to absorb them. In most of the other departments less than a proportionate share of trained and experienced Government employees opted for Pakistan which involved a slow and lengthy process of recruiting and training the persons required to administer a modern Government efficiently.

Developments since 1947

8. These initial difficulties had been largely surmounted by the middle of 1949 and economic conditions began to improve. Occupational gaps caused by mass migration were gradually filled. Banking services were restored after the establishment of the State Bank of Pakistan in July, 1948. Government revenues started to rise, export earnings increased, and prices of essential goods began to fall. With the devaluation of the pound sterling in September, 1949, however, a new emergency arose as a result of the Indo-Pakistani trade deadlock caused by India's refusal to recognise the par value of the Pakistani rupee. Towards the middle of 1950, the position was substantially improved and jute exports began to move once again. India recognised the Pakistani currency in February, 1951, and entered into a trade agreement, but the older trade relations were not restored. Significant and far-reaching changes occurred in the economy during this period of crisis. New sources were found for essential imports and fresh markets were developed for raw material exports through diversification of foreign trade and negotiation of bilateral agreements. The recovery of the economy was significantly accelerated by the Korean War boom of 1950-51. The end of the Korean boom, however, brought a time of severe strain. As foreign exchange earnings registered a steep fall, consumer goods imports had to be cut to austerity levels and foreign exchange expenditures on development programmes were met with difficulty. In 1953 there were shortages of clothes, drugs, medicines and other essential consumer goods. There was also a serious food shortage as a result of a sharp fall in the production of foodgrains in 1951-52 and 1952-53 due to unfavourable monsoons. It was through the assistance of the United States and other friendly countries that the emergency was tided over by bringing in foodgrains and other urgently needed commodities and drawing on aid to finance the development programme.

9. The internal readjustments and restrictions necessitated by the falling exports and the deteriorating balance of payments, resulted in an improvement of the balance of payments position, raised prices, increased profit margins for industrialists, and released substantial funds from the commercial sectors. As a consequence internal production for domestic needs increased. Towards the close of 1953 a distinct improvement was noticeable in some sectors of the economy.

10. Despite its pre-occupations with the immediate effects of Partition, the Government of Pakistan from the very outset realised the importance of development. To co-ordinate nationbuilding schemes and determine their priorities a Development Board, a Planning Advisory Board, and an Economic Committee of the Cabinet were set up as early as 1948. Later on, the Ministry of Economic Affairs was established in 1949 to co-ordinate planning and the economic activity of different ministries. A six-Year Development Plan was prepared and was scheduled to go into effect from the middle of 1951. In order to execute the Six-Year Plan, the Government of Pakistan set up an autonomous administrative machinery consisting of an Economic Council, a Planning Commission, and a number of sub-Commissions replacing the earlier Development Board, the Planning Advisory Board and the Economic Committee of the Cabinet.

11. The Six-Year Plan envisaged a total expenditure of Rs. 260 crore of which Rs. 120 crore were to be financed externally and Rs. 140 crore from internal resources. A 2-Year Priority Programme was drawn up in 1951 within the framework of the Six-Year Plan. The Six-Year Plan was flexible in many ways and was modified and expanded in the course of years. Against the original estimation of total public sector expenditure of Rs. 260 crore in 6 years, more than Rs. 300 crore were spent during the first five years of the programme.

12. The Six-Year Plan was prepared in the absence of much essential information and many basic statistics. So, it could not be based on a proper assessment of the national resources—human, physical, and financial. Furthermore, it was framed just before, and revised at the time of extreme economic fluctuations generated by the Korean War boom and the subsequent slump. Thus, execution did not follow intended lines. By and large, development proceeded by fits and starts and some maladjustments appeared in the economy.

13. While industry developed at a rate which has rarely been matched, agriculture remained relatively neglected. The index of industrial production covering 17 major industries rose from 100 in 1950 to 285 in 1954. The production of cement, an important indicator of the volume of investment, rose from 3.24 lakh tons in 1948 to 6.73 lakh tons in 1954. Private investment was concentrated in cotton and jute textiles, edible oils, cigarettes, fruit and vegetable processing, ginning, matches, paints and varnishes, pharmaceuticals, and some engineering industries including electricals, leather, and footwear. It is difficult to estimate private investment. A rough guess would be that it totalled nearly Rs. 234 crore during 1951-52 to 1954-55, the bulk of it in industry. Nineteen projects sponsored by the Pakistan Industrial Development Corporation had already gone into production while 12 others were in hand. Up to the end of the fiscal year 1954-55, the total capital outlay on PIDC projects were expected to amount to about Rs. 62 crore. The major investments of the PIDC have been in paper, board, fertilisers, jute mills, shipyards and natural gas pipe line from Sui (Baluchistan) to Karachi. The PIDC's own investment upto 31st March, 1955 was about Rs. 34 crore.

14. Power facilities, an index of industrial growth, also increased rapidly. The total power generating capacity rose from 110,000 kw in 1947-48 to nearly 280,000 k.w. by 1954-55. The *per capita* consumption increased from 2.8 units in 1947-48 to about 7 units in 1954-55. Despite these significant percentage increases, the available power did not grow as fast as demand and by 1955 there was a substantial shortage.

15. The progress in agriculture and its related fields was much less satisfactory. As a matter of fact, total production of foodgrains, the most important agricultural product, decreased by about 5 lakh tons (or about 4 per cent) if average production in the first four years after independence is compared with that for the next four years. This decrease in food production took place despite the Grow More Food campaign launched by the Government and despite the success in bringing 660,000 new acres of land under irrigation. While the total acreage under foodgrains went up by 1.5 million acres in the second 4 years as compared with the first 4 years following independence, the average yield of foodgrains actually declined. The decline in yields per acre ranged from 4% for rice to 9% for wheat. The position was much better with respect to such cash crops as cotton and jute where both yields and acreage increased during this period.

16. The basic fact remained : while industrial production increased spectacularly from a small beginning, agricultural production, the backbone of the economy, lagged behind, and the production of foodgrains actually decreased. Over the 8-year period as a whole, there were really good harvests in only 2 years and food shortages to a varying extent were encountered in all the rest. During the whole of the pre-Plan period, the net import of foodgrains on payment, or gift account amounted to as much as 12.5 million tons which is roughly equal to the country's entire production of foodgrains for an average year. The failure of food production to keep pace with the rising demand was specially serious in view of the fact that the population of the country grew by about 9% during the period.

17. The picture was a varying one in other fields as well. Civil aviation, shipping, port facilities, road transport and telephone facilities were rapidly developed from negligible beginnings. The inauguration of the Pakistan International Airlines Corporation was a landmark. Railway rehabilitation made substantial progress with the import of rolling stock, including a number of diesel engines. These steps, important in themselves, still left the transport and communications networks unable to cope satisfactorily with the rising demands put on them.

18. In the social service fields as well, progress was substantial but uneven and quite inadequate in relation to needs. Cities like Karachi, Dacca and Khulna grew tremendously and municipal services were expanded considerably. Housing or developed plots were provided for about 5 lakh urban refugees. But growth of cities was generally haphazard and outran available facilities for water supply, sewerage and other services. Thousands of displaced persons remained unhoused. There was a remarkable increase in the number of educational institutions—primary and secondary schools, medical colleges, universities—but quality often deteriorated. Health services were substantially expanded but only a bare beginning was made in controlling such diseases as malaria. A beginning was made with social welfare work on scientific lines.

19. There was substantial progress as well with respect to the total size of the development programme and the Government revenues and foreign trade required to support it. Government development expenditures rose from Rs. 14 crore in 1948-49 to an estimated Rs. 70 crore in 1954-55. While the increase was 400% compared to 1948-49 and nearly 350% even in the three years preceding the Plan period, the total size of the development programme remained small even in 1954-55. The estimate of about Rs. 70 crore of Government development expenditure and about 75 crore of private investment totalled only about 7% of the national income. This rate was probably barely sufficient to increase national income as rapidly as population. Total Federal and Provincial revenues rose from Rs. 118 crore in 1948-49 to Rs. 196 crore during 1954-55. The composition of the tax receipts also improved. The proportion of receipts from customs duties to total revenues, for instance, declined from 61.0% in 1948-49 to 46.5% in 1954-55, indicating the increased importance of internal sources of revenue like income and corporation taxes, excise and sales taxes which are more expansive and less dependent on international price fluctuations.

20. The vulnerability of the economy to fluctuations of prices in the international market has also been reduced to some extent since Independence with industrial development. Extreme dependence on exports of raw cotton, jute, tea, wool and hides and skins has been somewhat reduced. Exports of these raw materials were 95% of total exports in 1948-49, but dropped to 84% in 1954-55. At the same time, the composition of imports changed as well. While at Independence nearly all manufactured goods had to be imported, self-sufficiency had been reached by 1954-55 in jute manufactures, cotton yarn, medium and coarse varieties of cloth, certain grades of paper and some other consumer goods. As a result, imports of consumer goods which in 1951-52 had stood at 45% of total imports, had decreased to 24% by 1954-55.

The economy in 1954-55

21. The economy at the beginning of the Plan period continued to be predominantly rural in character. According to the census of 1951, 90% of the total population lived in rural areas and only 10% in urban areas (towns of 5,000 or more inhabitants). In East Pakistan, the urban proportion of the population was as low as 4% as compared to 18% in West Pakistan. Urbanisation has, however, been increasing at an accelerated rate particularly with the growth of industries since 1951.

