PART I. REVIEW OF SIXTH PLAN

CHAPTER

1

LESSONS FROM THE SIXTH FIVE-YEAR PLAN

There has been an essential continuity in the process of economic planning, since the inauguration of the First Five-Year Plan in the late 1950s. This continuity has been maintained despite a seven-year interregnum during the 1970s when medium-term planning was abandoned in favour of annual budgeting. Medium-term planning was revived once again with the Fifth Five-Year Plan in 1978. The Sixth Plan, which made a decisive shift to a laissez-faire philosophy, and now the Seventh Five-Year Plan, have been prepared as sequels to previous plans, and exhibit this essential continuity in approach and policies, despite their unique features.

2. This continuity has been possible because the cutting edge of planning has never been the plan, but the annual public sector development programme, which is prepared as part of the budget, and under which the size and composition of public investment expenditures are determined. Both five-year plans and annual plans, by contrast, are documents of an advisory nature. To the extent that they reflect the economic philosophy of the government, however, they provide a reference point for policy decisions, which are typically taken in the context of specific cases, on a variety of considerations.

3. In keeping with tradition, the Seventh Five-Year Plan has been formulated on the basis of an assessment of the successes and failures of the previous five-year plan, and of planning performance in general. Although a formal evaluation of the Sixth Five-Year Plan will be conducted by the Planning Commission some time in 1990, this chapter presents a preliminary assessment, which updates the mid-plan review conducted in 1987.

PLAN FORMULATION

4. The Fifth Plan was formulated at the end of a particularly difficult period in Pakistan's economic history. After 25 years of unprecedented growth, the world economy experienced severe shocks in the 1970s. Growth rates slowed down throughout the world, inflation rates soared, and countries like Pakistan which exported neither crude oil nor manufactures experienced severe financial difficulties. For Pakistan, the problem was compounded by domestic developments. The loss of East Pakistan in 1971, the sharp slowdown in foreign aid availability, the new government's nationalization policies, labour unrest, and efforts to step up public investment without parallel efforts to raise domestic and foreign resources, all contributed to unprecedented economic dislocation and poor economic performance.

5. By the time martial law was imposed in July 1977, the economy had been bankrupt for some time. At the end of June 1977, for the first time in the history of Pakistan, net foreign assets of the banking system were negative by Rs 566 million (or US$ 57 million). In 1976-77, although the investment rate had risen to 19.3 per cent of GDP and the surplus on the consolidated revenue budget to Rs 1.7 billion, the deficit on the current account of the balance of payments was above US$ 1 billion (or 6.7 per cent of GNP); the rate of growth of GDP had fallen to 2.8 per cent, so that per capita GDP growth had been negative; while consumer prices had risen by 11.8 per cent.

6. In 1977-78, the last year of the Non-Plan period, a number of measures were taken to reverse previous policies and restore financial discipline. The Fifth Five-Year Plan (1978-83) was

also formulated in that year. To meet the critical shortage of foreign exchange resources, and to finance the plan, it was decided to seek foreign assistance on a large-scale from the International Monetary Fund (IMF) and the World Bank (WB). In November 1980, Pakistan sought a three-year arrangement with the IMF, under which the IMF provided Special Drawing Rights (SDR) 1,079 million over a two-and-a-half year period ending November 1983. As a reflection on the poor creditworthiness of Pakistan, however, the World Bank did not lend to Pakistan for four years until 1981-82, during which period only International Development Association (IDA) lending took place.

7. The Fifth Plan consolidated investment and growth, brought down the rate of inflation, and restored domestic and external financial stability. Although net foreign assets of the banking system turned negative again in 1981-82 due to adverse balance of payments developments, they were positive throughout the plan period and by its end stood at Rs 6,518 million (or US$ 511 million). In 1982-83, the deficit on the current account of the balance of payments had fallen to US$ 558 million (or 1.8 per cent of GNP); the investment rate, to 17.4 per cent of GDP; but the rate of growth of GDP had risen to 6.7 per cent; while the rise in consumer prices had slowed down to 4.2 per cent.

8. The major weakness of the Fifth Plan, however, was its excessive reliance on non-bank domestic borrowing to balance the budget, while allowing a rapid growth of current expenditures, especially on defence; as a result, in 1982-83, the surplus on the consolidated revenue budget turned into a small deficit, for the first time in Pakistan's history. Non-bank borrowing during the Fifth Plan was targeted at Rs 19.4 billion, 21.7 per cent of the overall budgetary deficit of Rs 89.2 billion. In fact, non-bank borrowing reached Rs 40 billion, or 31 per cent of the overall deficit. Compared to the Non-Plan period (1972-78), non-bank borrowing thus increased sharply from about Rs 20 billion to Rs 40 billion, a trend which was to be greatly exaggerated during the Sixth Plan period.

9. It was in this context that the Sixth Five-Year Plan was formulated. With the restoration of external financial viability it was felt that a major effort was needed to mobilize foreign assistance in support of an ambitious development programme. Accordingly, the Sixth Five-Year Plan presented a bold and comprehensive development programme within the context of a well articulated economic policy framework. It spoke of combining rapid economic growth, based on a greatly strengthened and diversified production base, with the demands of social justice.

10. The aim was rapid and equitable development of the country, to help the poor emerge from their poverty and to enable them to earn or obtain the necessities of life through a decisive breakthrough in the provision of physical infrastructure and social services to the rural areas. The emphasis was on nutrition, housing, water and sanitation and especially education and health to increase human resource productivity and to establish equality of opportunity. In the context of a basic economic framework, the Sixth Plan aimed at:

- Maintaining the growth momentum;
- Strengthening the diminishing infrastructure;
- Investing in human resource development;
- Developing the cultural heritage; and
- Providing basic necessities of life to the people.

11. Within these overall objectives, a significant boost was given to social sector programmes of the Sixth Plan, especially those designed for the rural areas, by the inauguration of the Prime Minister's Five-Point Programme (1986-90), soon after the formation of an elected government on January 1, 1986. The major emphasis of the Five-Point Programme was on economic uplift and development of rural areas and rural communities in order to make up for the neglect of the past; basic amenities and services required in the villages were to be provided under the Programme. With the dissolution of the National Assembly and the government on May 29, 1988, the projects and programmes under the Five-Point Programme have been merged in the Seventh Five-Year Plan.

BASIC ECONOMIC FRAMEWORK

12. In assessing the successes and failures of planned development, the Sixth Plan concluded first, that economic growth had become a regular feature of the economy, so that economic policy should concern itself with the composition of growth which would be most apt for the achievement of its distributional and socio-economic goals, while ensuring that the growth momentum was maintained; and second, that given sound economic management and domestic stability, high periods of growth were associated with emphasis on agriculture and a constructive partnership between public and private sectors.

13. Accordingly, the growth strategy of the Sixth Plan relied on a fertilizer, water and farm-technology based growth in small farm production, both for exports (of wheat, rice, fruits, vegetables, flowers, poultry, and meat) and for import substitution (in oilseeds and dairy products); a rapid development of steel-based engineering industry, modernization of textiles and food processing; and a balanced development of services, especially in the public sector. It also spoke of 'a new compact' between the private and public sector, based on deregulation; of direct measures for the alleviation of poverty, especially in the rural areas; of an income and employment policy; of provision of opportunities for women; and of 'safety nets' for the poor.

14. To achieve its physical targets, the Sixth Plan figured on an average annual GDP growth target of 6.5 per cent, led by growth in minor crops (7 per cent per year) and in large-scale industry (10 per cent per year). To achieve this growth, fixed investment as a ratio of GNP was to rise from 13.4 per cent to 17.4 per cent; the private sector contributing 42.6 per cent (or Rs 200 billion, at current prices) over the five years; while national savings were to finance 84.6 per cent of total investment.

15. On the basis of preliminary data for 1987-88, it is expected that an overall GDP growth rate of 6.6 per cent is likely to be achieved, the same as during the Fifth Plan period, but its composition would be very different from what was planned: minor crops are expected to grow by only 3.6 per cent per year; large-scale manufacturing, by only 7.5 per cent per year (see Statistical Appendix Table 1.1). From 1982-83 to 1987-88, fixed investment as a ratio of GNP would rise from 14 per cent to 14.4 per cent; the private sector contributing 41.2 per cent over the five years or Rs 169.7 billion, at current prices; while national savings would have financed 77.9 per cent of total investment.

16. In terms of plan formulation, perhaps the most serious criticism of the Sixth Plan can be made in terms of its size, composition and financial plan. In retrospect, it seems eminently clear that the viability in external finances gained by the last year of the Fifth Plan was extremely fragile, and the incipient budgetary crisis had revealed itself in a revenue deficit for the first time. In the absence of concrete measures for budgetary reform, therefore, an increase in planned outlays of 58 per cent in real terms (or 117 per cent in nominal terms) seems excessive in hindsight. At the same time, the language of the Sixth Plan was not adequately reflected in sectoral allocations of public sector development outlay: over half the increase in Sixth Plan allocations over the Fifth Plan went to energy; over 75 per cent, to energy, irrigation & drainage, and transport & communications; education, health and population welfare received only about 16 per cent (Table 1.1).

Table 1.1

SECTOR SHARES OF INCREMENTAL ALLOCATIONS TO PUBLIC SECTOR DEVELOPMENT PROGRAMME IN THE SIXTH FIVE-YEAR PLAN

(Current billion Rs)

	Fifth Plan	Sixth Plan	Incremental (Rs.bln)	Allocation (%)
Agriculture	6.1	12.4	6.3	4.1
Fertilizer subsidy	8.8	3.0	-5.8	-3.8
Water	15.8	32.1	16.3	10.7
Energy	38.8	116.5	77.7	51.0
Industry	25.4	20.5	-4.9	-3.2
Minerals	0.4	5.8	5.4	3.5
Transport & Communications	35.2	57.5	22.3	14.6
Physical Planning & Housing	9.0	15.5	6.5	4.3
Education	5.6	19.9*	14.3	9.3
Health	4.6	13.0	8.4	5.5
Population Welfare	0.6	2.3	1.7	1.1
Other Programmes	2.3	6.5	4.2	2.9
Total (Gross**)	152.6	305.0	152.4	100.0

* Includes Rs 1.02 billion for Manpower.

** Total excludes Special Development Programme (Rs. 600 million in the Fifth Plan and Rs. 15 billion in the Sixth Plan) and a planned operational shortfall of Rs. 30 billion in the Sixth Plan.

17. By far the most serious weakness of the Sixth Plan was the absence of any concrete plan for expenditure control or domestic resource mobilization, designed as it was for a major effort to mobilize foreign assistance. The Sixth Plan laid the blame for the financial difficulties which emerged over the Fifth Plan period very largely on external pressures (high energy and fertilizer prices, together with low cotton and rice prices); although it cited the burden of subsidies and the rise in non-development expenditures, it explained the latter by the need to pay higher wages in the wake of rising food prices. As a result, despite a good analysis of the budgetary situation, the Sixth Plan's fiscal strategy assumed away the problem:

"It is assumed that at least changes sufficient to avoid deficit emerging in the revenue budget would be made in the Sixth Plan; a small surplus on revenue account is assumed to be generated to finance the Sixth Plan." (Sixth Plan, page 63.)

18. In the event, compared to an assumed revenue surplus of Rs 50 billion over the Sixth Plan period, a deficit of around Rs 36 billion is expected: a swing of over Rs 92 billion in real terms (Table 8.1). Similarly, the Sixth Plan's expectations of a substantial strengthening of external finances also did not materialize due to a substantial shortfall in remittances, although average annual export growth, planned at 8.5 per cent, is likely to average 10.4 per cent; the current account deficit, planned at 2.8 per cent of GNP, would reach 3 per cent; and net capital flows, planned at US$ 4.5 billion, would be only US$ 3 billion. Although below the ambitious targets set in the Sixth Plan, private investment activity has witnessed a major boom in the Sixth Plan period.

Table 1.2

FINANCING THE BUDGETARY DEVELOPMENT PROGRAMME
(Net Basis*)

(At 1987-88 constant billion Rs)

	Fifth Plan	Sixth Plan Target	Sixth Plan Actual¤
1. Overall Deficit	128.9	160.1	236.0
of which: -BDP=	179.0	250.3	218.0
2. Financing			
Non-Bank Borrowing	40.0	51.4	127.1
Bank Borrowing	41.4	47.0	61.6
External Resources (Net)	47.5	61.7	47.3
Memo			
As a per cent of GDP			
Government Investment	8.7	8.3	7.2
Overall Fiscal Deficit	6.3	5.3	7.8

* Amortization of foreign loans appears under 'financing' and is not included in the 'deficit' figures.
¤ Based on prelimenary estimates.
= Budget-Finance Development Programme.

19. On the basis of present expectations, therefore, at the end of the Sixth Plan the net foreign assets of the banking system would be negative at a record figure of around Rs 20 billion (or over $ 1 billion). In 1987-88, the deficit on the current account of the balance of payments is estimated at a little over $ 1.0 billion (or 2.5 per cent of GNP); the deficit on the consolidated revenue budget, at Rs 54 billion (or 7.9 per cent of GDP); the investment rate, at 15.8 per cent of GNP; the rate of growth of GDP, at 5.8 per cent; and the rate of consumer price inflation, at 6.0 per cent. It is this situation which explains the attention given to plan financing in the Seventh Plan.

MAINTAINING THE GROWTH MOMENTUM

20. The Sixth Plan's socio-economic objectives were to be attained by redistributing the benefits of high growth. This growth was to be obtained primarily from agriculture and rural development, industry and minerals. At the same time, the Sixth Plan spoke of Baluchistan as 'the new agrarian frontier' and resolved to extend the frontiers of development to include the Special Areas: Federally Administered Tribal Areas, (FATA), Northern Areas, (FANA), and Azad Jammu & Kashmir, (AJK).

AGRICULTURE

21. In agriculture, the theme of the Sixth Plan was to move from self-sufficiency to export. The Sixth Plan growth strategy was based on a major breakthrough in agricultural production through vertical improvement particularly on the small and medium-size farms. The strategy was:

- to increase yields through use of modern technology and balanced and timely application of inputs (chemical fertilizers, pesticides, improved seed) besides provision of agricultural credit for the purchase of these inputs;

- to utilize water efficiently by improvement in on-farm water management through organizing and training farmers in its effective use;

- to encourage intensive farming on medium and small size farms through the use of small tractors and small farm machinery;

- to modernize the extension services in the public sector and to combine them with private sector companies engaged in marketing inputs;

- to diversify agriculture by extending the system of support prices to new high value crops and to encourage crop/cattle insurance besides introducing innovative agricultural loan programmes such as supervised credit and group loans;

- to develop the *barani* (rainfed) areas;

- to expand the export markets for wheat and rice as well as for fruits, flowers, poultry and meat; and
- to expand domestic oilseeds, particularly soyabean production and freeze the size of the edible oil deficit.

22. The minor crops, as a result of this strategy, were expected to grow at a faster rate than the major crops. The growth in major crops, during the Sixth Plan averaged 2.3 per cent (target 3.6 per cent) compared to 3.6 per cent (target 7.0 per cent) in minor crops. It now appears that the target for minor crops particularly of vegetables and spices, and of non-traditional oilseeds had been pitched too high. Consequently instead of 4.9 per cent growth targeted for agriculture, the achievement in the sector was 3.8 per cent (Statistical Appendix Tables 1.1 and 1.2).

23. Although weather conditions affected the yield of crops, there was an impressive improvement in the production of cotton and wheat due to increased use of inputs and development of appropriate technology including new varieties. Cotton yields increased from 364 kg per hectare in 1982-83 to 591 kg per hectare in 1987-88, and of wheat from 1,678 kg per hectare in 1982-83 to 1,707 kg per hectare in 1986-87. Crop yields in the *barani* tract improved. Crop production technology for increasing production of *barani* areas was transmitted to the farmers through agencies such as Agency for Barani Areas Development (ABAD) and Cholistan Development Authority.

24. There were also impressive increases in poultry and poultry products which helped to stabilize meat prices. Besides, an important development in the private sector was packaging and marketing of milk and other dairy products which improved availability in the urban centres and reduced the wide margin in milk prices between the surplus and deficit areas.

25. The offtake of fertilizer went up from 1,244 thousand tonnes in 1982-83 to 1,750 thousand tonnes in 1987-88 at an annual growth rate of over 7 per cent although the target of 1,828 thousand tonnes was not met (Statistical Appendix Table 1.2). The targets of seed distribution, mechanization, tractors and plant protection coverage also could not be achieved; neither were small tractors introduced on the small and medium farms where the preference instead was to hire large sized tractors, nor was their suitability established. Agricultural credit disbursed, however, increased from Rs 6.3 billion to Rs 18 billion and supervised credit was extended to ensure its proper utilization by the small farmers who were also provided the facility of cost free loans.

26. Under the On-Farm Water Management Programme 9,559 water courses were improved against the target of 9,700 and as such achievement was almost 100 per cent; water losses were reduced thereby increasing availability. The organization of farmers into a Water Users Association facilitated collective action by them to obtain other inputs. The agriculture and irrigation departments, however, are not working in coordination, as far as this programme is concerned.

27. Agricultural extension made headway; the Training & Visit (T&V) agricultural extension system was extended from five districts in Sind and Punjab to cover all districts in these provinces; it has also been introduced in Baluchistan. Pesticides and fertilizer manufacturing companies also provided extension services to farmers in the private sector.

28. Some major policy decisions were taken with far-reaching impact. Wheat and flour/*atta* were derationed to encourage market forces to determine prices. Also the monopoly procurement of basmati rice was stopped so that the public sector competes with the private sector; in order to liberate the cane growers from the yoke of the sugar mills, sugarcane was dezoned. The support prices for most agricultural products have been gradually aligned with border prices and subsidies for fertilizer and public mechanization services have been reduced. However, no new crops were brought within the purview of the price-support programme. during the Sixth Plan, as had been envisaged. Also, crop and cattle insurance were not introduced.

RURAL DEVELOPMENT

29. The agricultural strategy of the Sixth Plan was to serve as the basis for a rural development programme designed to alleviate poverty in the rural areas. In the Fifth Plan rural development efforts were undertaken both as part of overall sector programmes and as integrated programmes executed by district/*markaz* councils and provincial rural development & local government departments. The Sixth Plan continued with this approach, but gave greater emphasis to local projects based on felt needs. An innovation was the attempt to have District Plans prepared by local councils for submission to provincial authorities.

30. The inauguration of the Prime Minister's Five-Point Programme in 1986 gave an additional boost to rural development efforts. Reflecting increased financial allocations, rural road construction exceeded Sixth Plan targets by 49 per cent. Progress in other areas, however, fell much behind targets: only 11,800 villages were electrified (target 20,000); only 1,803 Basic Health Units (BHUs) and 194 Rural Health Centres (RHCs) were constructed (targets: 2,600 and 355); only 12.7 million people were provided with safe drinking water (target 18 million), and only 3.1 million were provided with sanitation facilities (target 4.5 million). There was little progress in improving literacy in rural areas. Finally, the role of local institutions in participative planning did not come up to expectations.

INDUSTRY

31. The industrial strategy of the Sixth Plan included:

- Priority to steel-based engineering and modernization of textile industry;
- Investment in processing industries for export markets, specially for processing agricultural surpluses;
- Progressive assembly and manufacture of tractors and other agricultural implements; and
- Balanced development of service industries particularly public services to satisfy human needs.

32. Structural adjustment was to be the key element in the Sixth Plan. The major policy thrusts identified were: encouragement to the private sector, move towards deregulation, provision of an efficient package for the small-scale sector and encouragement to foreign private investment for absorption of new technology.

33. The manufacturing sector, as a whole, was expected to grow annually at 9.3 per cent (large-scale 10 per cent, small-scale 7.3 per cent). The achievement, however, was 7.7 per cent (large-scale 7.5 per cent, small-scale 8.4 per cent). The growth of the small-scale sector, however, is conjectural (due to absence of reliable statistics); the growth target in large-scale manufacturing was not achieved.

34. Private investment of Rs 24.4 billion in agro-industries and small-scale rural industries exceeded the Sixth Plan target of Rs 13.4 billion; in textiles, the investment was Rs 13.8 billion against the target of Rs 12.8 billion, but there were shortfalls in basic metal and engineering industries. In the case of the latter, only 67 per cent of the Sixth Plan target was achieved. Substantial shortfalls occurred in petrochemicals and fertilizers (Statistical Appendix Table 1.3).

35. Major policy initiatives that were taken during the Sixth Plan were a departure from an extensively regulated regime to a comprehensive supporting package of deregulation, disinvestment in public enterprises, raising of the investment sanction limit for non-specified industries, reduction in the number of specified industries to only five, lowering of tariffs on imported raw materials, intermediate and capital goods, and liberal credit to the private sector.

36. These policy measures pushed private investment upwards, particularly in large-scale manufacturing, which increased from Rs 4.1 billion in 1982-83 to Rs 11.8 billion in 1987-88, a yearly growth of 23.7 per cent in current prices and of 16.6 per cent in 1987-88 prices. The total private investment in large-scale manufacturing during the Sixth Plan period was Rs 45 billion against the target of Rs 50 billion.

37. The investment, however, did not follow the priorities stipulated in the Sixth Plan, or in the Industrial Policy later announced, of diversification towards capital goods production and regional development. The investment was in import substitution and consumer goods industries which enjoy protection, rather than in export-oriented industries or those located in the less developed regions of the country.

38. The development of progressive manufacturing programmes was quite commendable. However, progressive manufacture of more sophisticated and precision items such as engines, transmission equipment, etc. made no progress during the Sixth Plan period.

MINERALS

39. The major objectives of the Sixth Plan in the minerals sector was to accelerate exploration and development, to substitute for import needs of agriculture and manufacturing (especially the coal and iron ore needs of Pakistan Steel Mills Corporation [PASMIC]), and promote exports. Exploration made little headway during the Sixth Plan period and also major projects such as Lakhra Coal for power generation (Sind), Gyp-

sum Mining Development (Punjab), Lagarban Phosphate Rock Mining and Development (NWFP), and Nokkundi Iron Ore (Baluchistan) were not initiated.

BALUCHISTAN

40. The Sixth Plan noted that physical and social infrastructure in Baluchistan lagged well behind national averages and proposed the development of agriculture and water, energy, transport & communications, health & education, physical planning & housing, mining & industry in that order in ten growth points: Kohlu, Jhal Magri, Kakar Khurasan and Loeband, Toba Kakri, Dera Bugti, Katmandai, Jhal Jhao, Musa Khel, Chagai, and Mashkhel.

41. Special allocations were made in the provincial annual development programmes and necessary administrative machinery was set up for the implementation of physical and social infrastructure programmes in these areas. The programmes which were undertaken for the uplift of these regions included: ground water development; survey for exploration of minerals; completion of industrial estates and construction of housing schemes; improvement of 5,360 km of shingle road; use of water from Haingole river in Jhal Jhao area for irrigation; implementation of Balad Project for agricultural development in Ormara (Dasht area in Mekran); and development of black topped road of 410 km in Chagai district for exploration of minerals.

42. Similarly, joint ventures for mining and refining of minerals were also undertaken. Minerals like onyx, barite, and chromite were proved in the province and the production of onyx increased to 28,000 tons per year.

SPECIAL AREAS

43. The Special Areas consist of the Federally Administered Tribal Areas (FATA) and Northern Areas (FANA), and Azad Jammu and Kashmir (AJK). Like Baluchistan, these areas are characterized by a paucity of physical and social infrastructure. The Sixth Plan, recognizing their strategic importance and backwardness, proposed a multi-sectoral investment programme for their development.

44. The major achievement during the Sixth Plan period was the completion of an irrigation scheme, namely Penjari-Khari irrigation scheme, which provided 9,700 acres of additional land with irrigation. In addition a number of tubewells were sunk in Azad Jammu and Kashmir and FATA areas for irrigation purposes. About 28 small hydel schemes/ stations were completed in the Special Areas. More than 300,000 square feet of office buildings and 10,000 square feet of residential accommodation were completed. In the transport and communications sector, besides the completion of a number of strategic/link roads, over 3,500 km of new roads were constructed. However, the private sector remained shy and industry was not forthcoming.

STRENGTHENING THE DIMINISHING INFRASTRUCTURE

45. Other than maintaining the growth momentum, efforts in the Sixth Plan were to be directed towards strengthening the diminishing infrastructure. This was to be done by improving sources of energy, reducing losses in transmission and distribution, and through greater equity in distribution of energy. A network of roads was envisaged, besides improvement in the efficiency and quality of services of the railways, improvement in urban transport with bulk of investment in the private sector, provision of adequate infrastructure at airports, and a quantum jump in telephone and telecommunication facilities. Water availability for irrigation was to be improved through extension of the irrigation and drainage systems, and the protection of fertile lands from waterlogging and salinity. To take care of the depleting infrastructure, the share of allocations to energy, transport & communications and water sectors was raised from 58.7 per cent in the Fifth Plan to 67.6 per cent in the Sixth Plan.

ENERGY

46. During the Fifth Plan the growth in energy consumption was about 1.4 times faster than the growth in real GDP and hence one of the major objectives of the Sixth Plan was to bring down the elasticity of energy demand. The strategy designed included using energy efficiently, minimizing dependence on imports, preparing the ground for growing self-reliance, developing indigenous resources for energy and searching for undiscovered resources; and most importantly rural electrification.

47. The major policies were to induct the private sector by evolving suitable mechanisms for greater participation of the private sector to meet the country's energy requirements, to rationalize energy prices, and to conserve and use energy efficient-

ly through price and non-price instruments.

48. Electricity generation increased annually at 13.6 per cent; coal production at 11.8 per cent; petroleum, oil and lubricant (POL) products, at 8.5 per cent; and natural gas at 6.5 per cent, during the Sixth Plan period.

49. One of the major successes of the Sixth Plan was that on the supply side, both commercial and non-commercial energy increased from about 28.3 million ton oil equivalent (MTOE) to 36.1 MTOE i.e., an increase of 27.6 per cent. Increases in case of oil and gas were not only impressive but exceeded all expectations; against the Sixth Plan target of 21,000 barrels, production in 1987-88 was about 43,000 barrels (Statistical Appendix Table 1.4). This achievement was a consequence of the government policy of assigning a larger role to the private sector which could bring with it finances, manpower and institutional capability; attractive producer prices also helped to attract foreign investment.

50. On average, 37 wells were drilled annually by the private sector as against the target of 31. The Oil and Gas Development Corporation (OGDC) also drilled 20 wells annually against their target of 19. Production of gas increased by 33 per cent during the Sixth Plan period from 951 million cubic feet per day (MMCFD) to 1,264 MMCFD (Statistical Appendix Table 1.4). Besides, new gas reserves were discovered and appraisal of some of the previously discovered fields resulted in increase in availability of gas reserves.

51. Despite significant effort and investment to implement the construction of a large power plant based on Lakhra coal, actual achievement has been short of expectations, primarily because the extraction cost of coal turned out to be higher than required for establishing the economic viability of a large coal fired plant and non-existence of adequate coal reserves at Duki. Nevertheless, a modest beginning has been made by initiating smaller coal fired plants, based on fluidized bed technology, both in the private and public sectors. Reserves were identified and major deposits were found in the Sonda-Thatta areas.

52. The Sixth Plan succeeded in making modest progress in the overall energy sector in the country, particularly in losses from 29.7 per cent to 23.0 per cent. Besides strengthening of transmission, distribution and grid stations systems in the country, a large number of rural areas were provided with electricity. During the Sixth Plan about 2.3 million new consumers were added against 1.8 million during the Fifth Plan.

53. Construction of a heavy electrical plant was also initiated to reduce the imports of heavy and light electrical equipment. However, delays occurred in commissioning some major power projects so that 2,018 MW instead of the targeted 3,795 MW were added in the Water & Power Development Authority (WAPDA) and the Karachi Electric Supply Corporation (KESC) systems. Per capita electricity delivered was thus 233 KWH against the target of 253 KWH (Statistical Appendix Table 1.4), a shortfall of 8 per cent only which would have been much higher but for the developments in other energy sub-sectors.

54. The pattern of energy consumption witnessed a change in the direction required as shares of industry and agriculture in total consumption increased from 28.4 per cent and 3.5 per cent to 32.3 per cent and 6.3 per cent respectively; the share of domestic consumption declined from 48.7 per cent in 1982-83 to 45.3 per cent in 1987-88.

TRANSPORT & COMMUNICATIONS

55. The plan addressed itself mainly to rehabilitation and optimal utilization of existing capacity, improvement in rail/road traffic ratio to reduce the strain on the existing road network, rational pricing policies and cost recovery, induction of the private sector and financing by public corporations.

56. A beginning was made by converting the Telegraph & Telephone (T&T) Department into a self-financing corporation to meet the financial and other requirements of the pending demand for telephone connections and telecommunication facilities. Besides, some major railway projects were completed and roads and highways constructed. Major work on Port Qasim was completed and work on the Gwadar Fish Harbour taken up.

57. Since the programme was mainly rehabilitation oriented, in overall terms there was no significant increase in transport capacity as a result of the projects executed during the Sixth Plan period. One of the principal problems faced in project execution, however, was the lack of adequate physical implementation capability and proper quality control resulting in unsatisfactory progress and quality of construction on a number of projects.

58. The Sixth Plan envisaged improvement in rail/road traffic ratio of 25:75 in 1982-83 to 27:73 in 1987-88. However, actual rail/road ratio by the end of the Sixth Plan was 20:80. Rail traffic did not increase primarily due to operational inefficiencies. Thus, there was an increasing strain on the road system, particularly along the north-south corridor (National Highway N-5). The diversion of long-haul freight traffic to the relatively uneconomical mode of transport by road involved extra cost and therefore a net loss to the economy.

59. In the air transport sector, the traffic achieved by Pakistan International Airlines (PIA) was 90 per cent of the plan target and the ports also handled a larger volume of traffic. However, induction of the private sector in roads, airline, telegraph & telephone and shipping sub-sectors did not materialize. Targets and achievements during the Sixth Plan are at Statistical Appendix Table 1.5.

IRRIGATION & DRAINAGE

60. The agriculture resource base was expanded during the Sixth Plan period. An additional area of 3.1 million acres was cropped against the target of 3.24 million acres due to additional water availability which increased from 101.5 million acre feet (MAF) to 112.2 MAF at farm level mainly because of better management in the delivery system. This was an increase of almost 10.5 per cent from successful programmes of canal and drain rehabilitation besides the On-Farm Water Management Programme which emphasized improvement and lining of water courses, precision land levelling, formation of Water Users Association and training of farmers.

61. The expenditure on the On-Farm Water Management Programme exceeded the target by 35 per cent although expenditures fell short of the allocation in all sub-sectors including drainage, irrigation and flood protection. The Chashma Right Bank Phase I was commissioned and the long overdue Hub and Khanpur Dams were completed. Fertile lands were protected from waterlogging and salinity and 3.37 million acres of disaster area were protected. The achievement exceeded the target of 2.8 million acres by 20 per cent primarily because the policy was to focus attention on the areas worst affected by waterlogging and salinity rather than on gross affected area (Statistical Appendix Table 1.6).

62. Considerable progress was made during the Sixth Plan period to overcome the problems due to shortage of water but there were shortcomings also. Despite an increase of 2 MAF in water availability from lining of water courses, a system has not yet evolved on how to maintain these water courses. Also projects in all provinces could not be taken up and remained pending because the issue of water distribution was not resolved at the national level and substantial amount of surface water flowed unused into the sea.

63. After completion of the Tarbela reservoir, no new reservoir was constructed to take care of the gradually depleting storage capacity. The experience gained from completion of Hub, Khanpur and other small dams indicated gross deficiencies in design and expertise; shortage of funds was responsible for non-achievement of the flood control targets for the Sixth Plan: against the target of 25,000 tubewells in the private sector and 744 tubewells in the public sectors, 719 tubewells were installed in the public sector and 100 per cent of the target in the private sector was met.

SCIENCE & TECHNOLOGY

64. Innovatively, the Sixth Plan addressed the debilitating weakness in science and technology capacity of the country, and proposed the setting up of a number of institutions with appropriate funds, so that a firm foothold could be acquired in the emerging technologies: micro-electronics, biotechnology, lasers, computers, renewable energy sources, fibre optics, and nuclear and space technologies. Given the enormity of the task, especially in the light of generally poor educational standards, the main achievement during the Sixth Plan period was to send a number of students for postgraduate studies abroad and the establishment of a number of specialized research institutes. The plan's aim of securing a firm foothold in the emerging technologies cited, remains elusive.

INVESTING IN HUMAN RESOURCE DEVELOPMENT

65. The Sixth Plan policies were not only growth oriented nor entirely dependent on the favourable impact of economic growth to trickle down to the poorest segments of society but focussed on tackling poverty directly through the provision of public services to all sections of society. Education and health, in particular, were considered basic ingredients and although their incremental share was small, the development programme was increased from about 10 per cent in the Fifth Plan

to 14.3 per cent in the Sixth Plan, with a quantum jump in absolute terms. Targets and achievements are given in Statistical Appendix Table 1.7.

EDUCATION

66. The approach was to reduce illiteracy and to expand primary education. The literacy rate was to go up from 27 to 48 per cent. The strategy was to use the mosques to accommodate primary classes and to involve the youth for mass literacy functional programmes specially to reduce the rural-urban imbalance. The participation rate of children in primary schools was targeted to increase from 48 per cent in 1982-83 to 75 per cent in 1987-88. In other words, 5 million additional children were to be provided primary schooling. Larger increase in girls' than boys' enrolment was projected.

67. During the Sixth Plan period more than 12,000 primary schools in the public and private sector were added; the number of mosque schools increased by more than 17,000. Participation rate at primary level went up to 63.5 per cent (boys 80 per cent; girls 46 per cent). Although the target was not achieved, this was a substantial improvement.

68. In the case of literacy, there was only a three percentage point increase and the strategy of mass literacy through functional programmes for adults did not achieve the results envisaged and the short-cut methods employed to improve literacy were expensive. Apparently the increase in literacy rate during the Sixth Plan period was via the primary education route.

69. Enrolment in classes 1 to 5 increased to 9.3 million in 1987-88 as against 6.7 million in 1982-83. This increase was possible as the recurring expenditure on education and training was picked up by the Federal Government as development expenditure and reimbursed to the provinces as they were unable to meet the commitment from their own resources. The targets of literacy and primary school enrolment were too ambitious but reflected the aspirations of the people (Statistical Appendix Table 1.8).

HEALTH

70. At the beginning of the Sixth Five-Year Plan there was a general scarcity of adequate health services, in the face of a fast expanding population, both in terms of infrastructure and trained personnel, specially paramedics. Newborn children were a prey to communicable diseases and malnutrition and infant mortality was high. The crude death rate was 12 per thousand and life expectancy about 55 years; maternity care facilities were poor and maternal mortality very high. The quality of life was seriously affected and hence the Sixth Five-Year Plan sought to tackle these deficiencies for human resource development.

71. During the Sixth Plan period there was considerable expansion in basic health facilities; about 85 per cent of Union Councils have now either a Basic Health Unit (BHU) or a Rural Health Centre (RHC) or both. The number of BHUs increased from 1,693 at the beginning of the Sixth Plan to 3,496 and of RHCs from 298 to 492, an increase of 106 and 65 per cent respectively. Training of birth attendants was taken up in earnest and the target of 30,000 was fully achieved (Statistical Appendix Table 1.9).

72. Infant mortality was considerably reduced from 98.5 per 1000 to 80 and life expectancy increased from 58.6 to 61 years; crude death rate declined from 12 per 1000 to 11 per 1000. Perhaps the greatest success of the Sixth Plan was the launching of a large scale immunization programme which resulted in an increase in the coverage of immunization of children upto 5 years from 33.8 per cent in 1982-83 to 100 per cent in 1987-88. This helped save about 100,000 children from death and prevented about 45,000 from disability. Treatment of diarrhoea through rehydration was also a step forward.

73. There was a large increase in the number of doctors, both in the urban and rural areas. In the urban areas, the increase was almost 50 per cent and in the rural areas more than five times. Doctors in the public sector were employed under the Prime Minister's Programme. Also facilities were extended to them to set up private clinics through provision of loans. A large number of doctors' residences were added to BHUs. Hospital beds in district and tehsil headquarters were added. The number of paramedics/auxiliaries added during the Sixth Plan period were 22,770 as against 13,576 during the Fifth Plan.

74. An area in which the plan failed was in checking third degree malnutrition. Against a target of 1.25 million, malnutrition was checked in 0.3 million cases only. Besides, a major failure was the continued population growth at 3.1 per cent per year which was more than the 2.6 per cent targeted.

75. The nutritional information confirms that no significant improvement in the nutritional status of the population in general and vulnerable groups in particular took place. Since the population increased by more than 3 per cent annually, the per capita availability of proteins and of calories increased marginally (58.8 grams to 59.8 grams and 2,291 to 2,302 calories).

WOMEN'S DEVELOPMENT

76. The Sixth Plan has the distinction of being the first plan in Pakistan which devoted special attention to women in economic development. It noted what it called the "shocking" neglect of women in the provision of literacy, education, nutrition, and maternal and child health facilities to women. In addition to providing a separate allocation of funds to address these issues the Sixth Plan attempted to strengthen the framework of non-government organizations active in women's programmes. In view of the novelty of this area of attention, the greatest success of the Sixth Plan was to place this on the development agenda of the nation; concrete progress was impeded by an absence of cogent programmes in the area.

POPULATION WELFARE

77. The Sixth Plan strategy of fertility reduction under the population welfare programme was based on a multi-disciplinary approach designed to modify family size preference while responding to the demand for services by expanding the delivery system. In view of the sensitivities, resistance and opposition to the programme in society, the Sixth Plan adopted the innovative strategy of involving local leaders and inducting the private sector in the provision of population welfare services. There was also a shift from a uni-purpose family planning approach to a functional integration of social services. Core projects, complementary projects and support projects were identified to implement the programme: While results of the programme will emerge only over the long-term, it is thought that some success was achieved during the Sixth Plan period.

DEVELOPING THE CULTURAL HERITAGE

78. The Sixth Plan recognised the role of culture and of the mass media in promoting national integration. It was unable, however, to offer either a substantive appreciation of this insight or a cogent programme designed to exploit this relationship.

CULTURE, SPORTS & TOURISM

79. In the field of culture, sports and tourism, the Sixth Plan continued with the traditional approach of the previous plans in which essentially financial allocations are provided for a number of projects on an ad hoc basis. A number of museums, an art gallery, a library, a national archives building and sports stadia were planned. The emphasis, unfortunately, remained on brick and mortar aspects while conceptual issues were not addressed adequately. Projects like the construction of an International Conference Hall and a Cultural Complex in Islamabad did not materialise. Greater success, however, was achieved in tourism, where a policy framework was provided to encourage the private sector to complement public sector efforts to promote tourism.

MASS MEDIA

80. The Sixth Plan aimed at expanding the coverage of mass media in order to encourage national integration and promote the creation of attitudes conducive to the promotion of the government's development efforts. A well-conceived programme of investments in radio, television, films and press was proposed in the Sixth Plan; the major project being a second television channel, to promote educational programmes. Once again, while the funds were utilized to expand the capacity of the media, executing agencies were unable to come up with meaningful suggestions on the content of programmes to be transmitted.

PROVIDING FOR THE PEOPLE

81. The basic approach of the Sixth Plan was to help the poor emerge from their poverty and to enable them to obtain the necessities of life - housing, water and sanitation, and education and health.

PHYSICAL PLANNING & HOUSING

82. The Sixth Plan, therefore, placed emphasis on the development of residential plots both by the public and private sectors, improvement of *katchi abadis,* construction of housing units through enlarged credit facilities in the urban and rural areas and cost free loans to low income groups to build houses on self-help basis, and improvement in urban and rural water supply.

WATER SUPPLY

83. By now more than half of the total popula-

tion has access to clean water. Although the ratio in the urban areas is much higher than in the rural areas, the gap has been reduced with increase in coverage of population from 22 per cent to 45 per cent in the rural areas and from 77 per cent to 80 per cent in the urban areas. More than half of the urban population has access to sewerage facilities; in the rural areas such facilities have not expanded fast enough and only 10 per cent of rural population is covered. As for electricity, it is available to more than one third of total population (Statistical Appendix Table 1.7).

VILLAGE ELECTRIFICATION

84. The Sixth Plan proposed an ambitious programme for village electrification. The target was to electrify 20,000 villages over the 16,400 villages reported to be electrified at the beginning of the Sixth Plan. The modalities, however, were to be settled in execution. A fresh impetus was given to village electrification under the Prime Minister's Five-Point Programme, which aimed at electrification of 90 per cent of villages by 1990. This target was set on the basis of the Water and Power Development Authority's (WAPDA's) statistics, a critical examination of which revealed a definition problem: WAPDA was counting the *abadis* and settlements as a village while reporting their performance. To overcome the ambiguity, a village was then defined in accordance with the area concept used in the 1981 Population Census. The number of villages reported by WAPDA to have been electrified by June 1986 (22,930) was accordingly revised for planning purposes to 12,531 (census villages only).

85. At the end of the Sixth Plan the total number of census villages which will be electrified are 16,525 out of a total of 48,974 census villages in the country. As implementation did not take place on a monitorable basis, the Sixth Plan's village electrification targets were not met. In fact, however, although the financial allocations under the Sixth Plan were fully utilised, targets were not set carefully and monitoring was inadequate.

SOCIAL WELFARE & SPECIAL EDUCATION

86. The Sixth Plan's social welfare and special education programme was designed to take care of the special needs of neglected groups in society. Special use was to be made of *zakat* and *ushr* collections, initiated during the Fifth Plan. The approach was to strengthen institutional linkages between government and non-government organisations (NGOs), community groups, and volunteer workers in order to foster an environment conducive to the initiation and strengthening of social welfare services.

87. The major programmes planned to be initiated under the Sixth Plan were: children, youth and womens' welfare services, special education and a national trust for the handicapped, rehabilitation services, medical social work services and staff welfare services. In addition, community development projects and NGOs were to be supported. During the Sixth Plan voluntary social welfare agencies were able to mobilise private contributions and it is believed that they spent much larger sums of money than the public sector to promote and develop social services in the country. However, there remained a shortage of trained personnel and of training facilities.

INCOME & EMPLOYMENT POLICY

88. The Sixth Plan made a radical departure from the past in that it specified policy measures for reducing income imbalances through the implementation of an employment and income policy. The plan had recognised that the employment problem will be both real and serious.

89. Despite considerable improvement in the demand for labour in the country, and an employment growth rate of 2.6 per cent per year, unemployment increased during the Sixth Plan period primarily due to more rapid growth in population than anticipated and the net return of Pakistani immigrants from the Middle East. The problem of the educated unemployed was acute. Under the Prime Minister's Programme, jobs were created for professionals, doctors and engineers in the public sector; and self-employment was promoted through the provision of credit facilities to set up private businesses/clinics. The problem of unemployment, however, remained unsolved.

90. To ensure that wages and salaries were protected from inflationary pressures, in the Sixth Plan real wages were to move in line with the increase in labour productivity and partial indexing with price movements was planned. Social welfare measures to ameliorate absolute poverty through the safety nets of *zakat* and *ushr* were also designed to make an impact in reducing extreme poverty and malnutrition.