22. Agriculture continued to be the source of employment for the bulk of the people. Of the total working population in 1951, 75% reported agricultural occupations as their means of livelihood. The overwhelming dependence of the economy on agriculture is also revealed by the estimates of national income for the period 1949-50 to 1954-55 which show about 60% of the national income originating in agriculture while mining and manufacturing account for about 8% and services (including construction) for 8.5%. Literacy reached only 19% of the population in the country as a whole.

23. Of the total land area of 233 million acres, only about 61 million acres, or about 26 per cent of the total was under cultivation. Of this, the net area sown was about 50 million acres—29 million acres in West Pakistan and 21 million acres in East Pakistan. The average acreage per agricultural worker worked out to about 4.5 acres in West Pakistan and under 2 acres in East Pakistan. About 73 per cent of the sown area in West Pakistan and 1.4 per cent of the sown area in East Pakistan was under irrigation.

24. Over 85% of the cultivated land was used for growing food crops. Between 1947-48 and 1954-55 on an average about 47% of the total sown area went to rice cultivation and 21% to wheat. Of the cash crops jute and cotton occupied respectively 3.4% and 6.4% of the total sown area.

25. Large-scale manufacturing industry, despite its spectacular growth, contributed only about 4.5% of the total national income in 1954. Cotton textile was by far the most important component, representing about 30% of total industrial output in the same year.

26. The progress registered by 1954-55 was substantial and the outlook promising. Public revenues touched a high mark. Investment, production, trade and employment were on the increase. The supply position in respect of scarce essential commodities improved, and the general cost of living indices for industrial workers registered an around decline as compared with the previous year. The 1953-54 harvest was the largest ever reaped as a result of which food prices throughout 1954 were low and supplies were abundant. Restrictions on movement of foodgrains were gradually discontinued in West Pakistan and rationing was completely abolished in East Pakistan which for the first time achieved self-sufficiency in food. Large food reserves were built up in both East and West Pakistan and an exportable surplus of 3 lakh tons of rice was declared. Monetary and banking trends indicated better business sentiment and greater activity. Increased currency issue, expanded bank credit accompanied by a lower liquidity of reserves, larger imports of capital goods and machinery and increased flow of foreign assistance suggested a higher rate of capital formation. The aggregate capital formation in that year was estimated at 6% of the national income. A relatively better economic situation enabled public sector development expenditures to be increased by about 50% over the previous year. Though the terms of trade were improving, the balance of payments showed a deficit to the tune of Rs. 16 crore and the foreign exchange reserves were the lowest on record. Despite adverse movement in the external account, however, the real incomes of the people were higher. Both the total national income and the *per capita* income were the highest in six years. The discovery of natural gas at Sui and the approaching completion of the gas pipeline to Karachi opened the possibility of some relief from the heavy fuel imports and of substantial industrial expansion based on gas as fuel and as raw material. The general improvement of the economic situation and the enlarged capacity of the economy to absorb investment funds provided a good framework for launching a substantially expanded development plan for the future.

27. However, the real progress achieved by 1954-55 and the generally favourable economic situation in that and the previous year concealed certain underlying and continuing weaknesses of the economy. Most important of these was the inadequate progress in increasing agricultural production which was obscured by the food surplus and the low foodgrains prices in 1954. With increasing population, rapid industrialisation, growing urbanisation, and substantial increases in money supply, a constant and rapid increase in food production was essential to maintain economic stability and provide a base for further growth. Food production in the pre-plan period failed to meet this requirement. The food position was very delicately balanced throughout this period so that inflationary pressures gripped the economy whenever the harvests were average, or below average. The stagnation of food production imposed a fundamental limit on further growth of the economy. The inability of food production to grow in line with the rest of the economy also exerted additional pressure on the precarious foreign exchange position of the country. In the 8-year period, the country had an overall balance of payments deficit of the order of Rs. 106 crore. The progress in the field of industry, spectacular in itself, was unable to make up for the deficiencies and bottlenecks resulting from inadequate agricultural production. This inadequate agricultural output was sooner or later bound to affect and slow down the pace of industrial progress. Many industrial plants were already working much below capacity due to shortage of foreign exchange resources for the import of raw materials, spares and replacement machinery. There were other

weak aspects in the economy as well—inadequate power supplies to industry ; inadequate managerial and organisational resources ; inadequate facilities for technical education ; inadequate transport between ports and inland in East Pakistan ; insufficient inter-wing shipping ; lack of minimum water supply facilities in a number of towns and in rural areas ; and a malaria control programme that was only beginning to deal with the problem. The total development programme in the pre-Plan period was much below the level necessary to enable economic growth to outstrip the rapid growth of population.

28. To sum up : Progress since Independence had been substantial and spectacular in some fields. The serious effects of Partition had been largely overcome. A tremendous expansion in industry had taken place and a sound foundation laid for more rapid future progress. At the same time, the industrial base was still too small, agricultural production was inadequate, and the foreign exchange situation was precarious. There was a maladjustment between agricultural and industrial development with consequent pressures on foodgrain prices and on the balance of payments. The taxation base remained narrow, national income and living standards continued low. The building capacity was extremely small and there was a serious shortage of technical skills of all sorts. A solution of the country's basic economic problems—low *per capita* income, chronic food shortage, precarious balance of payments position, and unbalanced economic structure—called for a more comprehensive, expanded, and co-ordinated approach to planning and development. Advantage needed to be taken of past progress to accelerate development even further since the rate in 1954-55 was inadequate for the needs of the country. These considerations influenced the formulation of the size and composition of the first Five-Year Plan which aims at promoting healthy economic growth with stability. The First Five-Year Plan must, however, be viewed as the beginning of a new period of determined effort for bringing about co-ordinated and balanced development in both wings of Pakistan that should advance us measurably towards the attainment of satisfactory standards of life, materially and culturally, for our people.

OUTLINE OF THE PLAN

1. The draft First Five Year Plan (1955-60) was prepared in the latter part of 1955 and published in May, 1956. Following publication, comments were received from private and official sources ; these were carefully considered and in many cases discussed thoroughly with those who offered them. The draft Plan was revised in late 1956 and early 1957 to take account of the comments received, and also to take account of the developments in the economy during the period since April 1955 when the Plan period began. The revised Plan was considered by the National Economic Council in February and April 1957 and approved by the Council on April, 15, 1957.

2. The revised Plan retains the two most distinctive features of the draft Plan : the highest priority given to agricultural development (particularly food production), and the strong emphasis placed on rapidly increasing the developmental effort in East Pakistan and in the less-developed areas of West Pakistan. The revised Plan anticipates somewhat smaller total accomplishments by 1960 than did the draft Plan. Slow implementation of the Plan during the first two years means that the economy is growing somewhat less rapidly than was hoped, and consequently smaller resources are in sight for development. By the same token, the capacity for executing development schemes is not increasing as rapidly as had been hoped. Finally, the revised Plan takes account of the significant drop in supplies of marketed foodgrains in the first two years of the Plan period. The combination of reduced supplies of consumer goods (primarily food grains) and increasing money incomes has given rise to some inflationary tendencies. These tendencies must be considered very carefully when decisions are made concerning the size and composition of the annual development programmes in the remainder of the Plan period.

I. SIZE AND OBJECTIVES OF THE PLAN

3. The revised development programme proposed for the country is estimated to cost 10,800 million (1,080 crore) rupees during the five-year period from 1955-56 to 1959-60, 7,500 million (750 crore) rupees in the public sector and 3,300 million (330 crore) rupees in the private sector. The public sector programme includes (a) the estimated cost of specific schemes which have been reviewed in some detail, and (b) reserves to cover the cost of possible schemes for East Pakistan, and for the less-developed areas of West Pakistan, which are worthy in objective but have not yet been prepared or reviewed in detail. These add up to a total amount of 9,350 million (935 crore) rupees. From this total is deducted an estimated short-fall of 1,850 million, (185 crore) rupees to arrive at the expenditure target of 7,500 million (750 crore) rupees for the public sector.

4. The revised Plan is designed to achieve the same fundamental objectives as was the draft Plan :
- (a) To raise the national income and the standard of living of the people ;
 - (b) To improve the balance of payments of the country by increasing exports and by production of substitutes for imports ;
 - (c) To increase the opportunities for useful employment in the country ;
 - (d) To make steady progress in providing social services : housing, education, health, and social welfare; and
 - (e) To increase rapidly the rate of development, especially in East Pakistan and other relatively less-developed areas.

5. Considering the resources that can be made available for development and the targets of development that are feasible within the limits of these resources, we now believe that an increase of about 15 per cent in national income can be achieved over the Plan period. As the population is expected to grow by about 7.5 per cent per capita income can rise by around 7 per cent. If the pace of economic development is to increase during the Plan period and in succeeding years, a substantial part of the increased national income must be saved and invested, but this would still allow for some small improvement in living standards.

6. At present the foreign exchange earnings are barely sufficient to meet the country's requirements for essential consumer goods (excluding food), raw materials, defence supplies, and other non-development imports. Necessary imports of foodgrains have required the use of our very limited foreign exchange reserves in 1956 and 1957. Had it not been for foreign loans and assistance for both food and development imports, the development programme would have had to be curtailed drastically. It is one of the major objectives of the Plan to improve the balance of payments by increasing exports and by raising the domestic production of goods that would otherwise have to be imported. We estimate that as a result of the development programmes in the various fields, the foreign exchange earnings in the last year of the Plan will exceed the requirements of essential imports for non-development purposes (excluding food) by about 200 million (20 crore) rupees, which will be available for development. In the succeeding years the surplus should be larger. If agricultural production is increased as proposed in the Plan, by the beginning of the next Plan period the country's dependence on external aid for development purposes will be substantially reduced.

7. Reliable information is not available about the increases that have been taking place in recent years in employment in the various industries and occupations, and we have not been able to make precise estimates about the changes that will take place in the Plan period. There is hardly any information about unemployment and under-employment in rural areas. We have roughly estimated that the labour force will increase by about 2 million (20 lakh) during the Plan period. While we have not been able to make precise estimates of the growth in work opportunities under the Plan, considering the fairly definite prospects for increased employment in large-scale industry, agriculture, and construction, and the likely increases in small-scale industry, trade and commerce, transport, and other fields, it is very roughly estimated that employment during the Plan period will rise by about as much as the rise in the labour force.

8. Increasing the social services available in the country is a major objective of any development Plan, although the resources that can be devoted to this purpose are limited by the necessity to provide a solid basis of agricultural and industrial progress upon which further social gains will depend. During the Plan period expenditures on housing, education, health, and social welfare will rise steadily. As a result of the public sector, development programme, about 250,000 new housing units are expected to be built; large numbers of existing educational institutions will be imported; increased opportunities will be provided for technical education and training; over one million additional children will be in primary and secondary schools; a country-wide anti-malaria campaign will be carried out, and in all the social fields a sound basis will be laid for more rapid progress in the future.

9. Although the rate of development activity has risen in recent years, it must rise very much further if the country is to enter a period of sustained progress. The Plan offers a great challenge to the country, especially to the officials who will be called upon to execute the public sector programme. We have proposed high targets; even allowing for a short-fall, which seems inevitable in the early years of a national development programme, the Plan calls for raising the rate of development activity by 1960 to over three times what it was at the beginning. Only the most single-minded dedication will make it possible to achieve this objective.

10. The challenge will be especially great in East Pakistan and in the less-developed areas of West Pakistan, such as Kalat and Quetta Divisions and the Tribal Areas. East Pakistan has made appreciable progress since 1947 in building its Capital and administrative services, reorganising transport and constructing harbours, and establishing baling and manufacturing capacity for jute, all of which was needed for acquiring economic independence. The rate of development, however, has not been as high as in West Pakistan as a whole. In West Pakistan there are certain areas where most people live in extreme poverty; some improvement has been made since independence, particularly in transport and in education, but development has not been as rapid as was necessary. One of the chief objectives of the Plan is to achieve a more balanced development of the country as a whole. Because of the deficiencies of administration and technical organisation, special efforts will be necessary throughout the country to attain the scale of investment envisaged in the Plan. But these deficiencies are greater in East Pakistan, and even more determined steps have to be taken to accelerate the pace of development in this Province.

11. The first development Plan must be viewed as a foundation from which the economy can make more rapid and balanced progress in the future. The benefits will accrue in part during the Plan period. The increase in national income will be channelled partly into investment and partly into consumption. The country's foreign exchange position will be improved by an increasing supply of goods for export and by an increasing home production of goods previously imported. The technical and organisational resources of the country will be increased, and it will be possible to undertake much larger development programmes in future.

12. Compared with the immense needs of the country, the progress that is possible during this five-year period is small. Nevertheless, there will be an increase in the standard of consumption, which will permit some improvement in the condition of nearly everyone in the country. The production of food, cloth, and several other consumer necessities is expected to rise faster than the population. What is even more important, the Plan will lay a stronger and firmer base for more rapid increases in the welfare of the people in later years.

II. DEVELOPMENT TARGETS AND PRIORITIES

13. In the public sector, the estimated costs of the programme are distributed as shown in Table I.

TABLE I

Proposed allocations to fields of development, 1955-60, public sector

(Figures can be read in millions by removing decimals)

	Crore rupees	Percentage of total (excluding reserve)
Village AID, and rural development outside Village AID areas	29.8 (3.5)	3.2
Agriculture (including colonisation, animal husbandry, and fisheries)	120.7 (19.0)	12.9
Water and power development	269.7 (30.0)	28.8
Industry (including fuels and minerals)	162.2 (17.7)	17.4
Transport and communications	166.6	17.8
Housing and settlements	86.1	9.2
Education and training	58.0	6.2
Health	28.8	3.1
Social welfare & other	13.3 (8.0)	1.4
Total	935.2 (78.2)	100.0
Less : likely short-fall	185.2	
Estimated net expenditures...	750	

(Figures in brackets indicate the part of the programmes against which schemes are not yet available, or have not yet been finally approved).

14. In the private sector, monetary expenditure for development estimated at 3,300 million (330 crore) rupees will be concentrated in the fields of industry, transports, and housing. The programme in the private sector is, by and large, an estimate of what private investment will be in the various fields of development under the influence of appropriate government policies.

15. We expect that over one-third of this will be invested in large-scale industry, and have indicated the fields in which investment would be desirable and feasible. Given the encouragement provided by the public housing and settlements programme, we expect that private investment in construction will also increase, and may require about one-quarter or somewhat less of the resources available for private investment. The remainder of those resources would be for transport equipment (trucks, buses etc.), for minerals (mostly exploration for gas and oil), and other fields (agriculture, service trades, commerce etc.). While the Government cannot determine precisely the magnitude or the kind of private investment that will actually be made, it can, by suitable policies and its import licensing powers, greatly influence the magnitude of private investment, and ensure that it does not go into fields considered undesirable or of lower priority.

16. In addition to these expenditures in the public and private sectors, there is expected to be an investment of labour and local materials, which would not necessarily involve any expenditure of money, for private and communal purposes, such as the construction of houses, small irrigation and reclamation works, and other durable assets for private use, and the building of schools, dispensaries, roads, drains, wells, and bunds, by rural communities for collective use. Such non-monetary investment will be greatly encouraged under the Plan particularly the housing, Village AID, and urban community development programmes ; it may be of the order of 1,500 to 2,000 million (150 to 200 crore) rupees during the Plan period. No estimate of such investment has been included in the Plan, but it will have a substantial effect in raising living standards, particularly in rural areas.

17. In order to achieve the objectives of the Plan, the country's resources must be concentrated on purposes of the highest importance that are expected to give the greatest returns. Resources must not be employed on purposes of secondary importance. The Plan can succeed only if a strict scheme of priorities is followed. The targets which have been proposed for the different fields of development are as follows :

Village AID

18. The Village AID programme is of crucial importance as the means for bringing better living standards and a new spirit of hope confidence to the villages, where, according to the 1951 census, about 90 per cent of the people of the country live. The Plan provides for expanding Village AID as rapidly as the necessary staff can be trained ; about 5,000 village workers will be available by 1960 and posted to about 26,000 villages, some 25 per cent of the villages in the country. The bulk of the remainder can be covered by 1965.

Agriculture

19. The development of agriculture (including animal husbandry, fisheries, and forestry) has lagged in recent years. Yields per acre of most food crops have not risen, and even taking into account the new acreage brought under cultivation, the increase in food production does not seem to have kept up with the increasing population. This situation is serious and must be rectified. The basic target by 1960 must be to provide a secure food supply within the country for the growing population, and to make a substantial beginning, through research and extension programmes and the provision of fertilisers, equipment, pesticides and so on, towards more diversified and more valuable agricultural output. Targets recommended in the Plan include a 9 per cent increase in food grains, and larger increases in cotton, oilseeds, sugar cane, and fruits and vegetables. These will not be easy targets to reach, especially because sufficient attention has not been given so far to agricultural development. The drive and energy which characterise the field of industry must be matched by a determined leadership in agriculture, inspired by a resolve to achieve, and if possible exceed, the targets of production recommended in the Plan. A balance must be maintained between industry and agriculture by stimulating agricultural progress rather than by curtailing industrial progress.

Water and power development

20. A large programme of irrigation development was under way in West Pakistan in 1955, and will be continued during the Plan period; by 1960 it is expected that 1.5 million (15 lakh) acres of new land will be brought under irrigation, and 3.5 million (35 lakh) more acres will have an improved water supply or have been reclaimed from salinity and waterlogging. In East Pakistan the water development programme under way at the beginning of the Plan period was much smaller than is required: the Plan provides for increasing the programme as rapidly as personnel can be trained and organisations established. By 1960, about 300,000 additional acres of land will be brought under winter irrigation and about 1.6 million (16 lakh) acres improved by drainage and flood regulation. The basis will have been laid for a larger programme in the future, particularly for long-range measures to diminish flood damage. In both Wings the Plan provides for increasing the supply of electric power sufficiently to overtake essential demands by 1960. Installed capacity is expected to rise from 280,000 kilowatts at the beginning of the Plan period to about 850,000 at the end, and the annual generation from 7 units to 23 units per capita.

Industry

21. Industrial development has been very rapid in recent years. The Plan proposes further advances but in a better balanced manner, through the fuller use of existing industrial capacity and new projects of high priority—those that are expected to increase the national income substantially, to save or earn foreign exchange, or to create employment opportunities to the largest extent in relation to investment. Substantial increases in industrial research and a large expansion of the programme to assist small and cottage industries through research, training, finance, marketing, and advisory services, are included in the Plan. The production of large-scale industries is expected to increase by about seventy-five per cent during the Plan period. Important industrial targets include: raising the productive capacity of cement from 670,000 tons per year to 1,280,000 tons; of fertiliser from nil to 62,000 tons; of sugar from 115,000 tons to 235,000 tons; and the number of jute looms installed from 3,300 to 12,000.

Transport and communications

22. The Plan provides for sizeable expenditures on the rehabilitation and replacement of railway track and rolling stock, on an expansion of the road network in both Wings particularly to open up areas now cut off from road communications, on the development of inland water transport, shipping, and civil aviation, and on the expansion of telephone, telegraph, and broadcasting facilities.