91. Available empirical evidence suggests that in past years, in real terms, there was an increase in per capita incomes but due to absence of data, the picture is not clear whether the poorer groups of

society enjoyed the benefits of development more than the rich. Available data for 1970-85 indicates that income inequalities widened, as the share of the lowest income households declined considerably from 20.5 per cent in 1970-71 to 17.9 per cent in 1984-85, while the highest income households benefitted more from economic development; their share rose from 41.4 per cent to 46.7 per cent (Chapter 5, Table 5.2).

92. The inequalities in incomes between the rural and urban areas persisted, but to some extent, the differences narrowed. In 1979 the average rural income was 38 per cent less than the average urban income but in 1984-85, it was reduced to 36 per cent. This was, however, accompanied by a widening of income inequalities in the rural areas which indicates that in the rural areas the rich gained more than the poor. Also, while absolute poverty, in terms of nutritional intake has been checked, almost half of rural population as compared to one-fourth of urban population cannot meet their basic requirements.

93. Data for 1985-86 to 1987-88 are not yet available to enable an analysis of whether there has been any major departure from the position indicated above. Acceleration in financial provisions for rural development during the last two years of the Sixth Five Year Plan should, however, make an impact on narrowing rural-urban differences.

CONCLUSION

94. In evaluating the Sixth Plan it is important to keep in mind the historical context in which the plan was formulated and implemented. At the conclusion of the Fifth Plan the nation had regained a semblance of financial viability after a period of forbearance and restraint. In the process, creditworthiness had been regained and the climate was favourable for mobilization of foreign assistance for development. At this juncture, the Sixth Plan aimed at regenerating enthusiasm for development and above all to mobilize foreign assistance.

95. In both, the plan succeeded beyond all measure. Aided by political developments, commitments and disbursements of foreign loans and grants rose sharply during the Sixth Plan period. The fact that there was a national outcry at the unrealism of the plan or the widespread criticism that it had been a failure, is itself testimony to the fact that it had succeeded in raising hopes after a period of national despondency. In fact, despite some significant areas of failure, a great deal was accomplished, in addition to its main achievement of mobilizing national interest and commitment to development.

96. Now that the Sixth Plan has succeeded in raising national expectations, the Seventh Plan addresses domestic issues - of self-reliance, income distribution and poverty alleviation, together with growth - and outlines the sacrifices which seem to be called for. Ultimately, it is for the nation to decide whether the goals held out in the Seventh Plan are worth striving for, and whether the costs involved should be incurred. The test of all plans, personal and national, lies in implementation.

PART II. PERSPECTIVE PLAN (1988-2003)

CHAPTER 2

LONG-TERM NATIONAL OBJECTIVES

Over the course of the last four decades, economic development in Pakistan has been directed by a pragmatic effort in securing, initially, national survival and subsequently, attending to the day to day tasks of providing basic social necessities. In the process, a structure of production and distribution has evolved which has been only indirectly responsive to the higher social and political objectives of the nation.

2. Now that the economic foundations of Pakistan are firmly established, it is time to be more sensitive to the larger social vision, and to attune social and economic policies to this vision. It must be realized that presently we are very far from the realization of that vision, largely because of difficulties in arriving at a consensual view of common objectives between a strong and wealthy modernizing elite and the relatively poorer, traditional mass of common people.

3. The nation's dilemma arises from a deep-rooted malaise. Although economic development during the last four decades has been substantial, and poverty has been ameliorated, this has been accompanied in the last decade by a rise in income inequality. There are at least two important aspects to this disparity between national growth in production and the inability to satisfy the real aspirations of the people.

4. First, the majority have not shared equitably in the benefits of economic growth. Poverty and economic prosperity have co-existed. While GNP has increased, there has not been a commensurate improvement in the quality of human lives. Second, economic planning has not addressed existing social and political realities: social mobility remains limited; privilege often triumphs over merit; intellectual questioning is penalized rather than rewarded; and a consensus on fundamental values has failed to emerge.

5. The Seventh Five-Year Plan attempts to address these problems on the basis of the experience gained in the implementation of the Sixth Five-Year Plan (1983-88). The fundamental philosophy of the government's socio-economic programme that basic amenities of life should be available to every Pakistani in the rural and urban areas has been extended into a programme for the provision of social services for the entire period of the Seventh Plan.

6. In addition, the Seventh Plan has been formulated after extensive consultations with professional and trade bodies, representatives of the people, and provincial governments. Finally, the Seventh Plan has been prepared within the framework of a Perspective Plan, which outlines the likely longer-term evolution of the economy and projects a vision of society up to the year 2003.

7. The main national objectives, which have guided the preparation of the Seventh Five-Year Plan, are as follows:

- to move towards full employment, and to ensure continued growth with stability;
- to promote national integration through a fundamental restructuring of education and information policy, which should be based on a well-defined concept of national culture;
- to implement a concrete programme of rural uplift and poverty alleviation, with balanced regional development, and with special focus on the advancement of women and youth;
- to prepare uplift programmes for the advancement of all sections of society, particularly women and youth;
- to formulate specific, monitorable targets

for increasing national self-reliance, supported by legislative safeguards, as necessary, especially in the areas of government finance, food, defence, export-oriented manufactures, high technology products and energy; and

- to formulate and implement a cogent policy on technological change.

NATIONAL INTEGRATION

8. The most significant challenge to public policy today lies in combating the growth of divisive social and political forces within the country, which have not so far been mitigated by public policies. The challenge, therefore, is to create a society in which:

- democratization, decentralization and diversification is fostered;
- social mobility is encouraged, by bringing down the present social, political and economic barriers to such mobility;
- regional or ethnic quotas are removed so that merit becomes the sole criterion for social, economic and political advancement, and a qualitative development of the whole nation takes place;
- freedom of expression and thought is regarded as sacred, so that whenever a conflict emerges, the people rather than the government are protected; and
- a radical reform is undertaken in the present system of education which must end the existing dualism and reorient the education system to give the young a common perception of national heritage, identity and moral purpose.

POVERTY ALLEVIATION

9. The major objective of the Seventh Plan would be to alleviate poverty and reduce regional imbalances. This would be in continuation of the initiatives undertaken during the Sixth Plan. The key elements of an overall strategy for poverty alleviation during the Seventh Plan are:

- A Motivation Programme - designed to inform, educate, and motivate the people, especially in the rural areas, to help themselves by active participation in the social, political and economic process. This would be done through a rural development programme (implemented at the grass root level through the Village Development Councils), along with extension services, cooperatives, and other self-help schemes;
- Investment in Social Infrastructure - to provide the basic facilities especially of drinking water, but also of health, education and housing, the absence of which presently constrain the efforts of even motivated persons to enhance their productivity; this will be done by invoking self-help at the local level;
- Investment in Physical Infrastructure - like electricity, roads, irrigation and drainage, which limit the ability of the people, especially in rural areas, to increase production and to appropriate a higher share of profits from marketed output; and
- A System of Relief - which, despite the considerable practical difficulty of reaching the poor, provides for the weakest among the population (both urban and rural), who may not be able to obtain a subsistence income - due to deficiencies beyond their control; for this purpose, the existing system of *zakat* and *ushr* will be improved.

10. The task of rural development in the Seventh Plan will be carried forward with larger allocations for social sectors and further incentives for agro-based industry. The Seventh Plan will provide for a comprehensive program of rural uplift. Housing, in the form of 7-marla plots will be provided to the landless tenants. Credit and other facilities will be extended to people who wish to build their own houses. More schools will be opened. Basic health units will be established. Clean water and sewerage facilities will be extended. Additional villages will be electrified and farm-to-market roads constructed. This is expected to raise the standard of living of the rural poor and distribute the benefits of growth more equitably to classes who have remained on the fringe of development.

INCREASED OPPORTUNITIES FOR EMPLOYMENT

11. To supplement the programme of rural uplift and poverty alleviation, a ten-point employment strategy has been formulated which focuses on the creation of jobs in the small-scale industries and service sectors; encourages labour-intensive activities in the agricultural sector; provides for greater industrial opportunities; and for the setting up of schemes for the employment of women and youth. Incentives shall be given for the generation of job opportunities in the industrial and social sectors for the educated unemployed including doctors,

engineers and other technicians.

12. The Seventh Plan will emphasise self-employment. Skilled persons will be assisted through credit and other incentives to set up small businesses both in the rural and urban areas. For this purpose a Youth Investment Promotion Society (YIPS) has been set up with a special programme for the development of entrepreneurial skills. In order to create more jobs, the construction industry will be encouraged. Housing construction, which is highly labour-intensive, will be expanded. The private sector will be invited to play a greater role in creating job opportunities in these and other sectors through the expansion of private investment. A new industrial policy is proposed under which there will be no restriction on the establishment of industries in and around the cities. Financial institutions will be directed to finance projects with considerable potential for industrial job-creation.

13. In addition to generating employment opportunities, the Seventh Plan will provide health facilities, housing for the shelterless, landless tenants and labour. For the latter, 7-marla plots will be provided. Credit and other facilities will be extended to people who wish to build their own houses. In the urban areas too there will be a major emphasis on improving *katchi abadis.* The creation of physical infrastructure and public facilities in the rural areas will result in more development activity and consequently reduce emigration to the towns.

14. The accelerated development of backward regions will continue to be a major objective of the Seventh Plan. Special programmes for the North-West Frontier Province (NWFP), Baluchistan and the Federally Administered Tribal Areas (FATA), will be implemented. The pace of development in Azad Kashmir and the Northern Areas will be accelerated.

15. Despite efforts made in the past, balanced regional development has remained an elusive goal. Private sector investment has tended to gravitate towards a few selected areas resulting in limited employment opportunities. The Seventh Plan seeks to reverse this trend. It endeavours to bring about greater regional balance through changes in locational policies, fiscal reforms and the further development of basic social and physical infrastructure.

SOCIAL DEVELOPMENT

16. The Seventh Plan addresses the specific problems of various sections of society and seeks solutions for them. Included among these groups are: small farmers, artisans, non-farm labour, industrial labour, senior citizèns, the disabled, women and youth. Meaningful programmes for each section of society have been drawn up so that economic development fosters social integration. As women and youth constitute three-fourths of the population, particular attention will be given to programmes for them, and for the disabled.

17. The potential of the youth in the country has not been utilized. They have not been encouraged to enhance their creative abilities. Recognizing the fact that the youth constitute the future of the country, the Seventh Plan lays down policies and programmes for their development so as to enhance the role that they can play in nation building activities. Special efforts will be made to encourage the highly talented and the able.

18. The Sixth Plan recognised that women's development is a pre-requisite for overall national development. This emphasis continues during the Seventh Plan as well. Concrete steps have been proposed whereby their participation is ensured. Their training will receive high priority and infrastructure facilities such as hostels for working women and day care centres will be set up. To encourage self-employment they would be provided access to credit for small business. Non-Government Organizations (NGOs) engaged in welfare programmes for women will receive particular attention.

TOWARDS INCREASING SELF-RELIANCE

19. A major aim of the Seventh Plan is to move towards an efficient and self-reliant economy. To a great extent the nation has achieved self-sufficiency in food, although the country is still dependent on heavy imports of edible oils and faces a widening gap between the production and consumption of sugar. While there has been commendable growth in industrial production, this has been largely in protected, inefficient import- substitution activities and not in efficient industries with export potential. The country still has a long way to go to develop the capability to manufacture sophisticated high-technology products. It continues to depend on large imports of energy, and dependence on external assistance remains high because domestic financial resources have not yet been fully mobilized.

20. The most challenging issue in the Seventh Plan is the fundamental imbalance between essential public expenditures and the capacity of the tax system to raise the revenues required. The problem arises from an inability to raise resources commensurate with social needs and

economic plans. As a result, the nation is faced with a severely stringent budgetary position.

21. Under the Seventh Plan an effort will be made to establish closer formal links between economic planning, investment programming and government budgeting. In order to inculcate fiscal discipline, and strengthen democratic institutions of public accountability, a major restructuring of budgetary procedures and policies would be undertaken. In particular, institutional measures will be put in place to ensure strict discipline on the budget through legislative means or an executive order. The plan includes specific proposals for mobilizing financial resources.

22. The Seventh Plan recognizes that it is no longer feasible to borrow externally and internally to finance development expenditures. Budgetary reforms will be made and efforts strengthened to raise the level of domestic resources to reduce the nation's dependence on foreign assistance. An across-the-board consumption or sales tax will be levied on luxury and semi-luxury items. Moreover, a strict anti-tax evasion law will be introduced and the tax collection machinery will be strengthened.

23. Another major step in the direction of reducing the budget deficit will be through a much lower level of subsidies in certain cases, and a total elimination in others. The Seventh Plan policy will be to subsidise only new and essential production inputs. Consumers will pay for what they use in terms of public services so as to reduce the burden on the exchequer. Major corporations will undertake self-financing for their programmes through adjustment of their user charges and borrowing from internal and external sources.

24. The Seventh Plan also emphasises greater self-reliance in food, energy and technology. During the Seventh Plan the balance of payments position will come under pressure with an expected real decline in workers' remittances from abroad. The Seventh Plan, therefore, seeks to implement an aggressive export policy in order to increase the volume and unit value of Pakistan's exports. At the same time the growth of imports will be restrained by increasing domestic production of edible oils, energy and capital goods. Appropriate industrial, commercial and exchange rate policies will be formulated to facilitate these objectives.

25. In agriculture, the major emphasis will be on accelerating the pace of oilseeds production to achieve national self-sufficiency within the Perspective Plan period besides increasing meat and sugar production. Necessary infrastructure and services will be developed during the Seventh Plan to accelerate the export of high-value items like fruits and vegetables. Export industries will be encouraged through appropriate tax reforms, adjustments in fiscal policy, curbs on domestic consumption and a higher degree of competitive efficiency. Steel-based industry, electronics and high technology industries will receive priority. Research and industry will be brought closer together so that the technological requirements of the private sector are commensurate with the output of the research institutions.

IMPROVING THE TECHNOLOGICAL BASE

26. Pakistan has made very little progress in science and technology. This poor performance reflects falling standards of education in colleges and universities and a failure to inculcate a zeal for inquiry, research and the pursuit of knowledge in the students. Moreover, because career prospects in government research institutions do not compare favourably with those available in administrative services, research workers tend to migrate from research work to administrative jobs.

27. The private sector, on its part, has shown little interest in the development of research facilities. Most of the industrialists are content to import machinery and make excess profits in a heavily protected domestic market without seeking to improve technical efficiency and product quality through engaging qualified technicians and research workers. Even in the export industries, efforts to modernize and to improve efficiency and quality of output have not borne fruit. Most of these industries continue to export low quality goods at low prices. When faced with serious competition from abroad, they have turned to government for protection and support rather than increasing competitiveness through research and improved production efficiency.

28. The Seventh Plan will address itself to the falling standards in educational institutions, particularly those that relate to science and technology. There will be a rapid up-gradation of the standard of teachers and improved facilities for research. The teachers and research workers in government institutes will be provided incentives and improved career prospects. They will be given higher training abroad, wherever necessary, and adequate remuneration to encourage them to return to their jobs. The higher educational institutions will be upgraded so that they are able to provide higher postgraduate education domestically and thereby reduce the high cost of sending trainees abroad.

29. During the Seventh Plan the cooperation between various science and research institutes will be restructured and the decision-making powers of research units will be extended. Management systems suiting the special needs of various research units will be established.

30. The private sector, the main intended beneficiary, will have to assume greater responsibility in the field of research. This will be possible only if the private sector feels that research will contribute to the improvement of its productivity and increased profits. With greater deregulation of the economy, and a rationalization of the tariff structure leading to greater degree of competition, it is expected that the private sector will be more inclined to make investment in research and development.

31. In the field of science and technology, emphasis will be placed on research and development of production technologies. Once appropriate technologies are identified, they will be popularized in agriculture, mining and industry. Efforts to indigenize scientific and technological advances abroad will be strengthened.

CHAPTER 3

LONG-TERM ECONOMIC PERSPECTIVE, 1988-2003

Social change is a complex long-term process. It involves changes in values and ideas in social, political and economic spheres and innovations in the utilization of natural resources. It is useful to look at economic development in its wider context from time to time, and to prepare long-term plans, more by way of setting distant guideposts than in terms of setting real targets. Obviously, given the uncertainties attached to even nearer-term projections, a perspective plan cannot be a specific blueprint for action. The present Perspective Plan has been developed to visualize the desired profile of Pakistan in the year 2003, and outline a broad approach to key problems which may arise.

THE INTERNATIONAL ENVIRONMENT

2. Economic performance is influenced by the changes in global environment, the strength of the economy itself and the effectiveness of public policies. While much uncertainty attaches to any projection of the international environment, it remains important to base plans on a consistent set of anticipated developments. Whereas the demographic composition of the population is more or less determined for the next two decades, public policies have to ensure that a social and political framework conducive to economic development is provided, the government's own investment programme is cogent, and that the policy framework is conducive to appropriate private sector activity.

PAKISTAN'S INTERNATIONAL RELATIONS

3. The international environment has an important bearing on planning in Pakistan. In view of the low saving rate of the economy, Pakistan's ability to formulate and implement medium-term development plans is dependent on the availability of concessional loans and grants from abroad. Moreover, Pakistan's geo-political circumstances call for a substantial diversion of resources toward the maintenance of a credible defence. As a result, international relations have an important bearing on planning.

4. The expected withdrawal of Soviet forces from Afghanistan following the signing of the Geneva Accord together with the Summit between the heads of the United States of America and the Union of Soviet Socialist Republics promises continued progress toward the likely reduction of East-West tensions and an easing of pressures for expenditures on defence and on Afghan Refugees. Pakistan's relations with the Muslim countries, and with the Peoples Republic of China have always been excellent. It is hoped that the Gulf war would soon be brought to an end, leading to a resumption of economic activities, and an increase in the pace of growth in the region.

5. There is a trend toward a greater and more independent role for Western Europe and Japan in world affairs. It is expected that sources of capital inflow would be more diversified in the coming years, with Japan becoming a major source of capital and technology. It is also expected that bilateral relations with India would improve in the context of the efforts which are underway through the South Asian Association for Regional Cooperation (SAARC) and through bilateral contacts. Accordingly, the Perspective Plan assumes an era of reduced tensions in the region, which would be conducive to greater trade and investment activity.

PROSPECTS FOR THE WORLD ECONOMY

6. Developments in the World economy affect our trade prospects (access to export markets and the terms of trade), remittance flows, and

the availability and terms of foreign loans. They also influence the prospects for direct foreign investment in Pakistan and the transfer of technology.

7. Despite the persistence of present imbalances in the world economy, the most likely scenario for the industrial countries is of continued moderate growth with low inflation. The possibility has been reinforced by several developments: the strong commitment towards recognizing and reducing currency misalignments; the initiatives taken to reconcile adjustment and growth in the highly-indebted developing countries; and the US government's commitment to balance the budget. These appear to be the potential sources of stability. In the industrial countries, monetary policies have been gradually adjusted to support better growth. The Perspective Plan is based on the assumption that greater international cooperation in the monetary, trade and financial sectors, and pressures for further substantive progress in easing the debt problem would produce favourable results.

8. The real GNP of the five major industrial countries is projected to increase by 2.8 per cent per year upto 1990, and by 3.5 per cent per year until 2003. The accelerated growth and lower inflation trend should help stabilize and then somewhat improve the terms of trade of the developing countries over the next decade. In this way, the improved performance of the industrial countries would assist the developing countries to move gradually towards their economic and social objectives thereby reversing the present poor performance linked to the terms-of-trade losses. Under this scenario, the developing countries' GDP may be expected to increase by about 5 per cent per year upto 1990, accelerating thereafter to 6.0 per cent per year till 2003. Growth in low-income Asian economies is projected to be somewhat in excess of these average rates but slower than the dramatic performance in the first half of the 1980s. The volume of world trade can be expected to rise at a trend rate of around 5.5-6.0 per cent per year upto 2003 with trade in manufactures growing at a somewhat faster rate.

9. However, the projected acceleration in world economic activity which these figures imply is very modest and barely sufficient to reduce unemployment in the industrial countries. The slow pace of worldwide economic activity is due, in part, to technological, institutional and demand-related developments in the industrial nations, and partly due to the weight of restrictions sparked by protectionist concerns and fears of de-industrialization. Developing countries like Pakistan attempting to adopt a sharper outward-looking stance will have to implement aggressive trade and industrial policies that will prevail in the face of weak demand for traditional items. They must diversify in terms of up-scale products and new markets, the latter aimed at securing a greater share of the rapidly growing trade in manufactures within the developing countries.

10. The flow of technological innovations is expected to accelerate upto 2003, with meaningful implications for industry and employment, as well as living standards. High-technology industries such as mechatronics (application of electronics to mechanical engineering) and informatics will emerge as the leading sectors in the industrial countries while comparative advantage in the chemical and the heavy industries will move in favour of the newly industrializing countries. Certain types of machinery, metal products, petrochemicals and supply of parts for electrical, electronic and automotive industries should emerge as growth industries for an industrial newcomer since they involve relatively moderate technology, scale and marketing barriers.

11. Pakistan must seek to expand its industrial sector, increase manufacturing value-added and widen its export possibilities through increased competitiveness in world markets. This will require a firm commitment to efficient growth, increased external finance to sustain the adjustment effort, and the benefit of a fair international trading environment. If Pakistan's Seventh Plan is successful in quickening the pace of manufacturing activity and producing a more dynamic, export-oriented industrial structure, the transition from a low-income country to an emerging industrial nation should be possible by the turn of the century.

FIRST PERSPECTIVE PLAN, (1965-85)

12. The first Perspective Plan 1965-85, which served as a framework for the formulation of the Third Five-Year Plan 1965-70, was launched in July 1965. It was formulated with limited experience in development planning and against the background of an exceptionally successful Second Five-Year Plan 1960-65. The motivation for formulation of a long-term Perspective Plan was both political and economic. Politically, the government, according to the 1962 Constitution, was committed to move towards reducing inequality in per capita incomes between East and West Pakistan, to expand employment, and to eliminate the need for foreign assistance. The economic need for a Perspective Plan arose because of the long gestation period of the conceived projects in the field of technical educa-

tion, heavy industry, power and transport and the implementation of the Indus Basin Replacement Works spread over the span of ten years.

13. It is instructive to recapitulate some of the main goals of the first Perspective Plan and the actual achievements:

- A more than doubling of per capita income by 1985 through an annual average GDP growth of 6.5 per cent. This was more or less achieved, with per capita income (at 1959-60 prices) rising from Rs 450 in 1964-65 to Rs 830 in 1985-86. The actual GDP growth rate recorded being 5.8 per cent.

- Reducing unemployment from 20 per cent (including disguised unemployment of the labour force in the initial year of the plan) to 4 per cent by 1985 by creating 10 million new jobs. This was partially achieved as 11 million new jobs were created and the number employed increased from 16 million in mid-1960s to 27 million in the mid-1980s. However, open unemployment is reported to have increased from 1.3 per cent to 4 per cent over the same period.

- Parity in per capita incomes between East and West Pakistan, a goal which was overtaken by events.

- Universal literacy by 1985 which was not achieved, the rate of literacy in 1985 being estimated at 27.6 per cent;

- Increasing the investment level from 18.4 per cent of GNP in 1965 to 22.9 per cent in 1985 with a corresponding increase in the national savings from 10.3 per cent to 21.8 per cent by 1985. This objective could not be achieved as the actual level of savings and investment in 1985-86 were of the order of 12.1 per cent and 15.5 per cent of GNP respectively.

- Eliminating dependence on foreign assistance by 1985. Significant progress was made, as the three-year average of the current account deficit in the balance of payments as a ratio of GNP fell from 8.1 per cent in mid-1960s to 3.4 per cent in 1985-86.

14. The initial enthusiasm for development, reflected in the preparation of a Perspective Plan, soon abated. With the outbreak of war with India in September 1965, foreign aid was suspended and the economic development programme was seriously curtailed. The situation was further aggravated by the political events of 1970-71 and later by the global economic instability of the early 1970s. In this period, medium-term planning was abandoned in favour of Annual Plans. The process of medium-term planning was revived again with the Fifth Five-Year Plan (1978-83), and was consolidated with the launching of the Sixth Plan 1983-88, which was originally to end three years after the terminal year of the First Perspective Plan.

PERSPECTIVE PLAN (1988-2003)

15. The second Perspective Plan is being prepared in the context of the domestic and international economic framework discussed above, and in the light of the experience gained in the first Perspective Plan. Its main purpose is to provide a long-term economic and social policy framework so that the objectives to be achieved over a much longer period can be incorporated in a medium-term framework. Within the longer term perspective, there exist areas which need to be addressed in the short-term. These are: population control, the eradication of illiteracy, the elimination of load-shedding, development of appropriate technologies, reductions in the budgetary and balance of payments imbalances, improvement in the savings performance, complete control over waterlogging and salinity, the introduction of structural changes conducive to efficient growth and the creation of more employment opportunities, particularly for the educated unemployed.

16. With these objectives in mind, the major development targets of the Perspective Plan are:

- to reduce the rate of population growth from 3.1 per cent in 1987-88 to 2.6 per cent by the year 2003;

- to eradicate illiteracy among youth by the end of the Eighth Plan, through full enrolment of the primary age population;

- to provide the entire population with access to clean water;

- to provide all the urban areas and 60 per cent of the rural areas with access to sewerage facilities;

- to provide telephones to about 50 per cent of the population;

- to increase tertiary roads from about 80,000 km at present to about 140,000 km by the year 2003, against an estimated total requirement of 200,000 km;

- to provide a Rural Health Centre (RHC) for each Union Council;

- to gradually expand the level of health care facilities such as ambulances with a radio or radio links;
- to increase the installed capacity for power generation to fully meet growing demand; and
- to provide town development schemes, to accommodate the rapidly growing urban population.

POPULATION IN THE YEAR 2003

17. In Pakistan, both productivity and population have been growing for the last four decades. Following Independence, Pakistan's population increased from 36 million in 1951 to 100 million in 1987. Presently, the rate of population growth is estimated at 3.1 per cent per year, but this rate is expected to decline over the coming years to around 2.6 per cent by the year 2003, when the population size would reach 162.4 million. As a result the share of Pakistan in the world population is expected to increase from 2.01 per cent in 1985 to 2.74 per cent in 2003.

18. The urban population is estimated to reach 61 million in 2003, or almost double the present level. During the period 1951-81, the urban population rose by 4.7 per cent per year compared to 2.6 per cent increase registered in the rural population. At the same time the average household size has increased from 5.3 members in 1969-70 to 6.2 members in 1984-85. Surprisingly, households with six or more members have increased both in rural and in urban areas. The number of rural households increased from 42.8 per cent in 1969-70 to 56.1 per cent in 1984-85. During the same period, the number of households with 8 members and above in the urban areas went up from 19.8 per cent to 36.3 per cent. These indicators, while running counter to theoretical expectations and the experience of other developing countries, reflect the seriousness of the socio-economic pressures of urbanization.

19. Within the Perspective Plan, master plans for large cities shall incorporate the need for additional housing, sanitation, public utilities, education, health and transport facilities. The additional urban population would require the development of cities two times the combined size of the present seven big cities of the country to support them. This uncontrolled process of urbanisation gives rise to a number of socio-economic problems such as accommodation, fresh water, slum clearance, and public utilities, as well as nervous diseases and crimes associated with urbanisation. In addition the problems of urban transport also appear to be serious. These problems are to be assessed to determine future requirements in large cities to avoid undesirable consequences.

THE ECONOMY IN THE YEAR 2003

20. During the Perspective Plan, Pakistan's economy is expected to sustain a growth rate of 6.5 per cent per year. As the population growth is forecast to come down from the present 3.1 per cent to 2.6 per cent per year by 2003, the per capita GNP (in 1987-88 prices) will increase from around Rs 6,170 in 1988 to over Rs 9,800 in 2003.

21. The socio-economic character of Pakistan over the next fifteen years is likely to undergo marginal changes. Agriculture will continue to play an important role in the overall structure of the economy. Agricultural production will remain dominated by wheat, cotton, rice and sugarcane. The composition of agro-based exports and imports is not likely to undergo any substantial changes. Despite the emphasis on import substitution, Pakistan will continue to import agro-based products like edible oil, tea, rubber, condiments, spices and milk and probably meat by the Eighth Plan period. Cotton and rice will remain the major agricultural exports of Pakistan.

22. In the manufacturing sector a significant shift in the production structure is expected with engineering and electronics industry claiming a relatively larger share in output and investment. The new industries likely to be set up will be capital intensive and thus will have a direct repercussion on employment. Labour costs together with the cost of fuel and electricity and taxes will be the major determinant of production costs. In a large number of cases, Pakistan will continue to depend on the import of technology and know how.

23. Relative to agriculture and manufacturing, the prospects of import substitution in the energy sector are much better. The proven reserves of gas and coal are enough to meet the country's requirements for another 30 years. The prospects of crude oil discoveries are bright. Pakistan is expected to meet about 50 per cent of its requirement of crude oil through domestic production by the end of the century.

24. The industrial and human resource development programmes envisaged under the Seventh Plan should enable Pakistan to sustain an industrial growth rate close to the average of the past ten years. The share of manufacturing in total value added is forecast to increase from 17.5 per cent in 1988 to 22.3 per cent in 2003.

However, the share of industry (manufacturing, mining, electricity & gas and construction), is projected to reach 35.7 per cent as against 28.5 per cent in 1987-88. The industrial structure will be fairly diversified and broad based and will resemble that of the middle income group of countries. Within the manufacturing sector, the automobile, machinery, electronics, petrochemicals and construction materials industries are likely to grow faster compared to the existing agro-based and semi-processing industries.

25. As a consequence of these developments, the structure of employment is expected to undergo significant changes. It is estimated that about 13.5 million additional jobs would be generated with agriculture sector's share accounting for 30.8 per cent, mining and manufacturing 28.5 per cent, trade 16.3 per cent, construction 8.1 per cent, transport and communication 7.1 per cent and the rest 9.2 per cent. In the process the share of agriculture in total employment is expected to decline from 48.8 per cent in 1987-88 to 43.2 per cent in the year 2003 and that of industry to go up from 21.5 per cent to 26.5 per cent.

26. During the process of socio-economic development, the occupational structure of the economy is likely to experience significant changes due to movements of the labour force within and across occupations. The consumption of processed foods may increase. This implies that occupations linked with the domestic preparation of food and other household services will decline and the housewives thus released would enter the labour market pushing up the participation rate.

27.The industrial structure envisaged over the next fifteen years is likely to increase the demand for skilled, professional and technical manpower. Accordingly the emphasis on educational and manpower planning will have to be shifted in favour of technical eduction and skill development through the expansion of the technical training programme. The increase in income levels and living standards will lead to specialization and diversification in service industries such as banking, insurance, telecommunications and trade. The consequent linkages will necessitate the development of an efficient means of transportation and communications (for details, see Chapter 27).

CHAPTER

4

TOWARDS GREATER SELF-RELIANCE

The two primary goals of the Perspective Plan are the achievement of greater self-reliance and the alleviation of poverty. In order to achieve self-reliance goals it is essential that the growth of private and public consumption is restrained so that the rate of saving can be increased. The higher volume of savings should then be channelled into higher government revenues through price and tax policies, and into higher export receipts through appropriate exchange and trade policies. In addition, investment and trade policies should ensure that domestic demand is met from production and imports.

OBJECTIVES AND STRATEGY

2. Economic self-reliance does not mean the ability to meet all domestic consumption and investment requirements without recourse to imports; autarky is neither desirable nor feasible. In the Perspective Plan, self-reliance would mean:

- financing investment increasingly through domestic resources;

- balancing the revenue budget;

- achieving self-sufficiency in food;

- bringing about a gradual reduction in the current account deficit on the balance of payments;

- progressively diversifying capital goods production; and

- acquiring appropriate technology through the development of skilled manpower, reesearch, technology and other resources for development.

3. Self-reliance as a way of life should be closely linked with and reflected in the country's entire social and political philosophy and has to be integrated with all the economic and social policies proposed under the Perspective Plan. The principal self-reliance targets of the plan are as follows:

- the share of investment financed through national savings will be increased from 82 per cent in 1988 to 95 per cent in 2003 - this would require sustained efforts towards mobilizing a larger volume of domestic savings and improving the external trade balance.

- dependence on external resources will be reduced from 2.8 per cent of GNP in 1988 to 0.9 per cent of GNP in 2003 through improvements in trade performance.

- imports of edible oil will be substantially reduced.

- most of the petroleum requirements will be met through domestic production of crude, as against 37 per cent in 1988.

- a self-sustained and efficient base for capital goods production will be developed.

- human resources, research and technology will be developed.

4. The plan strategy for the pursuit of greater economic self-reliance lies essentially in achieving the rapid expansion of productive capacity. This depends on the actions of a very large number of

individuals trying to produce more, consume less, and invest their savings for future consumption, and is influenced by factors such as motivation, the availability of natural resources and infrastructure facilities, and the functioning of markets.

5. The ability of the government to raise the rate of growth depends on the nature and degree of government intervention in the economy. In the constitutional, legal and administrative setup, the government's ability to influence the rate of growth rests mainly on the size and composition of the public sector investment programme through which infrastructure and other facilities are provided, the nature of price and tax incentives for investment, production and savings, and the maintenance of efficient markets. The bulk of private sector activity remains outside the direct influence of government. Plans can only urge the private sector to move in certain directions and ensure that there exists a climate for such enterprise.

6. Accordingly, the growth strategy of the plan may be outlined as follows:

- the public sector investment programme would attempt to ensure that the projects implemented are of the highest priority in relation to plan objectives of economic growth and poverty alleviation;

- incentives to production and saving in the private sector would be maintained so as to balance the revenue requirements of the government against the national objective of growth with equity; and

- markets would be deregulated in order to improve the efficiency of resource allocation and use.

7. In the field of economic development the future role of the government would be passive in nature and limited to areas where markets cannot function efficiently. Government would only help in guiding industrial development in desirable directions through support to certain promising industries. However, the development of human resources and technology, research and development, the provision of socio-economic infrastructure, and labour management relations, will remain the responsibility of the government. Conservation of energy in all sectors of the economy, balanced regional development and the promotion of small industries are other important areas where the government can play a productive role.

INVESTMENT AND GROWTH TARGETS

8. The actual incremental capital-output ratio (ICOR) during the Sixth Plan is estimated as 2.6. The Seventh Plan assumes an ICOR of about 2.7. As the future path of development would need to be oriented towards the acquisition of new technologies and greater environmental protection, the average ICOR during the Perspective Plan is forecast at 2.8.

9. Compared to the average rate of investment of about 16 per cent of GNP (at market prices), the rate of domestic savings during the Sixth Plan has been 7 per cent of GNP. As a result, Pakistan's dependence on foreign resources, including workers' remittances from abroad, has remained at about 9 per cent of GNP. This implies that during this period, domestic savings, on average, financed only 44 per cent of total investment; of these savings about 84 per cent originated in the private sector. Whereas private savings have remained in excess of the private sectors' investment needs, the public sector has had to borrow about 90 per cent of its investment requirements either internally from the private sector or from the rest of the world. The savings pattern of the economy, showing actual performance during the Sixth Plan and that envisaged for the Seventh Plan is shown in Table 4.1.

Table 4.1

FINANCING PUBLIC AND PRIVATE INVESTMENT

(At 1987-88 constant billion Rs)

	Sixth Plan			Seventh Plan		
	Private*	Public	Total	Private*	Public	Total
National Saving	376.9	26.3	403.2	525.4	89.6	615.0
Investment	241.1	271.9	513.0	342.6	367.8	710.4
Gap	135.8	-245.6	-109.8	182.8	-278.2	-95.4
Net transfers from abroad	27.4	82.4	109.8	23.8	71.6	95.4
Domestic Transfers	-163.2	163.2	-	-206.6	206.6	-

* Includes changes in stocks.

10. The Perspective Plan provides for an economy-wide growth rate of 6.5 per cent per

year which, given an ICOR of about 2.8, would require a fixed investment to GDP ratio of about 18 per cent as compared to a domestic saving to GDP ratio of about 10 per cent in 1987-88. This gap between savings and investment, financed by external borrowing, will be reduced by increasing the level of domestic savings.

SELF-SUFFICIENCY IN DOMESTIC FINANCES

11. The success of the strategy for self-reliance depends crucially on the ability to raise the aggregate saving rate in the economy and to translate this rise in savings into increased investment and budgetary revenues. The Perspective Plan aims at reducing the nation's saving-investment gap from about 18 per cent of investment in 1987-88 to no more than 5 per cent of the projected level of investment in 2003.

12. Presently, Pakistan's savings and investment levels are low in absolute terms as well as in comparison with the levels attained by other countries. Clearly, savings and investment will have to be increased substantially above the present levels. Large investment will be needed for the replacement, modernisation and rehabilitation of the nation's physical and social infrastructure. In addition, investment will also be required to enable the economy to keep up with the rapid pace of technological advance.

13. While the level of investment in Pakistan over the last ten years has more or less remained stagnant at about 16.0 per cent of GNP, Pakistan's savings performance, while still much below the desired level, has shown some improvement, both in terms of its level and composition. The domestic savings rate has improved from 6.3 per cent of GDP in 1980-81 to 10.2 per cent in 1987-88. Concurrently, domestic savings which constituted 47.3 per cent of national savings in 1980-81 rose to almost 76.1 per cent of national savings in 1987-88. By the year 2003, Pakistan's investment and savings levels are projected to reach 18.4 per cent and 17.5 per cent of GNP, respectively. The macroeconomic framework is shown in Statistical Appendix Table 4.1 and changes in industrial structure in Statistical Appendix Table 4.2.

14. In 1987-88, the public sector accounted for 57 per cent of fixed investment. During the Perspective Plan period, the private sector's share in total investment is expected to exceed the share of the public sector towards the year 2000. As a consequence the share of the public sector in total fixed investment is forecast to decline to less than 50 per cent in 2003. The decline will be sharper if account is taken of all such private financing which is to be channelled to the public sector through financial instruments being issued by Water and Power Development Authority (WAPDA), Oil and Gas Development Corporation (OGDC), Telegraph & Telephone Department (T&T), and other public sector enterprises.

BUDGETARY SELF-RELIANCE

15. Fiscal performance has deteriorated significantly in recent years. This reflects both the lack of a comprehensive revenue generating effort and the continued rapid growth of non-development expenditures. As a result, the overall budgetary deficits, as a proportion of GDP, have increased to about 8.1 per cent in 1987-88. The Perspective Plan will aim at converting the continuously growing deficits into surpluses.

16. The major emphasis of the Perspective Plan will be on achieving budgetary self-reliance through pursuing the following broad objectives:

- to increase the tax/GDP ratio from 13.1 per cent to 16.1 per cent;

- to control the growth in government expenditures;

- to reduce dependence on external borrowing by creating surpluses in the balance of payments; and

- to convert the fiscal current account revenue deficits into surpluses.

17. As a result of the above measures, the deficit on the fiscal revenue account will be turned into a surplus. The self-reliance in public finance is to be achieved through reducing the non-development expenditure from 20.3 per cent of GDP in 1987-88 to 17.6 per cent of GDP in 2003. The level of internal and external borrowing, on a net basis, which in addition to financing development expenditures also financed about 14 per cent of non-development expenditures in 1987-88, are projected to come down to the level of 21 per cent of development expenditures in the year 2003. While internal borrowing is projected to fall from 5.4 per cent of GDP in 1987-88 to 1.0 per

cent of GDP in 2003, external borrowing is likely to be reduced from 3.9 per cent of the GDP in 1987-88 to less than 1.0 per cent of GDP in 2003. The overall estimates of financial resources for the Perspective Plan are given in Table 4.2.

Table 4.2

ESTIMATES OF BUDGETARY RESOURCES AND FINANCE : 1987-2003
(Gross Basis*)

(At 1987-88 constant billion Rs)

-	1987-88	2002-03	Total 1987-2003
I) Expenditure	187.0	417.0	4177.7
1. Non-development	139.0	319.4	3223.7
2. Development (PSDP)**	48.0	97.6	954.0
II) Financing	187.0	417.0	4177.7
1. Consolidated Revenue Receipts	118.0	381.1	3421.3t
2. Contribution of Public Enterprises	5.0	1.0	15.0
3. Non-Bank Borrowing	27.5	12.0	233.5
4. Bank Borrowing	9.5	7.1	116.7
5. External Borrowing	27.0	15.8	391.2
Memo:			
As a per cent of GDP			
1. Total Expenditure	27.2	23.0	
2. Borrowing	9.3	1.9	
- Internal	5.4	1.0	
- External	3.9	0.9	

* Amortization payments on foreign loans are included in 'deficit' figures (under capital expenditures), and not in 'financing' inflows (which show gross disbursements).

** Public Sector Development Programme (PSDP)

SELF-SUFFICIENCY IN THE EXTERNAL SECTOR

18. A crucial component in the strategy for self-reliance will be the attainment of a surplus on the trade account by the year 2000 and a concurrent reduction in the current account deficit of the balance of payments to 1 per cent of GNP. This goal is based on the premise that a real growth in exports of 8.0 per cent per year during the Eighth Plan period and beyond can be achieved, while containing the growth of imports to 4.6 per cent per year in real terms (Statistical Appendix Table 4.3). Manufactured goods such as processed foods, high-value textiles, leather products, carpets, engineering goods, light electronics, etc., are expected to make an important contribution to the attainment of the target set for exports, with the share of manufactures in total export earnings are projected to rise from 54 per cent at present to 67 per cent in the year 2003.

19. Growth in imports will be contained to 4.6 per cent per year in real terms by deepening the process of import substitution in energy, steel, newsprint, edible oils, automobiles, agricultural equipment, pharmaceuticals, etc. Of these items, the pace of import substitution in the energy sector and in edible oils will be of central importance. At present, Pakistan meets about 37 per cent of its requirements of crude oil from domestic sources; this proportion is expected to rise to about 50 per cent by the year 2003. Similarly, the domestic production of oilseeds will be accelerated in line with the projected import substitution programme of the Perspective Plan. Significant savings will also be realised in the imports of non-bulk items such as equipment, components and spares, precision instruments, etc.

20. Workers' remittances are by far the most important element of the surplus on the invisibles account. Since a substantial proportion of these inflows originate in the oil-exporting countries of the Middle East, changes in their development plans stemming from uncertainties surrounding the world oil market make it hazardous to fix any long-term target. Nevertheless, the Perspective Plan will aim for an unchanged nominal level of remittances during Eighth Plan and beyond. This projection takes into account the prospects of a substantial economic reconstruction programme in Iran and Iraq following the cessation of hostilities between the two countries. Pakistan would be well placed to meet the requirements of such a programme in these two countries.

21. An equally important step towards attaining self-reliance lies in securing a gradual decline in the external debt service ratio over the long-term. This would be a challenging task as significant changes in the cost and term structure of foreign borrowing are likely to occur in the years to come. At present, the bulk of external assistance to Pakistan is on highly concessional terms. Over the Perspective Plan this pattern is likely to change in two important ways: (a) non-concessional flows will account for a greater proportion of official borrowing, and (b) direct borrowing by financial institutions and the private sector would grow to a substantial figure. These two factors can be expected to raise the average cost of servicing foreign debt quite substantially. Containing

debt service payments to a manageable level will thus require sustained and well-directed efforts, along with a supportive incentive framework, to maximize foreign exchange earnings. Details of the balance of payments are at Statistical Appendix Table 4.3.

SELF-SUFFICIENCY IN FOOD

22. For several years the output of foodgrains in Pakistan has been rising steadily. Except for edible oils, sugar and milk, the country is self-sufficient in food. Indeed, Pakistan exports over one-third of its rice production as well as significant quantities of fruits, vegetables and other processed and semi-processed food.

23. Although some improvement has taken place in the total consumption of calories, the daily diet still needs to be increased by about 250 calories per day (or 10 per cent), to reach the recommended level. About 61 per cent of calories in an average Pakistani's diet are derived from foodgrains compared to about 35 per cent in the high-income countries. Furthermore, the contribution of fats and oils in the total consumption of calories is only 8 per cent against the recommended need of 20 to 25 per cent, and the consumption of proteins (probably of low quality) is only 60.6 grams per capita per day against 62.5 grams recommended by experts. This indicates that an average Pakistani is not only undernourished, but his diet is also unbalanced.

24. The Perspective Plan aims at maintaining self-sufficiency in foodgrains and in producing a surplus for export. Compared to an average 2.9 per cent per year increase in population, the plan provides for 3.6 per cent increase per year in the production of foodgrains, which are expected to increase from 18.3 million tonnes in 1988 to 31 million tonnes in 2003 with wheat and rice projected to contribute 72 per cent and 19 per cent of the total production targeted for year 2003. The major emphasis of the plan will be on improvements in the present imbalance between the contribution to calories by foodgrains, fats and oils.

25. The production of oilseeds and sugar have not kept pace with the rapid growth in domestic demand. The Perspective Plan provides for achieving progressive self-sufficiency in these commodities with the implementation of appropriate incentive policies. During the plan, the trade-off with other demands on the agriculture sector will have to be studied in order to determine the appropriate allocation of land and other resources among competing crops. In particular, the need to reduce the import of edible oils and sugar will have to be balanced with the need to increase the export of fruits and vegetables while also maintaining present export markets in rice and raw cotton.

26. With increasing incomes and urbanization, the demand for processed food is expected to grow faster. The long-term outlook, therefore, is for a higher share of food to be processed industrially rather than in homes. Processed foods, apart from ensuring greater food security, will contribute significantly to the reduction of post-harvest and kitchen losses which now represent a serious drain on food supply.

27. The per capita availability of major food items over the Perspective Plan period is shown in Table 4.3.

Table 4.3

PER CAPITA AVAILABILITY OF FOOD

(kg/per year)

	1987-88	1992-93	1997-98	2002-03
Wheat	117.6	122.6	124.5	126.4
Rice*	18.3	21.3	22.0	22.3
Maize	7.6	8.5	9.1	9.5
Pulses	4.3	5.5	5.4	5.3
Others grains	3.6	4.6	4.2	3.9
Fruits	34.3	41.9	53.0	67.6
Vegetables	33.0	35.1	41.4	49.5
Sugar (refined)	21.7	20.4	22.3	24.8
Edible oils	9.7	11.4	12.2	13.4
Milk	56.3	62.7	68.9	76.6
Meat	12.7	14.1	16.5	21.1
Eggs (Nos)	57.0	73.0	90.0	110.0

* Net of exports

TOWARDS MEETING ENERGY DEMAND

28. At present about 55 per cent of the total energy requirement is obtained through oil and gas. During the Perspective Plan, the present structure of energy supply will undergo significant changes in line with the plan's long-term objectives of attaining greater self-reliance through the development of alternative sources of energy. The production base of electricity which is dominated by thermal power will be diversified with the share of nuclear energy expected to increase from 2 per cent in 1987-88 to about 5 per cent by the year 2003, and the share of hydro-

electric (hydel) energy in total electricity generation will decline from 43 per cent to 38 per cent over the same period. The deficit in January 1988 of 714 MW will be eliminated by 1993 and thereafter the plan will aim at maintaining a balance between demand and supply.

29. Tentative projections indicate that the energy supply will increase from 36.1 million tons of oil equivalent (MTOE) in 1987-88 to 99.0 MTOE by 2003. Energy supply by source is shown in Table 4.4.

Table 4.4

ENERGY SUPPLY BY SOURCE

(MTOE)

	1987-88	1992-93	2002-03	Annual Growth Rate (Perspective Plan)
Gas	9.1	15.2	15.9	3.8
Hydro	3.2	3.7	10.0	7.9
Nuclear	0.1	0.1	1.8	21.3
Coal	2.3	3.6	19.3	15.2
POL	9.9	15.0	36.5	9.1
Others	-	-	0.7	-
Commercial	24.6	37.6	84.2	8.5
Non-Commercial	11.5	13.7	14.8	1.6
Total	36.1	51.3	99.0	7.0

30. As shown in Table 4.4, the domestic requirement of petroleum, oil and lubricants (POL) is projected to increase by a factor of 3.7 over the Perspective Plan. Even if domestic crude extraction rises from the present level of 2.2 million tonnes to 8.4 million tonnes by the year 2003, there would still be a very large gap between oil demand and domestic extraction which would need to be met by imports. Whereas the demand for crude oil is projected to increase from 5.8 MTOE in 1987-88 to 23.3 MTOE in 2003, the import of POL is forecast to reach 13.2 MTOE in 2003, thus implying a four-fold expansion in existing refining capacity.

31. The structure of economic growth envisaged during the Perspective Plan, together with associated socio-economic changes, like urbanisation and a preference for energy-intensive life-styles, etc., are likely to accelerate energy consumption in general and that of commercial energy in particular.

32. Given an average growth of 6.5 per cent per year in GDP over the Perspective Plan period, total end-use energy consumption is forecast to reach 68.5 MTOE in 2003 as against 28.2 MTOE in 1987-88, with the consumption of commercial energy projected to reach 54.1 MTOE in 2003 compared to 17.0 MTOE in 1987-88, thus implying an energy consumption to GDP elasticity of close to 1.2. The projected energy consumption by source is shown in Table 4.5.

Table 4.5

ENERGY CONSUMPTION (END USE) BY SOURCE

(MTOE)

Source	1987-88	1992-93	2002-03	Annual Growth Rate 7th Plan	Annual Growth Rate Perspective Plan
Gas	5.2	8.5	8.6	10.3	3.4
Electricity	2.2	3.5	9.1	9.7	9.9
Coal	1.8	2.4	5.9	5.9	8.2
POL Products	7.3	9.4	29.8	5.2	9.8
Others	0.5	0.5	0.7	0.0	2.3
Commercial	17.0	24.3	54.1	7.4	8.0
Non-Commercial	11.2	13.2	14.4	3.3	1.7
Total	28.2	37.5	68.5	5.9	6.1

33. Table 4.5 shows that by 2003, Pakistan will be consuming 2.4 times more energy than in 1987-88. Together with the rapid increase in energy consumption, the structure of energy demand and supply is likely to undergo radical changes. Unless proper emphasis is placed on the development and exploitation of indigenous energy resources, Pakistan will face pressures on the balance of payments to meet its energy demand. To achieve these growth rates, however, a major effort would be required to allocate substantial investment towards the energy sector. Chapter 23 on Energy provides projections of energy supply and demand and a plan for the elimination of load shedding in the context of a coordinated energy sector programme.

SELF-RELIANCE IN DEFENSE PRODUCTION

34. Another vitally important area is self-reliance in the field of defence production. Defence expenditures now account for 33 per cent of current expenditures and defense imports have reached $ 1.0 billion. Obviously a good deal of this is at the expense of resources which could otherwise be available for development. A key aim of the Perspective Plan will be to harmonize the industrial programme with the requirements of the defence services. For this purpose, industries serving the demand of both civil and military sectors (steel, trucks, machine tools, electronic equipment, basic chemicals, textiles and footwear) will be given priority.

TOWARDS IMPROVING THE TECHNOLOGICAL BASE

35. For Pakistan an important constraint in maintaining a high rate of growth is the acquisition and development of technology. Presently investment in technological development is marginal. In order to accelerate the pace of technological development, the allocation of resources for the development of technology including research and development will have to be increased with priority given to the development of technologies which yield the largest linkage effects.

36. The development of high technology industries, particularly those industries which will help save labour, energy and material inputs, is expected to alter the international pattern of comparative advantage even in labour intensive industries where the developing countries currently hold a competitive edge. Similarly, competition from the developing countries is also expected to intensify. To sustain a high rate of economic growth in the face of this rapidly changing international economic environment, Pakistan will have to adjust its productive structure continuously on the basis of international comparative advantage. The development of a strong and diversified technologically-oriented production base calls for a significant improvement in the level and composition of investment.

37. One of the objectives of the Perspective Plan is to reduce the share of capital goods imports in total fixed investment from 37 per cent in 1988 to about 34 per cent in 2003. The existing production base of industries which include the heavy mechanical complex, heavy electrical complex, machine tools, shipyard, heavy steel structures, etc., will be expanded and modernized. Presently the engineering industry in Pakistan, in addition to being heavily dependent on imported technology, is also largely based on imported raw material and spares. This dependency will be gradually reduced through the progressive implementation of deletion programmes as well as through the exploration and development of metallic minerals like iron ore, copper, manganese, chromium and aluminum.

38. A table showing indices of self-reliance is placed at Table 4.6.

Table 4.6

SELF-RELIANCE INDICES*

Items	1987-88	1992-93	2002-03
Grain	111.8	117.2	116.9
Wheat	106.3	111.4	111.5
Rice	159.7	175.1	175.8
Maize	91.7	90.7	86.7
Other Cereals	100.0	100.0	100.0
Edible Oil	35.7	37.2	41.2
Sugar	87.2	90.0	90.1
Iron ore	-	-	8.5
Fertilizer (N)	63.5	66.5	80.5
Crude oil	38.0	47.0	50.0
Savings/Investment	80.0	89.0	95.0
Capital Goods**	20.0	23.4	35.8

* These indices are calculated as a ratio of domestic production to total demand and expressed as a percentage.

** Machinery and equipment

CHAPTER
5

IMPROVING THE DISTRIBUTION OF ECONOMIC BENEFITS

The ultimate aim of economic development is to improve the well-being of society as a whole and to ensure that the benefits of economic progress are distributed fairly over the entire community. The alleviation of poverty, the provision of greater opportunities, the containment of excessively high incomes and the achievement of a more equitable distribution of income and wealth all contribute towards the attainment of economic justice. Pakistan has experienced high levels of economic growth during the past decade and average per capita incomes have increased in real terms. However, the more fundamental question is to what extent the fruits of development have been shared equitably

PRESENT STATUS

2. Inequalities in income in Pakistan decreased consistently from 1963 to 1971 and thereafter increased consistently upto 1984-85 (Tables 5.1 and 5.2).

Table 5.1

GINI COEFFICIENTS OF HOUSEHOLD INCOMES

(1.00 = Perfect Equality)

	Pakistan	Rural	Urban
1963-64	0.39	0.36	0.44
1966-67	0.36	0.33	0.39
1969-70	0.34	0.30	0.37
1970-71	0.33	0.30	0.37
1971-72	0.35	0.31	0.38
1979	0.37	0.32	0.39
1984-85	0.39	0.34	0.40

Source: Statistics Division for 1979 and 1984-85. Economic Survey, 1986-87, Economic Advisor's Wing, Ministry of Finance, for the rest.

3. The share of 40 per cent of the lowest income households in total income fell from 20.5 per cent in 1970-71 to 17.9 per cent in 1984-85, while the share of 20 per cent households in the highest income bracket rose from 41.4 per cent to 46.7 per cent during the same period. The share of the middle 40 per cent households also declined, though to a smaller extent, making the 20 per cent households with the highest income the greatest beneficiaries of economic growth during the years 1971-85.

Table 5.2

HOUSEHOLD INCOME SHARES

(% of Total)

	Lowest		Highest	
	20%	40%	20%	10%
Pakistan				
1970-71	8.2	20.5	41.4	26.8
1979	7.4	18.8	45.5	31.0
1984-85	6.9	17.9	46.7	32.1
Rural				
1970-71	8.7	21.6	38.8	24.1
1979	8.3	20.9	41.3	27.1
1984-85	7.7	19.7	42.8	28.4
Urban				
1970-71	7.5	18.9	45.1	30.6
1979	6.9	17.8	47.0	32.2
1984-85	6.8	17.4	47.7	32.8

Source: Federal Bureau of Statistics for 1979 and 1984-85. Pakistan Institute of Development Economics for 1970-71.

4. The same pattern of change in income shares is observed for the rural and urban areas separately. The income shares of the lowest 40 per cent

households fell consistently from 21.6 per cent in 1970-71 to 19.7 per cent in 1984-85 in the rural areas. In urban areas the corresponding numbers are 18.9 per cent for 1970-71 and 17.4 per cent for 1984-85. However, there was a smaller increase in inequality for the urban areas as compared to the rural areas over this period. Thus, although there are still greater income inequalities in the urban areas compared to the rural areas, the difference has narrowed.

5. Furthermore, consumer prices have also been slightly more favourable to the higher income groups. The consumer price indices with 1980-81 as base are lower for the higher income groups for the years 1981-82 to 1985-86. This relative worsening of the real purchasing power of the lower income groups is a source of further distortion in the pattern of income distribution.

6. Although the poorer sections of society are receiving a smaller share of total income, they have however graduated to a higher standard of living. Absolute poverty, in terms of minimum calorie intake, is almost eradicated by now. Relative poverty, in terms of basic needs (food, shelter, clothing, etc.), has declined considerably. During 1969-70 to 1984-85, the percentage of households below the poverty line (Rs 700 per household in 1979 prices), decreased from 65 per cent in 1969-70 to 40 per cent in 1984-85. The average income of the remaining poor also increased by 20 per cent. The phenomenon of declining poverty along side increasing income inequality is explained partly by the extraordinarily large remittances from workers abroad and partly by higher domestic wage levels due to large-scale emigration.

7. Although the incomes of the lower income groups increased in real terms, the incomes of higher income groups increased at a faster rate. The average incomes of the lowest 20 per cent and lowest 40 per cent income brackets in the population increased by less than 80 per cent in nominal terms in 1984-85 compared with 1979, while the average income of the top 20 per cent recorded a much greater increase (of 94 per cent), while that of the top 10 per cent more than doubled. The benefits of development thus went more to the richer classes.

RURAL-URBAN IMBALANCES

8. Rural incomes, on average, are lower than urban incomes. In 1984-85 the average income per household for the rural areas was 36 per cent less than the urban level (Table 5.3). The average size of the household is, however, slightly smaller for the rural sector and the rural households suffer somewhat less from the adverse effects of inflation. These factors reduce the real difference in economic well-being in the two sectors. Besides there are indications that the gap between the two sectors has narrowed somewhat (from 38 per cent in 1979 to 36 per cent in 1984-85).

9. The narrowing of the rural-urban differential in average incomes combined with the greater increase in rural income inequalities points to the fact that during the period 1979 to 1985, while relatively greater economic benefits accrued to the rural areas, these benefits went more to the rural rich. This is borne out by the rural-urban incomes of different income strata given in Table 5.3. Although overall average rural incomes increased at a higher rate (84 per cent) than incomes in the urban sector (78 per cent), the rate of increase for the rural poor (71 per cent) was lower than that for the urban poor (79 per cent). On the other hand the income of the rural rich increased at a higher rate (94 per cent) compared to the urban rich (88 per cent). Thus the biggest gainers of economic progress during the period 1979-85 were the rural rich. The benefits accruing to the rural poor were the smallest. The 1984-85 poverty indicators also show that a much larger proportion of the rural population (45 per cent) cannot still meet their basic requirements compared to their urban counterparts (25 per cent).

Table 5.3

AVERAGE MONTHLY HOUSEHOLD INCOME

(Current Rs)

	Lowest		Highest		All Households
	20%	40%	20%	10%	
Pakistan					
1979	377	478	2,315	3,157	1,032
1984-85	664	859	4,492	6,166	1,774
Rural					
1979	347	437	1,724	2,261	836
1984-85	594	762	3,306	4,385	1,538
Urban					
1979	453	581	3,040	4,155	1,346
1984-85	810	1,035	5,681	7,812	2,390

Source: Federal Bureau of Statistics.

Public Services

10. The quantifiable segments of interpersonal income distribution may be inadequate indicators of distributive justice in a society where the provision of social services is predominantly by the public

sector. The pattern of income distribution may be modified by public expenditure patterns and result in a different outcome of welfare distribution. But since data on participation in these facilities by different socio-economic groups are not available, their welfare effect cannot be measured accurately. However, a rural-urban classification of the availability of public services and their utilisation bring out large disparities between the two sectors. These services are much lower for the rural areas and do not in any way compensate for lower rural incomes. Public services, therefore, have not so far helped in improving the rural-urban welfare distribution. Some of the areas where disparities exist are discussed below.

11. **Education:** The rural literacy rate is 21.4 per cent compared to an urban rate of 49.1 per cent in 1987-88. Female literacy is only 9.6 per cent for the rural areas as against 39.2 per cent in the urban areas. Performance at higher levels of education is even poorer. Sharp differences exist in participation rates also. At the primary level, the rural enrolment ratio is 58.2 per cent as against 77.4 per cent in the urban areas. Only 40 per cent of the total number of high schools are located in the rural areas.

12. **Health Care:** The population per health facility has increased over the last ten years and more so in the rural areas. The number of doctors available in the rural areas is inadequate compared to the size of the population. Even with the implementation of the targets set in the Sixth Plan, the number of doctors available in the rural areas is likely to increase to only 22 per cent of the total. Although 85 per cent of the Union Councils have a primary health care unit, most villages still remain remote and do not have easy access to health facilities, doctors and retail chemists. This is reflected in the relatively higher rural death rates. According to the Pakistan Demographic Survey, 1984, the crude death rate was 13 per thousand in the rural areas as against 9 per thousand in the urban areas.

13. **Water Supply and Sewerage:** The rural areas lag far behind their urban counterparts in the supply of water and sewerage facilities. In 1987-88 only 40 per cent of the rural population had access to potable water as against 80 per cent of the urban population, while sewerage facilities are available to only 10 per cent of the rural population as compared to 52 per cent in the urban sector.

14. **Transport & Communications:** Accessibility to markets is an important factor in raising rural incomes. By the end of the Sixth Plan period 14,957 km of roads are likely to have been added to the existing farm-to-market road network as against a target of 10,000 km -- an achievement higher than planned. This will raise the total farm-to-market roads to 60,957 km. Inspite of this progress, much greater effort will be required to bring transport facilities in rural areas at par with urban areas. As regards telephones, presently only 6 per cent of the total number of connections are available in the rural areas. This inadequacy in the communications network is a serious hindrance in rural development.

15. **Banking, Credit and Savings:** Commercial banks, by the very nature of their operations, open branches mostly in towns and cities where they obtain good business. Very few branches are opened in areas with low population. Thus, as of June 1986, while in the urban areas average population per bank branch was between 3,000 and 8,000, for rural areas it was as high as 20,000. This difference between the rural and urban areas has been increasing over the years. The consequent inaccessibility of the rural population to credit facilities is an important element in the present depressed state of the rural economy. The role of banks in promoting savings in the rural areas is almost non-existent. This is reflected in the rural savings rate which is about one-third of the urban rate.

Energy

16. The availability of commercial energy in the rural areas is very low compared to the urban sector. Commercial energy, comprising natural gas, petroleum, oil and lubricants (POL) products and electricity, delivered to rural households is a meager 16.6 per cent of the total. In respect of electricity, the rural share in total domestic consumption is about 20 per cent. Although one-third of the villages have so far been electrified, only 15 per cent of the rural population has access to electricity as against 81 per cent of the urban population. The supply of natural gas to the rural areas is virtually nil.

Employment and Wages

17. While no reliable employment figures are available, there is some evidence to suggest that there is considerable under-employment (of about 30 per cent) in the rural sector. Furthermore, real wages in the agriculture sector have remained about 20 per cent lower than corresponding real wage rates in the manufacturing sector, although the differential has narrowed in recent years.

These two factors together have resulted in extensive migration of labour from the rural to the urban areas.

REGIONAL INEQUALITIES

18. Despite considerable efforts to improve the socio-economic conditions of depressed areas, there still exist relatively less developed regions with high concentration of low income households. Broadly speaking, these are Baluchistan, Federally Administered Tribal Areas, Northern Areas and NWFP. Some of the imbalances in the socio-economic infrastructure are reflected in the figures presented in Table 5.4.

19. The socio-economic indices cited for these less developed regions are much lower than the national average in all respects except primary health care, which actually reflects the smallness of the population rather than the accessibility of the facility. Apart from the above areas, there are less developed areas in other provinces as well. The relative backwardness of these areas has been responsible for the relatively lower incomes of the inhabitants.

Table 5.4

SOCIO-ECONOMIC INFRASTRUCTURE

	All Pakistan	Baluchistan	FATA	NA	NWFP
Literacy Rate, 1981 (%)	26.2	10.3	6.4	14.7	16.7
Roads, 1986-87 (km/sq km)	0.14	0.07	0.09	0.05	0.20
Electricity per capita, (kwh) (1986-87)	216	131	110	100	153
Population per Primary Health Care facility (1987)	9777	7275	2518	8233	9205

ROLE OF GOVERNMENT POLICIES

20. Policies having a bearing on the distribution of incomes consist of taking from the rich, giving to the poor and using the market mechanism for redistribution. An effective redistributive strategy covers all these aspects. Income and wealth taxes and land reform are ways of taking from the rich. Wage increases, distribution of land and public expenditures on uplift programmes for the poor and on social infrastructure are forms of giving to the poor. Employment creation and price management fall under the category of redistribution through the market.

21. The choice of a policy package, however, is intimately related to the overall development strategy as well as to the attitude of the society towards equity considerations. Although social justice has always been an important consideration, the distributive objective has generally remained subservient to the goal of securing a rapid rate of economic growth. The government's reliance mainly on indirect measures such as employment generation and the provision of essential social services for its distributive policies, while beneficial, is still inadequate to deal with the total magnitude of the distributive problem.

22. Direct redistributive measures were taken in the past in an effort to redistribute physical assets both in the rural and urban sectors but with little success. The Land Reforms of 1959, 1972 and 1977 were not effective. A total of about 10 per cent of the cultivated area was resumed through these reforms. Of this, approximately half was distributed to tenants, small land owners and landless tenants. The rest was either retained by the government or alloted for other purposes like livestock and dairy industry, mostly to the original owners. In the urban sector, under the nationalisation measures of the early 1970s, the banks and some categories of industries were taken over by the public sector. There is a widespread perception that instead of promoting distributive justice these measures merely bred government controls, corruption and inefficiency, while at the same time they discouraged private investment. Urban land policy has also been an ineffective instrument for reaching the poor, as reflected in the mushroom growth of *katchi abadis* in the larger cities.

23. Asset redistribution has also taken place between agriculture and industry, but in a negative way. Because of the adverse terms of trade between agriculture and industry and the disproportionately higher level of public expenditures on social and physical infrastructure in the urban areas, there was a resource transfer from agriculture to industry in the past. The situation has been corrected, however, through improved agricultural pricing policies and a shift of emphasis towards a greater share of infrastructure development for the rural sector.

24. Fiscal policy has been used as an instrument for redistributing incomes through the levy of

progressive taxes and allocation of larger public expenditures for the benefit of the lower income classes. Despite these efforts, direct taxes still constitute only a small proportion of total taxes (15 per cent). Contrary to the general impression however, indirect taxes are marginally progressive. For the year 1983-84, indirect taxes were 8.3 per cent of the income of the lowest income groups whereas they were 13.5 per cent of the income of the highest income groups. Nevertheless, because of the excessive reliance on indirect taxes and extensive tax evasion, current tax policy has failed to make an impact on modifying the structure of income inequalities. In addition, a proper policy for restraining conspicuous consumption has never been designed. On the public expenditure side, larger allocations for the development of social and physical infrastructure have been made recently in areas which directly influence the well-being of poorer classes. However, these expenditures fall far short of what is required to be done.

25. The regulation of wages has been another mechanism through which the government has tried to ameliorate the lot of the poor. However, wage legislation is limited to the employees of the organized sectors and does not apply to the informal sectors with two-thirds of the total employment. Still, despite the limited coverage of wage policy, its demonstration effect is significant. Wages prevailing in the public or the organized sectors are reflected in the wages in the unorganized and informal sectors. Wages of the public sector employees are controlled directly by the government by fixing the pay scales. In the case of other organized sectors, wages are managed through trade unions and minimum wage legislation. Effective labour and wage policies together with emigration to the Middle East have resulted in substantial increases in real wages in the past decade. This improvement has been broad-based, covering the informal sectors such as agriculture and construction and the formal sectors like large-scale manufacturing. Government employees have been an exception.

SIXTH PLAN STRATEGY AND ACHIEVEMENTS

26. The Sixth Plan made a significant departure from the previous plan in focusing on the poverty issue and sought to provide safety nets to the poorer section of the society. The programmes included: benefit of *zakat* and *ushr* to 1.5-2.0 million *mustahiqeen* (deserving indigent); nutrition programmes for 1.25 million severely malnourished children and one million pregnant mothers; a special programme to look after the special education and curative needs of one million disabled and handicapped children; generous financial support to non-government voluntary agencies to encourage them to ameliorate the social and economic hardship of the poor; development of 100,000 small plots every year and provision of interest-free loans to help low-income groups build their own houses on a self-help basis; a nation-wide system of scholarships both through the normal budget and from *zakat* and *ushr* funds to ensure that no talented child is denied education on grounds of poverty; increase in agricultural capacity; greater reliance on small-scale and cottage industries; promotion of overseas employment and development of appropriate labour-intensive technology.

27. The Prime Minister's Five-Point Programme was initiated in the fourth year of the Sixth Plan. It was basically a poverty alleviation programme with a largely rural orientation. Its main objectives were to establish institutions of social justice, introduce an egalitarian economy, increase employment opportunities, liberate the rural population from illiteracy and, in its total impact, release the creative energies of the nation for tackling the tasks of national reform and reconstruction. It was multi-dimensional in nature and the areas covered were village electrification, anti-waterlogging and salinity programme, rural education, rural roads, rural health schemes, rural water supply and sanitation, local development, improvement of *katchi abadis* and 7-marla schemes. About Rs 41 billion were spent during the last two years of the Sixth Plan under this programme. The likely achievements are: opening of nearly 11,000 mosque schools and 8,000 primary schools, setting up of 884 basic health units (BHUs) and 88 rural health centres (RHCs), supply to an additional rural population of more than 7 million with clean water and nearly 2 million with sanitation; construction of approximately 9,000 km of rural roads, electrification of about 6,000 villages, development of *katchi abadis* for more than one million people and distribution of more than one million 7-marla plots.

28. The Sixth Plan's strategy for a fairer distribution of economic benefits has proved to be a step forward. The achievements have been significant, even though much remains to be done. Some of the targets, however, could not be achieved because of a late start in plan implementation, specially in the field of education. Achievements fell short of the targets in respect of literacy and the

opening of primary and mosque schools. Scholarship targets, however, were fully met. In the health sector, the crude death rate declined from 12 per thousand to about 11 per thousand and infant mortality decreased from 98.5 per thousand to 80 per thousand. Life expectancy at birth increased from 58.6 years to 61.0 years. The availability of doctors increased from 18.8 thousand to 28 thousand in the urban areas and from 1.2 thousand to 8 thousand in the rural areas. The targets of provision of beds was achieved. The Immunisation and Diarrhoeal Disease Control/Oral Re-hydration Salts and Traditional Birth Attendants programmes were also fully implemented. Achievements fell short of the target in respect of opening of basic health units and rural health centres. However 85 per cent of the Union Councils now have a basic health unit or a rural health centre. The target was also not achieved in respect of third degree malnutrition. In the housing sector, 430,000 plots were developed and 400,000 housing units constructed in the urban areas. In the water supply and sanitation sub-sectors, the achievements have been around 80 per cent in both the urban and rural areas.

29. Credit disbursements to farmers during the Sixth Plan period increased from Rs 6.3 billion in 1982-83 to Rs 18 billion in 1987-88. The interest free loan limit was raised from Rs 6,000 to Rs 12,000. Administrative procedures for obtaining credit were simplified through the issue of pass books and credit facilities were supervised. Mobile credit officers not only took credit facilities to the farmer but also provided information on input use and cultural practices. All villages are expected to have been covered by this service by the end of 1987-88. However, the availability of credit to the small farmer is still far from satisfactory. It is suspected that a large portion of this credit is being appropriated by the non-target groups. This is supported by evidence from a rural credit survey conducted by the Agricultural Census Organisation in 1985 which shows that while institutional loans to small farmers (with less than 3 hectares of land) were only 10 per cent of the total institutional loans to all farmers, their loans from non-institutional sources amounted to 40 per cent of the total non-institutional loans. This lends credence to the fact that the credit requirements of the small farmer are not being met through institutional sources

30. *Zakat* provisions were extensively used for the welfare of the *mustahiqeen*. Greater emphasis was placed on the economic rehabilitation of the deserving rather than the mere distribution of a subsistence allowance. About 50 per cent of the total *zakat* collected was allocated for rehabilitation purposes. More than Rs 4 billion have been disbursed from the *zakat* fund since 1980.

SOCIO-ECONOMIC CONSTRAINTS IN IMPLEMENTATION

31. The buoyancy of the economy and the accelerated development of infrastructure particularly in rural areas in the past have yielded good dividends. As noted earlier, absolute poverty has been virtually eradicated and relative poverty reduced substantially. The income of the lowest income groups has gone up while average per capita incomes in both the rural and urban sectors have increased, with rural incomes having recorded a greater increase thereby reducing the gap between the average incomes in the two sectors. Inequalities, however, persist, and more so in the rural areas. Incremental incomes have largely accrued to the higher income groups, which have the financial means and the political power to acquire them. The fiscal system was also unable to capture this increase. The single most important factor responsible for this state of affairs is the breakdown in implementation of programmes and policies. Some of the limitations faced in this regard are:

- **Political Constraints:** Policies and projects which are economically viable are not adopted if these do not meet with political approval because of the self-interest of those in power. The reverse is also true; economically unsound policies and projects are approved for the same reason.

- **Institutional Constraints:** The intended transfer of resources do not reach the target group because there are large-scale leakages by way of corruption. A more efficient delivery system is needed.

- **Reaching The Target Group:** The target group generally cannot be reached to the exclusion of others. Most transfers of resources benefit groups which include members of non-target group also. Low income groups cannot be identified region-wise or activity-wise. This dispersion of the target group and the inadequacy of most distributive instruments have made the redistribution task very difficult. Besides, delivery to the target group is affected by attitudes, perceptions, political structures, administrative set-up and market distortions.

- **Social Mobility:** The present social structure with slack moral and ethical standards has degenerated into a water-tight and compartmentalized setup in which a small group wields almost autocratic power. They have access to good education, the best jobs and all the material benefits. Such opportunities of education and employment are not available to those at the lower rung of the social ladder. This social immobility has been instrumental in perpetuating income inequalities on the one hand and creating a sense of deprivation on the other.

- **The Parallel Economy**: Income and wealth amassed covertly though illegal means such as tax-evasion, corruption and smuggling of arms and drugs has further distorted the pattern of income distribution. The rich classes are the main beneficiaries of such incomes.

PERSPECTIVE PLAN STRATEGY

32. Improving the distribution of economic benefits and alleviating poverty will constitute an important element of the Perspective Plan strategy. In view of its very broad coverage, priorities have to be assigned to certain specific areas of operation. Two areas which need immediate attention in this context are human resource development and employment generation. These two areas will form the central focus for the Perspective Plan strategy for achieving higher standards of living and ensuring a more equitable distribution of the benefits of development.

33. Human resource development is not only inherently desirable but it also increases productivity. It thus integrates the two roles of human beings, as a means and as an end of economic development. The Perspective Plan, in taking note of the importance of investment in human beings, outlines a dynamic strategy which will effect a perceivable improvement in human resources through education, skill development, nutrition and health care. It is hoped that policies and programmes initiated in these areas during the Perspective Plan period will have a positive impact on the distribution of economic benefits and productive capabilities.

34. The innovative nature of the educational process, new avenues of learning as well as the expansion of communication technology has increased the complexity of educational planning. It is appropriate that a perspective framework is developed. For this purpose, the curriculum at different levels will have to be revised at appropriate intervals so as to (i) inculcate social and moral values, (ii) foster values of unity and integration and (iii) eliminate regional and sectarian fanaticism.

35. To make up for the slow progress in the attainment of the literacy target, the Perspective Plan will emphasize:

- attainment of 80 per cent literacy rate by 2003;

- universal primary education combined with quality improvements in the existing system with a stress on income generating skill development;

- a provision of at least one technical high school at the tehsil level;

- the establishment of one polytechnic in each district for males and at the divisional level for females;

- the creation of a District Education Authority to manage education upto secondary level in each district;

- the provision of colleges of teacher education for men and women at the district level;

- the upgradation and improvement of teaching skills through distance learning techniques and other innovative methods;

- the establishment of an education foundation to promote the cause of education and provide facilities to deserving students.

36. Greater stress will be placed on non-formal education, on a self-help basis and as part of community development, through agricultural extension services, multi-purpose training centres, specific skill development and information service.

37. While full enrolment will be attained for males and females at the primary school level, the participation rate at the middle school level will increase from 30 per cent in 1987-88 to 57 per cent by 2003, and at the high school level from 17 per cent at present to 40 per cent by 2003. To achieve the above objectives, about 67 thousand primary,

24 thousand middle, 17 thousand high and 30 thousand mosque schools, including private, would be required in addition to the present number of such institutions.

38. Nutrition indicators are now considered as reliable indices of the impact of development. The consequences of malnutrition go beyond specific nutritional diseases. Under-nourishment lowers productivity of farm and industrial workers, increases school dropouts and affects the mental development of infants and children. In spite of the adequate per capita availability of calories and proteins, there is a wide prevalence of malnutrition among the vulnerable segments of the population. Poverty, ignorance, lack of knowledge and poor communications have led to unequal nutritional distribution between and within families.

39. The Perspective Plan strategy will emphasize the following measures to ensure adequate provision of nutrition to the population in general and the vulnerable groups in particular:

- Improved distribution system through a network of farm-to-market roads.

- Better storage and processing facilities which will make food available throughout the year at stable prices.

- Mass education to improve nutritional practices, e.g., information on nutrition and campaign against common prejudices and fads.

- Special nutritional intervention programmes targeted to groups at risk.

40. These measures will help reduce and eventually eliminate malnutrition. The daily per capita availability of protein is expected to increase from 59 grams in 1987-88 to 63 grams by the end of Seventh Plan (1992-93), and to 67 grams by the end of year 2003. Similarly the daily per capita calorie intake is projected to increase from 2,257 grams in 1987-88 to 2,415 grams by the end of Seventh Plan (1992-93) and to 2,550 grams by the year 2003.

41. The Perspective Plan incorporates a well-defined national health policy. The plan emphasizes the preventive and promotional aspects of health care. Under this programme, all children below the age of 2 years will be protected against the six preventable diseases of childhood. Similarly, all females of child-bearing age will be protected against tetanus. In addition, immunization will be expanded to provide protection against more diseases. Health insurance, at least for critical illnesses, will be introduced while Employees Social Security will be extended.

42 .Specific nutrient deficiency diseases like goitre, anaemia and osteomalacia will be prevented by dietary and non-dietary measures. Priority will be given to the nutritional aspects of vulnerable groups.

43. The disabled will be given special attention. The Fifth and Sixth Plan performance indicates that expenditure has been low and progress inadequate in respect of the programmes aimed at their welfare and rehabilitation. Procedural delays retarded the progress of these programmes during implementation. It is proposed that a departure will be made from the present institutional setup. The programmes of the disabled will be implemented by an autonomous body called the National Trust for Disabled, which will have full powers for taking the major financial and administrative decisions. This agency will have effective links with all the existing organizations so as to synchronize activities. It will be governed by an autonomous Board of Governors.

44. The major programmes for preventive and medical rehabilitation services will be provided through a network of primary health care, immunisation, government hospitals and clinics. A National Institute of Physical Medicine and Rehabilitation (NIPMER) at the Pakistan Institute of Medical Sciences, Islamabad, will be established to expand and standardize orthoprosthetic facilities in the country. The mental health programme for the prevention, treatment and rehabilitation of mental disorders includes strategies to strengthen existing mental health facilities and to create such facilities in all district hospitals will be implemented. At the peripheral level, this care will be provided by training primary health personnel in basic mental health skills.

45. The social welfare sector, which is committed to provide a package of integrated and comprehensive rehabilitation services, will make a beginning of a base line programme as follows:

- training of special education teachers and rehabilitation workers in relationship to job openings in the field;

- establishment of model special schools at district/division level for each category of the disabled. These special schools will be equipped with at least four units of services: (a) assessment of disability through referral arrangement with a hospital, (b) special schooling, (c) vocational training in suitable trades/skills and (d) job placement services.

- integrated education, with provision of necessary infrastructure, will be introduced in selected ordinary schools in each province. The purpose behind integrated education is to place special education in the mainstream of the formal education system.

- Provincial social welfare departments will establish administrative cells at district levels to provide rehabilitation aids to different categories of the disabled.

46. The plan's main emphasis will be on the improvement of the quality of care in the public health system. For this purpose, health manpower will be trained in management and the facilities will be properly equipped and modernised. The present approach of developing a nation-wide integrated health care system will be continued. Targets for health manpower are given in Table 5.5.

Table 5.5

TARGETS FOR HEALTH MANPOWER

(Population per Facility)

	1987-88	1992-93	2002-03
Doctors	2,920	2,280	2,000
Dentists	61,760	47,200	25,000
Nurses	4.5*	3.3*	2.7*
Pharmacists	-	100*	50*
Paramedics	1,646	1,000	1,000
Dais**	2,375	1,000	1,000
Hospital beds	1,650	1,380	1,000

- Negligible
* Facility per number of beds
** Traditional birth attendants

47. With this nutrition and health strategy it is hoped that life expectancy at birth will rise to 67 years in 2003 from 61 years in 1987-88; and infant mortality, fall to 40 from 80 over the same period.

48. Increasing the availability of employment opportunities will be the other major instrument for achieving distributive justice. To devise an employment strategy that creates enough jobs to absorb all those seeking employment and at the same time satisfies the aspirations of the nation is an enormous task. The society suffers from basic handicaps - a low investment base, a frozen labour policy, lack of social and regional mobility, an unbalanced education system and an uncertain flow of return migrants. Despite these constraints, in the Perspective Plan period, attempts will be made to absorb not only the incremental labour force but also the backlog that has accumulated thus far. This will be one of the major objectives and concrete measures will be taken towards this end.

49. The national employment strategy will encourage small industry and service sectors in urban areas, provide industrial opportunities in rural areas, devise innovative schemes for the employment of women and youth, make easy credit available and develop higher skills. Rural diversification from agricultural to non-agricultural activities will be actively pursued. This will provide alternate occupations for the rural poor.

50. An essential element of the plan's employment strategy is the promotion of self-employment through the implementation of employment-oriented rural development programmes and a preference for labour-intensive technologies. While appraising projects, the employment effect will be given due weight and a criteria for evaluating the employment benefit of projects will be applied. In addition, income policies which link real wages to increases in productivity will be followed. (For greater details see Chapter 12.)

51. On the basis of GDP and fixed investment growth targets of 6.5 per cent and 9.1 per cent per year respectively contemplated under the Perspective Plan, it is estimated that about 13.5 million additional employment opportunities would be generated with agriculture accounting for 30.8 per cent; mining and manufacturing 28.5 per cent; trade 16.3 per cent; construction 8.1 per cent; transport and communications 7.1 per cent; and the rest 9.2 per cent. The share of agriculture in total employment is expected to decline from 48.8 per cent in 1987-88 to 43.2 per cent in 2003, and that of industry likely to rise from 21.5 per cent to 26.5 per cent over the same period.

52. In the past, the redistribution of economic benefits as a policy has always been secondary to the objectives of economic growth and stability. In the future, planning for the redistribution of in-

comes will be combined with planning for economic growth and stability. In formulating redistribution policies, the indirect effects of these policies will be taken into account. The economic backlash may sometimes completely negate the purpose of the policy. A successful redistributive policy will have to combine the mechanics of taking from the rich, giving to the poor and using the market as a distributive agent. Within this broad framework, operational policies will be formulated through the mechanism of the annual plans.

PART III. SEVENTH FIVE YEAR PLAN (1988-93)
A. BASIC FRAMEWORK

CHAPTER

6

OBJECTIVES AND STRATEGY OF THE SEVENTH PLAN

The Seventh Plan has been prepared in the light of the experience gained from the implementation of the Sixth Plan and within the socio-economic framework available now for the second Perspective Plan (1988-2003). The major thrust of the Seventh Plan is on the twin objectives of achieving efficient growth of output on the one hand and improving the quality of life on the other. This has to be achieved within an overall economic framework which encourages the private sector and maximizes employment generation. The quality of life during the Seventh Plan will be further improved by providing infrastructure in the rural areas, public services, like education and health to all sections of the society, and employment opportunities and special provisions for the weakest groups of the population.

SIXTH PLAN REVIEW

2. The Sixth Five-Year Plan (1983-88) aimed at achieving rapid economic growth to benefit the majority of the population. The strategy was to revive private investment through deregulation, strengthen the production base, diversify agriculture towards high-value products, move toward self-sufficiency in oilseeds, improve industrial efficiency and expand exports. The distribution of the benefits of growth was to be ensured through active participation of the majority of the population in the economic life, and by the provision of safety nets for the most vulnerable groups in the society.

3. The main likely achievements of the Sixth Plan, on the basis of preliminary estimates for 1987-88, would appear to have been as follows:

- a high rate of growth of GDP of 6.6 per cent per year was achieved (target 6.5 per cent) with growth rates of 3.8 per cent in agriculture and 7.7 per cent in manufacturing against the targets of 4.9 and 9.3 per cent respectively.

- in industry, new capacity was created in textiles, cement, vegetable ghee, sugar, tyres and tubes, basic chemicals, motor cars, synthetic fibres and engineering industries. As a result the share of manufacturing sector (at 1987-88 prices) increased from 16.6 per cent of GDP in 1982-83 to 17.5 per cent in 1987-88.

- in energy, electricity and gas production increased by 50 per cent and 24 per cent, respectively, while the extraction of crude oil increased by 3.5 times, equal to one-third of total demand.

- overall fixed investment reached 88 per cent of the target with the public sector having achieved 90 per cent of its target and the private sector 85 per cent.

- a major acceleration took place in the pace of rural development through the expansion of physical infrastructure and public services.

- export volumes increased by 11 per cent per year while imports grew by 6 per cent per year, so that the current account deficit averaged 3.4 per cent of GNP.

- The annual inflation rate fell from the Fifth Plan average of 8.8 per cent to about 4.8 per cent per annum.

4. In addition to the achievement of the physical and financial targets, the overall economic policy

environment was strengthened through further deregulation, a reduction in administrative controls and sanctioning procedures, the rationalization of prices in agriculture and energy, the pursuit of a flexible exchange rate policy and progress towards import liberalization and tariff rationalization.