Housing and settlements

23. The country's needs for more and better houses, and for community services such as water and sewerage systems, are enormous. During the present Plan period, priority in both rural and urban areas is given to providing pure water supplies and sewerage systems, because of their importance for health. The Plan provides also for about 250,000 new housing units in urban areas, 1,20,000 of which will be set aside for refugees. This work will be done in new ways designed to serve the needs of the people better at less cost, by the maximum use of local materials and "self-help" methods of construction.

Education and training

24. During the Plan period, priority will be given to improving the quality of education at all levels, primary, secondary, college, and university; rapidly expanding education and training in the technical, vocational and professional fields to provide essential qualified personnel for all sectors of the development programme; and opening new schools, so far as resources permit, especially in areas which are relatively backward. Large numbers of pupils now drop out before completing their primary courses and revert to illiteracy. This results in great waste of effort. The planned improvements will enable schools to hold much larger numbers of pupils to the end of their courses than is the case at present. Besides, over one million (10 lakh) additional children will be attending primary and secondary schools and 1600 engineers and engineering technicians will be turned out each year by the end of the Plan period.

Health

25. In the field of health, highest priority is given to preventive measures, including a country-wide anti-malaria campaign and a substantial expansion of the anti-tuberculosis programme. In addition, medical education will expand under the Plan, a beginning will be made on medical research, school health services, and health education, and some expansion of hospitals, dispensaries, and other curative services will take place. By the end of the Plan period, the anti-malaria measures are expected to have reached all those areas of the country where the disease is prevalent. The number of beds in hospitals and dispensaries will have risen from 23,000 to 32,000.

Labour and employment and others

26. The Plan gives priority in the field of labour and employment to (a) the improvement of factory inspection to prevent exploitation and ill-treatment of workers; (b) support for trade unions and collective bargaining; and (c) the commencement of minimum wage regulation and social security provisions. The Plan also provides for the development of statistics and insurance.

Social welfare

27. Social welfare, conceived as an endeavour to prevent serious social problems from accompanying the economic and social changes brought about by development, is a relatively new field in the country but is of very great importance. The Plan provides for the most rapid possible increase in the training of social workers. About 500 in all will be trained during the Plan period, and will be employed in urban community development projects, medical social work, and other activities designed to assist people to solve their own problems through co-operation and self-help.

The Special Areas and other tribal territories

28. The greater part of development in these regions will take place as part of the regular programmes of education, irrigation, agriculture, etc., though certain sums have specifically been laid aside for the programme in these areas. The Board is more concerned with the approach which should be adopted with respect to these areas. The policy proposed might be summed up briefly as the gradual increase in political stability, in economic and social progress, and in contact with the rest of the country. The means by which these ends are to be achieved are by helping the people to lead their own lives more fully through programmes devised to meet their particular social and economic needs.

29. In summary, the Plan gives first priority to agriculture. Over one-third of planned public expenditures are devoted primarily to this field through the agriculture, Village AID, irrigation, reclamation and drainage programmes. Industry and power comprise about one-quarter of total estimated public expenditures on development. In addition, there is a large industrial investment programme in the private sector. Transport and communications absorb about one-fifth of total public expenditure, and social services the remaining one fifth of the public programme. These proportions reflect the order of priority assigned to the various fields. We believe that the provision for social services is as high as the country can afford with its present economic capacity.

III. THE OBJECTIVE OF BALANCED DEVELOPMENT

30. The Plan is designed to increase the welfare of all the people of the country, whether they live in village or city, tribal area or administered area, East Pakistan or West Pakistan. The Plan should bring benefits everywhere, and maximum benefits where the needs are greatest. This makes it necessary to give special attention to East Pakistan, and the less-developed areas of West Pakistan.

31. The problem of a proper rate of development is acute as between East Pakistan and West Pakistan. Because there is little or no movement of people between the two Wings, it is necessary that economic opportunities should move to the people, rather than the people to economic opportunities. East Pakistan suffered

from neglect and exploitation for two centuries before independence. In recent years the energies of the Government have been concentrated on the high-priority objective of gaining a measure of economic independence by the improvement of basic facilities such as transport and communications which are a pre-requisite to the success of a development programme.

32. It has been our purpose to provide in the Plan for the greatest possible increase in the rate of development in East Pakistan. Before the draft Plan was published, we spent much time, in consultation with the Provincial Government, in considering schemes and proposals in each field in order to find out how the development programme can be expanded to the maximum extent. As a result, the schemes recommended in the Plan for execution by the Government of East Pakistan were considerably larger than the programme originally proposed by that Government in March, 1955. Furthermore, the draft Plan included a reserve of 1,000 million (100 crore) rupees to cover the cost of additional schemes to be designed in detail and approved for commencement during the Plan period.

33. Since the draft Plan was published, the problem of increasing the rate of development in East Pakistan has been considered further. A number of additional schemes and proposals have been received from the East Pakistan Government. While not all of these have been finally accepted, a number of schemes totalling about 3,00 million (30 crore) rupees, have been added to the Plan and the reserve has been reduced accordingly. The remainder of the reserve has been allocated to specific fields: 30 million (3 crore) to Village AID and rural development; 190 million (19 crore) to agriculture; 300 million (30 crore) to water and power development; and 180 million (18 crore) to industry.

34. The revised Plan allocations, by fields of development, for the different geographical areas of the country during the final three years of the Plan period are shown in Table 2.

TABLE 2

Proposed allocations to fields of development public sector, 1957-60 by geographic area—Central and Provincial schemes combined

(Figures can be read in millions by removing decimals)

	East Pakistan	West Pakistan	Karachi	Total
	(Crore rupees)			
1. Village AID and rural development ...	14	13	...	27
2. Agriculture ...	52(22)	47	3	102(22)
3. Water and power development ...	83(30)	133	1	217(30)
4. Industry, fuels and minerals ...	93(18)	38	7	138(18)
5. Transport and communications ...	45	65	10	120
6. Housing and settlements ...	27	21	20	68
7. Education and training ...	24	22	3	49
8. Health ...	12	12	...	24
9. Social welfare, labour and employment, and miscellaneous ...	2	2	1	5
10. Reserve for less developed areas of West Pakistan ...	...	8(8)	...	8(8)
Total ...	352(70)	361(8)	45	758(78)

Note:—Figures in brackets indicate the part of the programme against which schemes have not been received or, for which schemes have been submitted but require additional discussion before approval.

35. It is apparent that the programme for the development of East Pakistan is as large as is feasible, and perhaps larger. Very serious difficulties will have to be faced and overcome, and even then the rate of development is not likely to increase by 1960 as much as would be desirable. The shortages of trained personnel, both technical and administrative, and of detailed schemes are very great. It will necessarily be several years before East Pakistan will be able to plan and execute a development programme commensurate with the needs of the Province. The limiting factor in almost every field of development in East Pakistan will be not finance but trained personnel and competent organisations.

36. The areas of West Pakistan which are relatively less developed are largely the mountainous and desert regions of Kalat and Quetta Divisions, the Tribal Areas of the northwest, and districts such as Muzaffargarh and Dera Ghazi Khan. These areas share the common characteristics of low rainfall, difficult terrain, and dependence on a very primitive economic base in agriculture, livestock, and cottage industries. Since independence, the administrative structure in the areas has been improved to some extent particularly by the posting of technicians ; some road development has occurred ; certain water development and industrial schemes (notably the woollen mills at Harnai and Bannu) have been established; and considerable efforts have been made to develop educational institutions. In addition, certain general economic surveys (particularly in the former Baluchistan States Union), and aerial and ground reconnaissance geological surveys have been conducted.

37. One of the objectives of development policy must be to bring the less-developed areas up to the level of the rest of the country. This will be difficult owing to the lack of prepared and specific schemes, and the shortage of technical and administrative personnel. During the preparation of the Plan, and before the unification of West Pakistan, we considered carefully the proposals presented by the various States and provinces responsible for these areas ; for the most part the proposals were inadequate because they were not supported by sufficient technical studies. In these circumstances we considered it necessary to include relatively large provisions for surveys and investigations, for training staff and establishing basic technical services (such as agricultural extension), and for opening up communications. For example :

- (a) We have included nearly 6 million (60 lakh) rupees for investigations of water resources and preparing schemes in Quetta and Kalat Divisions ;
- (b) We have proposed that Peshawar University be aided in carrying out a social and economic survey of the Tribal Areas and developing a continuing research programme ;
- (c) We have made special provision for educating boys from Tribal Areas, from the former Baluchistan States Union, and other areas virtually lacking in schools ;
- (d) About one-third of the funds included for civil roads in West Pakistan are intended for the less developed areas ; and
- (e) We have proposed a special provision for small development schemes in the Tribal Areas, which, if found useful, can be increased during the Plan period.

38. With the unification of West Pakistan, the problems of these less-developed areas have become the responsibility of the West Pakistan Government, who are alive to their urgency. This offers a considerable opportunity to improve the number of technicians and administrators in the less-developed areas by assigning them from the areas which are better staffed ; a special posting allowance will undoubtedly be required in some cases. The West Pakistan Government wishes to move forward vigorously in the backward areas, and we believe a systematic approach can make good progress during the Plan period. A special reserve of 100 million (10 crore) rupees was included in the draft Plan for schemes to be prepared in detail and undertaken during the plan period. Of this amount, 20 million (2 crore) was subsequently allocated, at the request of the West Pakistan Government, primarily for the development of roads in the backward areas. For the remainder of the amount the West Pakistan Government is actively preparing schemes.

39. Refugees are another group in the population requiring special attention in the development programme. At the same time we believe it is essential that refugees are not set apart from the rest of the population, but integrated with them as rapidly as possible. To a large extent they are dispersed through the population, and improvement in their condition will come principally from the general improvement in the economy, and especially the new employment opportunities resulting from the Plan. In the fields of housing and social welfare, however, refugees have special problems to which we have given special attention. In the housing field we have provided for 100,000 building plots to be set aside for refugees out of a total programme of 250,000 new plots to be developed by the Government. We propose that these plots be reserved for refugees, but be part of new settlements created for the whole population, with refugees interspersed among other settlers. Similarly we have proposed that areas with a heavy concentration of refugees be given special priority under the urban community development programme. Twenty to twenty-five of the 70 projects under this programme are to be located in such areas. We expect that the development programme would go far towards eliminating the housing of refugees as a special problem by the end of this Plan period. In succeeding years it should be possible to plan for refugees as part of the general population in all fields.

IV. RESOURCES FOR DEVELOPMENT

40. The problem of finding resources for development could be approached from the standpoint of finding means for achieving pre-determined targets of national income, employment, and production. In this approach, all the resources of the community are regarded as available for being pressed into development work to achieve pre-determined physical goals the tasks imposed on the people are often larger than they can bear without suffering serious hardships, standards of consumption are reduced as necessary, and men and women are ordered into jobs and localities at the will of the Government. This necessarily means the imposition of extensive controls in order to direct all resources, physical and human, into desired channels for achieving the prescribed targets. This approach is foreign to this country's faith in individual freedom and democratic government, and we have rejected it.

41. We have approached the problem of resources rather from the standpoint of estimating the maximum amount of resources which the community will be willing to devote to development either through public or private saving. This approach does not mean absence of sacrifice ; we propose that the people should be asked to limit themselves to a small increase in consumption during this Plan period in the interest of development and more rapid gains in income in later periods. The development targets we have proposed can be met only if the Government and the people put forth their maximum effort. The targets are pitched high, but not so high as to be beyond reach. Everyone will have to accept a basic policy of hard work and plain living. The people must understand the benefits of development and the part they should play in it, and by their voluntary participation and individual initiative, work to achieve greater and more satisfying results than could be achieved under a system of rigid and centralised dictation.

42. The major source of finance for the Plan is the country's own saving. This takes two forms ; public saving and private saving. Public saving is the amount by which the public revenues exceed public expenditures for non-development purposes such as defence and civil administration. We are recommending some additions to government revenues from taxes and other sources, though these are not large. With these additions to revenue, and assuming strong efforts to hold down government expenditures for non-development purposes, we estimate that public saving by the Central and Provincial Governments combined can be made available to the tune of 1,000 million (100 crore) rupees for development.

43. Private saving is the amount by which private incomes (after taxes) exceed expenditures for consumption. We have estimated private saving at about 950 million (95 crore) rupees in 1954-55. Assuming that the national income grows by about 15 per cent over the Plan period, and that about 10 per cent of each year's addition to national income is added to private saving, the potential private saving over the Plan period may amount to 5,600 million (560 crore) rupees. It must be emphasised that these potential savings will not be

realised unless vigorous measures are taken to encourage thrift, including the continued prohibition of luxury imports, limitations on sumptuous ceremonials, and encouragement of life insurance and postal savings. Of the total private saving, somewhat less than half would be used to support public development expenditure and somewhat more than half to support private investment.

44. In addition to the country's own savings, development can be financed by resources made available from abroad, in the form of private investment and public loans and grants. Gross private foreign investment may amount to 500 million (50 crore) rupees during the Plan period, largely in exploration and drilling for oil, of which about 400 million (40 crore) net may be available for the development programme. In comparison with the total estimated cost of the development programme, public and private, of 10,800 million (1,080 crore) rupees, the sources of financing listed above leave a gap of about 3,800 million (380 crore) rupees. It is not, of course, possible to predict that this amount will be made available through foreign grants and loans, because their amount will depend on the decisions of the foreign governments and lending institutions concerned. Considering the possible availability of aid and loan funds, and the existence under the Plan of suitable schemes and purposes to which such funds can usefully be applied, we think it possible that the country will be able to obtain the funds needed to carry out the Plan.

45. The sources and uses of resources may be summarised as in Table 3.

TABLE 3
Sources and uses of development finance, 1955-60
(Crore rupees)
(Figures can be read in millions by removing decimals)

Sources				Amount	Uses				Amount
Public saving	...	...	...	100·0	Private investment	...	...	...	330·0
Private saving	...	...	...	560·0	Public development expenditure	...	...	...	750·0
Total saving	...	...	...	660·0					
External finance	...	...	...	420·0					
				1080·0					
			Total	...	1080·0		Total uses	...	1080·0

46. These estimates cannot be precise ; the actual size of the resources available for development each year will have to be calculated annually, and the annual development programme adjusted accordingly.

47. We estimate that public and private gross saving together will amount to about 6,600 million (660 crore) rupees during the Plan period, or about 6 per cent of the country's expected gross national product during the period. We have projected an increase in gross savings from an estimated 5 per cent in the pre-Plan period to 7 percent in the last year of the Plan. These are not high figures when set against the roughly comparable gross saving-rate of 15 or 20 per cent common in some of the advanced countries but the estimates for the Plan period are substantially higher than what has been achieved in the past, and strong determination will be required if the country is to realise them.

48. We have prepared the Plan in such a way as to minimise import needs by selecting, so far as possible, schemes that use mainly domestic resources, and by providing, wherever possible, for the use of local materials. Even so, the requirements for foreign exchange are heavy, being estimated at approximately 3,290 million (329 crore) rupees during the Plan period for the public sector development programme, and 1,750 million (175 crore) rupees for the private sector.

49. In the draft Plan, we estimated the country's total foreign exchange earnings during the Plan period at about 10,140 million (1014 crore) rupees, and minimum foreign exchange requirements for consumer goods, raw materials, defence, and other non-development imports at about 9,140 million (914 crore) rupees, leaving about 1,000 million (100 crore) rupees available for development. These estimates were based on the assumption that sizeable net imports of foodgrains would not be necessary during the Plan period or, if such imports did turn out to be necessary, that they would be financed by additional foreign assistance over and above the amounts necessary to finance the development programme. In the first two years of the Plan period, these assumptions were seriously upset. Foodgrains worth about 720 million (72 crore) rupees were imported to meet serious shortages of marketed grain in the country. The bulk of these imports were financed through foreign assistance of about 520 million (52 crore) rupees, but about 200 million (20 crore) rupees of the country's own foreign exchange was used for this purpose. The effect of this use of foreign exchange for food imports has been of course to reduce the foreign exchange available for imports of consumer goods and raw materials and for imports of development goods.

50. To a considerable extent the food shortage of the past two years was due to bad weather, but to some extent it reflected over-optimistic assumptions as to the likely rate of increase of food production in the country which led to the feeling that imports would probably not be necessary. Consequently when the shortage did arise it was necessary to make hasty arrangements for imports and even so prices in the country rose to high levels before the necessary imports could arrive. In an effort to avoid such improvised solutions in the future, the Government, in addition to giving maximum push to the programme for raising food production in the country, is endeavouring to make long-term arrangements for importing foodgrains over the last three years of the Plan period. These imports would be planned on a diminishing scale each year, after allowing for planned increases in domestic production, and would be for both consumption and for stockpiling, the latter to provide some margin for emergencies.

51. Considering the major revisions which have been required in the balance of payments projections by the altered assumptions concerning food imports, plus a number of less significant changes, the revised projections of sources and uses of foreign exchange may be summarised as in Table 4.

TABLE 4

Sources and uses of foreign exchange, 1955-60

(Figures can be read in millions by removing decimals)

Crore rupees

Sources	Amounts	Uses	Amounts
		Consumer goods, raw materials and other	
Earnings	1050.0	non-development imports (except food grains).	940.0
Foodgrain assistance	177.0	Foodgrain imports	218.0
Private foreign investment	50.0	Development imports	
		Public	329.0
		Private	175.0
Foreign aid and loans	385.0		
Total Sources	1662.0	Total uses	1662.0

52. Of the amounts shown as foodgrain assistance in the above table, it is estimated that 660 million (66 crore) rupees arrived or were committed in the first two years of the Plan period. Of the amount shown as foreign aid and loans, estimated amount of 920 million (92 crore) rupees arrived during the first two years of the Plan period, and an additional 1070 million (107 crore) rupees were expected to arrive during the last three years from commitments made before April 1, 1957.

53. The figures in the table illustrate the difficulties the country faces in obtaining the foreign exchange necessary for the development programme. These difficulties are serious, and clearly will require continued austerity in the import of non-development goods, and careful allocation of available exchange according to a rational scheme of priorities. The five year totals, however, tend to conceal the substantial improvement which is expected to take place between the beginning and the end of the Plan period. As a result of investments previously made and to be made during the Plan period, agricultural and industrial product available for export will increase, and export earnings (setting aside temporary changes due to changes in stocks) are expected to rise by about 300 million (30 crore) rupees. At the same time, requirements for imports of essential consumer goods raw materials, and fuels are not likely to rise very much, and might even drop, since local production will expand substantially. Nevertheless, it is plain that the country's development programme at the end of the Plan period will still be heavily dependent on outside sources of foreign exchange.