5. While these have been the accomplishments of the plan, there have been a number of major shortcomings as well. These include the inability to formulate and implement major fiscal reforms, and the slow pace of structural change in key sectors such as agriculture, industry and exports. In agriculture, the major emphasis was on the growth of new crops, notably oilseeds and the exports of fruits and vegetables. In fact, agricultural production during the Sixth Plan increased not by moving in these new directions, but because of a breakthrough in cotton and wheat. In the manufacturing sector there was insufficient progress in the development of steel-based engineering and other more sophisticated industries which were the cornerstone of Sixth Plan industrialization strategy.

6. Although 88 per cent of the overall fixed investment target in the plan is likely to be realized, the pattern of investment and its financing has not been according to the expectations in the plan. The level of private and public savings remained low and Pakistan had to continue to rely on borrowed resources. The balance of payments also came under pressure, particularly in 1984-85, when the momentum of export growth was interrupted by a major crop failure.

7. Progress in the social sectors - enrolment of primary school population, literacy rate, improvement in health services, provision of clean water, sewerage, electricity and telephone facilities, particularly in the rural areas - also remained below expectations.

MACROECONOMIC FRAMEWORK FOR THE SEVENTH PLAN

8. The focus of the Seventh Plan continues to be on achieving a high rate of economic growth within an overall policy framework of a better distribution of the benefits of growth. A rural development programme will be complemented by an emphasis on employment and poverty alleviation.

9. At the same time, the Seventh Plan will give special consideration to concrete measures for the mobilization of domestic resources in order to restore the viability of domestic and external finances. Monetary policy would be used both to direct credit to priority sectors and to ensure that inflation remains moderate.

10. The basic aims of the Seventh Plan are as follows:

- movement towards full employment, specially of the educated;
- provision of adequate nutrition, shelter, health, education, transport and other public services;
- development of human resources, with emphasis on education and training of manpower;
- progressive achievement of self-reliance in all spheres of life, including the gradual reduction of dependence on foreign loans, technology and know-how;
- promotion of private sector activity through further deregulation of the economy in order to transfer the bulk of the financial burden of investment and growth from the government's budgetary resources to the private sector's own resources;
- restoration of equilibrium in public finances by a concrete programme of balancing the revenue budget, and eliminating the imbalance between the government's expenditure requirements and its revenue raising capacity;
- strengthening of the balance of payments by the aggressive promotion of exports, through industrial, commercial and exchange rate policies and achievement of a better balance between imports and exports; and
- pursuit of a restrained monetary policy to ensure continued price stability.

SOCIAL FRAMEWORK OF THE SEVENTH PLAN

11. The Seventh Plan seeks to improve the quality of life and raise the living standards of the majority of the population. The main instrument for achieving this will be the widespread provision of public services, particularly education and

health, to all sections of society. Accordingly, social sector allocations have been raised from 15 per cent during the Sixth Plan to close to 22 per cent of the total Public Sector Development Programme (PSDP) during the Seventh Plan. Detailed tables on the Quality of Life Indicators and on the Rural Share in the Benefits of Development appear in Statistical Appendix Tables 6.1 and 6.2.

12. By the end of the Seventh Plan period, the benefit of electricity will be extended to 55 per cent of the total villages containing nearly 75 per cent of the total rural population. The network of rural roads will be increased to 69,457 km compared to 60,957 km during the Sixth Plan period. The percentage of rural population served with clean drinking water will be raised from the present 40 per cent to about 75 per cent, and those with sewerage facilities, from 10 per cent to 30 per cent. The proportion of the primary school-age children enrolled in rural schools will be increased from below 56 per cent to 80 per cent.

13. In addition to direct investment, new policy initiatives will be taken to improve the delivery of social services to the rural areas. A national rural health service will be introduced (preferably on a voluntary basis) and an extensive network of basic health units and rural health centres will be constructed to extend health cover to the entire rural population.

ECONOMIC FRAMEWORK OF THE SEVENTH PLAN

14. With an annual increase of 6.5 per cent in GDP and around 3.1 per cent in population, the average income per family (in 1987-88 prices) which increased by Rs 400 and Rs 466 during the Fifth and Sixth Plan periods, would further increase by about Rs 536 during the Seventh Plan. This is shown in the Table 6.1.

15. While deciding the composition of growth, due attention has been given to four main considerations: (i) self-sufficiency in a large number of agriculture and industrial products; (ii) the promotion and diversification of exports; (iii) generation of maximum employment opportunities; and (iv) price stability. Towards these ends, the share of the commodity producing sectors in GDP is projected at 52.1 per cent as compared to 47.9 per cent for services.

Table 6.1

GROSS DOMESTIC PRODUCT AT 1987-88 PRICES

(Rs Billion)

	1977-78	1982-83	1987-88	1992-93
Agriculture	97.3	119.2	143.9	181.4
Industry	76.4	118.1	176.0	259.9
Manufacturing	46.5	74.5	108.1	159.6
Others	152.0	211.7	298.1	405.5
GDP (Bln. Rs)	325.7	449.0	618.0	846.8
Memo:				
No. of Families (million)	12.6	14.6	17.0	19.8
Family Income (Rs/month)	2160	2560	3026	3562
Increase (Rs)		400	466	536

16. The strategy for achieving economic growth in the Seventh Plan emphasises the following:

- to increase yields per hectare through more efficient use of fertilizer, improvement in on-farm water management and development of appropriate farm technology;
- to develop high-yielding crop varieties, with high tolerance to heat, salinity and drought;
- to develop improved varieties of fruits and vegetables in size, seasonality and longevity for exports;
- to regain self-sufficiency in the production of sugar;
- to establish a foothold in export markets for high value crops;
- to meet 39.2 per cent of the national demand for crude oil through domestic production;
- to expand the industrial base through the development of steel-based, electronic, and high-technology industries;
- to expedite the implementation of deletion programmes so as to reduce dependence on imported components and technology;
- to provide export credit to developing countries for the import of engineering goods from Pakistan;
- to provide protection to the local engineering industry through supportive tariff and trade policies;

- to encourage investment in labour-intensive technologies; and

- to explore new markets for manpower exports.

17. The projected economic framework at the sectoral level is discussed in the following paragraphs.

Agriculture

18. Over the last five years the total value added in agriculture (including fishing and forestry) witnessed a growth rate of 3.8 per cent per year. The pattern of growth, however, remained uneven mainly due to fluctuations in the output of wheat and cotton. Projected targets for major and minor crops appear in Table 6.2.

Table 6.2

AGRICULTURE SECTOR PERFORMANCE

(per cent per year)

	Long-Term (1949-82)	Sixth Plan Target	Sixth Plan Likely	Seventh Plan Target
Major Crops	3.4	3.6	2.3	4.0
Minor Crops	3.1	7.0	3.6	5.5
Livestock	2.4	5.9	6.2	5.3
Fishing	4.1	7.5	4.5	4.9
Forestry	2.2	5.0	10.8	2.6
	---	---	---	---
Total	5.1	4.9	3.8	4.7

19. The Seventh Plan projects an overall growth rate of 4.7 per cent for the agriculture sector. These growth targets take into account the prospects of future demand, both at home and abroad, and the possibilities of import substitution. In addition to the growth in output, the plan also emphasises qualitative changes in the present production structure. The major emphasis is on the production of crops having better demand prospects, including export demand, and accelerated oilseeds production to achieve progressive self-sufficiency. To meet domestic demand, production of sugarcane, fruits, vegetables, milk and meat will also be given priority during the plan period.

20. Pakistan will need a minimum increase of about 15 per cent in agricultural output during the Seventh Plan period in order to meet the growing demand for food. As the cultivable area cannot be increased by more than 6.0 per cent because of the constrained availability of land and water, higher production would have to be achieved through substantial increases in yield, both by developing high-yielding new varieties as well as securing a more efficient use of available inputs and extension services. The problems involved in stepping up production of sugarcane and oilseeds is particularly complex because the basic research required to evolve appropriate varieties and related agronomic practices has yet to reach a developed stage. For the desired transformation of agricultural production pattern during the Seventh Plan, priority is to be given to research and development in bio-technology and genetic engineering.

21. In the livestock sub-sector, a high level of herd immunity and a disease-free environment will be developed. A policy framework to progressively reduce the number of inefficient animals and to maintain an equilibrium between the supply of feed and fodder resources and the number of animals would be evolved. A comprehensive programme would be launched for afforestation, watershed management, range management and resource conservation to improve and conserve land and water resources. Social forestry and energy plantation would be promoted on private lands.

22. The projected composition of crop production envisages a rising share of high value non-traditional crops with good export potential. The relative share of agriculture in total GDP will drop from 23.3 per cent in 1987-88 to 21.4 per cent in 1992-93. The agricultural sector is expected to account for 16.4 per cent of the proposed increase in GDP to be achieved under the Seventh Plan. The crops and livestock production targets are placed at Statistical Appendix Tables 6.4 and 6.5.

Mining and Quarrying

23. Notwithstanding the fact that Pakistan has a limited mineral base, its expansion is important for the diversification of Pakistan's industrial structure. Presently, over 85 per cent of the minerals extracted consist of fuels (coal, petroleum and gas) followed by non-metallic minerals. Except salt and phosphates, the remaining chemical minerals have yet to be explored. Of the metallic group, some deposits of copper, iron ore, manganese, chromium and aluminum have been discovered.

24. During the Seventh Plan the present structure of mining will be diversified. Besides the ex-

traction of natural gas and crude oil, the other important projects likely to be implemented include Lakhra (coal), Saindak (copper) and Hazara (phosphate). For the development of minerals, geological investigations and exploration efforts will be further stepped up; necessary infrastructure will be extended to promising mineral zones; testing laboratories will be modernized and strengthened; and mineral-based industries will be encouraged. Value added in this sector is projected to increase by 8.0 per cent per year with major contribution expected from natural gas, crude oil, coal, rock phosphate, limestone and gypsum. The extraction of crude oil is projected to reach 76,000 barrels a day and that of gas production to 2,100 million cubic feet per day (MMCFD) by 1992. Minerals with export potential shall be exempt from all taxes.

Manufacturing

25. With a further strengthening of the policy initiatives taken during the Sixth Plan, real value added in manufacturing is expected to grow by 8.1 per cent per year.

26. The industrial growth strategy for the Seventh Plan emphasises the establishment of more efficient and sophisticated industries with a strong export orientation. This will be accomplished by the implementation of appropriate exchange rate policies, tariff rationalization, and fiscal incentives designed to promote greater allocative and competitive efficiency. In addition, the operating efficiency of firms will be improved through balancing and modernization of existing production facilities and the quality of output enhanced especially for export markets by the introduction of quality control systems. The export credit scheme introduced in the 1987-88 Trade Policy to encourage exports of Pakistani engineering goods to African countries will be extended to other developing countries. As a result of these policies, manufactured exports are expected to increase by 11.5 per cent per year in real terms.

27. The share of the manufacturing sector in GDP is projected to rise from 17.5 per cent in 1987-88 to almost 19 per cent in the terminal year of the Seventh Plan, and the manufacturing sector is expected to contribute about 22.5 per cent of the increment in GDP. The plan also aims at bringing about structural changes within the manufacturing sector through diversification and progress in new directions. The structural changes emerging from the projected growth targets for major industrial sub-sectors are shown in Table 6.3.

Table 6.3

PERCENTAGE SHARE IN VALUE ADDED LARGE-SCALE MANUFACTURING

Industries	1987-88	1992-93
Food,Drink & Tobacco	16.4	15.2
Textiles	12.1	11.7
Paper & Board	1.1	1.4
Pharmacuticals	4.5	4.2
Cement	2.2	2.1
Chemicals	8.4	7.8
(Fertilizers)	(6.7)	(6.2)
Petroleum Products	6.8	5.9
Transport Equipment	2.3	2.8
Other Engineering Products	9.6	10.1
Others	36.6	38.8

Note: The production targets consistent with these structural changes are placed at Statistical Appendix Table 6.6.

28. A likely constraint on the growth of the manufacturing sector - particularly during the early part of the Seventh Plan - is expected to come from industries where current rates of production have already approached rated capacity, e.g. fertilizer, oil refining, sugar, and basic chemicals. The major contribution to growth is expected from industries like food processing, garments, paper and board, pharmaceuticals, petrochemicals, batteries, construction materials and engineering goods. Priority will be given to the development of the engineering industry through better incentives for the domestic production of sugar machinery, transformers, switchgears, boilers, cranes, centrifugal pumps and other engineering goods.

29. During the Seventh Plan, it is proposed to further strengthen and deepen the process of economic reforms. A primary role will be assigned to disinvestment of public sector units. Further deregulation measures will be taken in the financial sector. The efficiency of those units which would remain in the public sector would be improved by upgrading the technological structure of the uneconomical units and strengthening inter-industry linkages.

30. One of the key problems faced by Pakistan in the process of industrial development is access to markets, technology, capital, and in some cases, management skills. Efforts will be made to increase the demand for exports in non-quota markets either through the promotion of barter trade in finished goods or exports tied with the imports of technology, particularly from the socialist countries. Direct foreign investment will be en-

couraged, specially in projects involving advanced technical know-how and managerial and marketing skills, and the role of the multi-nationals in the use of local materials and the development of indigenous technology will be emphasized. In addition, the promotion of research and development activities at the sectoral and product level, the establishment of display centres and participation in trade fares and exhibitions will be intensified.

Electricity and Gas Distribution

31. The output arising from the generation of electricity and distribution of gas is projected to increase by 8.5 per cent per year. Within the sector, the share of electricity is forecast to increase by 9.0 per cent per year and that of gas distribution by 6.0 per cent. On the basis of an expected energy elasticity of demand with respect to GDP of 1.2, the projected growth rate of 8.5 per cent in the output of electricity and gas is consistent with the GDP growth target of 6.5 per cent per year.

Services

32. The share of the services sector in the GDP is forecast to fall marginally from 48.2 per cent in 1987-88 to 47.9 per cent in 1992-93. A growth rate of 6.3 per cent per year has been forecast for the services sector as a whole. Value added in public administration and defence sub-sector is projected to grow by 5.8 per cent per year, taking into account the employment effect alone with productivity assumed to be constant. The growth target of 6.8 per cent per year for the transport and communication sub-sector is based on the traffic forecast for all modes of transportation while the growth of 6.7 per cent per year in the trade sub-sector is consistent with the level and composition of output in the agriculture and manufacturing sectors. In the ownership of dwelling sub-sector, against the Sixth Plan average growth rate of 8.1 per cent per year, a growth rate of 5.3 per cent per year has been provided. The composition of GDP is shown at Statistical Appendix Table 6.3.

INVESTMENT FRAMEWORK OF THE SEVENTH PLAN

33. The growth targets of the Seventh Plan are estimated to require a total investment (at 1987-88 prices) of Rs 710.4 billion (including a fixed investment of Rs 660.2 billion) which is 38.5 per cent higher than the Sixth Plan's expected implementation of Rs 513 billion (at the same 1987-88 prices). A comparative picture of the fixed investment under different plans is shown in Table 6.4.

34. Over the Seventh Plan period, the proposed level of investment implies an average real growth of 8.4 per cent per year, compared to a 6.1 per cent increase per year envisaged in total resources. The proposed level of investment, however, is expected to improve the investment/GNP ratio only marginally.

35. Given a 6.5 per cent increase per year in GDP, the fixed investment of Rs 660.2 billion implies an incremental capital output ratio (ICOR) of about 2.7 for the plan period compared to 2.6 during the Sixth Plan. This reflects only a modest decline in the marginal efficiency of capital during the Seventh Plan period.

Table 6.4

FIXED INVESTMENT UNDER VARIOUS PLANS
(AT 1987-88 PRICES)

(Rs.billion)

Plans	Total	Public	Private
Second Plan (1960-65)	163.4	81.3	82.1
Third Plan (1966-70)	187.0	87.3	99.7
(% increase)	(14.4)	(7.4)	(21.4)
Non-Plan (1970-77)	373.0	229.4	143.6
of which:			
Five Year Basis	233.2	143.6	89.8
(% increase)	(24.7)	(64.3)	(-9.9)
Fifth Plan (1978-83)	321.3	202.7	118.5
(% increase)	(37.6)	(41.2)	(32.0)
Sixth Plan (1983-88)	462.1	271.9	190.2
(% increase)	(43.8)	(34.1)	(60.5)
Seventh Plan (1988-93)	660.2	367.8	292.4
(% increase)	(42.9)	(35.3)	(53.7)

Note: Estimated actuals, except Seventh Plan (target).

36. About 44.3 per cent of the fixed investment of Rs 660 billion over the next five years is forecast to emanate from the private sector with the public sector expected to make up the rest. Against an annual increase of 6.1 per cent in total resources, fixed investment is projected to in-

crease by 9.1 per cent, with public and private sector investment expected to go up by 7.9 per cent and 10.5 per cent per year respectively. The relatively faster growth in private investment reflects the continuation of the Sixth Plan policy of confining public investment to essential infrastructure, while giving the private sector almost exclusive right to all investment in productive sectors and services, and jointly with the public sector in investing in highways, airport terminals, power generation and distribution and social sectors.

37. The important objectives of proposed investment plan are:

- expansion in agricultural mechanization, maximum exploitation of underground and surface water resources and development of livestock, fisheries and forestry;
- modernization and balancing of existing industrial units so as to improve productivity;
- creation of new industrial capacity;
- strengthening of infrastructure facilities in order to support the expansion envisaged in the output of agriculture, manufacturing, mining, etc.;
- exploration and development of underground mineral resources;
- provision of adequate housing and drainage facilities; and
- provision of basic social services such as health, education, drinking water, etc. to the maximum number of population.

38. The sectoral distribution of gross domestic fixed investment, is discussed in greater detail in Chapter 7 (public sector) and Chapter 10 (private sector).

SAVINGS IN THE SEVENTH PLAN

39. Investment has been constrained by the lack of domestic savings and a shortage of foreign exchange. Over the last 15 years, domestic savings have averaged 8 per cent of GDP. During the Sixth Plan the domestic saving rate rose to 10.2 per cent of GDP in 1987-88 and financed 62.5 per cent of total investment in the same year.

40. Since an important objective of the Seventh Plan is to reduce Pakistan's dependence on foreign resources, the plan envisages a decline in the share of externally-financed investment. The greatest challenge to the viability of the Seventh Plan will be posed by the level and composition of national savings.

41. While Pakistan's investment level over the last ten years has remained at about 16 per cent of GNP, savings have shown some improvement but they are well below the desired levels. Given the uncertain prospects of workers' remittances, the entire improvement in savings is expected to come from domestic savings. Already the domestic saving rate has improved from 6.3 per cent of GDP in 1980-81 to 10.2 per cent in 1987-88. At the same time, domestic savings rose from 47.3 per cent of national savings in 1980-81 to 76.1 per cent in 1987-88. During the same period, the share of public savings in national savings declined from 31 per cent in 1980-81 to about 12.8 per cent in 1987-88 and private savings rose from 69 per cent to 87.2 per cent.

42. The required level of savings during the Seventh Plan implies a marginal rate of domestic savings of 23.2 per cent on average (equivalent to a marginal rate of national savings of 20.9 per cent), compared to the Sixth Plan achievement of 19.3 per cent in the terminal year, 1987-88 (national 8.4 per cent), and a long-term (1972-86) rate of 4.6 per cent (national 13 per cent). Raising the marginal rate of savings will require substantial efforts. The most straightforward policy to encourage savings is to provide enough incentives by raising the return on savings. In addition to the existing financial instruments there exists a need to restructure the capital market, rationalize the pricing policies regarding output of public enterprises and improve the fiscal management of the government budget. The macroeconomic framework showing the savings and investment picture is shown in Statistical Appendix Table 6.7.

43. About 96 per cent of private savings originate in the household sector. Without proper institutional arrangements and incentives, they cannot be fully mobilized to finance investment in other sectors. Public savings are forecast to add up to Rs 89.6 billion or 2.1 per cent of GNP over the plan period.

FOREIGN RESOURCES REQUIRED DURING THE SEVENTH PLAN

44. The Seventh Plan envisages a savings-investment gap of Rs 95.3 billion (at 1987-88 prices), which would be financed through foreign resources This should finance 13.4 per cent of the total

investment and is equivalent to US $ 5,417 million at 1987-88 prices and exchange rates. However, the share of external resources in total investment is likely to decline from 18 per cent in 1987-88 to about 11 per cent in 1992-93. The Seventh Plan's balance of payments projections provide for gross inflows of foreign resources of $ 10,171 million and net inflow (gross disbursement less amortization payments) of long-term capital of $ 7,059 million at current prices. The detailed composition of foreign resources may be seen in Chapter 9 (Trade and External Financing). The composition of savings together with investment rates is shown in Statistical Appendix Table 6.8.

CHAPTER

7

PLAN SIZE AND INVESTMENT PRIORITIES

This chapter deals with a review of the targets and achievements of the Public Sector Development Programme (PSDP) during the Sixth Plan. It then presents an analysis of the size, phasing and sectoral priorities of the PSDP in the Seventh Plan. The chapter also discusses the financing of the investment programme of the public sector corporations and the allocations to the provinces for the development programme to be executed by them.

SIXTH PLAN REVIEW

2. The Sixth Plan envisaged public sector development outlays of Rs 290 billion at current prices. The estimates for the first three years indicated a utilization of about Rs 132 billion, equivalent to an achievement of only about 46 per cent. The low level of utilization reflected the slow pace of implementation of the Sixth Plan in the first three years. However, the fourth year witnessed a substantial increase in outlays which rose by almost 16 per cent to a level of about Rs 58 billion. In the last year of the Plan, 1987-88, expenditure is projected to reach Rs 60 billion so that by the end of the Sixth Plan period about 86 per cent of the financial allocations will stand utilized.

3. Of the total outlay of Rs 290 billion, the public sector corporations were allocated an amount of Rs 70 billion to be raised through self-financing and budgetary allocations as well as through foreign and domestic loans. The public sector corporations are estimated to have utilized 84 per cent of this allocation by the end of the Plan period. The financial utilization by government ministries and departments was better at around 90 per cent.

4. The aggregate size of private investment during the Sixth Plan was placed at Rs 200 billion, against which the estimated achievement would be Rs 169.7 billion (At 1987-88 prices, the target would have been Rs 222.2 billion, the achievement would be Rs 190.2 billion), showing performance of about 85 per cent. Thus public and private development outlays over the Sixth Plan will aggregate Rs 418.3 billion against the total planned outlay of Rs 490 billion. This represents an achievement of about 85 per cent of the overall investment targets of the Sixth Plan. However, compared to the plan fixed investment target of Rs 469.4 billion (public Rs 269.4 billion and private Rs 200 billion), the actual fixed investment is expected to reach Rs 411.8 billion, consisting of Rs 242.1 billion in the public sector and Rs 169.7 billion in the private sector, thus registering about 90 per cent and 85 per cent achievement of their respective targets.

5. The plan's objective to readjust sectoral priorities has also been largely achieved. There was a marked shift in favour of energy, social infrastructure, population welfare and rural development as compared to the Fifth Plan.

SIZE OF THE SEVENTH PLAN

6. The Seventh Plan envisages a total fixed investment of Rs 660.2 billion at 1987-88 prices (Table 7.1).

7. To arrive at the plan size, the fixed investment in the revenue budget as well as by the local bodies, banking and insurance is deducted from the public sector total fixed investment and expenditures of a non-development nature included in development expenditures (development sub-

sidies, transfer payments, recurrent expenditures, etc.) are added. Accordingly, the plan outlay is estimated to be Rs 642.4 billion (at 1987-88 prices), a 37.4 per cent increase over the expected implementation of Rs 467.7 billion during the Sixth Plan. Of this, the public sector development outlay is Rs 350 billion. This corresponds to public sector fixed investment of Rs 368 billion (higher than the public sector development outlay because the fixed capital formation in the revenue budget, local bodies, banking and insurance exceeds the non-investment component of the total plan outlay), while the private sector fixed investment works out to Rs 292.4 billion.

Table 7.1

SEVENTH PLAN SIZE

(At 1987-88 billion Rs)

Total Investment	710.7
LESS	106.6
Changes in stocks	50.1
Fixed investment in revenue expenditure	36.6
Fixed investment by local bodies	16.3
Fixed investment by banking and insurance	3.5
Plus	38.7
Non-investment in development outlays	29.7
Subsidies on fertilizer	4.0
Oil exploration	5.0
Equals Plan Outlays	642.4
Public Sector	350.0
Government	186.7
Corporations	163.3
of which: Budget financed	(39.8)
Private Sector	292.4
MEMO:	
Fixed Investment	660.2
Public	367.8
Private	292.4

8. Of the Rs 350 billion earmarked for public sector development outlays, Rs 91.4 billion will be for the federal government ministries and departments, Rs 101.7 billion for the provinces and the rest for the federal public sector corporations. The PSDP of Rs 350 billion will be financed by federal budgetary allocations including foreign aid and loans channelled through the federal government of Rs 226.5 billion and Rs 123.5 billion will be raised by public sector corporations from their own resources, bank borrowing, the floatation of shares and other commercial paper, and foreign loans. The position has been shown in Statistical Appendix Table 7.1.

9. The Annual phasing of the PSDP is shown in Table 7.2 below.

Table 7.2

ANNUAL PHASING
OF SEVENTH PLAN OUTLAYS

(At 1987-88 billion Rs)

Year	Federal Ministries and Departments	Provinces Incl. SDP & Provincial Corporations	Federal Public Sector Corporations	Total
1988-89	16.6	18.5	28.5	63.5
1989-90	17.4	19.3	29.8	66.5
1990-91	18.3	20.4	31.4	70.1
1991-92	19.0	21.2	32.7	73.0
1992-93	20.1	22.3	34.5	76.9
Total	91.4	101.7	156.9	350.0

10. The programme envisaged in the Seventh Plan would cover the requirements of on-going energy sector development projects and the social sector programmes initiated during the Sixth Plan. Of the total outlay of Rs 350 billion, Rs 126 billion would be pre-empted by on-going schemes, leaving Rs 224 billion for new schemes and initiatives.

SECTORAL ALLOCATIONS IN THE SEVENTH PLAN

11. As has been indicated above, the strategy for public sector development in the Seventh Plan would be to concentrate on the provision of social services and on providing the infrastructure for growth through substantial investments in energy projects, drainage schemes and special programmes for the less developed regions.

12. Table 7.3 below shows sectoral public sector outlays in Sixth and Seventh Plans. The details are given in Statistical Appendix Table 7.2.

13. The share of transport and communications, water, education, agriculture, health, rural roads and model villages in total public sector investment during the Seventh Plan will be almost the same as in the Sixth Plan. However, the share of energy will increase substantially from 32 percent to 36 percent; a decline in share is envisaged in case of physical planning & housing and industry

&. minerals from 10 percent and 6 percent to 6 percent and 4 percent respectively

Table 7.3

SECTORAL PRIORITIES
IN SIXTH AND SEVENTH PLANS

(At 1987-88 billion Rs)

Sector	Sixth Plan Achievements		Seventh Plan Allocation	
	Amount	%Share	Amount	%Share
Energy	87.8	32	124.3	36
Transport & Communications	52.2	19	61.5	18
Water	26.1	9	28.4	8
Physical Planning & Housing	27.9	10	20.0	6
Education	16.1	6	23.1	7
Industry & Minerals	18.1	6	16.0	4
Health	11.9	4	13.4	4
Agriculture	9.6	3	12.3	3
Rural Roads & Model Villages	4.3	2	5.1	1
Other Sectors (including SDP)	25.0	9	45.9	13
Total	279.0	100	350.0	100

14. The sectoral break-up of the PSDP between the government departments and public sector corporations during the Seventh Plan is shown in Table 7.4.

PUBLIC CORPORATIONS

15. The Seventh Plan lays considerable emphasis on the role of public corporations in capital formation. Public corporations are being encouraged to expand their investment out of their own profits and other resources. The total programme for these corporations is estimated at Rs 163.3 billion including Rs 39.8 billion financed through the government budget.

16. The major increase in the public corporation sector in the Seventh Plan reflects the intent to shift the programmes of Water & Power Development Authority (WAPDA), Oil & Gas Development Corporation (OGDC) and Telegraph & Telephone (T&T) department, which were previously part of the government departments. During the Seventh Plan period, an increasing proportion of the development programmes of these corporations will be financed out of their self-generated resources. Consideration will also be given to converting the National Highways Board into a public corporation.

Table 7.4

SECTORAL DISTRIBUTION OF PUBLIC SECTOR DEVELOPMENT PROGRAMME
1988-93

(At 1987-88 billion Rs)

Sector	Government Departments/ Agencies	Public Corps. Federal & Provn.	Total	% Share
1. Agriculture	12.1	0.3	12.3	3.5
2. Fertilizer Subsidy	3.3	-	3.3	1.0
3. Water	28.4	-	28.4	8.1
4. Energy	8.2	116.1	124.3	35.5
a) Power	(2.8)	(87.4)	(90.2)	(25.8)
b) Fuels	(5.4)	(28.7)	(34.1)	(9.7)
5. Industry	0.8	8.2	9.0	2.6
6. Minerals	3.1	3.9	7.0	2.0
7. Transport & Communication	28.8	32.7	61.5	17.6
8. Physical Planning & Housing	18.1	1.9	20.0	5.7
9. Education & Training	23.1	-	23.1	6.6
10. Manpower	2.6	-	2.6	0.7
11. Health & Nutrition	13.4	-	13.4	3.8
12. Mass Media	1.8	-	1.8	0.5
13. Population Welfare	3.5	-	3.5	1.0
14. SDP for Women	0.9	-	0.9	0.3
15. Social Welfare & Special Education	0.9	-	0.9	0.3
16. Culture Sports & Tourism	1.3	-	1.3	0.4
17. Science & Technology	2.8	-	2.8	0.8
18. Rural Roads & Model Villages	5.1	-	5.1	1.5
19. Research, Statistics & Planning	0.8	0.3	1.0	0.3
20. NGOs Programme	0.5	-	0.5	0.1
21. Employment Fund	2.0	-	2.0	0.6
Sub-total:	161.4	163.3	324.7	92.8
22. Special Dev. Prog.	25.3	-	25.3	7.2
Total	186.7	163.3	350.0	100.0

17. Of the total programme of Rs 163.3 billion for these corporations, about 36 per cent is expected to be financed through self-generated funds, 18 per cent through foreign aid and equity flows, 9 per cent through bank credit, 13 per cent from domestic equity and market loans, and the remaining 24 per cent through budgetary allocations (Table 7.5).

Table 7.5

FINANCING OF PUBLIC SECTOR CORPORATIONS DURING SEVENTH PLAN

(Current million Rs)

Sector	Total Allo-cation.	Budg* etary-Allo cation	Self Finan-cing	Domestic Equity & Market Loans	Bank Cre-dit	Foreign Aid/ Equity
Agriculture	264	-	264	-	-	-
Power	87,366	36,250	29,433	12,256	4,242	5,185
Fuels	28,717	3,582	5,638	6,147	5,902	7,448
Industry	8,155	-	366	2,417	1,610	3,762
Minerals	3,893	-	-	377	1,313	2,203
T&C	32,733	-	21,001	-	926	10,806
PP&H	1,886	-	1,886	-	-	-
Misc.	283	-	94	-	115	74
Total	163,297	39,832	58,682	21,197	14,108	29,478

* Includes aid channelled through government.

PROVINCIAL PROGRAMMES

18. During the Seventh Plan period the development programme to be executed by the provincial governments under the present arrangements regarding the functional responsibility for development expenditure is estimated at Rs 76.9 billion. In addition, the Seventh Plan includes a Special Development Programme of Rs 25.3 billion for certain areas in all the four provinces and AJK over and above their normal development outlays. In all an amount of Rs 101.7 billion would be available for provinces which comes to about 29 per cent of the national programme, an increase of 71 per cent over the Sixth Plan estimates. This represents a considerably greater increase than the 37.4 per cent increase in the plan size. The increase in allocations is due to the emphasis in the Plan on the development of the social sectors in which programmes are executed mainly by the provincial governments.

19. The sector-wise distribution of the proposed public sector development programme to be executed by the provinces is given in Statistical Appendix Table 7.3. Sectoral allocations in the provinces essentially reflect broad national priorities. These sectoral allocations could be modified to suit the specific requirements of the provinces.

PRIVATE INVESTMENT

20. During the Second and Third Plans the private sector enjoyed greater share in the total fixed investment. However, following the nationalization of several industries and financial institutions in 1972 and the inclusion of some large industrial projects in the public sector programme, the public sector share increased to 61.5 per cent during the non-plan period. After reaching the record level of 63.1 per cent in Fifth Plan, the share of public sector in the total fixed investment declined to 58.8 per cent during Sixth Plan and is planned to further drop to 55.7 per cent during the Seventh Plan (Table 7.6).

Table 7.6

SHIFTS IN PUBLIC AND PRIVATE SECTOR FIXED INVESTMENT

(At 1987-88 billion Rs)

Plans	Public Sector	Private Sector	Percentage Share Public	Percentage Share Private
Second	81.3	82.1	49.8	50.2
Third	87.3	99.7	46.7	53.3
Non-Plan	229.4	143.6	61.5	38.5
Fifth	202.7	118.5	63.1	36.9
Sixth	271.8	190.2	58.8	41.2
Seventh	367.8	292.4	55.7	44.3

21. A private sector investment programme of Rs 292.4 billion is envisaged under the Seventh Plan. The private investment programme along with the strategy and policies that will support it are discussed more fully in Chapter 10.

22. During the Seventh Plan 47.1 percent of the projected private investment is expected to take place in agriculture (17 per cent) and industry (30 per cent). Within manufacturing, the small-scale sector is given special emphasis because of its strong linkages and employment effects. Some increase in allocations has also been projected for the ownership of dwelling sub-sector reflecting the government's policy to encourage small housing.

CHAPTER 8

PUBLIC FINANCES AND MONEY & CREDIT

This chapter is in two parts. The first part deals with public finances while the second concerns the money and credit.

PUBLIC FINANCES

2. Although the economy has shown impressive growth during the Sixth Plan, this growth has not been translated into budgetary resources for financing development. This has created serious structural imbalances in public finances. The inelasticity of the tax structure has meant that additional taxation measures have been required each year. However, the revenues generated have not been adequate to cover rapidly growing current expenditures. In recent years, deficits in the current budget have been growing, compelling the government to borrow not only for financing its development programme but also for a part of its non-development expenditures, thereby increasing its overall debt servicing liability. The situation cannot be sustained for long. Over the Seventh Plan period, therefore, efforts would be aimed at restructuring the fiscal system at all levels - federal, provincial and local - in order to reduce the growing budgetary deficits and the consequent dependence on internal and external borrowing.

SIXTH PLAN REVIEW

3. An analysis of the implementation of the Sixth Plan has been carried out basically with a view to identifying structural weaknesses in our fiscal system. The fiscal strategy proposed in the Sixth Five-Year Plan had emphasized significant generation of non-inflationary domestic resources to reduce the dependence on internal and external borrowing. The plan had anticipated that 36 per cent of budgetary financing for the public sector development programme (PSDP) would be provided through revenue surpluses and from the internal generation of the investible funds in the public sector enterprises. The balance, 64 per cent, was to be realized from borrowing, both from external (25 per cent) and from domestic (39 per cent) sources. These expectations were not fulfilled.

4. The deterioration in public finances over the past few years has been due to several factors. First, the present taxation structure is relatively inelastic and relies heavily on taxation of foreign trade with a specific rate structure. Domestic taxes are imposed on a narrow base with a number of exemptions. Thus, to increase revenues it becomes necessary to introduce new taxes each year. Despite this, the tax to GDP ratio has been virtually constant. Second, there has been a rapid increase in current expenditures on defence, debt servicing (particularly interest obligations on domestic debt), subsidies and on social services and general administration. Third, since 1980-81, the structure of financing the overall deficit has undergone fundamental changes with increasing reliance on high cost domestic non-bank borrowing, compelling the government to appropriate private savings at an average interest rate of 14-15 per cent per year. As a result, the domestic debt, both permanent and unfunded, now finances over 60 per cent of the overall deficit. Fourth, in recent years, none of the provinces has been able to meet fully its current expenditures from its own resources. As a result, federal grants to finance the growing level of provincial deficits have risen from about Rs 2 billion in 1982-83 to about Rs 18 billion in 1987-88.

5. A comparative statement showing financial performance during the Fifth and Sixth Plans is shown in the Table 8.1.

Table 8.1

BUDGETARY FINANCING OF THE PUBLIC SECTOR DEVELOPMENT PROGRAMME DURING FIFTH AND SIXTH PLAN
(Net Basis*)
(Current billion Rs)

	Fifth Plan Implementation	Sixth Plan Target	Expected Implementation
A. Non-Inflationary Internal Resources:	75.9	126.0	98.9
- Revenue Surplus*	26.5	50.0**	-36.2
- Net Capital Receipts	40.7	46.0	118.9
- Self-Financing by Autonomous Bodies	8.7	30.0	16.1
B. External Resources	20.3	56.0	43.4
C. Total Resources	96.2	182.0	142.3
D. Total Budget-financed Development Expenditures	123.9	225.0	195.6
E. Gap/Deficit Financing	27.7	43.0	53.3
Memo:			
Overall Deficit	88.8	145.0	215.6
(As % of GDP)	(6.3)	(5.3)	(7.9)

*Revenue surplus excludes amortization payments on foreign debt.
**Includes Rs 16.0 billion proposed to be raised through additional tax effort.

6. The most striking feature of the budgetary performance during the Sixth Plan period has been the emergence of revenue deficits instead of anticipated revenue surpluses, and the steady increase in the overall budgetary deficits. These deficits, as a proportion of GDP, have increased from less than 5 per cent in 1982-83 to about 8 per cent in 1987-88.

7. The average real annual growth of 8.9 per cent in the revenue receipts achieved during the Fifth Plan period also decreased to about 8.5 per cent in the Sixth Plan period (Table 8.2). The main decline occurred in the receipts of direct taxes which showed a marked deterioration, declining from 2.6 per cent of GDP at the end of the Fifth Plan to 2.0 per cent of GDP at the close of the Sixth Plan. In contrast, the contribution of indirect taxes, as a proportion of GDP increased from 10.9 per cent in 1982-83 to 11.1 per cent in 1987-88. Similarly, non-tax receipts also rose sharply during the Sixth Plan - by 16.4 per cent per year in real terms - compared to an 8.0 per cent per year real increase during the Fifth Plan. This was mainly because of the substantial increase in the profits of the Telegraph & Telephone (T&T) Department and the rising level of interest and dividend receipts.

Table 8.2

CONSOLIDATED REVENUE RECEIPTS

(Current billion Rs)

	1977-78	1982-83	1986-87	1987-88	Expected Annual Growth Rate % Fifth Plan	Sixth Plan
Revenue Receipts	26.1	58.7	97.8	118.0	17.6	15.0
Tax Receipts	21.6	49.0	78.2	90.0	17.8	12.9
Direct Taxes	3.2	9.7	11.2	14.0	24.8	7.6
Indirect Taxes1	18.4	39.3	67.0	76.0	16.4	14.1
Non-Tax Receipts	4.5	9.7	19.6	28.0	16.6	23.6
Memo:						
As % of GDP						
Revenue Receipts	14.8	16.2	16.1	17.2		
Tax Receipts	12.2	13.5	12.9	13.1		
Direct Taxes	1.8	2.6	1.8	2.0		
Indirect Taxes	10.4	10.9	11.1	11.1		

8. The annual growth in revenues during the Sixth Plan is estimated to be 15.0 per cent in nominal terms, or about 9 per cent in real terms, well above the growth in national income. This may be regarded as a satisfactory outcome, even though it was not high enough to keep pace with the growth of non-development expenditure.

9. Expenditures on defence, debt servicing, social services and administration, accounting for about 80 per cent of non-development current expenditures, have increased much faster than the growth in the GDP during the plan period (Table 8.3).

10. It is evident from Table 8.3 that the rate of growth in non-development expenditure in nominal terms declined from 19.6 per cent per year in the Fifth Plan to 17.4 per cent in the Sixth Plan. However, in real terms, the rate of growth in non-development expenditure has been around 10.7 per cent in both the plan periods. During the Sixth Plan the rate of growth in non-development

expenditure was two to three percentage points higher than the growth in revenues, leading to a progressive worsening of the budgetary deficits, an increase in borrowing requirements and an acceleration in debt service payments. At present, debt servicing constitutes about 25 per cent of non-development expenditures and is also its fastest growing component.

Table 8.3

NON-DEVELOPMENT CURRENT EXPENDITURE
(Consolidated)

(Current billion Rs)

	1977-78	1982-83	1986-87	1987-88 (Expected)	Annual Growth (%) Fifth Plan	Sixth Plan*
Total Non-Development <u>Expenditure</u>	25.5	62.5	121.3	139.3	19.6	17.4
- Government & Administration	3.4	6.5	13.3	14.0	13.8	16.6
- Defence	9.7	24.6	38.9	44.0	20.5	12.3
- Non-Development Subsidies	1.8	2.7	7.5	8.0	8.4	24.3
- Debt Servicing**	4.1	13.8	31.9	36.8	27.5	21.7
Domestic	1.5	6.2	15.3	19.0	32.8	25.1
Foreign	2.6	7.6	16.6	17.8	23.9	18.6
- Community services	0.8	2.0	4.3	5.0	20.1	20.1
- Social services	3.3	7.3	16.2	17.6	17.2	19.2
- Economic services	2.2	5.3	7.7	6.9	19.2	5.4
- Others	0.2	0.3	1.5	7.0		
<u>Memo</u>:						
As % of GDP						
- Total Expenditure	14.5	17.2	19.9	20.3		
- Government & Administration	1.9	1.8	2.2	2.0		
- Defence	5.5	6.8	6.4	6.4		
- Subsidies	1.0	0.7	1.2	1.2		
- Debt Servicing	2.3	3.8	5.2	5.4		
-Community Services	0.4	0.5	0.7	0.7		
-Social Services	1.9	2.0	2.7	2.6		
-Economic Services	1.2	1.5	1.3	1.0		

* Five years' likely average.
** Excludes repayments on short-term borrowing.

11. Domestic borrowing increased during the Sixth Plan as no current account surpluses could be generated. The entire development programme as well as a part of non-development expenditures had to be financed through borrowing at high rates of interest. The outstanding internal debt liability has grown five times during the last decade. The burden of domestic debt increased from Rs 40 billion (23 per cent of GDP) in 1977-78 to Rs 237 billion (39 per cent of GDP) in 1986-87 (Statistical Appendix Table 8.1).

12. The Sixth Plan had estimated net foreign resource inflows at $ 4.07 billion over the five years. As against this, actual availability is not expected to be more than $ 2.65 billion (Table 8.4). This shortfall in foreign aid also increased the need for domestic borrowing.

Table 8.4

EXTERNAL RESOURCES

(Current million $)

	Sixth Plan Target	Likely Implementation	Percentage Achievement
A) Normal Disbursement	6666	4728	71
- Project Aid	4133	3176	77
- Commodity Aid	2089	902	43
- Food Aid	444	645	145
- Other	-	5	-
B) Short-term borrowing	-	1262	-
Gross Aid (A+B)	6666	5990	90
C) Repayment of Foreign loans	2592	3344	129
- Long-term	259	2182	84
- Short-term		-	1162-
D) Net Aid (A+B-C)	4074	2646	65

13. The Sixth Plan did not envisage any contribution from the provincial governments towards the financing of their development programmes. However, it was expected that the provinces would finance their current expenditures, at least. This did not happen, and the aggregate deficits of the provinces rose from Rs 2 billion in 1982-83 to Rs 18 billion in 1987-88 (Table 8.5).

14. In the first year of the Sixth Plan (1983-84) the provinces' own tax and non-tax revenues financed 30.4 per cent of their current expenditures. In the terminal year of the plan (1987-88), this percentage is expected to come down to 19.1 per cent. The share of federal tax assignments is also likely to decline from 52.3 per cent in 1983-84 to 36.9 per cent in 1987-88, and federal govern-

ment non-obligatory grants to the provinces to increase from 16.9 per cent in 1983-84 to 44.1 per cent in 1987-88. The present practice of supplementing the revenue sharing arrangement with non-obligatory budgetary grants has now become a major cause for concern.

Table 8.5

PROVINCIAL FINANCING DURING THE SIXTH PLAN

(Current billion Rs)

	1983-84 (Actual)	% share	1987-88 (Projected)	% share	Sixth Plan (Total)	% share
Provincial Governments' Own Tax/Non-tax Revenues	6.6 (1.4%)	30.4	7.8 (1.1%)	19.1	35.0	22.0
Federal Tax Assignments	11.3 (2.5%)	52.3	15.1 (2.1%)	36.9	64.8	40.4
Federal Grants	3.7 (0.8%)	16.9	18.0 (2.5%)	44.1	61.0	38.0
Borrowing (Net)	0.1	0.4	-0.02	-0.04	-0.4	-0.2
Total Resources	21.6	100.0	40.8	100.0	160.4	100.0
Total Current Expenditure	21.6 (4.7%)		40.5 (5.8%)		160.4	
Development Expenditure	7.0 (1.5%)		14.5 (2.5%)			

Note:Figures in brackets are ratios to GDP.

15. Current expenditure on the social sectors increased from 11.5 per cent of total current expenditure in 1982-83 to 13.8 per cent in 1987-88, showing an average annual increase of 21.6 per cent as against 17.4 per cent during the Fifth Plan. But the most disappointing feature of the Sixth Plan was the inability of the provinces to impose user charges to recover a part of their recurring expenditures on the social sectors. A comparison of the total current expenditures on three main sectors (social, economic and community services), from which user charges could have been recovered and the actual recovery of user charges is given below (Table 8.6) to indicate the extent of the subsidy provided to these sectors.

STRATEGY FOR THE SEVENTH PLAN

16. Financing a public sector development program of Rs 350 billion with a budgetary allocation of Rs 226 billion (both at 1987-88 prices), while keeping bank and non-bank borrowing within manageable limits, is possible only if public sector savings are significantly increased. A substantial programme of tax reform would have to be implemented, and better collection of existing taxes ensured through improvement in tax administration. Furthermore, the rising trend of current expenditures will have to be curtailed to eliminate revenue deficits. Institutional measures should be put in place to impose strict financial discipline on the budget.

Table 8.6

CURRENT EXPENDITURES ON SOCIAL SECTORS

(Current billion Rs)

	Current Expenditure	Receipts from User charges	Receipts as % of current expenditure
- Social Services	51.8	2.1	4.0
- Economic Services	20.1	9.4	46.8*
- Community Services	10.5	0.9	8.6
Total	82.4	12.4	15.0

* This higher percentage is due to higher irrigation receipts where the ratio of user charges to expenditures is about 50 per cent. The recovery of user charges from education and health are only 1.1 and 4.1 per cent respectively.

17. It is expected that after the award of the National Finance Commission (NFC), the provinces will be able to balance their revenue budget. This budgetary balance should be ensured throughout the plan period. No provincial deficits on the revenue account should be picked up by the federal government. On the other hand provinces should be given greater freedom to utilize their revenue surpluses. Provincial governments should balance their revenue budgets by containing expenditures and raising revenues through taxation or appropriately raising user charges such as school and colleges fees, hospital bed charges and tolls on roads and bridges to match the cost of services provided.

18. An important shift in fiscal policy during the plan period is a fundamental change in the financing of the developmental programmes of Water & Power Development Authority (WAPDA), Oil &

Gas Development Corporation (OGDC) and Telegraph & Telephone (T&T) Department. Budgetary allocations for these bodies will be restricted to the foreign loans and aid channeled to them through the government. For the rest, they will have to finance their programmes through internal resource generation, or by borrowing from the capital markets.

19. More specifically, the Seventh Plan fiscal strategy aims to bring about the following changes:

- Balancing the revenue budgets of the federal and provincial governments.

- Instituting effective expenditure review and control policies in all areas of government spending, including subsidies, and restraining the growth of current expenditure within clear cut targets.

- Bringing structural changes in the taxation system to make it more elastic, and combining these changes with better tax administration.

- Making the provinces financially viable by equitable distribution of tax revenues and subjecting them to incentives and penalties to maintain budgetary balance.

- Removing from budgetary finance such sectors which can undertake self-financing of their investment programmes through adjustments in their user charges, and independent borrowing from the internal and external financial markets.

20. The plan projections indicate that if no policy changes are made in the Seventh Plan, the budgetary deficit would reach alarming proportions (Statistical Appendix Table 8.2). The revenue deficit would rise to Rs 31 billion in the terminal year of the Seventh Plan and the overall deficit, on a net basis, would reach 8.4 per cent of GDP, despite the exclusion of WAPDA, OGDC, and T&T. This situation is clearly untenable.

21. The following taxation and expenditure control measures would be necessary to reduce the budgetary deficits to manageable proportions:

- Withdrawal of most of the income tax exemptions, increase in the number of tax assessees and improvement in tax administration. Simplifying the assessment and collection of taxes.

- Imposition of a local cess to finance expenditures of the local bodies as well as improvement in the assessment and collection of *ushr*.

- Broadening the coverage of sales tax in the following manner:

a) Imposition of sales tax on most imports, and

b) Imposition of sales tax on industrial production in the organised sector -- 22 per cent of total industrial production to start with and rising to 28 per cent by the terminal year of the plan.

- Rationalizing the structure of excise by restricting it to only major commodities, and replacing excise duties by a sales tax in other cases.

- Gradually reducing all subsidies and gradually increasing user charges on education, health, irrigation water and roads.

- Containing the growth of non-development expenditures to about 4 per cent per year in real terms.

- Limiting the growth in social sector expenditures to 8 per cent per year in real terms.

22. The above measures will eliminate the current revenue deficit. The overall deficit will be reduced from 7.9 per cent of GDP in 1987-88 to less than 4.0 per cent by the terminal year of the plan.

23. In order to improve the fiscal position of the government and to move gradually towards greater self-reliance, it would be essential to raise additional resources of at least Rs 80 billion at 1987-88 prices in the Seventh Plan. These resources would largely be used to finance the current account deficits. Development expenditure would be financed almost entirely through domestic and external borrowing.

24. The consolidated budgets of the federal and provincial governments have been projected on the above basis and are given in Statistical Appendix Table 8.3 and 8.4.

MONEY AND CREDIT

25. The financial sector in Pakistan has shown impressive growth over the years. Financial

savings, both bank deposits and saving schemes, have increased to over 40 per cent of GNP from 30 per cent in 1974-75. Bank deposits have continued to rise by 10 per cent per year in real terms and the number of depositors at present is equal to about one-fifth of the total population. Despite the phenomenal growth in this sector, there are some institutional and policy problems which have to be resolved to improve its efficiency in allocation of financial resources. In particular, improvements are needed in government debt management, the system of credit allocation, the efficiency of the banking system and the operation of the capital market.

26. The growing size of government domestic debt has necessitated high interest rates for government non-bank borrowing, while borrowing from the banks is being made at artificially low rates. This has resulted in severe distortions in the money market. After the government's budgetary deficit has been brought down, real interest rate on government's non-bank borrowing can also be lowered. Borrowing from the banks should be made at market-related rates. The rates of return on various government borrowing instruments like saving certificates, bearer bonds, long-term bonds and treasury bills also need to be rationalized and brought in line with market requirements.

27. Interest rate subsidies are being currently allowed in case of agricultural loans, and credit for export and for purchase of locally manufactured machinery. There are widespread complaints regarding the misuse of these concessions. It is therefore necessary to review these subsidies, reduce them and provide safeguards against their abuse.

28. There is also an urgent need to improve the efficiency of the nationalized commercial banks. For this purpose the banks have to be provided full autonomy. At the same time State Bank should tighten its supervisory arrangements. There should also be proper accounting of the non-performing loans of the commercial banks. Quantitative performance criteria should be laid down and bank managements should be rewarded for good performance and penalized for defaults.

29. Private investment banks should be permitted to be set up to provide a necessary element of competition for the banking system. Strict supervisory arrangements will be necessary to prevent exploitation and fraud. On the basis of their performance such banks could be permitted to assume commercial banking functions.

30. There has been a progressive increase in indicipline among borrowers. The legal system for debt recovery should be reviewed to make it more effective. Cases of defaults by corporate sector should not be allowed to linger on and debt should be recovered by disposal of their assets, and the unrecoverable debts should be written off.

31. Capital markets are still in a rudimentary stage. Their growth is hampered, *inter alia*, by a lack of depth. There is also a need to take effective action to prevent insider abuse. For this purpose, the regulation and supervision of the capital market must be strengthened. The accounting and auditing of the corporate sector also requires improvement. The lowering of real interest rates on government borrowing should help the capital market.

32. Monetary policy during the Seventh Plan would aim at restraining monetary expansion to 12.5 per cent per year, broadly in line with the projected increase in nominal GNP. The breakdown of the components of monetary expansion during the Seventh Plan is given in Statistical Appendix Table 8.5.

CHAPTER 9

TRADE AND EXTERNAL FINANCING

This chapter presents an analysis of balance of payments performance during the Sixth Plan. The chapter then goes on to discuss the targets and objectives of the external payments position as it is expected to evolve during the Seventh Plan with emphasis on the policy framework that will support these goals.

SIXTH PLAN REVIEW

2. The Sixth Five-Year Plan had envisaged a considerable strengthening of Pakistan's balance of payments position. Based on a decisive shift in the production and export of higher value added items, and the accelerated development of agro-industrial potential for export markets, exports were projected to grow by 15 per cent per year in current prices, from $ 2,504 million in the base year to $ 5,036 million in 1987-88, or by 8.5 per cent per year in volume terms. Imports were expected to rise by a relatively modest 12 per cent per year, or 5.5 per cent per year in volume, on the assumption of eliminating the imports of food items in which near self-sufficiency has been achieved and the possibilities of securing substantial import savings across a large number of other items. Reflecting the uncertainties of the demand for labour in the Middle East, the plan had anticipated a marked slowdown in the flow of workers' remittances to a growth of only 10 per cent per year in current prices, almost half the rate achieved during the Fifth Plan. On these assumptions a cumulative current account deficit of $ 6.0 billion was expected over the plan, or an average of $ 1.2 billion per year (2.7 per cent of GNP).

3. On the capital account, the plan had assumed that the substantial build-up of the commitments of external assistance in the last year of the Fifth Plan would continue and allow real net aid inflows to rise by 3.5 per cent per year. In addition, the plan also envisaged the possibility of supplementing these official flows by prudent amounts of commercial borrowing for selected high-priority development projects. Overall, the Sixth Plan had envisaged that these developments would lead to a gradual strengthening of Pakistan's foreign exchange reserves position with gross foreign exchange reserves rising to the equivalent of three months' imports of goods and services by the terminal year 1987-88.

4. An evaluation of the balance of payments performance during the Sixth Plan suggests that in contrast to the anticipated strengthening of the external position, Pakistan's balance of payments came under some pressure. Despite impressive trade performance, the current account position weakened, averaging 3 per cent of GNP, largely on account of the fall in workers' remittance flows which led to a sharp erosion of Pakistan's surplus on its invisibles account. On the capital account, shortfalls in external assistance and other capital flows, and higher debt service payments (including repurchases from the IMF), are expected to lead to a weakening of Pakistan's foreign exchange reserves position.

5. In the first year of the Sixth Plan, 1983-84, the balance of payments recorded an overall deficit of $ 86 million as the current account moved to $ 1.0 billion or 3.1 per cent of GNP. This deterioration in the current account stemmed from adverse exogenous developments which led to a 1.6 per cent nominal increase in exports, a decline in workers' remittances and a surge in import payments. Raw cotton and textiles exports fell dramatically reflect-

ing sharply reduced availabilities following the disastrous cotton crop. The rapid growth of import payments was a consequence of higher edible oil prices which reached a record high.

6. In 1984-85, there was a further sharp deterioration in the external position. The current account deficit widened to $ 1.6 billion equivalent to over 5 per cent of GNP and the overall balance recorded a deficit of $ 1.0 billion. The two major factors underlying these results were a fall in exports and remittances of 8 per cent and 11 per cent respectively. The adverse developments in the current account were exacerbated by a decline in net capital inflow reflecting lower aid disbursements and higher outflows on account of debt servicing.

7. In the following year 1985-86, however, Pakistan's balance of payments underwent a significant improvement. The principal elements accounting for this improvement were a near 20 per cent increase in exports combined with a marginal fall in imports and an upturn in remittances. As a consequence, the current account contracted to 3.4 per cent of GNP and the capital account benefited by higher aid disbursements and inflows of receipts of the foreign exchange bearer certificates and the deposits of foreign banks. As a result, Pakistan's gross foreign exchange reserves rose by close to $ 200 million.

8. The balance of payments strengthened further in 1986-87. With exports continuing to grow rapidly (20 per cent in value) combined with a modest decline in the value of imports, the trade deficit improved sharply. Despite an 11 per cent fall in the workers' remittances the current account deficit declined to only 2.1 per cent of GNP, and the overall balance of payments recorded a surplus of $ 197 million.

9. Current projections for the final year of the Sixth Plan 1987-88 suggest that the balance of payments will come under renewed pressure despite continued robust growth in exports. These pressures are likely to arise from a resumption of import growth and a fall in the surplus on the invisibles account. As a consequence, the current account deficit is expected to rise to about 2.8 per cent of GNP. After allowing for other capital flows and Pakistan's repurchases from the IMF, an overall financing gap of about $ 400 million is likely to emerge. However, this gap could be significantly lower if exports respond more positively to the recent initiatives contained in the new Trade Policy and workers' remittances stabilize at around $ 2.2 billion.

10. The performance of major components of the balance of payments during the Sixth Plan are presented in detail in Statistical Annexure Tables 9.1 to 9.7.

11. In sum, overall balance of payments developments during the Sixth Plan present a mixed picture. Trade performance was good and helped to mitigate the very sharp deterioration in the invisibles account that occurred due to adverse exogenous developments whose severity could not be foreseen. Under these circumstances, limiting the current account deficit to around 3 per cent of GNP over the plan constitutes a notable achievement. On the other hand, the vulnerability of the external sector to a narrow export base and reliance on the uncertain flow of the workers' remittances was heightened. Export diversification in terms of both commodities and markets remained an elusive goal. The much-hoped-for breakthrough in high value agricultural exports failed to materialize; yields remained low and the sub-sector continued to be hampered by a host of marketing, infrastructure and technical inefficiencies.

12. In manufacturing, despite considerable progress towards greater reliance on market-determined price and investment signals, and reforms of the trade, incentives and regulatory regime, the sector continued to suffer from a lack of sufficient export orientation. High protection, the security of the domestic market, and the absence of domestic and international competitive pressures on firms to upgrade technological and managerial efficiency and quality of output -- factors which are essential to maintaining international competitiveness -- undermined export prospects as well. It was evident that policies to stimulate competition and efficiency combined with a more effective set of export promotion measures to help offset the bias inherent in the trade regime were needed if Pakistan's potential for manufactured exports was to be fully exploited.

SEVENTH PLAN: STRATEGY AND POLICY FRAMEWORK

13. The Seventh Plan, will build upon the elements of strength identified by the performance of the external sector during the Sixth Plan and address the structural weaknesses that have emerged. Given the need to progressively reduce dependence on workers' remittances, the limited prospects for a sustained improvement in the terms of trade, the constrained outlook for external concessional assistance and a world trading en-

vironment that will at best remain uncertain, maintaining a viable external payments position during the Seventh Plan will represent a considerable challenge.

14. Our ability to achieve the balance of payments targets set in the plan will depend on sound macroeconomic management, implementation of structural reforms in the key trade-related sectors, and the adoption of a more aggressive export-led growth strategy. Rapid and sustained improvements in export performance combined with efficient import substitution will need to be supported by policies which help restructure and reorient growth towards a more dynamic export sector. This will be essential to finance the required increase in investment and essential imports while maintaining prudent external debt levels.

15. There are broadly four areas where action will be needed to assure the realization of the Plan's objectives:

- First, in agriculture, a substantial improvement in yields, product quality, marketing efficiency and the development of a complete support system for the grower to exploit fully the potential for exports of high value agricultural commodities will be required.

- Second, in industry, the enactment of a more efficient set of pricing and trade incentives aimed at fostering greater competitive efficiency will be necessary. This will call for a reorientation of the structure of incentives towards exports, combined with measures aimed at improving the domestic policy environment through further deregulation and reductions in sanctioning requirements so as to stimulate internal competition and create a more flexible and resilient industrial structure. The Plan also addresses critical issues related to technology flows, design and quality standards, and export marketing.

- Third, in the energy sector, continued rationalization of domestic energy prices and intensified conservation efforts should take place so as to provide incentives for the exploration and development of domestic energy resources while containing the demand for energy and oil imports; and
- Fourth, in the area of trade policies, an active exchange rate policy guided by the need to accelerate the flow of exports and diversify its composition, and restrain inessential imports, combined with the establishment of a 'free trade' status for exporters and the extension of these incentives to indirect exporters, is called for.

16. Reaffirming that efficient export-led growth can make a significant contribution to reducing Pakistan's trade deficit and external financing needs, in June 1987 the government announced a new Trade Policy which would remain in force for the three years upto 1991. This new policy constituted a major step towards neutralizing the unfavourable impact of domestic protection on exporters' costs and signals a major government commitment to export-oriented development. Embodying an innovative array of trade promotion actions, the basic thrust of the Trade Policy is to establish a more neutral incentive regime combined with positive intervention in favour of exporters. When complemented by the planned improvements in the domestic regulatory environment and a rationalisation of the structure of industrial protection, Pakistan will have in place a solid policy framework which should greatly sharpen the economy's ability to engender export-led growth and establish the basis for sustained improvement in trade performance during the Seventh Plan.

17. Some of the important specific measures embodied in the new Trade Policy are:

- highest priority to improvements in export unit values and export quality through enhanced fiscal concessions, the development of technology institutions, and trade houses;

- a more effective and comprehensive system of export compensation;

- a fundamental change in export quota policy for textiles so as to maximize value addition;

- a significant easing of access to imported raw materials and modern machinery to facilitate quick modernisation and technical upgrading of export industry, as well as improving quality standards;

- improved access to credit for exporters through the establishment of an Export Credit Wing in the State Bank of Pakistan;
- greater emphasis on product design and marketing strategies by enhancing financial resources of the Export Market Development Fund;

- special steps to accelerate the development and modernization of the powerloom sector;
- stimulating export competition through the induction of the private sector in the export of rice and cotton;
- removal of all restrictions on the textile sector including permission for the free import of high quality yarn;
- forging a closer link between export and import flows through trade diplomacy and special incentives for the export of engineering goods; and
- establishment of efficient mechanisms for implementing and monitoring export-specific measures.

THE EXTERNAL ENVIRONMENT

18. While domestic economic reforms in the areas of trade, finance and industrial policy will play a crucial role in encouraging rapid export growth and efficient import substitution, developments in the world economy will also be important given our reliance on trade and factor service flows. Statistical Appendix Table 9.8 brings together the key assumptions on world output and trade growth, commodity prices and other indicators which underlie the assessment of external sector prospects during the Seventh Plan.

19. The world economic recovery that started in 1983 has already showed that it is weakening. The rate of output growth in the industrial countries fell to 2.5 per cent in 1986 compared to 2.8 per cent in 1985 and 4.6 per cent in 1984. In the developing countries as a whole, GDP growth slowed to 4.2 per cent in 1985, from 5.1 per cent in 1984. At the same time, current account imbalances among the industrial countries remained large and the debt problem of developing countries persisted. Protectionism and the risk of a spreading trade war threatened to create a period of prolonged stagnation in world trade. Flagging demand, rising supplies, the calamitous fall in prices and generally deteriorating terms of trade continued to characterize the 'commodities problem'.

20. Between 1980 and 1986 the index of real prices of non-fuel commodies fell 30 per cent to their lowest level since the 1930s. Of more immediate relevance, oil prices also fell, most notably in 1986 and recovered only partially since then. While this had a favourable effect on our oil import bill and the terms of trade, the decline in petroleum prices dramatically slowed growth and import demand in the oil-exporting countries, severely affecting our exports and inflows of workers' remittances. On the positive side, world inflation has remained low and some reductions in fiscal deficits have left more room to expand demand and stimulate growth.

21. The outlook for the medium term will depend on policies adopted by the industrial countries. Fiscal and payments imbalances must be reduced in a way that maintains growth. Reductions in protectionism will be essential to increase international trade flows. If carefully coordinated and favourable macroeconomic and structural policies are put in place, growth in member countries of the Organization of Economic Cooperation and Development (OECD) could average 3.5 per cent per year upto 1995. Under these circumstances, developing countries should find it easier to pursue their own economic and trade reforms and output and exports could well rise by 6 per cent and 7 per cent per year respectively. Some moderate improvement in commodity prices can be expected towards the end of the 1980s as low prices sustain demand growth and discourage new supplies.

22. Oil prices are expected to increase gradually in response to continuing growth in oil demand as the world economy grows and the relatively stable levels of production continue in countries which are not members of the Organization of Petroleum Exporting Countries (OPEC). World trade is expected to be held back initially by stagnant imports by the United States (US) and decline in OPEC imports as this sector adjusts to lower oil prices. By 1989, however, OPEC imports are forecast to rise rapidly as real oil prices rise while US imports expand at more normal rates. As a result world trade can be expected to increase in the 5-6 per cent per year range supported by fairly rapid growth in the developing countries' imports due to a recovery in the real prices of commodities.

SEVENTH PLAN EXPORT PROSPECTS

23. On these assumptions, the Seventh Plan will aim for an overall export growth of 9.1 per cent per year in volume and 12.6 per cent per year in value, comprising 2.8 per cent growth in exports

of primary commodities and over 11 per cent for manufactures. Table 9.1 presents a summary statement of export targets by major commodities in constant 1987-88 prices while Statistical Appendix Table 9.9 provides more details on the volume and price assumptions that underlie these targets.

Table 9.1

SEVENTH PLAN EXPORT PROJECTIONS

(At 1987-88 constant million $)

	1987-88 (Bench mark)	1992-93 (Pro jected)	Annual Growth (% p.a.)
Rice	341	391	2.8
Basmati	181	210	3.0
Other	160	181	2.5
Raw Cotton	765	861	2.4
Yarn	502	641	5.0
Cotton Cloth	413	540	5.5
Readymade Garments	352	876	20.0
Other Textile Made-ups *	350	825	18.7
Carpets	211	251	3.5
Leather	250	351	7.0
Fish & Fish Preparations	120	202	11.0
Others	988	1696	11.4
	------	------	-----
Total Exports (cif)	4292	6634	9.1
Total Exports (fob)	4200	6492	9.1

* including towels

24. Amongst primary commodity exports, cotton and rice occupy an important position and are expected to remain so over the Seventh Plan period. The projections shown for raw cotton exports are linked to growth in domestic production and the prospects for expansion in the production and exports of cotton textiles. Externally, the trade outlook for cotton is likely to remain uncertain, notwithstanding the recent sharp increase in demand and prices. The anticipated actions of China and the US to reduce their large cotton stocks are likely to affect significantly the distribution of exports over the immediate term. As a consequence, demand and price trends are expected to show only modest upward movement. Reflecting these assumptions, raw cotton exports are projected to rise by 2.4 per cent per year in volume terms with prices increasing by about 2 per cent each year. Total earnings from raw cotton are expected to reach about $1.0 billion by the terminal year of the Seventh Plan.

25. World trade in rice is expected to remain volatile as only a small fraction of the world production is traded internationally and low supply and demand elasticities mean that prices move sharply to bring about an equilibrium. Pakistan's rice exports comprise of high value basmati rice, and other varieties which are priced at half as much. Demand for basmati is largely confined to the oil-producing countries of the Gulf where demand is expected to range between 300-350 thousand tons per year. Competition is expected to come mainly from India, which in recent years has emerged as a major challenge to Pakistan's near-monopoly position in high quality rice exports. The Seventh Plan assumes that basmati exports will rise by about 3 per cent per year in volume terms with prices firming by 2 per cent each year.

26. The prospects for exports of other rice will depend on future developments in countries where rice is a staple crop. Present forecasts of international trade in rice upto 1990 and beyond predict a continuing over-supply condition in world markets. Moreover there is evidence of shifting demand patterns (from rice to wheat) which is likely to slow down the growth of rice consumption in the future. Despite some restoration of rice prices from current depressed levels, external conditions are expected to remain subdued and markets highly contested. Maintaining our present world market share will require efforts to improve procurement specifications, milling standards and adoption of an aggressive marketing posture. The Seventh Plan assumes that rice exports will increase by 2.5 per cent per year in volume; prices are expected to fall in real terms as competition intensifies in a slow-growing market.

27. By far the most important element of the plan's export strategy will be the accelerated growth of manufactured exports. Within this category, textiles will continue to occupy an important, if diminishing, role as the plan aims at diversifying the sources of incremental growth in earnings. There are a number of important elements which underpin the Seventh Plan strategy for exports of textiles. (Statistical Appendix Table 9.8 presents in fuller detail the targets for volume and price growth for Pakistan's major textile exports):

- First, increased product diversity will be sought. While maintaining current market shares in fabrics and yarn, a substantial acceleration in exports of higher value added and better quality garments and made-ups is sought. Given that Pakistan has been very successful in filling quotas in recent years, the most profitable route to further expansion in foreign exchange receipts will be to fill quotas with the highest value added products. According to one estimate, if Pakistan were able to raise its present unit values to close to the average of the unit values of its competitors in one important market, earnings could triple under existing quota arrangements.

- Secondly, Pakistan must actively seek new markets so as to secure a more diversified market structure for its exports. At present, Pakistan exports 52 per cent of its goods to high-income market economies. While getting round the protectionist wall through higher unit values offers a promising route to enhanced foreign exchange earnings, exploring new markets for non-restricted textiles and other manufactured exports can also substantially raise external demand while imparting greater stability to earnings.

- Third, effort will be made to disseminate information about market opportunities.

28. Other non-textile exports are also expected to perform well. Exports of tanned leather are projected to continue to grow in line with recent trends (7 per cent per year in volume terms). The plan seeks a significant improvement in the quality of leather through improved tanning processes and the adoption of more rigorous grading norms. However, the major source of growth in the leather sub-sector is expected to come from exports of leather manufactures - leather garments, gloves, footwear, and other leather products. Taken together, exports of these items are forecast to grow by 16 per cent per year with earnings of over $ 300 million by the terminal year of the plan. The recovery in the exports of carpets is expected to continue. However, growth in this sub-sector is expected to be fairly modest with volume increasing by only 3.5 per cent a year.

29. One of the few bright spots in world agricultural trade is fisheries where world trade has expanded remarkably, rising to about $ 17 billion in 1986 from only $ 1.3 billion in 1961. The share of the market occupied by developing countries has also grown significantly, increasing in value from some 24 per cent in 1965 to about 44 per cent at present. Shortages of supply, strong demand from the growing populations of developing countries and a renewed interest in fish as a healthy and attractive food in the more high-income regions will combine to ensure that the outlook for fish trade will remain favourable.

30. In recent years, Pakistan has expanded its exports of fish by 10 per cent per year in volume. In the Seventh Plan, product quality will be the most important consideration. Improvements in infrastructure and handling facilities and more aggressive and direct measures to promote Pakistan's reputation in foreign markets will be pursued. Programmes to encourage standardization, quality control, improved grading and processing standards will enable better Pakistani exporters to charge a premium for higher quality products. Reflecting these measures, exports of fish and products are projected to grow by 16.6 per cent per year in value and 11 per cent per year in volume.

31. The Seventh Plan will place priority on the modernization of horticultural marketing with the main objectives of supplying to a rapidly growing urban market, the development of exports and diversification in the small-farm sector. Rapid advances in the production and marketing of fruits and vegetables expected in the past plan periods have not been achieved despite Pakistan's advantages of climate and varying regional production potential mainly because of poorly developed markets and marketing structures. The full implementation of the Fruit and Vegetable Marketing and Storage project will be critical to the development of horticulture and horticultural export development.

32. An increase of 15 per cent per year is expected in the export marketing of tropical fruits, vegetables and condiments. The greatest new opportunities for exports are likely to occur in the specialized high-value crops such as mushrooms, medicinal and aromatic herbs and crop products, and fruit juices, especially oranges. For these crops and products increases in excess of 20 per cent per year can be achieved if development is planned, technical support provided and marketing established on integrated and modern lines. Other manufactured exports which are also projected to do well during the Seventh Plan are engineering goods and steel products.

TOWARDS EFFICIENT IMPORT SUBSTITUTION

33. Imports are forecast to grow by 4.5 per cent per year in real terms (and 8.0 per cent per year in value) implying an elasticity of 0.7 with respect

to GDP (Table 9.2). Attaining this level of restraint in the growth of imports over the Seventh Plan will be a challenging task.

Table 9.2

SEVENTH PLAN IMPORT PROJECTIONS

(1987-88 constant million $)

	1987-88 (Bench mark)	1992-93 (Pro jected)	Growth Rate (% p.a.)
Tea	135	149	2.0
Edible Oils	280	357	5.0
Fertilizer	207	318	9.0
Petroleum	994	1441	7.7
Crude	463	574	4.4
Products	531	867	10.3
Capital Goods	2100	2680	5.0
Others	3359	3872	2.9
Total Imports(cif)	7075	8817	4.5
Total Imports(fob)	6500	8100	4.5

34. By far the greatest potential for efficient import substitution lies in the energy sector. Recent oil discoveries, which have considerably improved the prospects for higher domestic oil production, and continued structural reforms in the energy sector can be expected to lead to a substantial increase in the development of energy resources. Improved energy planning and conservation measures are also expected to play an important role in limiting import demand. However, present indications are that even with domestic oil production rising by 10 per cent per year, imports of crude oil will grow every year by 4.4 per cent in volume and about 10 per cent in value as prices are expected to recover from their presently low levels. Petroleum product imports are expected to grow by over 10 per cent per year in volume terms with some prospect of slowing down in later years as a result of likely increases in refining capacity.

35. The potential for increasing the domestic production of oilseeds remains high. Domestic production of oilseeds is projected to grow by 5 per cent per year so that by the end of Seventh Plan we should be in a position to meet about 45 per cent of our total requirements of edible oils. In support of these domestic production targets, attention will be given to improving relative prices for oilseeds, improving cropping practices, strengthening extension and research and increasing the rate of extraction from cottonseed, rape and mustard through a programme of rehabilitation of existing extraction plants. As a consequence of these measures, edible oil imports are expected to grow by 5 per cent per year in volume terms, significantly slower than in the past, with prices forecast to rise by 6 per cent per year.

36. Prospects for restraining the import growth of other items are also favourable. Fertilizer imports are projected to increase by 9 per cent per year with the planned establishment of plants producing phosphatic fertilizers based on local raw material and the enhancement of production capacity for urea to meet the projected increase in domestic consumption. Accelerated efforts to find additional gas supplies will ensure that investments in this sector will be forthcoming and that import demand will be contained.

37. The completion of the steel mill and the early implementation of the 34 downstream projects that have been identified/sanctioned in recent years is expected to help reduce the growth of intermediate and capital goods imports while contributing to exports as well. However, these imports are still expected to grow at high rates, in line with the projected increase in output and investment. The attainment of self-sufficiency in sugar and the progressive reduction in edible oil imports will mean that food and consumer good imports will rise in line with the growth of population.

38. In the terminal year of the Plan, total imports on f.o.b. basis will be around $ 9.5 billion implying a trend growth rate of 8.0 per cent per year in value terms. Statistical Appendix Table 9.10 presents more complete details of the price and volume assumptions underlying the Plan's import projections.

INVISIBLES

39. Workers' remittances which have been a major factor in determining the size of the surplus on the invisibles account are expected to continue declining as they have been in recent years, perhaps at a slower rate. From an estimated benchmark value of about $ 2 billion, these flows are projected to remain constant in nominal terms, equivalent to a fall of 3.5 per cent a year in real terms (Table 9.3). Despite the deep recession in the construction sector of the oil-producing countries, demand for skilled and semi-skilled

labor has not weakened significantly given the need to service and operate the infrastructure developed in the earlier boom years. Through appropriate skill development policies and better information on market trends, the plan is to ensure that Pakistan will remain in a position to meet this skilled manpower demand and protect its share in the diminishing expatriate labor market. The recent announcement of a new labor export policy with a strong emphasis on skill development and improved labor market systems, offers the hope of stemming the decline in workers' remittances.

40. The continued uncertainty about petroleum price developments and its impact on the level of economic activity in the oil producing countries, however, make any projection of remittances subject to possibly wide margins of error. The slow real decline projected for the Seventh Plan appears to be the best that can be realized. With this assumption and allowing for other non-factor and factor income flows, the surplus on the invisibles account is expected to decline by close to a 10 per cent annual rate -- from about to $ 1.1 billion in 1987-88 to about $ 0.7 billion in the final year of the plan.

Table 9.3

SEVENTH PLAN INVISIBLES

(Current million $)

	1987-88 (Bench mark)	1992-93 (Projected)	GrowthRate (% p.a)
Invisibles (net)	1152.6	714.3	-9.1
a) Non- Factor Income(net)	- 299.4	- 400.0	6.0
Receipts	900.0	1264.0	7.0
Payments	-1199.4	- 1664.0	6.8
b) Factor Income (Net)	1247.0	931.4	-5.7
Receipts	2128.0	2148.4	0.2
Of which: Remittances	(2000.0)	(2000.0)	(0.0)
Payments	- 881.0	- 1217.0	6.7
of which: Interest	(- 543.0)	(- 789.0)	(7.8)
Unrequited Transfers	205.0	182.9	- 2.3

CURRENT ACCOUNT AND ITS FINANCING

41. With exports growing more than twice as fast as imports in real terms, the plan projects that the trade deficit will fall from $ 2.3 billion in 1987-88 to $ 1.9 billion in 1992-93, a cumulative reduction of over 15 per cent. However, the sharp projected decline in the invisibles surplus will mean that the current account deficit will rise from about $ 1.0 billion in the benchmark year to $ 1.2 billion in 1992-93, or by about 1.5 per cent per year in nominal terms. In relation to GNP (in current prices), however, the current account deficit would fall from an estimated 3.0 per cent in 1987-88 to 2.4 per cent of GNP in the terminal year. Statistical Appendix Table 9.11 presents an overview of the balance of payments as it is expected to evolve over the Seventh Plan.

42. Over the five-year period, the cumulative current account deficit, excluding interest payments, is expected to aggregate $ 2.7 billion. Interest payments and amortization (the latter including repurchases from the IMF) are projected to add about $ 8.7 billion. Given the present low level of gross foreign exchange reserves, the plan aims at a gradual build-up so as to increase gross foreign exchange reserves to slightly over 9 weeks' imports by 1992-93. This would add an additional $ 1.2 billion, bringing the plan's overall capital requirements to $ 12.6 billion for the five years, an amount which would have to be met from disbursements of public medium and long-term debt and other sources. Table 9.4 shows the capital requirements and financing picture for the Seventh Plan.

Table 9.4

CAPITAL REQUIREMENTS AND FINANCING

(Five Year Totals)

(Current billion $)

Capital Requirements	12.6
Current Account Deficit (excluding interest)	2.7
Interest	3.3
Amortisation *	5.4
Increase in Foreign Exchange Reserves	1.2
Sources	12.6
Official Assistance	10.2
Private Long-term (net)	0.7
Other Medium & Short-term	1.7

* includes repayment to IMF

43. Official assistance will continue to be a major source of financing of the current account deficit during the Seventh Plan. The plan will require

over $ 7.0 billion in disbursements from new commitments of official development assistance and private loans. To generate this level of disbursements and accommodate future requirements, the plan will seek new commitments of about $ 15.5 billion, or $ 3.1 billion a year. The strategy with respect to official development assistance embodies the following assumptions:

- given the estimated $ 6.5 billion aid pipeline at the beginning of the plan, new commitments of project assistance would be restricted to about $ 1.8 billion a year; and

- given the need to significantly raise the pace of aid disbursements, the plan will seek to bring about a shift in the composition of assistance towards more flexible, quick disbursing loans and policy-based sector lending. The projections assume that $ 300 million of programme and sector loans will be available every alternate year from the World Bank and the Asian Development Bank for an aggregate amount of $ 900 million over the plan.

44. With these assumptions, and allowing for commitments from other sources, gross aid disbursements are expected to aggregate $ 10.2 billion, financing 81 per cent of the Plan's total capital requirements. With the induction of service payment obligation to Saudi Arabia and Iran, and the improvement in disbursement performance assumed above, there is expected to be a 14 per cent per year nominal improvement in net aid flows, compared to an estimated 6 per cent per year increase in the Sixth Plan.

45. Private long-term capital flows (including private foreign investment) are expected to add $ 0.7 billion and other gross inflows of medium and short-term capital $ 1.7 billion. Given the strong trade and current account performance assumed above, the level of commercial borrowing implied by these figures would be feasible and consistent with the continuation of a prudent strategy for foreign debt management. Consideration would be given to increasing the proportion of suppliers' credits and other forms of tied borrowings such as buyers' and export credits which have the advantage of longer maturities and fixed interest rates compared to traditional Eurocurrency syndications.

46. While suppliers' credits have the disadvantage of being tied to specific procurement sources, it is proposed to minimize their adverse effects by requesting in advance price and term bids from competitive suppliers. Greater reliance on such borrowings would reduce the need to borrow from financial markets and thereby improve the term structure of our foreign debt. Improved terms on new borrowings will also be sought by mobilizing financial resources for specific high priority development projects in the power, transport and communications sectors which can generate internally the resources needed for repayment or enhance Pakistan's overall debt servicing capacity. Such project-related lending would also facilitate co-financing with multilateral donors and export agencies. Given these assumptions, Pakistan's external debt indicators are projected to improve over the Seventh Plan, with debt service payments declining to about 18.6 per cent of current account receipts in the final year of the plan compared to 22 per cent at present.

CHAPTER

10

THE PRIVATE SECTOR

In the 1970s, widespread nationalization of industrial units and banks took place while large areas of investment were reserved exclusively for the public sector. However, during the Fifth Five-Year Plan (1978-83), a marginal shift occurred in the public-private sector relationship. Partial denationalization and the demarcation of areas for private sector investment was carried out in this period.

SIXTH PLAN REVIEW

2. The Sixth Five-Year Plan (1983-88) adopted a laissez-faire philosophy, limiting the role of the state as a facilitator of private initiative and as an investor of last resort. Indeed, a central theme of the Sixth Plan was deregulation and privatization.

3. The Sixth Plan allocated Rs 200 billion to the private sector against the total plan fixed investment of Rs 469.4 billion (all at current prices). Against the plan provision, the estimated achievement would be Rs 169.7 billion (Rs 190.2 billion at 1987-88 prices). However, compared to the Fifth Plan implementation of Rs 118.5 billion (at 1987-88 prices), the Sixth Plan expected achievement was 1.6 times higher. The investment programme was to be backed by deregulation and a supportive policy framework.

4. The objectives of the private sector investment programme were to increase the share of private investment in the total and within this share to shift the emphasis from secondary and tertiary sectors to the main productive sectors of agriculture and industry. In addition, the object was to diversify investment towards capital goods production and to ensure balanced regional development.

5. Against the plan target of Rs. 200 billion, estimated private investment was forecast at Rs 169.7 billion, some 84.8 per cent of the plan allocation (Table 10.1 below). Nominal private investment grew by 14.5 per cent per year between the initial and terminal years of the Sixth Plan (and by close to 8 per cent per year in constant 1987-88 prices). The pace of expansion in private investment, however, was higher in the initial plan years. Large-scale manufacturing recorded the highest annual growth rate (24.5 per cent), followed by transport and communications (23.3 per cent), and the small-scale manufacturing sector (13.6 per cent). Details of sectoral growth rates and the changing relative sectoral shares of private investment can be seen in Statistical Appendix Table 10.1.

Table 10.1

SIXTH PLAN PRIVATE INVESTMENT

(Current billion Rs)

Sector	Sixth Plan Targets	Sixth Plan Expected	% Achievement
1. Agriculture	45.5	37.1	81.5
2. Manufacturing	61.9	56.1	90.6
Large-scale	(49.9)	(46.6)	(93.4)
Small-scale	(12.0)	(9.5)	(79.2)
3. Transport & Communications	26.0	19.7	75.8
4. Ownership of Dwellings	43.7	38.6	88.3
5. Services/Others	23.0	18.2	79.1
Total	200.0	169.7	84.8

6. Despite the impressive overall rate of expansion, industrial investment during the Sixth Plan

had not followed the priorities stipulated in the Plan nor the subsequent Industrial Policy Statement. New investment had mostly gone into import substitution and consumer goods industries which enjoy high protection, require less capital and yield high margins of profit. The development of export-oriented and basic engineering industries was less than adequate. Nor did industrial investment move towards the less industrialized regions. The Small Industrial Estate Policy which was backed only by tax incentives proved ineffective because of the lack of supporting infrastructure facilities.

7. It is generally agreed that accurate data collection in the private sector is difficult. Notwithstanding data problems, the following paragraphs present achievements of physical targets in the private sector during the Sixth Plan.

Agriculture

8. An estimated Rs 28 billion of investment took place in farm mechanization. It is estimated that some 126,000 tractors were sold to the private sector during the plan period. The tubewell target of 30,000 was met and is expected to be surpassed and some 50,000 threshers are expected to have been acquired by the farmers. Expansion has also been witnessed in agro-business sector with some 15 milk processing plants and 1,200 poultry farms having been established during the plan.

Transport & Communications

9. Private sector investment in transport and communications registered a nominal annual growth rate of 23.3 per cent during the Sixth Plan. Investment in this sector took place mainly in road transport equipment where 36,133 trucks were acquired against the Plan target of 29,000. In addition 14,685 buses and 55,139 light commercial vehicles were sold to the private sector. No investment was forthcoming in the shipping sector.

Ownership Of Dwellings

10. Against the Sixth Plan target of Rs 43.7 billion, it is estimated that actual investment of Rs 38.6 billion took place in ownership of dwellings. In physical terms, against the plan target of 670,000 housing units in the urban sector, 400,000 houses were constructed. The House Building Finance Corporation (HBFC) aided in financing 18,000 units annually, disbursing Rs 8 billion during the plan period.