V. EXECUTING THE PLAN

54. Taking account of the estimated actual expenditure in the first two years of the Plan period, expenditures over the five years to carry out the Plan would be somewhat as shown in Table 5.

TABLE 5

Expenditures on development, 1955-60

(Figures can be read in millions by removing decimals)

		Crore rupees					
		1955-56	1956-57	1957-58	1958-59	1959-60	Total
		(Estimated actuals)		(Projections)			
Public Development	...	73.0	104.0	140.0	190.0	243.0	750.0
Private Investment	...	50.0	55.0	55.0	80.0	90.0	330.0
Total	...	123.0	159.0	195.0	270.0	333.0	1080.0
Of which, foreign exchange :		56.0	74.0	93.0	125.0	156.0	504.0

55. The most conspicuous feature of these projections is of course the sharp rise which is proposed between the beginning and the end of the Plan period. This was true in the draft Plan projections also, but the projected

rise is even steeper now since the performance in the first two years was not as high as had originally been hoped. The two most important obstacles which must be overcome if the projected rise in development expenditure is to take place are : lack of financial resources, and lack of administrative capacity.

56. The problem of financial resources has two aspects : internal finance and foreign exchange. The latter has been discussed above. So far as internal finance is concerned, the events of the first two years of the Plan period have brought real concern about the degree of inflationary pressures in the economy. The serious elements in the inflationary situation have resulted from a reduction in marketed food stocks and a simultaneous increase in money supply and money incomes. Together they have resulted in somewhere about a 10 per cent increase in the general level of prices during the two-years plan. The way to contain the inflationary danger is on the one hand to step up food supplies—both by importing food and by increasing internal production—and on the other hand to hold the increase in the money supply to amounts which can be absorbed by the economy without substantial price increases.

57. It is with respect to the latter point—permissible increase in the money supply—that the most careful analysis and most astute judgement are called for. During the first two years of the Plan period, money supply in the country rose by about 1100 million (110 crore) rupees, or 28 per cent. About 300 million (30 crore) rupees of this was due to a net surplus in the balance of payments; about 250 million (25 crore) rupees was due to a net expansion in bank loans to the private sector; and about 550 million (55 crore) rupees was due to net expansion in Government borrowing from the banking system. The surplus in the balance of payments can and should be used during the Plan period to pay for imports, a good deal of it has already been committed for food imports. The other two factors—expansion of bank loans to the public sector and to the private sector—will undoubtedly continue to grow. There is agreement that they should not be allowed to grow at as rapid a rate during the remaining three years of the Plan period as they did during the first two years, but the exact amount to be planned for each year must be decided in the process of determining each year's Government budgets and foreign exchange allocations.

58. The most serious question raised by the experience of the first two years of the Plan period is whether the country is trying to do too much. During the first two years of the period, defence expenditures rose, government non-development expenditures rose, and public and private development expenditures rose. Even with a considerable inflow of foreign resources, the country suffered some degree of inflation. It is plain that if the development programme is to continue to expand as called for by the Five Year Plan, the resources can be found only by a combination of the following means : holding or cutting back the level of defence and other non-development expenditures, increasing taxes and other sources of revenue, and increasing the inflow of foreign resources. Some of these steps are painful or difficult or both. The alternative is to cut back the development programme and perpetuate poverty and low living standards. There is no escape, in the conditions of our country, from this dilemma.

59. The second major problem in executing the Plan is that of administrative capacity. In both the public and the private sectors the country is short of technical and managerial skills and experience. There are bound to be delays and shortfalls in the execution of development programmes. This is the normal experience of countries in the early stages of development. In a partial attempt to overcome this factor we have set allocations higher than foreseeable resources, in the expectation that a shortfall in actual expenditure will bring us out near the point of full use of resources. In the public sector, allocations total 9350 million (935 crore) rupees. If there were a shortfall of 1850 million (185 crore) rupees, the net expenditure would be about 7500 (750 crore) rupees, which is the estimate of resources which may be available.

60. The public sector programme would be executed by the three governments—East, West and Centre (including the administrative agencies for Karachi). The proposed allocations for the last three years of the Plan period (Central and Provincial schemes combined) are shown in Table 6.

TABLE 6

*Proposed annual allocations to public sector,
1957-60, by geographical area.*

Creore rupees

(Figures can be read in millions by removing decimals)

	1957-58	1958-59	1959-60	Total
East Pakistan	74.0	116.0	162.0	352.0
West Pakistan	99.0	121.0	141.0	361.0
Karachi	17.0	14.0	14.0	45.0
Total	190.0	251.0	317.0	758.0
Less : likely shortfall	—50	—61.0	—74.0	—185.0
Projected expenditures	140.0	190.0	243.0	573.0

61. There are of course differences among the governments and especially among different departments and agencies in the three governments, in the degree of readiness to execute the development programme. Taken as a whole, however, we have been deeply impressed in the course of preparing this Plan by the very great difficulties which will be encountered in executing it. In virtually every field the country is extremely short of trained technicians and administrators to carry out development work, and what is at least as serious in many fields, the country is also short of organisations with sufficient tradition, staff, and experience to implement large development schemes. In a great many cases the shortage of trained manpower or of experienced organisations, rather than lack of finance, is the factor limiting the speed of development. These conditions are only natural in a country in the first years of independence, breaking the crust of centuries of near-stagnation. Nevertheless, no one should underestimate the tremendous problem of achieving the objectives set in this Plan.

62. We have made such provision as was possible in the Plan itself to help in its execution. In each field of development we have attempted to estimate the number of trained persons required to execute the schemes proposed ; we have provided for increases in training to the largest extent feasible, and we have planned the rate of increase in programmes such as Village AID in accordance with the likely supply of trained workers. We have recommended many changes in organisation and administration in order to improve the ability of the Government to carry out development programmes. These include the establishment of survey and planning staffs in every sizeable department and ministry ; the establishment of new organisational units in several fields, notably natural resources, housing and settlements, and social welfare ; the improvement of procedures of budgeting and financial control, and of methods of recruiting, training, and posting of personnel ; and the improvement and strengthening of local government bodies. Above all a change is necessary in the outlook of Government officials and in the major concentration of their work, from emphasising law enforcement and revenue collection to improving the welfare of the people. This change has already started, but it has far to go before it is reflected in every aspect of the administration. Divisional Commissioners, officers in charge of districts, and other administrative officials must devote their major energies to welfare and development, and arrangements must be made to relieve them of some of the burden of police, revenue, and judicial work. The purpose must be to make the administration the strong core of the national development effort.

63. The execution of the development programme will strain the ability of the Government officials to the utmost and will necessitate great improvements in administrative organisations, methods, and outlook. Development, however, is far more than a matter of Government administration. The Plan has been designed to draw forth and utilise the energies of all the people in the country, and it will require for its success a strong nation-wide commitment to the actions and policies that will bring progress. The country is starting on a course of growth and expansion which will continue not just for one five-year period but for many years to come; it is undertaking nothing less than a peaceful revolution, and the fundamental requisite for success is a spirit of devotion and dedication permeating every part of our national life.

PART VI—NATIONAL INCOME

64. Statistics on the national income of Pakistan are prepared annually by the Central Statistical office. The basic income concept and methods of estimation are described fully in the February, 1955 issue of the Statistical Bulletin published by the Central Statistical Office. Briefly, two methods are used: wherever the available data permit it, the estimates are based on actual production statistics in a given sector of the economy. Where such information does not exist, use is made of an alternative method: incomes (wages, salaries etc.) received by those employed in the sector.

65. Table 7 shows by major sectors the annual movements of national income from April 1949 through March, 1956—National income is measured in constant prices defined as the average of 1949-50 to 1952-53 prices.

TABLE 7

*Estimates of National Income of Pakistan at Constant Prices (By Industrial origin)
1949-50 to 1955-56*

(Prices : Average of 1949-50 to 1952-53)

		(Million rupees)						
Sector		1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
1. AGRICULTURE	...	<u>10,462</u>	<u>10,824</u>	<u>10,495</u>	<u>10,945</u>	11,663	<u>11,630</u>	<u>11,225</u>
Major Agricultural Crops.		6,326	6,584	6,122	6,379	6,951	6,782	6,377
Minor Agricultural Crops.		1,154	1,154	1,160	1,274	1,425	1,425	1,425
Livestock	... ..	2,273	2,323	2,369	2,415	2,415	2,415	2,415
Fisheries	... ..	676	730	811	844	839	975	975
Forestry	... ..	33	33	33	33	33	33	33
2. MINING	... ..	23	26	30	34	36	39	43
3. MANUFACTURING (1)		1,191	1,279	1,374	1,500	1,750	1,923	2,189
Large scale	... ..	250	313	391	500	734	890	1,142
Small scale	... ..	941	966	983	1,000	1,016	1,033	1,047
4. GOVERNMENT	... ..	808	858	1,048	1,032	1,052	1,049	1,130
5. BANK AND INSURANCE		43	51	58	68	69	71	75

TABLE 7—contd.

Sector	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
6. TRANSPORT AND COMMUNICATION ...	442	504	513	529	536	546	565
7. SERVICE (2) ...	1,473	1,543	1,576	1,608	1,639	1,672	1,705
8. RENTAL INCOME ...	1,005	1,036	1,053	1,072	1,089	1,108	1,109
9. WHOLESALE AND RETAIL TRADE ...	1,607	1,669	1,637	1,717	1,851	1,871	1,851
10. INDIRECT TAXES ON EXPORTS ...	182	356	286	292	288	235	287
11. FACTOR INCOME PAYMENTS ...	-10	-9	-8	-14	...	-9	-26
12. TERMS OF TRADE ...	12	187	99	-301	-526	-278	-637
Total National Income ...	17,238	18,324	18,161	18,482	19,447	19,857	19,516
Estimated Population (in 000s) (3)	74,807	75,854	76,916	78,912	80,053	81,198	82,244
Per Capita Income (in rupees)	230	242	236	234	243	245	237

Note.—Estimates for the year 1955-56 are very rough and subject to revision. Income from Minor crops, Livestock, Fisheries and Forestry has been repeated in 1955-56 from previous years. Estimates relate to fiscal year April to March.