Manufacturing

11. The Sixth Plan strategy was aimed primarily at restoring the confidence of the private sector in the context of progressive deregulation. The Plan had an indicative level of Rs 62 billion for industrial private investment of which Rs 50 billion was targeted for large-scale manufacturing. It is expected that over 93 per cent of the target in large-scale manufacturing will be achieved. Significant additional capacity was added in textiles, cement, sugar, jute and caustic soda.

OBJECTIVES AND STRATEGY IN THE SEVENTH PLAN

12. For the Seventh Plan a private sector programme of Rs 292.4 billion (at constant 1987-88 prices) is envisaged, constituting 44.3 per cent of the plan's total fixed investment of Rs 660.2 billion. The proposed investment is about 54 per cent higher than the expected investment of Rs 190.2 billion (at 1987-88 prices) in the Sixth Plan.

13. The strategy for the proposed private sector programme would be to encourage new investment in priority areas and the less developed regions. It is expected that with the further liberalization of the economy, the private sector would also move into sectors such as health and education and the key priority areas of electricity generation, telecommunication and roads. For private generation of electricity, negotiations are in hand for a project, the cost of which is estimated at $ 750 million. To promote private sector investment in power generation, a private sector fund of about $ 600 million is being created to provide loans to potential investors up to a maximum of 30 per cent of project cost. Resources for the fund will be contributed by the World Bank, USAID and other bilateral and multilateral agencies and the fund will be administered by the National Development Finance Corporation (NDFC). Presently, the Oil & Gas Development Corporation (OGDC) is being allowed more autonomy in the sphere of exploration and in the development of its oil and gas fields. These measures, would in turn stimulate agriculture and industry and would also ease the energy constraint.

14. A likely constraint on private investment is inadequate credit availability. Anticipating the credit needs of the private sector, local currency for fixed investment is projected at Rs 91.0 billion. In addition, foreign exchange credit of Rs 62.9 billion is expected to be made available to the

private sector. The two in combination will constitute 52.6 per cent of the total private sector investment.

TARGETS IN THE SEVENTH PLAN

15. Within the investment framework of the Seventh Plan, private investment is projected at Rs 292.4 billion, constituting 44.3 per cent of total fixed investment (Statistical Appendix Table 10.2). Private sector investment is expected to grow by 10.5 per cent per year in real terms, raising its share in GNP to 7.5 per cent by the terminal year of the Plan from 6.0 per cent of GNP in 1988.

16. A large share (47 per cent) of the proposed investment is expected to be made in the productive sectors of agriculture (17.2 per cent) and industry (29.9 per cent). Reflected in the sanctions and loan disbursements of the financial institutions, the enthusiasm of the private sector for industrial investment remains strong. Industrial investment sanctioned by the major financial institutions during the Sixth Plan period stands at Rs 80 billion with matching loan disbursements for the same period at about Rs 39 billion.

17. In the manufacturing sector, the emphasis will be on further growth of the small-scale industry. This is because of its strong forward and backward linkages and the recent emphasis on the geographic spread of industrial investment to the less industrialised areas. The proposed priority to the productive sectors is particularly sensitive to industrial credit. It can, therefore, be made to move in the desired direction by means of appropriate fiscal and monetary policies.

18. Within the remaining sectors, ownership of dwellings (21.8 per cent), transport and communications (11.5 per cent), energy (11.0 per cent) and services (8.6 per cent) are ranked in descending order and reflect recent government priority to small housing through the 7-marla scheme, future investment in the transport and communications sector and the likely entry of the private sector in road construction, shipping and the energy sector during the Seventh Plan (Statistical Appendix Table 10.2).

Agriculture

19. The Seventh Plan investment in the agriculture sector is projected at Rs 50.4 billion, a 20.3 per cent real increase over the Sixth Plan investment of Rs 41.9 billion (both at 1987-88 prices). Agricultural investment is projected to increase by 4.0 per cent per year reaching Rs 10.6 billion by the terminal year of the plan compared to Rs 8.7 billion in the base year. The envisaged investment programme is largely geared towards intensive mechanization, the diversification of agriculture production towards high-valued crops and the rapid expansion of agro-industries to cater to the growing domestic market and exports.

20. Besides on-farm non-monetized construction, the two major components of private investment are tractorization and tubewell installation. About 146,000 tractors are to be sold. Similarly, it is estimated that about 5,500 tubewells will be installed annually. Substantial investment is expected in other farm machinery as well.

21. The projected investment programme would be supported by a favourable policy environment, adequate credit and the removal of restriction on foreign investment in the agro-business sector. The foundations for such an environment have already been laid. The private sector has been inducted in the export of rice and cotton. Under the new three-year Trade Policy (1987-90), export of all kinds of vegetables and fruits is allowed. Orchards and floriculture have been declared an industry qualifying for industrial credit. As the high cost of agriculture machinery inhibits its availability to the small farmer, the cooperatives are being reorganized with a view to boosting small-farm mechanization through the establishment of mechanical equipment pools.

Manufacturing

22. An investment programme of Rs 87.5 billion is envisaged in the manufacturing sector. In aggregate terms, the proposed investment level is 40 per cent higher than the Sixth Plan investment of Rs 62.5 billion (at 1987-88 prices). A higher share (25 per cent) of the proposed industrial investment is allocated to small-scale industries.

23. The envisaged investment of Rs 65.8 billion in the large-scale manufacturing sector is 27 per cent higher than the Sixth Plan achievement of Rs 51.9 billion (both at 1987-88 prices). Given the good response of industrial investment to the policy framework of the last few years, the target would appear to be realistic and attainable. The investment targets would be supported by a marked strengthening of the incentive package. The package will aim to facilitate the diversification of industrial investment towards engineering goods based on development of downstream industries associated with the Pakistan Steel Mills.

24. Two other areas of focus in the theme of diversification are further efficient import substitution and the expansion of agro-based industries and other high-value manufactures for export. The reform of the Export Processing Zone should help in furthering this objective while the rationalization of the tariff and incentive regimes will ensure that the future path of industrial expansion will be efficient and commensurate with Pakistan's dynamic comparative advantage.

25.As stated earlier, small-scale industrial investment is projected at a relatively higher level of Rs 21.7 billion compared to the Sixth Plan investment of Rs 10.7 billion. The rationale for this increase is the strong backward and forward linkages associated with such investment and its strong export and employment potential. The sector deserves special attention because:

- it has demonstrated the potential of generating an exportable surplus and substituting for imports in a wide range of goods;

- it increases the possibilities of sub-contracting and offers exciting new possibilities of laying the foundations of a dependable ancillary tools and spare parts industry;

- it provides higher employment opportunities per unit of capital and output; and

- it can play the lead role in the establishment of the newly identified industrial estates.

26. The fiscal incentives in the newly identified industrial estates coupled with a quick credit disbursing mechanism and preferential credit rates is expected to give the small-scale sector a substantial boost. Infrastructure facilities would be improved to meet the needs of this sector and help it move to desired industrial locations.

Ownership Of Dwellings

27. The Seventh Plan priorities place investment in ownership of dwellings next to the productive sectors in view of the recent support given to this sub-sector in the form of the 7-marla rural and urban schemes. The plan allocation of Rs 63.7 billion for the sector is 46.9 per cent higher than the Sixth Plan investment of Rs 43.4 billion (both at 1987-88 prices).

28. During the Seventh Plan the House Building Finance Corporation (HBFC) loaning limits will be raised further and its policies oriented towards:

- financing of small and medium-size houses costing Rs 150,000 or less; the credit ceiling with 1:2 debt:equity ratio will be limited to Rs 60,000 per unit;

- initiating a self-financing scheme requiring monthly deposits; and

- floatation of savings and loan associations.

Transport & Communications

29. During the Sixth Plan private investment in the transport and communications sub-sector showed the largest shortfall - 24 per cent - from the Plan target. Plausible explanatory factors are the depreciation of the rupee against the yen and the dollar which raised investment costs substantially, much intensified competition in the field and the pre-emption of a large part of the market by the National Logistics Cell (NLC). No investment took place in private shipping.

30. The Seventh Plan allocations of Rs 33.7 billion to this sector which is 53.6 per cent higher than the Sixth Plan actual investment of Rs 21.9 billion reflects the anticipated revival of the sector given the substantial replacement requirements of commercial vehicles and the prospects of new investment in shipping and road construction.

31. Recognizing the sector's difficulties, the current year's budget (1987-88) has offered a number of concessions in the form of (i) duty and sales tax exemption on bus chassis imported in knocked-down condition, and (ii) the removal of regulated fares from private vehicles in the cities. To transfer full responsibility to this sector the disinvestment of NLC, which was created in a situation of emergency in 1978, would need to be seriously considered.

Services/Others

32. The Sixth Plan privatization effort was also extended to the services sector particularly in education and health. The evidence is that these sectors have responded well to the government's initiatives. Some five thousand doctors set up their private clinics and as many as 1,000 private hospital beds were made available.

33. During the Seventh Plan, some privatization of the social sectors would also be formalised. It is expected that investment in this sector would rise to about Rs 25.0 billion compared to an actual investment of Rs 20.5 billion in the Sixth Plan.

Special credit facilities under the National Development Finance Corporation (NDFC) and the Youth Investment Promotion Scheme (YIPS) would be made available to educated professionals like doctors, teachers, engineers, lawyers, etc. The private sector is expected to enter the field of energy, particularly electricity generation, in a substantive way for which an investment of Rs 32.2 billion has been provided.

34. Details of the Seventh Plan private investment projections by sectors, in constant 1987-88 and current prices, may be seen at Statistical Appendix Tables 10.3 and 10.4 respectively.

SUPPORTIVE POLICY FRAMEWORK

35. Starting with the Industrial Policy Statement of 1984, a number of policy initiatives were taken in subsequent years to stimulate private sector initiative and enterprise. Some of the important policy changes taken during these years have been:

- The investment sanction limit for non-specified industries was raised from Rs 60 million to Rs 300 million in 1984 and further to Rs 500 million in 1987.

- The specified list of industries was limited to 23 categories in 1984 and further reduced to 5 in 1987; the more important deletions being sugar, cement, cotton spinning, fertilizers, basic steel, basic chemicals and ship building.

- Wheat and sugar were derationed. The bulk of the marketing was turned over to the private sector and prices of cement (1984), edible oil (1986), and nitrogenous fertilizers (1987) were decontrolled. The private sector was inducted in the import of fertilizers.

- The use of taxation as an instrument of distribution of wealth was abandoned with the removal of the gift tax, the limitation of corporate tax to 45 per cent (1986) and the abolition of taxation of dividends.

- A three-year Trade Policy (1987) was announced which removed 136 imported items from the banned list and 10 items from the restricted list.
- Credit allocation to the private sector was enhanced from Rs 11 billion in 1983 to over Rs 21 billion in 1987.

36. The liberal environment of the recent years has brought about a sharp increase in aggregate private investment particularly in the large-scale manufacturing sector.

37. To build on the momentum of private investment activity and to ensure the continuity of a favourable policy environment, fresh initiatives in the Seventh Plan would need to be targeted towards (i) further liberalization of the economy; (ii) disinvestment of state-owned enterprises; and (iii) reform of the internal structure of the private sector. The following areas should receive specific attention:

- The ghee and beverage industries would be taken out of the list of specified industries;

- The three-year Trade Policy would be refined so as to attract potential investors in industries with good potential for further efficient import substitution and exports;

- The one-window operation would receive priority. For this a committee has already been set up. Preference is to be given to the provision of industrial inputs and infrastructure to the newly established industrial estates.

Disinvestment

38. During the Seventh Plan, the public sector disinvestment programme would need an action plan. The policy framework would have to consider the following options: (i) complete disinvestment; (ii) partial disinvestment; and (iii) capital restructuring and management improvement depending on the private sector's response. Action in the following areas would be expected:

- removal of the legal restriction on the transfer of the nationalised units to the private sector imposed by the Transfer of Managed Establishment Order of 1978 and the setting up of a Disinvestment Authority;

- choice of the sale/transfer mechanism both in terms of ownership (individuals and industrial groups or through stock exchange) and mode of financing; and

- development strategy and detailed plans for making such corporations as Water & Power Development Authority (WAPDA), Oil & Gas Development Corporation (OGDC), Pakistan Telegraph and Telephone (T&T) Department and the National Railway Board

(NRB), autonomous bodies and moving them off the budget.

Internal Industrial Structure

39. The State Bank of Pakistan has on several occasions pointed to the over-dependence of the private sector on bank credit and to mounting over-dues. Over-invoicing and other malpractices in the quest for quick profits are the norm. The ownership structure of industry is overwhelmingly in favour of family concerns and a very small percentage of firms face the discipline of the stock exchange. These are problems which the Industrial Commission Report has highlighted and which plague the industrial sector.

40. It is, therefore, imperative that a sound basis be laid for an efficient, dynamic and socially responsive industrial sector. Some possible areas of intervention are:

- rationing of credit by raising the equity/debt ratio for large scale manufacturing from the present 20 per cent to 30 per cent or more;
- reserving concessionary credit for the priority areas of engineering and other high-technology industries;
- mandatory public status for industries linked to their borrowing requirements;
- reviewing industrial laws with a view to giving a more active role to the board of directors by including, for example, representatives of labour;
- fundamental changes in the management of such public sector units whose products are used by the private sector; and
- enacting a labour policy which is equitable and which protects the fundamental rights of labour in place of ad hoc tripartite consultation arrangements.

41. In addition to these initiatives, it would appear important to extend the privatization effort to the services sectors. The recent expansion of private educational institutions and private health service facilities has been encouraging. There is, however, a need to come out with a clear policy statement for the future. An extension of facilities including credit and import concessions are also needed.

FINANCING REQUIREMENTS OF THE PRIVATE SECTOR

42. In 1985, the State Bank of Pakistan set up a 'Technical Sub-Committee' to the National Credit Consultative Committee (NCCC), to recommend a methodology for its credit allocation system for the private sector. Based on this methodology, the anticipated financing of the Seventh Plan private investment is given in Statistical Appendix Table 10.5.

43. Based on the formula which is in practice, the bulk of the Seventh Plan investment equivalent to Rs 229.5 billion (or 78.5 per cent) would be financed from domestic resources and the remaining Rs 62.9 billion (21.5 per cent) by foreign loans and equity, Pay-As-You-Earn (PAYE) scheme, Non-Repatriable Investment (NRI), direct foreign investment, suppliers' credits and credits to specialized financial institutions. Most of the projected foreign resources have been earmarked for large-scale industry and energy. About 90 per cent of the allocation of Rs 32.2 billion meant for energy would be financed by foreign aid. Of the domestic resources, the requirement for institutional credit is estimated to be Rs 91 billion (31.1 per cent) while non-institutional, corporate and household savings would generate an investment of Rs 138.5 billion (47.4 per cent). In addition, working capital of Rs 30 billion (10 per cent of the total) would be needed.

44. In the agriculture sector, Rs 27.7 billion (55 per cent) of the planned investment of Rs 50.4 billion is assigned to household savings which includes non-monetized investment at 25 per cent of the total plus 40 per cent of the monetized investment of the sector. Domestic credit is assumed to provide 35 per cent with the balance assigned to foreign resources, mainly negotiated credit lines of the Agriculture Development Bank of Pakistan (ADBP).

45. For the industrial investment of Rs 87.5 billion (large scale Rs 65.8 billion, small scale Rs 21.7 billion), equity is estimated at Rs 18.5 billion (21.2 per cent), and foreign resources at Rs 25.7 billion (29.4 per cent), with the internal credit need placed at Rs 43.3 billion (49.4 per cent).

46. In the housing sector, two-thirds of the total investment is financed through "Owners' Own Equity," while one-third is financed mainly through House Building Finance Corporation (HBFC) loans. A token provision of Rs 0.5 billion has been made to accommodate the possible participation of foreign corporations in the sector.

47. In the transport and communications sector, equity finance is provided for 83 per cent of the total investment of Rs 33.7 billion while 12 per cent is projected to come from credit sources, particularly, the commercial banks. The remaining small amount of Rs 1.7 billion has been set aside for financing the imports of private transport shipping equipment and private telecommunication network as the private sector enters this field.

48. Investment in the 'Services and Other' sectors is mostly self-financed. A provision of Rs 1.0 billion has been made to accommodate the foreign exchange requirements of sectors like minerals, education, health and hotel services. The internal credit provision is in anticipation of the credit needs of the Youth Investment Promotion Society (YIPS) and self-employment programme of educated professionals.

PART III. SEVENTH FIVE YEAR PLAN (1988-93)
B. KEY POLICY AREAS

CHAPTER

11

HUMAN BALANCE SHEET

In the past, economic development has been considered synonymous with increases in output and GNP. Preoccupation with physical capital has been paramount while human capital has been ignored. Yet the historical experience of many countries has been that capital formation has not meant a better life for all. Countries which started out with similar natural resource endowments and similar investment shares have achieved different degrees of economic development depending on the emphasis they placed on human development.

2. Human beings are both the means and the end of economic development. It is now recognised that the extent of poverty in a country is closely associated with its per capita income. Malnourished and unskilled people living in hunger and poverty make little contribution to economic progress and national output. On the other hand a healthy, educated and active population contributes more to the prosperity of a nation not only because it is more efficient and productive but because human beings are the source of new ideas, innovations and opportunities.

3. Human resource development is important as an end too. For some time now the question is being asked: whom is economic development for? Less hunger, fewer child deaths, higher life expectancy and a decreasing proportion of population in absolute poverty are being considered important objectives by themselves. It is increasingly being recognised that the benefits of economic growth must be distributed more equitably so that a majority of the population can share and contribute in the process of development.

4. Human development is more than just income equality or poverty alleviation. While both help in increasing the income share of the poor it is clear that adequate resources must also be devoted to increasing the level of nutrition and opportunities for education, and providing adequate health coverage, clean water and sewerage facilities and opportunities for employment.

5. For the last few years human resource development has been made the central focus of planning. The Seventh Five-Year Plan seeks to elucidate programmes and policies which over a span of five years are expected to reduce the proportion of population in hunger and malnutrition; increase the level of education; provide better and more hygienic conditions of life; enhance access to cheap and effective health facilities and increase the opportunities for gainful employment to the poor.

THE HUMAN BALANCE SHEET, 1987-88

6. Pakistan is currently the ninth most populous country in the world. Since independence population has increased from 34 million in 1951 to over 100 million in 1987 (Table 11.1). The high rate of population growth has added 66 million persons within a span of 37 years.

Table 11.1
POPULATION GROWTH IN PAKISTAN

	Population (million)	Inter-censal Growth Rate (% p.a.)
1951	33.7	-
1961	42.9	2.3
1972	65.2	3.7
1981	84.2	3.1
1987	100.7	3.1

7. Pakistan's current population is estimated at 102.5 million in 1987-88 of which around 71 million (69 per cent) live in rural areas. With a birth rate which continues to be high at 42.6 per 1,000 and a death rate which has fallen to 11.3 per 1,000, the natural rate of population growth is very high; in 1987-88, an estimated 3.1 per cent.

8. With a high and stable crude birth rate, 44.5 per cent of the population is below the age 15 and an equal proportion of females are in child-bearing age, between 14 to 49 (Table 11.2).

Table 11.2

AGE STRUCTURE OF POPULATION 1987-88

(percent)

Age Group	Total	Male	Female
0-4	17.8	17.5	18.2
5-9	14.2	14.3	14.1
10-19	22.8	22.9	22.7
20-24	8.7	8.8	8.7
25-59	31.0	31.0	30.8
60 and above	5.5	5.5	5.5
	100.0	100.0	100.0

9. This has serious implications for public policy. A larger proportion of the very young in the population requires larger financial allocations for providing adequate nutrition, disease prevention programmes and primary and secondary school education. For a highly populous country like Pakistan a high proportion of child-bearing age females requires considerable resources to be diverted towards family planning, maternal-child care and other similar programmes. With a high dependency ratio each person employed in the labour force is responsible for a greater number of dependents on average. A greater number of children per household creates additional problems of living because of overcrowding and unhygienic conditions which perpetuate poverty.

10. Population growth is closely related to income growth. High fertility increases the proportion of people who are young and not productive. Moreover for a given level of expenditure on education a choice has to be made either to increase the enrolment rate or increase spending per child enrolled. Similarly public sector expenditure on primary health care and programmes for child immunization are spread much more thinly than if there were fewer additions to the population each year. Slower growth of the labor force would mean less investment and smaller sacrifice of consumption to increase capital per worker.

11. Human resource development aims at building the human capital stock of the nation. It seeks to achieve this through better opportunities for education, health, nutrition and income.

THE EXISTING SITUATION

12. Careful planning and resources are required to ensure continued improvement in the quality of life of the population and to enable a large proportion to graduate from poverty. One socio-economic indicator which compares how the country is doing in terms of infant mortality, life expectancy and literacy with other countries called the Physical Quality of Life Index (PQLI) has been calculated for selected South and East Asian countries for the period 1970-81 (for which years data was available). It indicates that Pakistan till 1981 had a low PQLI; closer to countries like India and Bangladesh but much worse than Sri Lanka (Table 11.3). General conditions in Pakistan are poor compared to other countries at a similar level of national income. Infant mortality in Pakistan was the highest among South Asia while the literacy rate was the lowest except for Nepal and Bangladesh.

Table 11.3

QUALITY OF LIFE INDICES FOR SELECTED SOUTH AND EAST ASIAN COUNTRIES: AVERAGE 1970-81

	Infant Mortality (Per 1000)	Life Expectancy (Years)	Literacy (%)	PQLI (%)
Pakistan	142	59	25	42
Nepal	119	44	19	29
India	125	50	36	39
Bangladesh	148	46	26	80
Sri Lanka	38	64	86	80
Korea	36	66	89	83
Thailand	16	61	82	na

Source: United States Department of Commerce, Bureau of Census, 1983.

13. It is difficult to use PQLI for comparisons over time. However one estimate of PQLI for Pakistan for the period 1982-88 shows an improvement since 1981. Both infant mortality and life expectancy have registered marked improvements largely due to the government's socio-economic programme for rural uplift in the last few years.

Table 11.4

TREND IN PHYSICAL QUALITY LIFE INDEX

	Infant Mortality (per 1000)	Life Expectancy (years)	Literacy (%)	PQLI (%)
1982-83	98.5	58.6	26.6	47.4
1987-88	80.0	61.0	29.6	53.0

14. In the following section the components of physical quality of life - health, nutrition, education and housing are discussed in some detail.

Health Conditions

15. Although health conditions in Pakistan have improved over time, they are far from adequate. Infant mortality rate at 80 per 1,000 live child births is high compared to the average of industrialised countries (Table 11.5). There is only one hospital bed for 1,650 persons and one doctor to care for 2,920 persons. Most of the medical facilities are concentrated in and around large cities so that availability of adequate health services in far-flung areas is negligible. Moveover lack of education, especially among mothers, perpetuates poor health of young children because of ignorance of preventive disease practices or a lack of belief in modern medicine. Often women in rural areas neglect to immunize their children at birth against fatal diseases.

Food And Nutrition

16. Malnutrition is a reflection of poverty. Low levels of income are often translated into poor nutritional practices. Malnutrition can affect the old and young, male and female, and is particularly present in children. It reduces their resistance to disease and thus contributes to lack of health and often death. Social and cultural practices have often dictated inequitable distribution of food within poor households where foods rich in protein or calories are first given to the male members of the household. This has resulted in greater malnutrition among girls. Pregnant and nursing mothers have also a high incidence of malnutrition.

17. Malnutrition reflects a shortage of calories, proteins or both. In Pakistan the per capita availability of calories and proteins has increased over time. At present the per capita intake of calories per day is around 90 per cent of the recommended daily allowance while per capita protein available to the population has reached the prescribed norm (Table 11.6). Food availability per capita of 9 major items including wheat, rice, pulse, meat and poultry, milk, fruits and vegetables has increased by around 7 per cent in the last four years.

Table 11.5

HEALTH INDICATORS, 1987-88

	Availability	Need
Infant mortality (Age 0-1 per 1000)	80	-
Life expectancy (years)	61	74*
Population per hospital bed (Nos.)	1,650	-
Population per doctor	2,920	-
Primary health care in each Union Council (%)	85	100
Immunization of children (%)**	90	100
Caring for children upto age of one year (%)	30	100
Immunization of expectant mothers against tetanus (%)	50	100

* average for industrialised countries.

** below 2 years against diptheria, tetanus, whooping cough, measles and tuberculosis.

Table 11.6

NUTRITION INDICATORS

Per Capita	Actual 1987-88	Minimum Recommended Norm	Gap
Calories per day	2,329	2,550	219
Proteins per day (grams)	60.6	60.0	-

18. However malnutrition continues to exist to a considerable degree primarily because of inequitable distribution of food between the rich and the poor. It has been estimated that 60 per cent of all children under the age of 5 suffer from moderate to severe malnutrition. The weight of newborn infants on average is only 75 percent of the normal weight while 80 per cent of expectant and lactating mothers suffer from anaemia. Most of these infants are born to women in poorer households who are already undernourished and weak from inadequate food and excessive child bearing.

19. Low income households spend almost four-

fifths of their income on food, the primary item of which is wheat, which does not provide an adequate level of energy. High cost items like fish, meat and eggs are often not available in adequate quantities to growing children resulting in undernourishment. The problem is often not only of increasing basic food availability per capita but pricing it at a level which can be afforded by the lowest income groups. In addition nutrition programmes sponsored by non-government organizations (NGOs) are needed to help subsidise the cost of high nutritional value foods for the poor.

Education

20. The level of literacy in Pakistan is very low. Estimates vary between 25 per cent and 30 per cent. At present only 64 per cent of children between the age of 5-9 years have access to primary education, while only one-third of the children are able to attend middle school (Table 11.7).

Table 11.7

ENROLMENT RATIOS, 1987-88

	Total	Male	Female
Primary (age 5-9)	64	80	46
Middle (age 10-12)	30	41	19
High (age 13-14)	17	24	10

21. Despite considerable efforts at improving the availability of education, lack of physical infrastructure remains a problem and contributes to increasing school drop-outs. About 35 per cent of the primary schools have no buildings while some 20 per cent have only one classroom. In many cases the long distances from middle or high school serves as a deterrent to continuing education. Children living in more than half of the *mouzas* in Pakistan have to travel 4 km or more to reach the middle school. Long distances particularly inhibit girl students. If attainment of 10 years of schooling is considered to be a measure of investment in human capital, then Pakistan with only 11 per cent of the population with 10 years of education fares poorly.

22. Among those who go on to higher education the preference is for achieving general education. The enrolment in the technical/vocational and professional colleges has lagged far behind the enrolment in general education. In 1972-73 about 37 per cent of the students opted for some kind of a technical training. By 1987-88 a much smaller proportion of total students opted for vocational training while 77 per cent enrolled in arts and sciences.

23. This has created a very serious problem of the educated unemployed. These are often the urban youth in their late teens or early twenties who expect a high return on their college education and are often prepared to wait for jobs in well-paid occupations rather than immediately accept a job that pays much less. In time they may become a dissatisfied, volatile group.

Employment, Earnings And Poverty

24. One manifestation of the low level of literacy is low earning power which in turn perpetuates poverty. Out of a population of 100 million, 29.8 million are in the labour force. Open unemployment in the economy at the rate of 3-4 per cent is not so high compared to other countries. However considerable under-employment, estimated at between 10-30 per cent exists. This is perhaps due to the fact that poor households lack the financial means to invest in education and training of children who often end up on the periphery of those sectors which require no on-the-job skills. Those who can afford education have indicated a preference for general education rather than vocational skills with the result that they end up in jobs which are underpaid or not to their liking.

25. Low literacy and inadequate training and skills are responsible for low productivity. In 1985-86 only 34 per cent of the total employed persons of 10 years and above were literate. The highest literacy rate (91.8 per cent) was among the professional, technical and related workers which were employed in the industrial and manufacturing sectors while the agricultural workers had a low 19.2 per cent literacy rate. The educated and vocationally trained workers in the industrial sector were three times more productive in terms of value added per worker than their agricultural counterparts and consequently enjoyed a much higher level of earnings.

26. Lack of employment opportunities and inequalities in the ownership of factors of production have a direct relation with poverty. Land and industrial asset concentration in the hands of a few has led to inequitable distribution of incomes. The poorest 40 per cent of the households have 10 per cent of the land and 20 per cent of the income share while the richest 20 per cent of households hold 57 per cent of all land and 50 per cent of the total income. In the last few years for each per-

centage point increase in the average incomes of the lowest 40 per cent of the population there has been an increase of 1.5 per cent in the average incomes of the richest 5 per cent of the population. Patterns of inequality in income distribution have been discussed in greater detail in Chapter 5.

PAST POLICIES

27. In the past the government has contributed substantially to investment in human capital through policies aimed at improving the literacy rate; the free provision of education upto the primary level; establishment of rural health centres; target nutrition programs for children; and family planning programmes. The Sixth Five-Year Plan made a departure from earlier development plans by focusing on poverty and the provision of social services to the poor. Although in some aspects achievements fell short of targets, considerable progress was made. More than 12,000 primary and 4,000 secondary schools were established; availability of doctors increased from 19,000 to 28,000 in urban areas and 1,200 to 8,000 in rural areas; availability of food increased to the extent that the per capita deficiency of protein from the daily diet was almost eliminated. Targets in the Sixth Plan were fully met for various disease control programmes. In addition, rural uplift programmes improved village electrification, provided for rural housing, roads, health schemes and water supply and sanitation.

28. However, much remains to be done. Pakistan's high fertility rate which adds around 3 million infants each year to the population (primarily in the poorer households), should be reduced. Policies should aim at increasing the rate of literacy and the level of education further in the country. Continued efforts should be made to impart adequate health coverage to as many people as possible. In addition to the direct programmes benefitting the poor, government policies should also aim at reducing the inequitable distribution of productive assets and income. Physical investment in those sectors of the economy should be encouraged which will maximise employment opportunities and provide a greater share of income to the poor.

HUMAN DEVELOPMENT, 1988-93

29. Economic growth can be increased in two ways both of which can be influenced by government policies. One is building up a larger stock of physical assets and human skills and the other is to increase the productivity of these assets. The Seventh Plan focuses on both these aspects. The objective of the Seventh Plan is to ensure economic growth through increased investment in physical and human capital. For this purpose, in addition to building physical investments, the plan has devoted substantial resources towards meeting the challenge in areas of population control, education, health, nutrition and employment. The plan policies attempt a better quality of life and a fairer distribution of income and assets to the poorer groups of the society.

THE HUMAN BALANCE SHEET: SEVENTH PLAN TARGETS

30. A projected summary human balance sheet for 1988 and 1993 is presented in Table 11.8.

Table 11.8
HUMAN BALANCE SHEET 1993

	1987-88	1992-93	Desired/ Recommended level	Shortfall
Population (mln.)	100.7	119.4	-	-
Population Growth rate(%p.a)	3.1	3.0	-	-
Literacy rate (%)	30.0	40.0	100.0	60.0
Primary enrolment (%)	63.5	80.0	100.0	20.0
Life expectancy (Years)	61.0	63.0	-	-
Crude death rate (Per 1,000)	11.3	9.6	-	-
Infant mortality (Per 1,000)	80.0	60.0	-	-
Per capita calorie intake	2329.0	2549.0	2550.0	-
Per capita protein intake	60.6	65.9	60.0	-5.0
Primary health care in each Union Council (%)	85.0	100.0	100.0	-
Immunization of children against fatal childhood diseases (%)	90.0	100.0	100.0	-
Fertility rate (%)	5.1	4.7	2.0	2.7

31. The high rate of population growth is expected to add another 19 million children to the

population in the next five years. Despite a large programme of population planning and welfare and a projected reduction in the fertility rate during the Seventh Plan, the population growth rate is expected to decline only marginally from the current 3.1 per cent to 3.0 per cent by 1993. However other programmes in the plan will aim at increasing the literacy rate to 40 per cent and the availability of basic primary school education to 80 per cent of children aged 5-9 years. Life expectancy is expected to increase to 63 years while infant mortality is expected to decline to 60 per thousand live births. Progress will be made to expand the health services in deficient areas while nutrition and disease control programmes will be continued and expanded further.

32. The increased investment in social services is expected to put a considerable burden on the public sector programme. The Seventh Plan projects an overall economic growth rate of 6.5 per cent for the next five years. Physical investment is expected to average 16.2 per cent of GDP during this period. Through an iterative process, consistency has been evolved between the basic needs targets given in Table 11.8 above and the level of resources available to the economy. These allocations have been made to achieve the basic human need targets proposed above (Table 11.9).

Table 11.9

SEVENTH PLAN ALLOCATION FOR ACHIEVEMENT OF BASIC NEEDS TARGETS, 1988-93

(Current billion Rs)

	Sixth Plan Revised Allocation	Seventh Plan Projections	% increase over Sixth Plan
1. Population Planning	2.1	3.7	76
2. Education	14.5	24.1	66
3. Health and Nutrition	10.6	14.2	34
4. Social Welfare and Special Education	0.5	1.0	100
5. Special Development for Women	0.4	1.0	150
Total	28.1	44.0	57

33. As can be seen from Table 11.9, there is about a 60 per cent increase in total outlay for the social sectors in the Seventh Plan. Population planning has been given greater priority than before. A total of Rs 3.7 billion are to be spent on population planning and welfare. The share of education and health in the plan has been increased from 10 per cent to 11 per cent. A total of Rs 38.3 billion will be spent in the next five years to increase the provision of education and health to the majority of the population. Other special development programmes also have education and health components thus enhancing the total public expenditure on these sectors.

34. In addition to these programmes for human development, considerable resources are to be devoted to improving the physical infrastructure in rural areas, including the provision of housing, clean water, sanitation facilities, transport and electricity which are discussed in Chapters 5 and 16.

THE SEVENTH PLAN STRATEGY FOR ACHIEVING BASIC HUMAN NEEDS

35.The Seventh Five Year Plan employs a multidimensional strategy to combat poverty and build up human capital in the next five years by helping reduce the fertility rate, expand education and health facilities and provide better employment and earning opportunities to the poor. These are briefly discussed below. Detailed description of the Seventh Plan policies and programs for each sector appear in subsequent chapters.

Population Planning And Welfare

36. Poverty and high fertility reinforce each other. A high growth rate of population obstructs economic growth by reducing investment per person in physical as well as human capital. A smaller number of healthy and educated children per family is preferable to a large number of sick, undernourished children which constitute a burden on the household. Any family planning program must have as its aim the provision of birth control devices and education of the poor.

37. The major emphasis of the population policy in the Seventh Plan will be on bringing about a behavioural change in favour of having a small family through voluntary birth spacing, care during pregnancy and delivery and overall population education to the benefits of family planning. A multi-sectoral approach involving all ministries and departments shall be adopted in dealing with population-related issues which will seek to incorporate a population component in each of the departmental projects and other activities.

38. The positive effect of these policies is ex-

pected to be in the form of a reduction in the fertility rate from 5.1 in 1987-88 to 4.7 in 1992-93. The overall birth rate is expected to be reduced from 42.5 to 40.2 per 1,000 slowing down the rate of population growth to 3 per cent per annum by 1993.

Literacy And Education

39. The objectives of the Seventh Plan in this sector are to improve the level of literacy and education; to universalize primary education; improve the quality of education in the country and substantially increase technical and vocational education facilities.

40.It is expected that primary school facilities will be provided to every child within a radius of 1.5 km. The Seventh Plan shall attempt to increase the enrolment in technical and training colleges to 33 per cent of those seeking admissions. The quality of education is expected to be improved through provision of better physical facilities, training of teachers and other reforms. The plan strategy to increase the literacy rate through improvement and expansion of primary education would involve inviting private sector participation in the education sector. It is estimated that as a result of these measures the literacy rate will rise to 40 per cent by the end of the Seventh Plan period while primary school enrolment will increase to 80 per cent of the children in the age group 5-9 years.

Health And Nutrition

41. The Seventh Plan policies in the health sector emphasize improving the availability of health services through the establishment of a rural health centre in every Union Council. These will be provided with personnel and equipment to facilitate the provision of basic disease control services. The expanded health facilities are expected to protect an additional 20 million children below the age of two years from six major childhood diseases; protect 15 million expectant mothers from tetanus and about 5 million children from second and third degree malnutrition. As a result of improved health facilities the crude death rate is expected to fall further from 11 to 9 per 1,000 and the overall life expectancy is expected to increase from 61 to 63 years by 1993.

Employment, Earnings And Poverty

42. The Seventh Plan has formulated a specific 10-point employment strategy to help reduce poverty by increasing the employment opportunities of the poor (see Chapter 12). The focus of this strategy is on encouraging the small-scale industry and other employment-intensive sectors like construction and services. Credit schemes will be launched for investment in small-scale industry and for others who wish to be self-employed.

43. An industrial policy for opening up new sites, without restriction on setting up industries within and around cities, is proposed. Private investment banks are being set up to help provide capital for investment projects with a high labour component.

44. Rural employment opportunities will also be increased by additional investment in agro-industry. In total these policies are expected to create 6.0 million additional jobs in the economy during the five-year period.

45. It is difficult to translate these measures into an increase in earnings of the poor. However during the plan a 16 per cent ratio of physical investment to GNP is expected to produce a 6.5 per cent annual rate of overall economic growth which will add Rs 536 per month in 1987-88 to the average income of a family during the Seventh Plan period. Additional benefits from increased provision of social services are expected over and above the increase in earnings per family.

IMPLEMENTATION OF THE HUMAN DEVELOPMENT PROGRAMME

46. In addition to financial allocations three other factors are essential for successful implementation of a human development program in Pakistan. These are:

- Government support at all levels for the program and cooperation in implementation of projects.
- A sufficiently decentralized administrative machinery to carry out the program.
- Adequate demand for social services to be provided.

47. The Seventh Plan, with its focus on poverty alleviation, reflects the government's support and a commitment to the program of human development. Fullest support is also expected from the provinces, who will implement the program. In each sector individual projects have been identified for priority funding in collaboration with the

provincial governments. Allocations for projects will be made to concerned ministries and departments which are expected to participate fully in supervising each project.

48. The administrative machinery for implementation of the human development programme will be strengthened. District and local councils will be provided personnel and funds to oversee sectoral programmes in education, health, and population planning effectively.

49. At the same time the government ministries and departments shall provide fullest support to local and district councils in a programme to educate and inform the public. In order to achieve effective implementation and the greatest impact, people at the grass root level must be willing to accept the program components. For population planning to succeed, women in child-bearing age must be willing to use birth control devices; for the level of literacy and education to rise, households -- specially poorer households -- must be willing to send their children to school; for health facilities to be effective in rural areas, people must be willing to substitute modern health practices for other remedies. The translation of all these programmes into targets requires basic information about the programmes and their effects. The public awareness programmes will inform and educate the people at the grass-root level and will help make the realization of the human development programme objectives a certainty.

CHAPTER 12

NATIONAL EMPLOYMENT STRATEGY

Future growth cannot be sustained without an improvement in the quality of manpower, through appropriate education and training. At the same time growing unemployment, and a decline in the quality of general education and skills of those seeking jobs, is creating social and political tensions. The objectives of social equality, reduction in poverty and promotion of national cohesion cannot be realized without a cogent employment strategy.

2. The Seventh Five-Year Plan seeks to develop a systematic response to these serious problems. The employment strategy outlined in the Seventh Plan will also have to be pursued during the Perspective Plan, if the nation is to enter the next century with productive and efficient employment of its manpower resources. A principal component of this strategy must be to achieve a sustained improvement in the quality of manpower.

CURRENT SITUATION AND SIXTH PLAN REVIEW

3.Pakistan has a large population (of more than 100 million, not only among the largest in the world, but also growing at one of the highest rates in the world), and an illiteracy rate not much above the lowest in the world. The rate of participation in the educational institutions is low. Moreover, there is a very small base for training and skill formation because academic institutions suffer from growing admissions and declining standards. Another problem is the incompatibility of the labour force with emerging skill requirements of the economy. This stems from: (a) the absence of formal institutional mechanisms to plan, co-ordinate and monitor labour supply in accordance with observed and potential needs of the economy, (b) neglect of employment considerations when setting sector-specific production targets, and (c) an inadequate data base for manpower planning which has seriously hindered manpower planning.

4. In this predicament, a high economic growth rate based on expansion and growth in the agriculture and industry has provided employment at rate sufficient to absorb a large part of the additions to the labour force. But there are indications that in recent years manpower supply has been increasing faster than the rate of job creation of the economy.

5. During the Fifth Plan, the manpower situation was ameliorated by a large outflow of workers to the Middle East. From 1978-79 to 1982-83, about 0.7 million workers found work outside Pakistan. This was around 20 per cent of the addition to labour force in the country during the period. The Sixth Plan had foreseen the prospects of a decline in the emigration of workers. But the very substantial cutback in development spending in the Middle Eastern countries considerably reduced the demand for overseas labour. By the middle of the Sixth Plan period Pakistan was faced with net reverse migration.

6. The Sixth Plan, however, witnessed considerable improvement in the demand for labour in the domestic market. The high rate of economic growth helped to create employment at a sufficiently high rate to absorb a large part of the additions to the labour force. Total employment was expected to increase by 3.3 million (from 26.5 million in 1983 to 29.8 million in 1987-88), or at an annual rate of 2.4 per cent. According to the latest Labour Force Survey (LFS) of

1986-87, employment has grown at an annual rate of 2.6 per cent and is likely to exceed the plan target.

7. This was, however, offset by developments on the supply side. The latest data indicates that there was much more rapid increase in population than earlier estimated. This was combined with the beginning of reverse migration from the Middle East. The annual population growth in the intercensal period 1972-81 turned out to be 3.1 per cent against the plan assumption of 2.9 per cent. Furthermore, the plan had estimated net emigration of 0.6 million during the plan period. According to rough estimates based on latest data, there has been a net reverse migration of nearly 100,000 persons upto June 1987. There are indications that emigration may decline or stop altogether.

8. The LFS for 1986-87 indicates that despite these developments open unemployment remained unchanged at around one million in absolute numbers and declined from 3.9 per cent to 3.1 per cent of the labour force. The main reason for this apparent improvement in the rate of unemployment is the decline in the labour force participation rate from 30 per cent in 1983 to 29 per cent in 1987. This implies that an increasing proportion of potential workers were not seeking jobs.

9. One explanation could be that at least some of the new entrants in the job market who failed to find employment have not responded to the survey by claiming themselves as unemployed. Frustration with long periods of unemployment and social attitudes towards the unemployed may have influenced their response to questions in the survey. The decline in unemployment and the participation rate in the LFS gives a misleading picture. This decline appeared in a period when workers were returning from the Middle East and should have been raising the participation rate. If there had been no change in the participation rate, open unemployment would have increased from 3.9 per cent in 1982-83 to 5.6 per cent in 1986-87.

10. Open unemployment is difficult to measure in a country like Pakistan. In the rural areas and particularly among women, a clear delineation between consumption and production activities cannot be made. The phenomenon of discouraged workers or concealed unemployment also poses difficult measurement problems. There is a need to carry out surveys, specifically for the purpose of determining the magnitude and the character of open unemployment, as a supplement to the present information available in labour force surveys.

11. At the same time, the indirect evidence on unemployment largely based on the popularity of certain white collar jobs probably overstates the degree of unemployment particularly among the educated. There are exaggerated notions about rewards of some jobs particularly in the public sector, leading to pressures on such jobs, while the applicants already have alternative jobs or can find other productive use of their training and talent. The inordinate pressure to create such jobs reflects rent-seeking behaviour on the part of a large proportion of the labour force, which can only be eased by fundamental social change.

12. The government responded to the emerging unemployment situation in the country during the Sixth Five-Year Plan mainly by focussing on the employment situation of the educated. Firstly, the emphasis on education and health in the Prime Minister's Five Point Programme led to an improvement in the employment opportunities for educated manpower. Secondly, special programmes were launched to remove the backlog of unemployment among doctors and engineers. Thirdly, a National Employment Fund was created in 1986-87 which contributed considerably to the financing of projects directed towards reducing unemployment in the country. Due to resource constraints, however, the Employment Fund was allowed to lapse and was not renewed in 1987-88. However, the existence of the Fund for a brief period did encourage the development of new schemes. In addition, the development of the Youth Investment Promotion Society (YIPS) with programmes directed towards financing self-employment was the most promising new initiative. The government also set up a National Manpower Commission in August 1987, to develop a comprehensive long-term strategy for manpower development.

13. The employment problem was large during the Sixth Plan period. In some cases, it was considered necessary to create public sector jobs for selected trained professionals. The experience has indicated, however, that the public sector cannot continue to absorb unlimited labour. Unemployment levels already exceed one million and according to some estimates may be around 1.5 millon. Job creation for only a few thousand professionals will not affect the situation substantially. What is needed is a comprehensive and basic programme for employment generation in the economy.

EMPLOYMENT PRESSURES DURING THE SEVENTH PLAN

14. The Seventh Five-Year Plan's initial projections indicate that unemployment levels would increase considerably during the plan period. The major challenge, therefore, is to arrest and reverse this trend.

15. An open unemployment rate of around 3-4 per cent may not appear too high when compared to those prevailing in the developed economies. This is, however, a misleading indicator of the total unemployed because much of the unemployment is concealed as under-employment. According to the LFS of 1986-87, under-employment affects 10.5 per cent of the labour force. However, if a more strict criteria for full-time employment is applied, it is estimated that roughly one-quarter to one-third of the labour force needs more regular or additional work.

16. Among the unemployed the problem of unemployment among the educated youth, though small in numbers, is socially and politically more serious. For a considerable period, the government was a source of white collar jobs. With the government seeking to limit its non-development expenditure and reducing the role of the public sector, the problem of finding jobs for the growing number of the educated youth coming out of colleges and universities without appropriate skills is becoming serious. Education and training needs to be responsive to the demands of a competitive private sector. One of the characteristics of the educated unemployed is that much of the demand for jobs for the professionally trained and qualified persons, particularly women, is in the rural areas. The educated, especially those educated in the modern sector, are not willing to accept jobs in the rural areas.

17. The extremely low rate of literacy reflects a failure to create an effective demand for education especially for the female population. Furthermore, there is shortage of skilled manpower with practical training especially at the middle supervisory levels. A large proportion of degree holders find it difficult to obtain gainful employment not because they lack specialization but due to the poor quality of the basic educational training which, in many cases, makes them unemployable. Moreover, there are certain occupations which are highly remunerative and in great demand, but due to cultural and social values, people prefer to remain unemployed than to opt for these occupations. Some of these occupations are nursing, manual jobs like carpentry and construction work.

QUANTITATIVE PROJECTIONS OF EMPLOYMENT

18. The quantitative projections of unemployment presented in this section should be considered indicative only, both because of the limitations of the data base and their sensitivity to policy changes.

19. The population of Pakistan, estimated at 105.4 million in July 1988 is expected to continue increasing at 3.1 per cent per year, rising to 122.8 million in July 1993. The labour force participation rate is assumed not to change significantly from 29.4 per cent as given in the LFS of 1986-87 mainly because the increased participation of women is expected to be neutralised by the increase in admissions to educational institutions.

20. On the basis of these assumptions, the labour force is expected to increase form 31 million in July 1988 to 36.1 million in July 1993, equivalent to an annual increase of 3.1 per cent. However, with the number of net returnees from abroad, estimated at 0.4 million for the plan period (about 86,000 per year), the rate of increase in the labour force seeking domestic employment would be 3.3 per cent per year.

21. The employment generation during the Seventh Plan period would depend on the level and sectoral composition of economic growth. The employment elasticity is a useful tool for determining the likely impact of economic growth on employment. This, however, needs to be supplemented by a more detailed estimate based on sectoral programmes and projects in the public and private sectors and the policy mix in each sector. The Planning Commission would undertake such a detailed exercise at a subsequent stage, with the help of the National Manpower Commission.

22. As a first exercise, projections have been carried out based on sectoral elasticities of employment which indicate that it may be possible to expect an overall elasticity of employment with respect to real output of 0.4 during the Seventh Plan period. The anticipated elasticity is slightly higher than that experienced during the preceding plan period and reflects the emphasis on social sector development and employment generation during the Seventh Plan. The results of this analysis are summarised in the Table 12.1.

Table 12.1

QUANTITATIVE PROJECTIONS OF EMPLOYMENT

(in millions)

	Estimated July 1988	Estimated July 1993
Population	105.4	122.8
Domestic Labour Force	31.0	36.1
Net Returnees	-	0.4
Total Labour Force	31.0	36.5
Unemployment	1.1	2.4
Employment	29.9	34.1
Unemployment rate (% of Labour Force)	3.5	6.6

Note: Estimates are based on crude activity rate of 29.4 per cent as given in the LFS of 1986-87.

23. It may be seen that open unemployment is projected to rise from roughly 1 million in July, 1988 to 2.4 million in 1993, which would be socially unacceptable. It is likely that much of this increase in unemployment would be recorded as growing under-employment. Nevertheless this would create serious pressures in the society. Every effort needs to be directed towards reducing this level of unemployment and under-employment. With the present set of policies and the pattern of growth, it would take a growth rate of roughly 8 per cent per year to absorb the new entrants into the labour force during the Seventh Plan. Alternatively, with the projected growth rate of GDP of 6.5 per cent per year during the Seventh Plan, a drastic change in employment policy sufficient to raise the elasticity somewhere towards 0.5 would be required. A strategy to increase the capacity of the economy to absorb available manpower by focusing on activating the potential of the labour-intensive sectors is developed in the following sections.

24. The objective of the new employment strategy will be to open up new areas for industrial expansion; to accelerate the development of the small-scale informal sector; to promote self-employment in the economy; and to evolve broad-based skill development with the involvement of the private sector. Such a programme is expected to improve the overall employment elasticity by focusing on sectors known to have high labour intensity, such as construction, small and cottage industry as well as personal and commercial services. A special programme will also be implemented for the rehabilitation of returning migrants. They have both skills and capital and would require very little help to find a productive role in the economy.

25. The ten-point strategy outlined for the Seventh Plan in the following sections will considerably reduce the emerging pressures on employment in the country. This is a challenging programme and would require sustained effort throughout the plan period. The institutional machinery would need to be considerably strengthened and made more effective. As a result of this strategy, additional jobs to be created in various sectors are given in Table 12.2.

Table 12.2

EMPLOYMENT GENERATION SEVENTH PLAN

(million additional jobs)

1. 2	3
1. Employment increase associated with 6.5 per cent growth in GDP	4.2
2. Programme for the rehabilitation of return migrants.	0.35
3. Additional employment generation with 10-Point Employment Strategy:	
- Additional employment due to industrial promotion policies and emphasis on use of local engineering goods.	0.15
- Small-Scale industry	0.55
- Self-Employment promotion scheme	0.15
- Skill-generation programmes	0.2
- Rural employment policies	0.2
- Others including the employment effect of promoting construction and consultancy service.	0.3
Total	6.1

EMPLOYMENT STRATEGY FOR THE SEVENTH PLAN

26. The projections of increase in unemployment during the Seventh Plan outlined in Table 12.1 assume a population growth rate of 3.1 per cent per year; an employment elasticity that does not diverge significantly from its long-term trend; expectations of a continuing decline in employment

opportunities in the Middle East; and finally, the assumption that a large part of the labour force participants in the future will remain relatively untrained, unskilled and illiterate.

TEN-POINT STRATEGY

27. If the economy is to achieve the target of 6.1 million additional jobs (as shown in Table 12.2), a strategy to change the basic assumptions is required. In fact the new strategy for employment generation will focus on curbing the high rate of population growth; initiating policies and programmes in those sectors that have a demonstrated employment potential; responding positively to structural changes in the Middle Eastern economies; and undertaking skill-development programmes to meet the emerging requirements of the economy.

28. A ten-point strategy for employment promotion has been evolved for the Seventh Plan. This is summarized below.

- A new industrial policy will be announced for opening up new areas of industrialization, with no limit or restriction on setting up industries establishments within and around the cities. Besides a tax holiday presently allowed to the new industries in backward areas, industrial inputs would be subsidized or given other incentives. A 25 per cent relief in import duty and sales tax for industries located at a distance from municipal limits is proposed. Private investment banks would also be set up; and consideration will be given to the introduction of private commercial banks.

- There shall be greater focus on small-scale industries. A liberal credit scheme would be launched to expand small industries through a special line of credit from international financial institutions. The institutional base for planning and promotion of small-scale industry would be strengthened.

- Self-employment will be emphasised. Skilled persons would be able to borrow money from the banks to establish their business. For this purpose a Youth Investment Promotion Society (YIPS) has been set up for the educated unemployed. This programme includes a training programme involving 20,000 persons in small business management.

  Skill formation will be emphasised. Additional 92 vocational and technical institutions will be established during the Seventh Plan to double the intake of students. Graduates from engineering and technical institutions will be given one-year on-the-job training. The trainees would be given stipends and half the costs of this one-year programme will be met by the respective industry and the other half by the government.

- In order to create more jobs the construction industry will be encouraged. Housing construction should be expanded as it encourages an area of economic activity which is highly labour intensive. A toll based programme for the construction of roads would be undertaken. Private sector would be allowed to construct roads where such demand exists.

- Water & Power Development Authority (WAPDA) and the Telegraph & Telephone (T&T) Department and other public sector agencies would be encouraged to purchase locally fabricated engineering goods. The government and public sector agencies would have to apply for a No Objection Certificate (NOC) for importing equipment and machinery which is also locally manufactured. To end the dependence on foreign consultants, a National Consultancy Policy would be framed which is expected to utilize the services of our own experts and to expand the domestic technological expertise.

- Avenues for rural employment will be encouraged by making liberal provisions for loans to agro-industries. Local Bodies will be given additional powers as well as resources for improving rural employment opportunities. The provincial governments have indicated their desire to establish special area development authorities for selected areas expected to generate additional employment.

- Labour policy would be rationalized to make optimum use of the existing labour force so as to control the cost of production and to ensure labour discipline.

- Financial institutions would be directed to take into account the potential of projects for creation of job opportunities while giving loans to the projects. While approving public sector development projects, due weight will be given to the employment aspect along with other indicators of economic viability. Sponsors would be asked to provide alternate technology options for greater employment.

- A human resource development fund would be established with an initial allocation of Rs 500 million at the beginning of Seventh Plan. This would be increased to Rs 2 billion over the Seventh Plan period. This fund will be used to upgrade the quality of the labour force in collaboration with the private sector and in the light of the recommendations of the National Manpower Commission. The utilization from this fund would be authorised by a special high-powered board.

29. The focus on the small-scale industry and the construction sector are essential elements in this strategy because of their high labour intensities and strong linkages with other sectors. They would also complement each other as better infrastructure facilities will induce higher growth, especially of small-scale rural industries. The suggested measures for inducing growth in these sectors outlined below, will also generate largely self-financed private investment beyond the target for the Seventh Plan. The suggested shift towards export-led growth will bring about a more efficient and labour-intensive manufacturing sector in line with the country's factor endowments.

30. These policy shifts in favour of employment-intensive sectors, raising the level of activity largely on the basis of self-financing would be combined with a national training programme. The most essential part of the employment strategy is a large skill-creation programme. Such a programme will need the combined efforts of both the public and the private sectors. The association of the private sector, which would be the ultimate beneficiary of the skill development programme, will ensure that the supply of skills corresponds to the changing pattern of demand. Greater details on the employment strategy are provided in the sections below.

SMALL-SCALE INFORMAL SECTOR

31. The employment strategy for the small-scale manufacturing and informal sectors appears below.

Manufacturing Sector

32. Small-scale industries have not only a large potential for generation of employment, they also produce a relatively higher level of output and exports. While investments in the small-scale sector during the period 1971-72 to 1987-88 accounted for only 11.9 per cent of the total investment in manufacturing, their contribution to output was 30.5 per cent. The incremental capital-output ratio in large-scale industries (2.0) is almost ten times that in small-scale industries (0.2). Moreover, despite their relatively low share in value added, small-scale industries account for more than 80 per cent of total manufacturing employment. The cost of an additional job created in the large-scale manufacturing sector is almost eighty times the cost of a job created in the small-scale industry.

33. However, small-scale industries suffer from a number of relative disadvantages in a modern society dominated by large- scale industries.The most notable handicap for small-scale industries is the system of import of raw materials which generally favours large-scale industries. Small-scale industries buy their raw materials from commercial importers or recognized industrial importers who sell raw materials in excess of their own requirements. They do not take advantage of the system of duty refunds because the expense and effort involved is not commensurate with the savings from rebates. Additionally, export finance facilities are not extended to them. The progress towards deregulation and simplification of the procedure to import raw materials would be a great help for a large number of small-scale industries. The reduction of the level of duty on some of the raw materials widely used by small-scale industries would contribute also towards lower costs.

34. The small industries corporations in the provinces are making singular efforts to modernise some of the traditional small-scale industries which can survive and support the large- scale industries. There is a need for continuing identification of areas where small-scale operators can obtain orders from multi-nationals or large domestic units. It is necessary, therefore, that the Department of Investment Promotion and Supplies and the Planning Commission should jointly work towards identification of new opportunities for setting up and developing small-scale industries in line with new opportunities.

35. Creation of demand for the products of small-scale industries can play an important role. A national campaign would be needed to develop markets for products of small industries. While large industries can afford their own advertisement budgets, small industries would need assistance in promotional efforts. A government spon-

sored publicity campaign with awards for innovation and excellence of design would be necessary.

Retail Trade And Other Sectors

36. The small informal sector has a large employment potential. Apart from retail trade which continues to expand and absorb large numbers, the informal sector largely depends on personal skills acquired through old apprenticeship system. Part of the problem lies in the fact that the supply was disrupted due to emigration of skilled workers. In order to encourage employment in the informal sector the Seventh Five-Year Plan aims at setting up training institutions to improve the supply of trained manpower. The informal training through personal apprenticeship will continue. It is proposed that a regular system of examination and award of certificates be organized to improve the status and marketability of such training.

37. The programme of loans for self-financing and project development by the Youth Investment Promotion Society (YIPS) would play an important role in increasing employment in this area.

Housing And Road Construction

38. Housing construction has received special attention under the accelerated rural development programme. This focus shall continue during the Seventh Plan. The emphasis will be on small, low-cost housing. Various elements of such small houses would be standardized (e.g. size of doors and windows) to give rise to supporting industries.

39. In addition, special emphasis will be placed on the construction of roads. A programme for the construction of major national highways is already under implementation. A toll-based programme for the construction of roads will be undertaken. Rules will be framed for encouraging the participation of the private sector in the construction of roads with the investment recovered through tolls. The road construction programme will be divided into the following three components:

- Allow private sector to construct roads where such demand exists and cannot be met through public expenditure and allow the recovery of costs and maintenance through toll collection by the private sector.

- In cases where the expectation of income from tolls is not sufficient, government will participate in the programme by providing part of the funds.

- The construction of rural village-to-market roads will continue to be encouraged on a large scale and the rural development programme will have a sizeable component for the construction of rural roads. A master plan will be prepared for each region for rural road construction.

Construction Industry

40. The construction industry has a high employment elasticity. The construction activities implicit in the Seventh Five-Year Plan will be carefully organized and phased with the objective of maintaining a sustained level of employment during the plan period. The industry will be given incentives by the government in return for a commitment to employ engineers and other technical workers on a regular basis.

CONSULTANCY

41. The development programme in the Seventh Plan would require the use of consultancy services in engineering and other technical fields. The Planning Commission has already set up a special cell for organizing professional consultancy services and encouraging the use of local consulting firms. These efforts will be continued in the Seventh Plan to ensure that Pakistani consultants are involved in leading roles on all major projects.

EXPORT-LED MANUFACTURING

42. The large-scale manufacturing sector will continue to play an important role in the growth of the economy. However, the growth of labour-intensive export-oriented industry will be encouraged in line with Pakistan's resource endowments and comparative advantage. Additionally, emphasis given to greater exports from the small-scale sector, which is traditionally more labour intensive is also expected to contribute to greater employment generation. To facilitate exports, a phased programme of tariff rationalization and reduction in import duties, particularly on raw materials and intermediate goods, has already been initiated. This policy will be implemented in conjunction with a programme of management, technology and skill upgradation through vocational and on-the-job training.

AGRICULTURE AND RURAL EMPLOYMENT

43. Agriculture will continue to employ a large part of the labour force. During the Seventh Plan, the diversification of agriculture towards fruits,

vegetables, edible oils and activities such as livestock rearing for meat and milk production is expected to increase the employment potential in the rural areas. Equally important are the forward linkages of these activities with processing and packaging industries. With increased production, changing consumption patterns and export requirements, existing capacity in these industries will have to be substantially increased.

44. To the extent that these industries can be located close to the source of supply more rural employment will be generated. Since mechanisation of agriculture will continue, the indigenous manufacture of agricultural implements is likely to follow with positive effects on employment. The off-farm demand for labour would also increase for maintenance of agricultural equipment. The government, on its part, would ensure the availability of infrastructure at selected points in the rural areas which have the potential to emerge as small rural industrial centres.

45. For this, the development of small sized commercial industrial plots for rural industries and service facilities is being considered. Once the villages have been electrified, new connections should be easily available to small industrial and mechanical service units thereby increasing industrial activity and potential for further job creation in rural areas.

MIGRATION OF WORKERS

46. On present international trends, the stock of Pakistani workers abroad is not expected to change significantly. We should aim, however, at retaining at least the present stock of labour abroad. The Middle Eastern economies are moving from the stage of construction of infrastructure to manufacturing, services and maintenance activities. Demand for skilled workers like air-conditioning mechanics, etc., and for trained workers in hotels and pharmacies has not fallen. Detailed studies of the potential manpower markets and the type of skills that are needed in those markets should be carried. The private sector should be encouraged to develop training institutions keeping in view the changing pattern of manpower demand. In this way, it would be possible to retain our share of labour in the Middle Eastern market.

47. Productive reabsorption of returning emigrants in the economy during the Seventh Plan will be a challenge for the government. However, at the same time, it must be recognised that a majority of these workers will return with substantial funds, and more progressive and modern attitudes, and a high level of accumulated skills. These factors are expected to constitute the basis for a new entrepreneurial class. The government's responsibility, in this context, will be to continue with de-regulation and liberalisation of the economy and to establish information systems that will allow these migrants to invest in industry, trade, transport and agriculture.

TRAINING AND SKILLS

48. A training and skills programme will mark the beginning of a concerted effort to create a well trained skilled manpower base for the economy. The long-term solution to the problems of youth and the educated unemployed will be found through more effective manpower planning. Some of the measures which will be taken are as follows:

- The annual output of skilled workers in government institutions, apprenticeship programmes and specialised training programmes of major public sector establishments is estimated to be 19.8 thousand at the start of the Seventh Plan. This is expected to increase by about 25,000 per annum by the end of the plan period. The annual supply of semi-skilled workers during the Seventh Plan (including those in private institutions) is expected to be 39,000. These will be supplemented by an additional 40,000 skilled and unskilled workers annually from the informal training system *(ustad-shagird)* during the Seventh Plan period. Given the expected increases in the demand for skills, the present programmes are clearly inadequate and would be expanded.

- The government will implement a programme which will direct 50 per cent of the school leavers to vocational institutions.

- Another area of skill expansion will be through the apprenticeship training programme which currently has an output of only about 1,500 per annum, mostly in Sind and Punjab. Uptil now, a number of industrial establishments have managed to circumvent the provisions of the existing Apprenticeship Training Ordinance, 1962, which regulates this programme. A rapid expansion of this programme covering degree-level engineers and polytechnic diploma holders will be undertaken. Suitable incentives will be provided to both trainees and institutions to participate in this programme.

- To reduce the problem of educated unemployed a comprehensive programme of vocational guidance and employment counselling will also be introduced during the Seventh Plan.

- Arrangements will be made to register all the educated employment seekers at the local employment exchanges. Special arrangements will be made at all the employment exchange offices for this purpose and proper techniques and procedures for registering, interviewing, referral and placements will be developed. Simultaneously Placement Bureaus will be set up in educational institutions for referral and placement of the educated unemployed.

49. One major emphasis in education and training will be to arrest the present decline in the quality of education. A significant amount of resources will be earmarked for refresher courses for teachers at all levels. Also, higher educational institutions will be asked to associate themselves with leading institutions in other countries and exchange of specialists with them would be encouraged.

FINANCIAL ALLOCATIONS

50. The Seventh Plan allocation for the projects and programmes in the labour and manpower sector is Rs 2,560 million. Of this Rs 1,580 million is for on-going programmes; the major one being the National Vocational Training Project, for which an allocation of Rs 1,472 million have been made. Rs 980 million are earmarked for new projects. This is mainly to set up 50 additional vocational training institutes.

51. The present size of the programme is not adequate to bring about a major change in this vital sector. It is therefore, proposed to set aside a special fund of Rs 3 billion for the implementation of additional programmes recommended by the National Manpower Commission. The allocation would be in the form of a special human resources development fund for which authorizations will be made by a special high-powered board. The fund will be used initially to finance the apprenticeship programme and create new training institutions in collaboration with the private sector. The fund can, at a later stage, be strengthened by a small levy on the private sector who would benefit from the improved quality of manpower.

CHAPTER 13

POVERTY ALLEVIATION STRATEGY

Disenchantment with the failure of growth to 'trickle down' to the poor and an emerging concern for equity in general and poverty alleviation in particular, has compelled policy makers to chart a new course of development. Policy options to address these new concerns range from direct redistribution to wage-price policies aimed at improving relative income shares.

2. In the past, direct and indirect measures have been taken to achieve a fairer distribution of economic benefits. A redistribution of assets was tried but without much success. Wage-price policies and fiscal measures have helped but not to the extent desired. It is by now quite clear that additional measures must be taken which are designed specifically to redistribute income and alleviate poverty. Such a strategy is embodied in the Seventh Plan. In addition, a special poverty alleviation programme is identified.

TOWARDS A STRATEGY

3. The poor can be helped by contributing directly to their consumption or by strengthening their economic base. Both are essential. Immediate and pressing consumption needs have to be met; there are people who are not capable of doing productive work. Their requirements will be taken care of by *zakat* and *ushr* funds. However, the more important role of the government is to improve the productive capacity of the poor (and consequently their earnings) by providing more infrastructure facilities, building their physical and mental capabilities and affording them greater opportunities of work. This not only strengthens their economic base but also ensures provision of basic needs which is a fundamental right of every human being. This role of the Government is being crystalised in the form of a multi-dimensional strategy covering the following broad areas:

- Developing Human Resources
- Rebuilding the Physical Infrastructure
- Generating Employment
- Reaching Special Groups

DEVELOPING HUMAN RESOURCES

4. Development of human resources leads to higher levels of human capabilities, which in turn enhances the well being of the community and contributes to national development. This is achieved through improved nutrition, greater health care, population planning and better education and higher skills. While malnutrition is an expression of absolute poverty, the limited coverage of socio-economic services like eduction and health care are a manifestation of relative poverty. Absolute poverty has fallen considerably in the past decade although malnutrition still persists. Relative poverty, however, prevails in large enough measure to cause concern. Essential services are still not available to the masses. Although the socio-economic programme implemented during the last two years of the Sixth Plan has made concerted efforts in this direction, much more remains to be done.

Nutrition

5. Nutrition is an important development concern. It is closely related to the improvement of health standards and in fact it can be regarded as a major preventive measure since a high nutrition

level enables people to resist diseases. Nutritional deficiencies are usually caused by under-nourishment which in turn is caused by low family-income, ignorance of good nutrition practices and unequal distribution of food within the family, with lowest priority for women, girls and non-earning boys. Such deficiencies are also the result of an imbalance between the intake of calories and proteins.

6. During the Seventh Plan period, food stamps will be issued to the poorest families through local councilors, which will enable them to purchase specific food items from the Utility Stores. More Utility Stores will be opened in the least developed areas and these stores will sell only those items which are essential for meeting the basic needs of the community. The criteria for selection of beneficiaries will be developed by an advisory committee comprising nutritionists and economists, based on the socio-economic, health and nutritional status of households.

Health

7. Health care is receiving particular attention with strong emphasis being given to rural areas. Basic Health Units (BHUs) and Rural Health Centres (RHCs) are being opened. Doctors are being appointed in rural areas in large numbers. However, greater emphasis on paramedics is needed as most conventional approaches to health care, being highly expensive, have limitations.

8. During the Seventh Plan period, a number of measures will be taken leading to an improvement in life expectancy at birth from 61 to 63 years. Infant mortality is expected to decrease from 80 to 60 per 1,000 by 1992-93, when there will also be a primary health care facility for every 10,500 persons and a hospital bed for every 1,380 persons. The number of doctors in rural areas is expected to increase from 8,000 at present to 15,000 by 1992-93, thereby raising the proportion of doctors in the rural areas to 30 per cent from the present 22 per cent.

9. Development of a proper rural health infrastructure is an important component of the Seventh Plan. By 1990, each Union Council will be provided with a BHU and RHC manned by qualified doctors with necessary supporting staff. Under the Seventh Plan a village health auxiliary will be provided to act as an extension arm of the BHU in every village which does not have a health facility at a convenient distance. A mechanism will also be developed whereby emergencies and other complicated cases will be referred to the tehsil/district hospitals which will be equipped with modern facilities and specialized services.

10. In urban areas, primary health care centres will be opened in order to reduce the pressure on hospitals. Employment will be provided to all categories of health personnel in public and private sectors. A nation-wide school health service will be made operative to take care of the unattended youth. A National Health Insurance Scheme, at least for critical illnesses, will be introduced and the social security scheme will be strengthened. A nutritional anaemia programme will be launched covering all age groups. Fertility regulation will be a focal point of primary health care for better maternal health and improved health endowment at birth. More explicitly, the programme will seek to improve health standards, lower morbidity and mortality among children under 5 and women, assist in the spacing of children and provide family-life education.

Population Planning

11. The population growth rate (presently estimated at 3.1 per cent per annum) appears to have increased in recent years as death rate, particularly infant mortality rate, has fallen because of effective health policies while birth rates have not responded as well to population planning measures. The resultant increase in the dependency ratio has been more pronounced in the poorer sections of society where high fertility has persisted. This increase in the proportion of dependent population among the poor has further added to their economic burden. It has also, to a large extent, neutralized the government's poverty alleviation efforts. It has become imperative therefore to restrain population growth and adopt population planning as a major poverty alleviation tool.

12. Population planning efforts have not yielded satisfactory results so far. The Sixth Plan proposed a change in approach from uni-purpose to multi-purpose family planning with close inter-relationship between population, resources, environment and development. It is too early to judge the effectiveness of this approach as these programmes take a long time before yielding dividends. Realizing the importance of population planning for the well-being of the present population as well as for the generations to come, the Seventh Plan proposes a substantial increase in allocations for this purpose with stress on motivational programmes and service delivery.

Education

13. In education, emphasis will be shifted from higher education to literacy and toward primary education and vocational training. Presently higher education is heavily subsidised. The government bears a subsidy of about Rs 11,000 per university student per year. A reduction in this subsidy will not only release more funds for primary education and technical training, it will also reduce the unemployment problem of the educated youth. Manpower is a resource rather than a burden on society. It should be trained according to the requirements of the economy so that absorption is ensured. Misguided education and training policies have resulted in unemployment and have led to discontentment and social unrest.

14. Under the Seventh Plan school facilities will be provided to every child within a radius of 1.5 km so that no child is deprived of basic education due to the non-availability of a school at a reachable distance. By 1992-93 almost every child (boy and girl) of age 5 and above will have access to a primary or a mosque school. A primary school will be established for every settlement of 500 persons or more. There will be a legislation for compulsory primary education upto class 5 wherever a school is available within a distance of 1.5 km. This will automatically remove disparities in the availability of school facilities for boys and girls in both rural and urban areas. Higher literacy rates are planned to be achieved through the improvement and expansion of primary education. It is expected that the literacy rate will increase to 40 per cent by the end of 1992-93, with the rural literacy rate reaching 33.5 per cent.

15. To help attain these objectives, the Seventh Plan envisages a more than 50 per cent increase over the Sixth Plan in public sector development outlays on education, a major portion of which will be earmarked for primary and secondary education. Scholarships will be awarded to deserving students from low income groups in order to provide them access to quality institutions. *Zakat* and *ushr* funds will be used for the award of stipends to children of *mustahiqeen* (the needy indigent).

16. Communities will be encouraged to set up, on a self-help basis or as private venture, primary, middle and high schools. As an incentive, the government will provide by way of grants 50 per cent of the annualised capital and recurring cost per student. A revolving fund will also be established to provide financial help to the Non-Government Organizations (NGOs) running schools on a cost basis.

REBUILDING THE PHYSICAL INFRASTRUCTURE

17. The country is presently facing a virtual collapse of infrastructure facilities due to lack of maintenance of existing infrastructure and inadequate allocation for building new infrastructure to meet the requirements of the expanding economy. Besides, financial expenditures have not led to commensurate physical achievements due to heavy leakages by way of corruption. The institutional arrangements for implementation require substantial strengthening. Higher financial allocations are also needed in order to avoid slippages in the implementation of other sectoral programmes. The availability of clean drinking water and housing is an essential requirement for human existence. The importance of energy and transport cannot be overemphasised. The crash programme for rural electrification and farm-to-market roads under the Sixth Plan is expected to make an impact in these areas. This programme will be carried over into the Seventh Plan.

Clean Drinking Water

18. Clean water is by far the most immediate requirement, particularly of the rural population. The majority of illnesses are attributable to contaminated water supply. The availability of clean water therefore is a vital preventive measure which will curtail water-borne diseases and reduce expenses on health services. The Seventh Plan will endeavour to increase the coverage of potable water supply and sanitation. Clean water will be supplied to an additional 13.6 million urban population and 31.2 million rural population. Thus water availability will increase from the present 80 per cent of population to 95 per cent by 1992-93 in urban areas and from 40 per cent to 75 per cent in rural areas.

19. An additional 12.4 million urban population and 17.0 million rural population will be provided with sewerage facilities during the Seventh Plan thereby increasing the coverage from 52 per cent presently to 70 per cent in 1992-93 for the urban population and from 10 per cent to 30 per cent for the rural population. Development works like bulk water supply, sanitation, drainage, roads, etc. will be undertaken by the public sector for 2,040 *katchi abadis* spread over 26,060 acres. Environmental conditions will also be improved and resi-

dents, totalling 5.5 million, will be granted proprietary rights.

Housing

20. Housing is not growing as fast as urban population with the result that the backlog of houses is building up, which is visible in the form of *katchi abadis*. Nearly one-third of the population of Karachi now lives in *katchi abadis*. Low-cost housing thus needs priority attention. During the Seventh-Five Year Plan, improvement and regularisation of *katchi abadis* is expected to benefit 5 million persons. Besides 2-3 marla plots will be provided to the urban shelterless. Under the 7-marla plots scheme, 2.2 million plots will be alloted in the rural areas. Construction of 1 million houses for the rural and urban shelterless will be financed through *zakat* funds, loans from the House Building Finance Corporation (HBFC) and foreign grants. Besides, more credit facilities for low-cost housing will be made available in the private sector.

Electricity

21. Electricity will be made available to 47 per cent of the total population by 1992-93 as against the present 35 per cent. At least half of the new domestic connections will be provided in the rural areas. The village electrification programme will electrify another 10,336 villages, bringing the proportion of electrified villages up to 54.8 per cent by the end of the Seventh Plan period as compared to the present 33.7 per cent. Rural electrification and up-stream facilities will also be provided in Azad Jammu and Kashmir, Northern Areas and Federally Administrated Tribal Areas. The secondary transmission systems and distribution of power in the Water & Power Development Authority (WAPDA) system will be extended, a major portion of which will provide electricity to new customers most of whom will belong to the lower income group. Funding is also provided for installation of generators in far-flung areas. The Seventh Plan proposes to provide at least 50 per cent of new gas connections to the rural areas and streamline the supply of liquified petroleum gas (LPG). Solar water heaters will also be developed for the rural areas.

Transport & Communications

22. The Seventh Plan envisages an increase of 8,500 km of farm-to-market roads and opening of 800 new post offices in rural areas as against only 200 in urban areas. Telephone availability in rural areas is planned to increase three-fold during the Seventh Plan period and Azad Jammu and Kashmir and Northern Areas to be provided with an additional 7,500 telephone connections.

GENERATING EMPLOYMENT

23. Unemployment is expected to assume serious proportions in the near future. The opening of the Middle Eastern market during the early 1970s had eased the situation temporarily. It is estimated that approximately 8 per cent of the labour force had emigrated in the period 1975-85. During the Fifth Plan (1977-83), as much as one-third of the additional labour force was absorbed by overseas employment. Recent information on migration, however, suggests that Pakistan has already entered the phase of negative outflow. The construction boom is more or less over in the Middle East. Together with low oil prices and the growing competitive edge of other labour-exporting countries, a net return migration of 86,000 workers per annum is expected in the near future. This means that the labour market has to absorb not only the incremental labour force which is growing at the rate of 3.1 per cent per annum but also an additional 0.2 per cent in the form of return migration, in addition to the existing backlog of the under-employed.

24. This constitutes a formidable challenge and requires the expansion of employment opportunities at a rate exceeding 3.3 per cent per year for the next five to seven years. The problem is further compounded by the structural changes in the economy due partly to emigration over the past 10 years or so. Available evidence indicates that during this period the labour absorptive capacity of the entire economy, particularly the commodity producing sectors like agriculture and manufacturing, has gone down as a labour-scarce situation, created temporarily by emigration, has led to increased capital-intensive methods of production.

25. Rural unemployment is on the increase because of structural changes in the agrarian economy brought about by mechanization, the capitalistic orientation of agricultural practices and changes in the land tenure system, in addition to the return of emigrant labour, half of which come from rural areas. The pressure of rural population seeking employment in urban areas is already being felt and is expected to increase in future. The creation of employment opportunities in rural areas has therefore assumed great urgency as it will serve the objective of generating income for the rural poor and discouraging migra-

tion to large cities, where public utilities have collapsed totally.

26. Past industrial policies have tended to favour large-scale manufacturing which is capital-intensive and urban-based. As a consequence, people from rural areas are migrating to cities, which are not capable of absorbing all the employment seekers, especially in industry. It is therefore necessary to encourage small-scale industry in the rural areas and small towns. This will not only absorb more labour, being more labour-intensive than large-scale industry, but will also offer more employment opportunities in their areas of residence.

27. The Seventh Plan accords high priority to small-scale manufacturing which will be provided greater access to infrastructure facilities like power, gas and telephones; preferential treatment in credit allocation; encouragement to sub-contracting arrangements between large and small-scale industries and establishment of a one-window operation so that the small entrepreneur can meet all his requirements in one place. Incentives will be provided for channeling remittances to investment in small-scale industry. Growth of small-scale industry will be adopted as a separate target.

28. Measures will be taken to generate productive employment through the introduction of labour-intensive agricultural practices and the encouragement of small-scale and cottage industries in the rural areas. There will be a decisive shift from general education to technical and vocational training in order to increase productive employment. The Seventh Plan proposes to direct 33 per cent of school-leavers to vocational training as against the present 23 per cent, with the ultimate aim of increasing it to 50 per cent. A Human Resource Development Fund of Rs 2 billion has been created which will be used initially for financing apprenticeship and training programmes in collaboration with the private sector. Appropriate manpower planning will effectively reduce the educated unemployables by charting the future requirements of various abilities and skills and planning education and training accordingly. Vocational training centres (37, including 5 for women) are being established. In addition 50 more technical training centres will be set up.

29. Employment generation will also be approached through selective sector strategies. Sectors with higher labour content, like small-scale manufacturing, the vendor industry, construction and services, are projected to grow at a faster rate. Self-employment will be encouraged in these sectors through various credit schemes. The Youth Investment Promotion Society (YIPS) will offer loans for self-employment and project development. Overseas employment will also be encouraged. It is expected that about 6 million additional jobs will be created during the Seventh Plan period.

REACHING SPECIAL GROUPS

30. In addition to providing human and physical infrastructure and jobs, the poverty alleviation strategy proposed in the Seventh Plan addresses the needs of special groups who are hard to reach: women, small farmers and rural population in general. It also recognizes the need for grass-roots participation and for safety nets for the indigent. Finally, it addresses the special needs of neglected regions.

Women

31. Despite considerable progress in the area of women's development in the recent past, it is recognized that women are still the deprived majority of our society. The first condition for an effective national development policy for women is the recognition that no society can make real progress unless women are drawn to the mainstream of social and economic development and become equal partners in the development effort. A pragmatic action programme for the uplift of women was initiated in the Sixth Plan. There are already noticeable signs of improvement. It is planned that such an uplift programme for women shall be extended to the Seventh Plan and beyond aiming at women's full participation in the development process and complete integration in society.

32. The action programme shall specifically relate to the provision of better health, education and employment facilities. It will be ensured that the funds for the programme are effectively utilised for the most deserving. Besides, the role of the NGOs will be explored and encouraged. It is through the efforts of the society as a whole that women's participation in social and economic spheres of life can be made more meaningful.

33. The main difficulty encountered by women in working outside the home is that generally they cannot stay away from home for long periods and therefore cannot take on a full-time job. There could be a sharp increase in the participation of women in the production process if part-time jobs

are easily available. As a policy measure, the Seventh Plan will aim at making more part-time jobs available to women both in the public and the private sectors.

Small Farmers

34. The credit-technology package has not reached the small farmer. Even the credit and extension facilities intended for the small farmer have mainly benefited the rural elites. While it is difficult to avoid the non-target groups entirely, a greater flow of the benefits to the target group can be ensured in future by making necessary institutional changes.

35. One of the Seventh Plan objectives in the agriculture sector is to improve the support price system and the market mechanism in order to make it more responsive to the needs of the small farmer with the objective of increasing his earnings. Other objectives which are expected to benefit the small farmer are diversification of output towards fruits, vegetables and livestock products, dissemination of modern production techniques and increased availability of interest-free loans. With greater stress on intensive cultivation practices and consequent increase in purchased inputs, the requirement of institutional credit will also increase. Credit facilities are therefore planned to increase by 12 per cent every year, totalling Rs 130 billion for the Seventh Plan period compared with Rs 66 billion disbursed during the Sixth Plan. The supervised credit system will be extended to cover the whole country and efforts will be made to curb malpractices. Credit will be backed by crop insurance in order to facilitate recoveries. The Training and Visit (T&V) system of agricultural extension, introduced during the Sixth Plan, will be extended to all districts of Punjab and Sind during the Seventh Plan. Crop and area maximisation programmes will be promoted and effective linkages provided between the farms and the research institutes.

Rural Development

36. Rural areas have been neglected in the past in terms of their share in public development expenditures. Their average incomes are much lower than the urban sector's. A realization of this bias and the will to correct this situation was fully expressed in the Sixth Plan and is shared by the Seventh Plan. The Sixth Plan programme covered education and health services, electrification, farm-to-market roads, supply of clean water and sanitation, anti-waterlogging and salinity programme, etc.. The public sector outlay for rural development has been increased from 32 per cent in the Sixth Plan period to 42 per cent in the Seventh Plan. It is expected that this accelerated rate of rural development will bear fruit and significantly narrow rural-urban income differentials.

Participation At The Grass Roots

37. In addition, with public funds becoming scarce, greater reliance will have to be placed on mobilisation of private resources. Programmes such as cooperatives, extension services and non-formal education shall be undertaken on a self-help basis. Provision of basic needs to the poor will be organized on a large-scale through *zakat* and *ushr*. The mass media will be mobilized for motivating the public to participate in the development process at the grass roots level. A motivation programme will be designed to inform, educate and motivate people to help themselves. This would be done through an integrated community development programme along with extension services, co-operatives and other self-help schemes. Basic institutional changes and streamlining of administrative procedures are required, however, in order to fully utilise the potential of the masses. The institutions of District Councils in rural areas and Town Committees in urban areas will be strengthened and equipped to supervise the network of functionaries of social services. In addition all federal and provincial organizations involved in the delivery system of these services will be accountable to the District Councils and Town Committees.

Safety Nets

38. The social welfare and special education programme of the government is aimed at the economically and physically disadvantaged. The Seventh Plan outlay for this sector is nearly double the Sixth Plan expenditure covering special education and rehabilitation services for the disabled, promotion of voluntary social welfare agencies and services, child welfare, medical social work, women's welfare and urban and rural community development, staff welfare services, welfare of senior citizens, control of beggary and rehabilitation of drug addicts. During the Seventh Plan *zakat* and *ushr* funds are expected to play a larger role in providing safety nets to the growing number of *mustahiqeen*. A system of relief will be worked out for the weakest among the population who may not be able to obtain a subsiste income due to deficiencies beyond their cont A major policy initiative in this area is the r

ganisation and streamlining of social welfare and *zakat* organisations at the federal, provincial and local levels. The federal government will establish and develop a central administrative framework capable of initiating, steering and sustaining programmes for special education and rehabilitation of the disabled. Furthermore, a central coordinating body will be established to monitor and standardize programmes of non-government organizations (NGOs) and manage their aid.

Regional Development

39. Baluchistan, the Federally Administered Tribal Areas, Azad Kashmir, the Northern Areas and some districts of Punjab, Sind and the North West Frontier Province (NWFP) have been identified as relatively less developed and low-income areas and will receive a substantially larger allocation from the federal budget for their development. In the case of underdeveloped regions/districts of the provinces, federal expenditure may be linked with a provincial contribution of 50 per cent of the total cost of a project. This may apply to the rural areas as well.

40. The development strategy will relate to the natural endowments and limitations of each area. Baluchistan needs infrastructure and development of agriculture and minerals. The strategy consists of extension and preservation of irrigation by (a) expanding the Pat Feeder Canal, (b) building small dams to conserve rain run-off, (c) on-farm water management, and (d) extension of trickle irrigation and wells *(karez),* initially at subsidised rates. Provision of electricity and roads will be given high priority. An integrated valley development project shall be initiated which will take care of electrification of villages, installation of tubewells and construction of roads. Also, greater geographic spread will be given to primary education in the province.

41. For the Tribal Areas development priorities will cover exploitation of scant irrigation facilities, provision of electricity to meet higher energy requirements, conserving and developing forest areas, linking valley roads to main arteries, and promoting literacy and education, particularly technical education.