- (1) Manufacturing includes contribution of both large scale industries and small and cottage industries. Income from large scale industries has been revised on the basis of 1954 Census of Manufacturing Industries and the estimates of Planning Board. Income from small-scale and cottage industries remains unchanged.
- (2) Includes construction.
- (3) Population figures are those estimated by the Planning Board and accepted by the Ministry of Interior.

SOURCE : Central Statistical Office.

66. In interpreting these statistics it should be kept clearly in mind that their accuracy is limited. In certain fields the estimates are based upon highly incomplete information ; in others, such as the key agricultural sector, statistics are available for major crops but due to inadequate reporting they do not rest upon a firm basis. For these reasons the table can only be used to show rough orders of magnitude.

67. In spite of the limitation just mentioned, it does seem possible to draw certain conclusions from the statistical material. In the first place, total national income shows a moderate upward trend since 1949. A study of the individual sectors of the economy makes it clear that this trend for total national income is the result of divergent movements. In particular, in agriculture the production of major crops, that is, foodgrains, cotton and jute, does not show any persistent upward movement. In industry, on the other hand, the trend is sharply rising, especially as far as large-scale manufacturing is concerned. Since agriculture is still the predominant economic activity, the fact that agricultural output has remained stationary explains why overall production has only increased moderately.

68. Secondly, while total production of goods and services has increased somewhat, so has population. As a consequence *per capita* production or income appears to have fluctuated around a constant level.

69. Thirdly, apart from the trend values of total and *per capita* income, both have displayed rather sharp annual variations in the past. The two reasons for these fluctuations are :

- (i) vicissitudes of the weather and pests which have had a major impact on agricultural output ; and
- (ii) fluctuations in the terms of trade, that is, in the ratio of export prices to import prices.

70. Turning to the first Five Year Plan, period, it was assumed in the Draft Plan that the resources that could be made available for development and the targets of development that were feasible within the limits of these resources would lead to an increase of about 20 per cent in national income. For the following reasons we now believe that this estimate must be revised downward :

- (i) As far as output in agriculture is concerned, the original estimate was based upon the assumption that both yields and acreage would increase. Our revised figures for the last year of the Plan, 1959-60, assume that yields will increase as postulated in the Draft Plan, which in turn implies that fertilizers and other inputs will be made available in sufficient quantities to achieve the yield targets. On the other hand, delays in the execution of irrigation and other projects, since the preparation of the Draft Plan, are such that new acreage will not be added at the rate assumed in the Draft Plan.
- (ii) In the Draft Plan it was assumed that throughout the Plan period the terms of trade would remain the same as they were in 1954-55. However, since the beginning of 1955 the terms of trade have deteriorated rather substantially, and for the old assumption we have now substituted a new one, viz., that on an average the terms of trade will remain at the 1955-56 level.
- (iii) In the final version of the Plan, as approved by the National Economic Council, the total size of the development programme has been somewhat reduced.

71. Taking account of the various factors mentioned in the previous paragraph we now believe that national income will not increase by more than 15 per cent during the five year period. Since the population is expected to grow by about 7.5 per cent, this implies that *per capita* income can rise by around 7 per cent.

VII. PROGRAMMES OF DEVELOPMENT IN MAJOR FIELDS

72. A summary of the policies and programmes proposed for each major field of development is given below.

Village AID

73. The enrichment of life in the villages and rural areas of the country is in our view the most important objective of the Plan, because about 90 per cent of the country's people live in rural areas, often in poor and primitive conditions. The major instrument for accomplishing this is the Village Agricultural and Industrial Development Programme, which aims at increasing the production from agriculture and village industries, and thereby increasing the incomes of the rural people. The programme also seeks to provide more schools and health centres, better water supplies, and other social and recreational facilities for the villages.

74. All this will be done mainly through the initiative and energy of village people themselves, co-operating and pooling their own resources. The Government will provide the assistance of village workers under the leadership of development officers, who will help the villagers to make plans for local development and to organise themselves for carrying them out. The Government will also provide the services of specialists from the different government departments—agriculture, animal husbandry, health, and so on—and will provide some funds and materials to enable the villagers to carry out work which they could not otherwise do.

75. Some rural areas, to be called development areas, will be selected for intensive development. Each development area will consist of 150—200 villages with a population of about 100,000. The area will be in the charge of a development officer who will have at his disposal the services of specialists in such fields as farm management, animal husbandry, co-operation and marketing, and health and sanitation. He will also, with

the help of two supervisors, direct the activities of the village workers, each of whom will be responsible for 5 to 7 villages.

76. The Village AID programme will be successful if it releases and organises the very large and frequently unrecognised resources that exist in every village, and stimulates the spirit of self-help and co-operation which can lead to steady, progressive improvement in village life year after year. The key to this is the assistance and advice of the village worker, trained to help the villagers to find ways to solve their own problems, and directed and guided by the development officer. The programme is planned to expand as rapidly as the necessary staff can be trained. During the present Plan period, about one-quarter of the rural population will be covered by organised Village AID development areas, that is, about 26,000 villages and 17 million (1.7 Crore) people. By 1965 it should be possible to cover most of the rest of the country.

77. Village AID requires prompt and efficient assistance from government departments to enable the villagers to carry out their plans for improving agriculture and livestock; building roads, bridges, schools, wells, drains, and other facilities; planting trees; removing health hazards; stocking fish ponds; and doing the many other kinds of work which they want to do. Most of the government departments are not equipped at present to furnish the assistance the villagers will need; the Plan provides for substantial expansion and improvement in the services of the various departments.

78. The Village AID programme offers tremendous hope for the rural people. It will not only bring them rapid and steady economic and social improvement, but also show them how to organise together in co-operatives and other local democratic institutions which can provide the basis for a great strengthening of the country's political life.

Development outside Village AID areas

79. The Plan provides also for assisting the development of villages outside Village AID areas. These villages too can improve themselves with the help of technical advice and material help from the Government, although their progress will be faster when they can have the full benefits of the services of village workers in organised Village AID areas. The Plan makes provision to assist development schemes organised by villagers outside the Village AID areas to solve agriculture, health, or other problems; the funds provided for this purpose will be disbursed under the control of the district officer. Special provisions have been made for the Tribal Areas.

80. The further expansion of the Village AID programme and the scheme for village improvement outside Village AID areas is especially desirable in East Pakistan, where the proportion of the population living in rural areas is higher than in the country as a whole.

81. The estimated cost of these programmes is as shown in Table 8.

TABLE 8
Public expenditure on Village AID, etc., 1955-60
(Figures can be read in millions by removing decimals)

<i>Village AID</i>							(Crore rupees)
Development funds (including credit funds)	...	...	...	...	...	...	13.2
Administrative costs	...	...	...	...	...	...	5.1
Training of village workers and other Village AID personnel	...	...	...	...	...	...	2.9
					Sub-total	...	21.2
<i>Development outside Village AID areas</i>							
General programme	...	...	...	...	...	...	8.0
Tribal Areas	...	...	...	...	...	...	0.5
					Sub-total	...	8.5
					Total	...	29.7

82. These sums do not include costs to be incurred by the departments furnishing the technical specialists for the Village AID programme, nor do they include the very sizeable amounts to be contributed by the villagers themselves either in money or in labour and materials.

Agriculture

83. During the present five-year period, agricultural development must be given very high priority. Progress in the past has been inadequate—production per acre has fallen for some crops and total food production has not kept pace with the growth of population. Among the other reasons for high-priority treatment are: the country's food supply is vulnerable to poor weather conditions and must be made secure; the bulk of the people (about 75 per cent) depend upon agriculture for their living; improvements in income from agriculture are the best means to raise general standards of living; and the country's exports can be increased in the short run mainly through increasing the output of certain agricultural products.

84. The targets for increasing agricultural output during the Plan period are as shown in Table 9.

TABLE 9

Agricultural output targets, 1955-60

(Figures in crores can be read in millions by removing decimals)

	Unit	Output in base periods*	Output in 1959-60	Increase Percent
Food grains—				
Rice	Thousand tons	8,320	9,000	8
Wheat	" "	3,435	3,839	12
Maize	" "	395	456	15
Others	" "	723	781	8
Fibre crops—				
Jute	" bales	5,565	6,400	15
Cotton	" "	1,630	1,967	21
Miscellaneous—				
Fruit and vegetables	Thousand tons	4,200	4,977	19
Sugar cane (gur equivalent)	" "	1,060	1,411	33
Tea	Creore pounds	5.28	6.07	15
Tobacco	" "	260	300	16
Fish	Thousand tons	256	334	30
Forest Products—				
Timber (sawn and square)	Thousand tons	5	43	750
Timber (round)	" "	550	585	6

*Base period figures are usually averages of production in a recent three to five year period.

85. These targets are very ambitious in terms of past accomplishments, but not in terms of the country's needs. In general we have found that the expansion of programmes to improve agriculture will be limited during the Plan period more by shortages of trained staff and the lack of schemes and adequate administrative arrangements than by funds or physical resources. We have provided for the maximum expansion in agricultural

programmes which seems feasible if all out efforts are made, but we hope still greater efforts will prove to be possible, and we believe finance can be found if suitable schemes and the technical staff and organisation to carry them out are available.

Field crops

86. Increases in the output of field crops will come in large part through increasing the yield of crops per acre—the present yields are among the lowest in the world—and in part through bringing more area under cultivation.

87. The Plan provides for research for the evolution of improved varieties of rice, wheat, sugar cane, maize, oil seeds, cotton, jute, and other crops. Because of the time taken to develop and test new varieties, however, most of the increase in production during the Plan period must come from the rapid adoption of the best varieties already evolved. The existing arrangements for the production and distribution of improved seeds are quite inadequate; the Plan provides for the establishment of a number of new government seed farms to produce nucleus seed, which would then be multiplied partly at government farms but primarily by registered private growers, and sold to cultivators.

88. The preparation and use of natural manures such as farmyard manure, green manure, compost, oil cakes, fish meal, and bone meal will be stimulated through the agricultural extension services and the Village AID programme. We expect the use of chemical fertilisers, now running at about 80,000 tons a year, to expand to over 360,000 tons a year by the end of the Plan period. In the initial years the use of fertiliser will be subsidised to encourage its widespread adoption, but the subsidy should be gradually reduced over a period of years.

89. Losses caused by insect pests and plant diseases probably average from 5 to 15 per cent of the total annual value of crops, and are much larger in epidemic years. For combating pests and diseases, there are some good research organisations, but means for control are inadequate. The Plan would strengthen the extension services to achieve effective control of the pests and diseases which attack the principal crops. The Plan provides also for research on control by aerial measures, power sprayers and dusters, and hand equipment in order to ascertain the methods best suited to local conditions.

90. Under present conditions, with a large unemployed and under-employed labour force available in rural areas, and a stringent shortage of foreign exchange, it is necessary to limit the import of new agricultural machinery. Only if it can be demonstrated that tractors are necessary to do work which could not be done otherwise—breaking heavy ground in certain newly-irrigated areas is a possible case—should new tractors be imported. This policy should be continued until the results of research proposed in the Plan give the basis for a longer-term policy. It is necessary to complete the several agricultural workshops which are being constructed, and which among other services will repair and maintain tractors.

91. About 1.6 million (16 lakh) acres of additional land will be brought under cultivation during the Plan period. Of this, about one million acres will be in large compact blocks of land not now cultivated and will require major colonisation efforts. Colonisation costs in these areas will be heavy. Where large areas of land are involved, new crop patterns need to be worked out, and extensive and complicated co-ordination of administration is necessary, we recommend that semi-autonomous development authorities should be set up to manage the development of the areas and to expedite colonisation and other activities necessary to put the water to use. To explore possibilities of rapid development, some of the new land might be allotted, on a pilot project basis, to actual cultivators for co-operative, colonization. The large area of the uncultivated land awaiting colonisation lies in Ghulam Mohammad Barrage. This will constitute a new task of development on a major scale. A Development Authority should be set up immediately to undertake colonisation; because of the shortage of labour it will present special problems, and the Government should settle the policies needed for rapid development including those relating to the imports of cultivators from congested areas in the country.

92. The Plan provides for additional measures to regulate markets, enforce uniform weights and measures, extend the grading of produce, arrange daily broadcasts of agricultural prices, and construct storage facilities including cold storage.

93. Storage is necessary in rural areas and market towns as a part of the credit and marketing system; the Plan provides for additional stores and warehouses, and for giving greater care to stored crops in order to protect them against insects, decay, and other types of loss. Storage facilities are required by the Government also in order to have reserves against bad crop years and to help to stabilise prices from year to year. Present targets of the Government are to raise the capacity for storing food grains to about 1·3 million (13 lakh) tons, in order to provide space for reserve stocks of about one million tons. In our view these targets for storage capacity and for reserves are inadequate. In order to give adequate consideration to this important matter, and reach agreement on a firm programme, we recommend a joint review of the food grain storage problem by the Central and Provincial Governments so as to reach conclusions on amounts and locations of further storage, purchase and sales arrangements, and related questions.

Fisheries

94. Pakistan has large fisheries resources, both in the ocean and in inland waters, which can be used as an important source of high-quality food, and to some extent of foreign exchange earnings. Vessels for exploration of inshore and ocean fishing are provided in the Plan to supplement the two now in use, and a number of marine engines will be purchased for mechanising private fishing craft; co-operative societies for credit and marketing will be promoted in the fishing villages along the sea coasts; the fish harbour at Karachi will be completed, and will be provided with facilities for ice-making, cold storage, and net repair; and two diesel-powered vessels with refrigeration facilities are to be acquired for bringing fish from the coastal villages to the Karachi market. A terminal market is proposed for Chittagong in East Pakistan.

95. Inland fisheries are particularly important in East Pakistan. Research is under way concerning fish which can breed in confinement, such as tilapia from Thailand and tricho-gastor from Singapore. Provision has also been made for research on improving fishing gear, methods of feeding, cleaning ponds, fish culture in paddy fields, and allied subjects. A large number of fisheries specialists will be trained to carry out extension work, particularly in Village AID areas. Co-operatives for credit and marketing will be encouraged where fishing is an important commercial activity. A terminal market is proposed for Khulna in East Pakistan, together with a transport service for the collection of fish in the Khulna area. A number of derelict tanks, ponds, and *bhils* in East Pakistan will be reclaimed for fish production during the Plan period, and a number of lakes, tanks and ponds will be similarly developed in West Pakistan.

Animal husbandry

96. The total number of livestock in the country is not known because no complete census has been taken since 1945. However, the present number is probably greater than the existing feed supplies available in the country can support efficiently. The improvement of the quality and productivity of livestock is therefore a matter of great importance. A livestock census for the entire country is badly needed; the Plan provides for this as a matter of high priority.

97. The Plan provides for strengthening the existing cattle-breeding farms and for opening 17 new ones. Sires from these farms will be distributed in the rural areas—if possible to village co-operative organisations for upgrading the local stock. The Plan also provides for fifteen new poultry farms, and five new sheep-breeding farms with the same end in view. In addition, private breeding farms, established with government assistance will be encouraged, particularly in the new areas to be colonised. The Plan provides for considerable improvement of the equipment and buildings of existing veterinary hospitals and dispensaries, and also for opening 52 new hospitals and dispensaries, and more than 20 mobile dispensaries. Preventive measures against disease will be strengthened, and quarantine restrictions are recommended to check the spread of contagious diseases. We also recommend research on the control of foot and mouth disease under local conditions.

98. Two milk supply schemes, for Dacca and for Lahore, are proposed during the Plan period, and a pilot meat-packing plant is suggested for Quetta. Salvage farms to protect dry cows from indiscriminate slaughter are proposed near Dacca, Lahore and Karachi.

99. Improvement in the number of animals as well as their quality requires an increase in supplies of feed and fodder. Provision has been made for research on the possibilities of making hay in areas where grains cannot be grown economically, on the best combinations of feed rations, on using plants and grasses not now used for feed, and on the possibilities of using waste products such as stubbles, bagasse, and molasses. When the results of this research are available, it will be possible to draw up complete programmes for improving the feeding of livestock.

Range management and soil conservation

100. In large part, the problem of increasing the amount of feed for livestock is a problem of improving the ranges. Particularly in large areas of West Pakistan, the ranges can be improved to support several times as many animals as they do now. The major steps needed are to control grazing, to conserve water, and to promote the growth of better grasses and plants. We propose the establishment of a Provincial Range Management Board comprising the heads of all departments concerned with the use of ranges, and the utilisation of District Development Committees to draw up and put into effect programmes for improving and using the ranges in their areas.

101. Similar action is required for soil conservation, which is an urgent problem particularly in some parts of West Pakistan where deforestation and the cultivation of sloping land and sandy soil has led to severe erosion. Soil conservation is necessary on range lands as well as in forests and cultivated areas; working plans for soil conservation should cover complete catchment basins. Existing research work centred in Quetta and Rawalpindi should be continued; to utilise the results of research we propose the establishment of Soil Conservation Committees at provincial headquarters and utilisation of District Development Committees.

Forestry

102. The country's major forest reserves are in the Chittagong Hill Tracts and Sunderbans of East Pakistan, and in the high hill ranges of northern West Pakistan. The Plan provides for building access roads to exploit these timber resources. In addition, in the Chittagong Hills where the terrain is too difficult for logging by human labour, provision has been made for the extensive use of modern logging machinery which has proved its worth in a pilot project. Sawmills, seasoning kilns, and creosoting plants are also provided for, some of which can and should be set up by private enterprise. The major development of the Sunderbans during the Plan period will be for the purpose of providing wood pulp for the newsprint factory to be erected at Khulna.

103. The Plan provides for surveying forest resources, and for bringing under scientific management the unmanaged forests of the high hill regions of the North-West, and the private "sal" forests of East Pakistan. New firewood resources will also be developed, through planting firewood species in the hill belts below the timber forests; in waste-lands; along railways, roads, and canals; and in the areas to be colonised.

Agricultural research, education, and extension

104. The heart of all these programmes in the fields of agriculture—whether affecting field crops, animal husbandry, range management, fisheries, or forestry—is the careful and steady expansion of research, education, and extension programmes. During the present Plan period, the fundamental factor which will limit the pace of agricultural development is the shortage of technical personnel. The Plan places very great emphasis on training and the need for higher salaries and better conditions for agricultural specialists, but the shortage will remain critical throughout the Plan period.