42. The Northern Areas enjoy the highest literacy rate among the less developed areas. With respect to health facilities, they fare even better than the national average. The main development priorities for these areas are irrigation water and energy from hydel power generation. The Aga Khan Foundation is presently doing an excellent job through the multi-sectoral Aga Khan Rural Support Programme. Fruit trees thrive wherever water is available. The strategy will be to encourage fruit production. The fruit canning industry has good prospects in these areas.

43. The strategy for Azad Kashmir will be to improve its limited production base through the development of hydel power, minerals and forests. Mini-industries will be encouraged. Cottage industries like walnut furniture-making and sericulture will receive special emphasis. A new package of incentives including subsidised inputs, free land and concessional credit will be developed. A revolving fund for the provision of equity will also be created. Technical schools will be opened.

44. The industrial location policy of the government has not yielded the desired results. While taking advantage of the concessions offered, industries were set up in areas technically qualifying for concessions but adjoining large cities, thereby negating the very purpose of the policy. Tariff concessions were also misused in many instances and machinery imported for a specific underdeveloped region was installed elsewhere. A new, balanced location policy with a small-scale, non-urban orientation will be devised.

45. The Seventh Plan will make a special effort to develop the physical and social infrastructure in the area west of the Indus. Efforts will also be made to promote small-scale industry in NWFP, Baluchistan, Azad Kashmir, Federally Administered Tribal Area and Northern Areas and to provide credit facilities for this purpose. Large-scale manufacturing units, with backward and forward linkages, will be identified for these areas and specially tailored incentives will be offered on a selective basis. Key projects which are likely to stimulate economic activity in underdeveloped areas and which are not attracting private investment because of low profitability will be sponsored by the public sector. A new scheme of fiscal incentives for industries will be launched. Vocational training centres will be opened in industrial estates of the underdeveloped regions.

A SPECIAL POVERTY ALLEVIATION PROGRAMME

46. The policy measures and strategies for alleviation of poverty for the Seventh Plan, as outlined above, are expected to have an impact on the existing distribution of income. As an additional measure, a special federally-funded poverty al-

leviation programme will be launched. It will be an action plan aimed specifically at the poorest sections of the society.

IDENTIFICATION OF TARGET GROUPS

47. The target group -- the poorest of the poor -- is difficult to reach due to their geographic dispersion. However, there do exist pockets of poverty and a practical approach would be to identify these pockets. *Katchi abadis* in the large cities could be an obvious target group in the urban areas. For the rural areas, the least developed areas are taken as the target group, since low level of incomes and underdevelopment generally coincide.

48. For this purpose, in a research study, districts have been ranked according to the level of their development. The criterion adopted to determine the level of development of each district is a composite measure of its output, wealth, physical infrastructure and education and health facilities. The following emerge as the least developed districts, according to this criterion, in increasing order of development in each Province, according to the study conducted by the Applied Economic Research Centre of Karachi University (as quoted in the Report of the Industries Commission, 1988):

Baluchistan:
Nasirabad, Kohlu, Turbat, Khuzdar, Panjgur, Pishin, Kacchi, Lasbela, Kharan, Kalat, Gwadar, Sibi, Chagai, Loralai, Zhob.

NWFP:
Chitral, Dera Ismail Khan, Malakand, Mansehra, Karak, Kohistan.

Sind:
Jacobabad, Tharparkar.

Punjab:
Dera Ghazi Khan, Mianwali, Rajanpur.

49. Besides these districts, the whole of the Federally Administered Tribal Area, Northern Areas and Azad Kashmir also come within the purview of least developed areas.

PROGRAMME COMPONENTS

50. There is a poverty alleviation content in many of the policies and programmes formulated for the Seventh Plan as discussed earlier. The federally-funded poverty alleviation programme will be an additional effort over and above the normal programmes included in the Seventh Plan. It will consist of (a) information services, (b) education, (c) nutrition and health care, (d) housing, water supply and sanitation, (e) physical infrastructure, and (f) employment generation. These components are discussed below.

51. The paucity of information plays a dominant role in the backward conditions of the economically poor. The poverty alleviation programme intends to address this aspect through the extensive use of the mass media - radio, television, etc. The rural population in particular is highly ill-informed in respect of nutrition, health, education and agricultural practices. Basic information on health and nutrition will be provided. There will be motivational programmes for planned parenthood, immunisation and education, particularly of girls. These programmes will also educate the people against social prejudices. For instance they will attempt to convince them that education of girls will lead to smaller families and educated children; that education of boys is a good investment even though it will temporarily reduce the number of hands available for work; that family planning is a source of economic strength. The information system will also be used to publicise investment opportunities, with extension abroad for the benefit of overseas Pakistanis. In short, there will be programmes designed to inform, educate, and motivate people to help themselves by active participation in the social, political and economic process of national development.

52. The Seventh Plan target for formal education is the availability of school facilities to every child within a distance of one and a half kilometers. Proportionately more schools will have to be provided in the underdeveloped areas where there are few schools, particularly for girls. The special poverty alleviation programme intends to supplement the efforts of the Seventh Plan by opening primary schools in the target districts. Since construction costs of schools are high and since sparsely populated areas cannot attract enough students to justify the establishment of proper schools, a one-room, one-teacher school with multiple classes will be established on an experimental basis. Besides, vocation and skill training centres will be established in these areas in order to promote income generating skills.

53. Since mothers and children living in urban slums and the rural poor are the main sufferers

from malnutrition, this programme will deal exclusively with this section of the society. They will be issued food stamps which can be exchanged for food articles at special Utility Stores which will stock only basic necessities at subsidised rates.

54. Each Union Council will have a Basic Health Unit by 1990. Under the special poverty alleviation programme, the health outlets in the target districts will be strengthened and consolidated. The staff including doctors will be provided residential accommodation and will have other civic amenities at their places of posting. More drugs and medicines will be provided. Keeping in view the distances involved, ambulance services will be organised and mobile dispensaries will be based in each Rural Health Centre of the target areas. These mobile units will also be used for health education and child spacing campaigns.

55. Apart from the 2.2 million plots being created under the regular plan for the rural shelterless, the poverty alleviation programme will create additional plots in the underdeveloped areas of the country, both in the rural and urban areas, and land will be arranged for construction of houses on these plots. Rural housing for landless labour will receive particular attention. *Katchi abadis* will be upgraded and improved through the provision of water supply, sanitation, drainage and roads. The residents will be required to contribute, on a self-help basis, for the construction of drains, pavements, etc..

56. Clean water will also be provided under this programme to the target areas by means of piped water wherever possible, or by installing hand pumps. Since it is economically not feasible to give house water connections, common water taps will be installed at convenient places in *katchi abadis* of urban areas and common hand pumps in the rural areas. Sewerage facilities will also be provided to the *katchi abadis* on the lines adopted by the highly successful Orangi project in Karachi.

57. Higher incomes and accessibility are positively correlated. The poverty alleviation programme, therefore, places great emphasis on the construction of roads in the identified areas. Under this programme areas having the lowest proportion of roads will get maximum coverage. Availability of electricity is yet another important factor in determining incomes. It has revolutionised the lives of the inhabitants of many erstwhile backward regions. The supply of electricity will therefore be another important component of the programme. Generators will be installed in far-flung areas where the cost of electricity supply is prohibitive.

58. The role of water for irrigation in uplifting the economic level of farmers is vitally important. This is borne out by the difference in income levels between the irrigated and non-irrigated areas. The poverty alleviation programme will make a major push in this direction, particularly in the Federally Administered Tribal Areas, the barani areas of Punjab and the arid zone areas of Sind and Baluchistan. Small dams will be constructed to store surplus water. Streams and channels will be lined and tubewells installed.

59. The most effective weapon in the armoury of poverty alleviation actions is the generation of productive employment which not only reduces disguised unemployment, raising the income levels of the poor, but also adds to the total resources of the country. Creation of such employment opportunities in the rural areas will have the added advantage of stemming further urbanisation and its attendant problems. The development of rural growth points will be one of the main components of the proposed poverty alleviation programme. These growth points will be located on the roads connecting the Union Council with the national highway and will be supplied with electricity. There will be shops catering to local requirements like agricultural inputs, tractor repair and household consumption goods and services. Small agricultural implements will be made available on hire.

60. Training centres will be opened at Union Council headquarters for local training of artisans. Traditional skill development will also be undertaken and small-scale industry based on these skills will be organised. Credit facilities will also be made available since financial support is pivotal to such self-employment schemes. In this respect the experience of the Punjab Government with its Rural Industrialisation Programme and Self-employment Scheme for Intermediate Towns has been singularly encouraging. These schemes will be adopted on a country-wide basis which will provide small loans for self-employment. A one-window operation for these credit schemes will be arranged at the Union Council level. The services of the Federal Bank for Cooperatives could be utilised for the purpose. A Food-for-Work Programme will be launched for women wherein food stamps will be issued in return for handicraft work done at home.

DELIVERY SYSTEM

61. The special poverty alleviation programme has been conceived in a wide perspective of socio-economic transformation of the society. Its tools range from the development of human resources to the build-up of physical infrastructure, from credit facilities to the supply of information, from employment generation to transfer of technology and from rural development to regularisation of *katchi abadis*.

62. Since the requirements vary from area to area because of the diversity of resource endowments, each target area will have a unique programme package. It will be an integrated community development programme consisting of selected measures for poverty alleviation for each poverty area. Emphasis will be laid on small-scale programmes encouraging self-help and developing motivation and entrepreneurial capacity. The District Council of each underdeveloped district included in the programme will identify the poverty stricken areas within its purview and prepare a poverty alleviation package for each area.

63. The poverty alleviation package will be in the form of an integrated community development programme consisting of self-help schemes besides programmes of human and physical infrastructure development. These self-help schemes will comprise:

- Vocational training which will equip the community with the necessary technical and managerial skills to enable them to take advantage of opportunities.

- Support services such as credit and technical guidance/information which will improve the capability of the community in income generation. The Aga Khan Rural Support Programme in the Northern Areas, the Orangi Pilot Project in Karachi and the Self-help Project in Baluchistan will serve as models.

- Development of *mandis* and mini-industrial estates as a focal point for growth of the community which will provide employment to the non-farmers and to the farmers during their slack period.

- Establishment of a revolving fund for self-employment to provide credit for small industrial ventures and professional businesses.

64. A start has already been taken in ameliorating the lot of the poor. The Sixth Plan has initiated a comprehensive package of measures for uplifting the lower income groups and giving the rural population a reasonable share in the fruits of development. The Special Development Programme also has a major poverty alleviation content. However, since poverty alleviation is one of the main thrusts of the Seventh Plan, a much greater effort is called for. Specific policies have therefore been framed and special programmes formulated to achieve this end. It is hoped that this strategy for better distribution of incomes and economic benefits will bring about a visible change in the status of the lower income groups and lead the poor out of the poverty trap.

CHAPTER

14

NATIONAL CONSUMPTION PLAN

One essential element of a national consumption plan is to provide a dietary package which meets nutritional requirements and is within the reach of the general population. Preparation of such a package requires an exercise in which the cost of various sources of calories, proteins and vitamins is compatible with the incomes and preferences of the consumer. The diet, particularly those items under government control or those especially relevant to poor households, such as sugar, edible oil and atta, must be examined from three different aspects: (a) the availability of these items to the poor, (b) affordability of these items in the household budget of the poor and (c) compatibility of items with the incomes of the poor. In other words, the consumption plan deals with the following issues: will a nutritionally adequate diet be available;. will it be within the reach of low income households and will it be demanded by these households?

2. In a mixed economy, the ability of the government to influence household consumption patterns rests mainly on the government's taxation, trade, pricing and distribution policies. In the past, the most common policy instruments used to influence the pattern of private consumption expenditure have been rationing, price controls, raw material allocation and restrictions on imports and local production. In addition the government has sought to influence the consumption of luxury items through appropriate fiscal policies and pricing measures.

3. Based on the Household Income and Expenditure Survey of 1984-85, the pattern of consumption in 1987-88 indicates that out of the total consumption expenditure, about 45 per cent was spent on food, beverages and tobacco; 7.1 per cent on apparel, textile and footwear; 4.6 per cent on transport and communication; close to 11 per cent on house rent; 5.4 per cent on fuel and lighting; and the remaining 26 per cent on miscellaneous goods and services like health, education, personal care, entertainment, household durable goods, etc. Since a major portion of the household budget of the poor is spent on food items, the per capita availability of food remains the most important element of a national consumption plan.

PERFORMANCE DURING THE SIXTH PLAN

4. The Sixth Plan did not have a separate chapter on consumption and thus no consumption targets were given. However, annual consumption plans were prepared. These plans concentrated on the availability of 10 essential commodities. Out of these, nine are food items: wheat, rice, pluses, sugar (refined and raw), vegetable ghee, milk, meat, tea; and one is a non-food item: cotton cloth. Other commodities, although important from a consumption point of view, could not be included for lack of relevant data.

5. During the Sixth Plan period, the overall per capita availability of food items decreased by 4.0 per cent and that of cotton cloth increased by 8.6 per cent. The per capita consumption of wheat increased by 1.4 per cent, while other cereals decreased by 18.6 per cent, so that the per capita consumption of cereals as a whole decreased by 3.4 per cent. At the same time the per capita availability of meat, milk, vegetable ghee, refined sugar, eggs, vegetables and cloth went up while that of pluses, raw sugar, rice and fruit declined substantially.

FOOD ITEMS

6. The food situation in the country remained satisfactory during the Sixth Plan period. As a result of consecutively good wheat crops during the first three years of the Plan, adequate supplies of wheat were made available in the open market as well as at ration shops. The government was able to build large stocks of wheat and subsequently abolish the rationing system in March 1987. As a result, the supply of good quality wheat and atta was ensured to the consumers at reasonable prices. The performance of main food items during the Sixth Plan is discussed below.

Wheat

7. The production of wheat in 1986-87 decreased by 7.5 per cent mainly because of untimely rains. However, the per capita availability decreased by 1.4 per cent since the shortfall in production was cushioned by drawing on the previous year's stocks (Statistical Appendix Table 14.1).

Rice

8. Reflecting a 6.2 per cent decrease in domestic production and higher government procurement, the per capita availability of rice decreased by 18.8 per cent in 1987-88 over 1982-83. The higher price of rice compared to wheat has adversely affected the consumption of rice (Statistical Appendix Table 14.1). At the same time, however, exports of rice in 1987-88 were 32.6 per cent higher than in 1982-83.

Grams and Pulses

9. The per capita availability of grams and pulses decreased by 25.7 per cent during the Sixth Plan. This resulted in a significant increase in imports of these items. The decrease in availability was in part due to a 25 per cent reduction in the production of gram in 1986-87.

Sugar

10. The output of refined sugar increased by 14.1 per cent during the Sixth Plan reflecting an improvement in the recovery rate and supply of cane to the mills. The per capita availability of refined sugar increased by about 71.1 per cent in these years, substituting other products for sugar, primarily due to the availability of stocks and some imports. As a result the per capita availability of combined sugar in 1987-88 over 1982-83 increased by 18.5 per cent (Statistical Appendix Table 14.7).

Edible Oil

11. During the Sixth Plan, the production of vegetable ghee and cooking oil increased to 992 thousand tons from 772 thousand tons. However, this increase of almost 43 per cent in production was almost offset by the increase in population. As a result the per capita availability of edible oil rose only marginally from 8.6 kg in 1982-83 to 9.7 kg in 1987-88.

Milk, Meat & Fish

12. The per capita availability of milk increased by 16.7 per cent from 48.3 kg in 1982-83 to 56.3 kg in 1987-88. This was mainly due to a 33.5 per cent increase in domestic production and a doubling of the volume of imports. The per capita availability of meat went up from 10.6 kg per year in 1982-83 to 12.73 kg in 1987-88 recording an increase of 19.7 per cent. During the same period the availability of fish also increased by 8.2 per cent while eggs per person increased by 58.3 per cent (Statistical Appendix Table 14.1 and 14.8).

Tea

13. Import of tea registered a 10.5 per cent increase during the Sixth Plan compared to 16.5 per cent increase in the total population. As a result the per capita availability of tea declined by 4.6 per cent (Statistical Appendix Table 14.11).

COTTON CLOTH

14. The per capita availability of cotton cloth per year was 12.3 sq mtrs in 1987-88 compared to 11.3 sq mtrs in 1982-83, registering an increase of 8.6 per cent (Statistical Appendix Tables 14.1 and 14.12).

STRATEGIES AND POLICIES DURING THE SEVENTH PLAN

15. The Seventh Plan will focus on providing an adequate diet to the poor by increasing the per capita consumption level of the lower income groups through the pursuit of a development strategy which will increase the growth of output and employment and improve the pattern of income distribution. The country has achieved self-sufficiency in wheat and other basic items of food. The distribution of food will have to be improved to reduce disparities in per capita intake. The pat-

tern of consumption expenditures envisaged in the plan will be influenced through a well-conceived production programme supplemented by appropriate fiscal and pricing policies.

16. In economic terms the consumption plan aims at improving the per capita availability of those key commodities which claim a major share of the expenditure of the low-income groups. During the Seventh Plan period the per capita availability of basic food items is expected to increase at about 7.6 per cent (Statistical Appendix Table 14.1). The commodities included in the plan, cereals (wheat, rice, maize, etc.), pulses, meat, edible oil, sugar, tea, vegetables and fruits account for 48.1 per cent of the total household expenditure of an average family while low-income groups with earnings of less than Rs 800 per month spend 54.0 per cent of their total income on these commodities.

17. In order to facilitate an increase in per capita consumption, special emphasis will be given to improving the marketing of agricultural products. This would help increase the availability of essential food items in the market, reduce transport losses, ensure a more efficient distribution of supplies, and reduce the spread between farmgate and retail prices. Where necessary, storage facilities will be provided so that major items of consumption are available throughout the year and no scarcity emerges.

18. The pattern of food availability can also be altered by tax and subsidy policies. Taxation of products of low nutritional value will be used to discourage consumption of such foods and consumption demand will be shifted towards items which will, in general, yield greater nutritional benefits. Direct subsidies and preferential taxes will be used to supply basic food items at a price affordable by the poor.

19. Whatever measures are taken, there would still remain a segment of the population that will need a direct subsidy on basic food items because of the low purchasing power of these poor households. To ensure an equitable standard of consumption, fair price shops will be opened in urban slums and poor rural areas where essential commodities will be available at reasonable prices. Selection criteria based on the socio-economic and nutritional status of the families will be formulated to identify the households eligible for purchase of these essential commodities. The magnitude of purchases and the subsidy will be worked out on the basis of the nutritional requirements of the family and their monthly income. However, this facility will not be extended indiscriminately to all the population, but restricted only to the needy.

20. Effective regulation for controlling food processing and food safety measures would be undertaken to discourage the use of low quality products. Where there is a widespread deficiency of an essential nutrient, like iodine in the mountainous areas, fortification of food will be undertaken. Such programmes should be viewed as auxiliary measures aimed at improving the nutritional quality of food and not as a substitute for food.

21. Finally, the consumption plan embodies measures aimed at ensuring a food package consisting of essential food items at affordable prices.

SEVENTH PLAN STRATEGY

22. In the Seventh Plan, aggregate consumption expenditure is projected to increase by 5.7 per cent per year in real terms, against a GNP growth rate of 6.3 per cent. The difference reflects the policies aimed at diverting a higher proportion of the additional incomes to savings and investment. The marginal propensity to consume is forecast to decline from 90.6 per cent in 1987-88 to 74.8 per cent in 1992-93.

23. General government consumption expenditure is forecast to increase by 4.3 per cent per year compared to 5.7 per cent increase per year in total consumption. The relatively lower growth envisaged in government consumption expenditure is in accordance with the policy of increasing budgetary self-reliance. (The composition of government consumption expenditure is discussed in greater detail in Chapter 8).

24. Compared to an annual 5.9 per cent growth envisaged in aggregate consumption expenditures, expenditure on the 'food, beverage and tobacco' group is projected to increase by 4.6 per cent per year. The share of wheat in cereals is likely to go up to 78 per cent in 1992-93 from 77 per cent in 1987-88.

25. Of the total estimated increase of Rs 9.8 billion in the consumption of cereals, about Rs 8.8 billion (or 88.6 per cent) reflects the increase in population (3.1 per cent per year) and the remaining Rs 1.1 billion (or 11.4 per cent) is due to an increase in income. Of the basic food items, except for edible oil and sugar, all food items are

produced domestically. Presently about 70 per cent of edible oils and 16 per cent of sugar consumed in the country are imported. In addition, about 1.0 million tonnes of wheat have been imported to meet a temporary shortfall caused by weather-related production shortfalls. In pursuit of the policy of self-reliance, the imports of wheat are to be completely replaced by domestic production while the imports of sugar and edible oils are to be limited to 10 per cent and 63 per cent of demand respectively. As a result, the share of imported food items in total consumption in the 'food, beverage and tobacco' group is likely to fall from 7.2 per cent in 1987-88 to about 4.6 per cent in 1992-93.

26. Private consumption expenditure under the 'apparel, textiles and footwear' group is projected to increase from Rs 37.5 billion (at 1987-88 prices) in 1987-88 to Rs 55.9 billion in 1992-93 or by about 8.3 per cent per year. In addition to the population effect (3.1 per cent per year) and a similar increase in per capita income per year, the increase in consumption in this category reflects the rising tendency towards readymade garments and footwear, including apparel and shoes for sports and recreation.

27. Development experience shows that transport and communications services expand much faster than the growth rate in GDP. The Seventh Plan provides for a 25 per cent increase in overall passenger traffic and a 2.7 times increase in the traffic to be handled by the Telegraph & Telephone (T&T) department. In addition to the purchase of transport and communication services from other enterprises, household expenditures on the purchase of transportation equipment (cars, cycles, motor cycles, etc.) and on their operation and maintenance will be an important component of consumption expenditure. Consumption of transportation equipment is expected to increase by 7.3 per cent per year; consequently, their share in family budgets will go up from 4.6 per cent in 1987-88 to 4.9 per cent in 1992-93.

28. The consumption expenditure of 'fuel and lighting' is projected to increase from 5.38 per cent of total household consumption expenditure in 1987-88 to 5.43 per cent in 1992-93. The share of domestic consumption in total delivered energy is forecast to decline from 45.3 per cent in 1987-88 to 44.8 per cent in 1992-93, mainly due to 3.5 per cent increase per year provided in the consumption of non-commercial energy such as firewood which is mostly consumed in the domestic sector. In absolute terms the delivered energy to the domestic sector is projected to increase by 5.7 per cent per year. For the domestic sector, the plan provides for additional connections of 2.9 million in the electricity and 0.8 million in the gas sub-sectors respectively.

29. In the last few years, lifestyles have changed rapidly. Prosperity which was previously confined to a few areas in large cities has spread across the country. In particular, signs of an energy-intensive lifestyle are visible both in the rural and urban areas. Energy-based appliances now account for a major portion of household consumption expenditure.

30. Energy conservation measures and pricing policies will be the main instruments to influence energy consumption. Consumer prices will be reviewed and the anomalies between the prices charged to different sectors will be removed. The household consumption pattern projected during the Seventh Plan period is shown at (Statistical Appendix Table 14.2)

CONSUMPTION TARGETS

31. The consumption plan includes target availability of all food items necessary to maintain a good quality of life for the common man. The present plan has been formulated keeping in view the demand for food generated at various income levels and the daily nutritional requirement to ensure healthy living. The consumption plan also aims at supplying the basic commodities at a cost which is within the reach of consumers.

32. Nutritional indicators are now being considered as reliable indices of the impact of development. The consequences of malnutrition go beyond specific nutrition-related diseases. Under-nourishment lowers the productivity of workers, retards the development of infants and young children and increases the susceptibility of individuals to infectious diseases. Despite adequate per capita availability of food, malnutrition remains widely prevalent in the country.

33. The food availability depicted by the food balance sheets shows that the average daily diet contains protein levels close to the recommended daily norm while some shortage of calories do exist. It is well established that energy is the prime need of the body and that protein deficiency occurs because of overall calorie deficiency. However it would be uneconomical to provide

calories from expensive protein-rich foods. The national consumption targets will therefore ensure: (a) the per capita availability of cereals at reasonable prices at 156.9 kg per year in 1992-93 compared to 147.0 kg in 1987-88; (b) the increase in daily per capita calorie intake from 2,399 in 1987-88 to 2,549 in 1992-93, or equal to 100 per cent of the recommended norm, (c) the increase in daily per capita protein intake from 60.6 grams in 1987-88 to 65.9 grams in 1992-93, or 101 per cent of the recommended norm, and (d) the availability of cotton cloth at 17.1 sq mtrs in 1992-93 as against 12.3 sq mtrs in 1987-88.

Cereals

34. The consumption plan objectives for the next five years are to increase the availability of major cereals, i.e. wheat, rice, edible oil, etc. Increased domestic production of cereals shall ensure a higher per capita availability of cereals and also provide for exports by 1992-93 (Statistical Appendix Table 14.5)

Edible Oil

35. Large imports of edible oil are required to maintain the present level of per capita consumption. A significant improvement in availability can only be achieved by substantially increasing the domestic production of oilseeds and improving the extraction rate. Therefore, in the Seventh Plan, emphasis is to be placed on exploiting the potential for new sources of oil like sunflower, safflower, soybean and groundnut. Incentives to farmers in the form of assured prices and technical and financial assistance will also be given to ensure an increase in the production of oilseeds.

36. In the past years, emphasis was laid on availability of refined oil rather than vegetable ghee. As a result the production of vegetable ghee declined, while that of cooking oil increased rapidly.

37. The total availability of edible oil has been projected at 1,357 thousand tonnes for 1992-93, of which 542 tonnes will be met from domestic production and the balance of 1,021 tonnes from imports (Statistical Appendix Table 14.6).

Pulses

38. Pulses are an important ingredient in the poor man's diet. While their prices are less than that of meat, the nutritional benefits are more or less similar. In the Seventh Plan, emphasis will be placed on substantially increasing the availability and consumption of pulses (Statistical Appendix Table 14.5).

Milk and Milk Products

39. The gross domestic production of milk is targeted to increase to 16,560 liters while net production available for consumption will be 13,323 liters in 1992-93. This is expected to be achieved by (a) the introduction of high milk-yielding breed of animals; and (c) better management and feeding. The import of dried powder milk is expected to increase due to an increase in population (Statistical Appendix Table 14.9). Since milk is a perishable commodity, its distribution will be streamlined on a scientific basis. Milk collection centres and chilling units will be established which will help in the marketability of milk and increase its shelf-life.

Meat and Meat Products

40. In the Seventh Plan, the availability of livestock, poultry and eggs is proposed to be increased through scientific production and feeding of animals. Several projects of livestock development and feed-lot fattening are already under consideration. Poultry and egg production will be expanded, and the availability of fish augmented. Combined with the increased availability of pulses and meat, this will help provide better nutritional standards during the Seventh Plan.

41. During the Seventh Plan it is expected that 14.1 kg of meat and meat products will be available per year per person. This would be mostly due to an improvement in the availability of poultry and meat animals. The availability of various meats is given in Statistical Appendix Table 14.8.

Eggs

42. In the Seventh Plan, the production and distribution system for the poultry industry will be closely studied and measures taken to increase the availability of eggs and chicken in the urban and rural areas (Statistical Appendix Table 14.8). This will help in making protein available for consumption at lower cost than meat products.

Tea

43. Tea is an import item. Tea imports are expected to be 99 million kg thus reducing the per capita availability to 830 grams per year per person (Statistical Appendix Table 14.11).

Fruits and Vegetables

44.Emphasis will be placed on substantially increasing the per capita availability of fruits and vegetables during plan period. The consumption pattern of fruits is uneven since fruit consumption is restricted to areas where they are generally produced. However, because fruits are an important source of nutrition, adequate policy measures will be undertaken to ensure their availability throughout the country. Availability of fruits and vegetables is likely to increase to 5.0 million tonnes and 4.7 million tonnes respectively indicating an increase of 2 and 24 per cent (Statistical Appendix Table 14.10).

CHAPTER
15

NEW INITIATIVES FOR FURTHER DEREGULATION

It has now been recognized that the allocative and distributive role of market forces has been disrupted in the past by extensive regulations leading to a misallocation of resources. The benefits flowing from controls, in most cases, have not been substantial. There is an urgent need to free the economy from unnecessary restraints to enable it to attain greater efficiency and growth. A beginning to gradually deregulate the economy was made during the Fifth Plan. During the Sixth Plan period, the pace of deregulation was increased and a National Deregulation Commission appointed for reviewing the scope of economic regulation in order to eliminate unnecessary controls. The National Deregulation Commission has already submitted seven reports and the government has taken action to deregulate some sectors of the economy.

EXCHANGE AND TRADE CONTROLS

2. Exchange controls were initiated in response to a persistent gap between the demand for foreign exchange and its supply at the official exchange rate. In the 1950s and 1960s, foreign exchange which was required for the imports of goods and services, was rigidly controlled. In addition, there were quantitative restrictions on most imports; even industrial raw materials were rationed on the basis of past performance. The allocation of foreign exchange for invisibles was severely restricted. As a result, over a period of time, the Pakistani rupee was allowed to become overvalued, so that by the end of the 1960s it stood at 2 to 3 times its real value. In May 1972, the rupee was drastically devalued from Rs 4.76 per United States (US) dollar to Rs 11 per US dollar. However, the import regime was simultaneously liberalized.

3. Following the de-linking of the US dollar from gold in March 1973, the rupee was revalued at Rs 9.90 per US dollar and this rate was maintained for nearly nine years. This did not present much of a problem as the dollar continued to decline in value since the mid-1970s. However, when the dollar commenced its steep rise against other currencies in 1980 the rupee rose along with it and became overvalued once again. The rupee was subsequently delinked from the dollar on 8th January 1982 and started depreciating against it until the dollar started its recent decline. Thereafter, the rupee has depreciated with the dollar. Due to this flexibility in exchange rate management it became possible to substantially liberalise exchange controls and the import regime during the Sixth Plan.

4. Foreign travel is now being allowed without restriction. The 'P' form, on the basis of which the State Bank of Pakistan used to sanction foreign exchange for travel, was abolished in 1985. There are still foreign exchange quotas for travel. However, there has been considerable liberalization of exchange controls through the introduction of the Foreign Exchange Bearer Certificates (FEBCs). Since the import and export of the FEBCs is freely allowed and the certificates are being traded on the stock exchange, anyone can obtain foreign exchange required by him for the purposes of travel and other services abroad without limit.

5. There has also been a substantial liberalization of import regime. All items which are not on the negative list can be imported without quantitative restrictions except arms & ammunition, milk powder and butter. The number of items on the negative list has been reduced to less than 10 per cent of the total items.

6. It is proposed to further liberalise imports during the Seventh Plan by reducing the items on the negative list and curtailing or eliminating

the restricted lists. Wherever feasible, import bans will be replaced by tariffs. Tariffs have been rationalised and progressively reduced. Import bans will be retained only in case of luxury goods and for security and religious reasons.

7. The prohibition on export items will be reviewed and replaced by export duties wherever feasible. Export incentives will be improved and tax rebates on exports will be standardised and revised from time to time on the basis of latest data. Procedures will be simplified to provide duty-free imports to manufacturers of export goods and intermediate products.

8. Procedures for invisible payments for education and medical treatment as well as travel abroad will be further liberalised during the Seventh Plan. As has been pointed out, due to FEBCs, the rupee has in practice become freely convertible for invisible payments and there is no reason to maintain elaborate sanctioning procedures for such items.

9. Foreign trade covers about 28 per cent of GNP. Thus the dependence of the national economy on foreign trade is very high as compared to many other countries. During the Sixth Five-Year Plan a bold programme of deregulation was initiated with a view to stimulating larger private sector participation in foreign trade.

10. The government has allowed export of cotton by the private sector. An earlier restriction that they purchase cotton only from the Cotton Export Corporation has now been removed.

11. Also, the private sector has been inducted on a selective basis in the export of rice. The private exporters have been allowed to export basmati rice in packets ranging between 1 kg to 20 kg under brand names to be registered with the Registrar of Trademarks. The private exporters can either procure rice from Rice Export Corporation of Pakistan (RECP) or from the market for export subject to payment of a specific export duty. Private exporters can also export other types of rice bought by them from RECP.

12. During the Seventh Plan the process of phasing out controls on foreign trade and increasing the participation of the private sector will be continued.

INDUSTRIAL DEREGULATION

13. One of the key strategies in the industrial sector is to create an environment conducive to development of efficient industries capable of competing with foreign producers both at home and abroad. The following paragraph of the Industrial Policy Statement of 1984 is relevant in this context.

> "Given the size of Pakistan's own domestic market, its industrial future lies not merely in terms of an inward-looking domestic market approach but in boldly facing competition and aggressively seeking a high share of the world market. The next phase of industrialisation must, therefore, include greater emphasis upon strengthening the basic competitive position of the industries through process of tariff rationalisation, modernisation, quality control and standardisation rather than providing them excessive protection to survive with their weaknesses and inefficiencies. In short, what the country needs is export-led industrialisation."

14. The government has already taken the following steps for deregulation of industries on the basis of the recommendations of National Deregulation Commission:

- raising the limit for exemption from government sanction of industrial projects from Rs 300 million to Rs 500 million.

- removal of 12 industries (defence-oriented industries, electronics, basic steel, manufacture of basic metals and alloys, heavy mechanical and heavy electrical plants, basic chemicals, petro-chemicals, public utilities, ships, aircraft and railway locomotives, fertilizers, cement, sugar and cotton spinning) from existing list of specific industries requiring government sanction, and

- withdrawal of the requirement of sanction in case of non-repatriable foreign investment.

15. For setting up private sector industries, formal sanction is now required only if:

- the capital investment exceeds Rs 500 million;

- the foreign exchange requirement from cash resources is more than Rs 50 million;

- it involves repatriable foreign investment;

- the project falls under the specified list of industries; or

- the project is based on more than 60 per cent of imported raw material which also exceeds 20 per cent of fixed assets.

16. All other projects do not require any sanction. However, the requirement of locational sanction from the provinces and centralisation of credit decisions have to some extent subverted deregulation. The Seventh Plan will seek to dismantle such barriers to deregulation.

17. The overall exemption limit of Rs 500 million does not present much of a problem as most of the investments fall below this limit. Nevertheless, in view of the continuous rise in prices, it is desirable to raise it to Rs 700 million and to continue to revise the limit from time to time. The cash foreign exchange limit of Rs 50 million is, no doubt, somewhat low. However, entrepreneurs can obtain machinery on credit, obtained by them from local banks and financial institutions or abroad without limit. Thus cash foreign exchange limit is of little real significance.

18. All foreign private investment requires written permission from the Investment Promotion Bureau (IPB). Investment approval is granted if the proposed investment (a) will provide sophisticated technology, (b) will be export oriented and preferably use local raw material or (c) is an import substitution activity. In addition, approval is required from the Ministry of Finance and State Bank of Pakistan regarding financial arrangements if these do not conform to the prescribed norms. The procedure for foreign investment will be further simplified in the Seventh Plan and industries in key sectors further exempted from obtaining government sanctions. Such key industries shall include investments using more than 70 per cent local raw materials, fertilizer plants, engineering industries, electronics and other high technology industries identified by the government.

19. The list of specified industries requiring sanction has been considerably reduced during the Sixth Plan. The following is the list of specified industries which still require government sanction:

National security & defence

- arms & ammunition.
- security printing, currency & mint.
- explosives.
- radioactive substances.

Religious & social economic considerations

- alcoholic and foreign brand/concentrate based synthetic beverages.

Indigenisation

- TV, radio, tape recorders, VCR cassettes and tapes.
- air conditioners, refrigerators and deep freezers.
- motorcycles and scooters (2x3 wheelers).
- automobiles, tractors and farm machines.

Price Regulation

- drugs and pharmaceuticals.

20. For reasons of national security, the industries falling in categories I & II above require regulation. However, deregulation of non-alcoholic beverage industries may be considered during the Seventh Plan period. As regards category III the government has certain moral and contractual obligations to the existing entrepreneurs that have already started an indigenisation programme. The government has announced a new Deletion Policy, the salient features of which are as under:

- The deletion programme will be re-drawn to include the cost factor and the deletion so formulated will be realistic. Assistance from experts will be taken in determining what items can be effectively deleted at an economic cost.

- The details and the terms of transfer of technology and the commitment to export any item or part thereof will be built into the basic agreement.

- If items are not deleted as scheduled, they will be charged a penal duty of 100 per cent over and above the industrial rate or the full commercial rate of duty whichever is higher. Furthermore, the industrial rate of duty to be charged on the remaining imported kit to be imported will be increased by an amount which bears the same proportion to the differential between the industrial and commercial rates of duty as the defaulting undeleted items bear to the total items to be ultimately deleted under the programme;

- There will be no capacity restrictions on industries covered under the deletion programme. Such industries will be free to programme their manufacturing schedule according to the market demand. De-control of capacity restrictions was intended to help in reduction of local costs due to economies of scale within a competitive environment;

- New industrial units which enter a programme for progressive deletion of the product must start from the level of deletion already achieved in that industry;

- Where the country has comparative advantage in a particular component, a provision for buyback or export of such components will be built into the initial licencing arrangements; and

- Duty on raw materials used by these industries for the manufacture of components would be either completely waived or substantially reduced.

21. As regards liberalisation of the procedure for sanctioning industries based on imported raw materials, controls appear to be necessary in order to avoid proliferation of uneconomic import-substitution industries under the wall of excessive protection. The matter will have to be carefully considered during the Seventh Plan after the rationalisation of import tariffs. It is however evident that where a product can be freely imported at a duty not higher than the existing protection level of 80 per cent, there should be no objection to setting up of industries for manufacturing such products and no special sanction should be required.

22. Technological knowledge is basic to the development of industry. The need to develop and apply new technology at an accelerating pace has led to a rapidly growing international exchange of technical knowledge. To facilitate the flow of this knowledge to Pakistan, standard terms for royalties and technical fees were notified for which no sanction was required. However, transfer of modern technology may require better terms than the existing maximum 3 per cent in royalty and 3 per cent in technical fee, with maximum ceiling for both at 5 per cent, and maximum period of payment of 5 years. Other countries have had to pay a much higher royalty and technical fee on export sales. During the Seventh Plan, the limits of royalty and technical fee will be reviewed.

CONTROLS ON DOMESTIC TRADE

23. Most of the price and distribution controls have already been dismantled during the Sixth Plan. In particular there are now no controls on wheat atta, sugar, vegetable ghee, cement, nitrogenous fertilizers and sugarcane. There are also no movement controls on wheat, rice, sugarcane, or any other commodities and all monopoly procurement schemes have been discontinued. The main items on which price regulation has been retained are petroleum products used as fuels, and drugs and medicines. There are also some local price controls on meat and milk. The remaining price controls will be carefully reviewed during the Seventh Plan period with a view to their elimination or liberalisation.

24. Cost-plus pricing formula does not provide incentives for efficiency, cost reduction and modernisation. Accordingly, the government has already deregulated the prices of cement and nitrogenous fertilizers. However, the formula continues to be applied to refinery products. Under the formula refineries are allowed to earn a fixed rate of return (net of taxes) of 18 per cent of paid up capital. As such, the existing ex-refinery prices of individual products have become quite distorted and bear no direct relationship to import parity prices. At the same time, the present system of fixed returns does not provide any incentive to refineries to reduce costs by modernising their operations. The National Deregulation Commission is deliberating on this issue and a new policy will be put in place during the Seventh Plan.

ROAD TRANSPORT

25. Road transport is owned and operated by both private and public sectors with the private sector dominating the market. As a result of deregulation, the trucking industry has complete freedom to determine freight rates, routes, types of vehicles used, etc. This policy will continue during the Seventh Plan.

26. As regards passenger services, private buses carry about 90 per cent of total bus passenger-kilometers with provincially-owned bus companies accounting for the rest. The overcrowding in private buses, irregularity in service and racing with competing vehicles is mainly due to the fixation of low fares by the provincial governments which have made operations uneconomical. During the Seventh Plan expansion of passenger services will be left mainly to the private sector. The public sector will maintain a basic urban transport service at subsidized fares. Private sector bus fares will be deregulated both in rural and urban areas.

FINANCIAL SECTOR

27.The early 1970s witnessed nationalisation of commercial banks and insurance companies with the idea of taking financial intermediation out of private hands. Setting up of banks by the private sector was prohibited. The government has already decided to permit the establishment of leasing companies and investment banks performing virtually all functions of commercial banks except accepting demand deposits. Removal of restrictions on the establishment of private commercial banks will be carefully considered during the Seventh Plan. In particular investment banks with a good record of performance may be permitted to do commercial banking.

28. A series of reforms will be made in the financial sector during the Seventh Plan. These will include:

- issue of securities by the government at market-related rates;
- issue of negotiable certificates of deposits by financial institutions;
- grant of permission to commercial banks to hold non-qualifying government securities for limited periods;
- rationalisation of maturity and return structure for government non-bank borrowing instruments;
- relaxation of restrictions on investment by insurance companies and benevolent funds.

29. During the process of Islamization of the banking system substantial deregulation of bank charges and financing rates has already been accomplished. Deposit rates have been linked directly to the profitability of banks. The main regulation of financing relates to maximum concessional rates for agricultural production loans, purchase of locally manufactured machinery and exports, and mandatory credit targets for agricultural and small business industry. During the Seventh Plan, concessional financing rates will be progressively increased to normal markets level and mandatory credit targets limited to minimum amounts considered absolutely essential.

30. The stock market in Pakistan is inadequate in relation to size of the modern sector and the rate of growth of investment. The capital market has no depth. The slow growth of the stock market is largely due to a strong tendency on the part of large-scale industry and modern business to rely on debt rather than equity. This is reinforced by several other factors.

31. The deregulation of the capital market will include the following measures:

- allowing listed public companies to issue short-term commercial paper;
- making underwriting commission unrestricted and negotiable between sponsors and under-writers;
- withdrawal of first right of refusal allowed to the National Investment Trust (NIT) in respect of new share floatations;
- allowing trading in non-interest bearing instruments;
- deregulation of pricing of new issues and leaving it to the sponsors and underwriters;
- raising the limit from Rs 10 million to Rs 50 million for joint stock companies for going public and listing on stock exchange.
- transferring Capital Issues Control from the Ministry of Finance to the Corporate Law Authority.

32. To sum up, by the end of the Seventh Plan, the stage will be set for the growth of the economy largely under the influence of market forces. The social objectives will be safeguarded through indirect methods by using fiscal and monetary policy instruments. These policies will encourage investment by the private sector. There will be substantial privatisation of existing public sector enterprises. An independent National Disinvestment Authority will be set up for the purpose. Furthermore 80 per cent of new industries will be in the private sector. In fresh groundwater areas, tubewells will be installed entirely by private individuals or cooperatives. The private sector will be inducted in road construction and its participation increased in passenger transport. It will also be encouraged in shipping and handling cargo at ports. Private enterprises will be invited to participate in power generation and the possibility of its induction in power distribution will be investigated. In addition, it will be encouraged to set up schools and medical centres and provide financial support to non-government organizations which are involved in welfare activities in the social sectors.

CHAPTER
16

RURAL TRANSFORMATION

Rural development, for the uplift of the majority of the people of Pakistan who live in the villages, was the main concern of the Sixth Five-Year Plan, for which larger resources were allocated. In order to make up for the neglect of the past, the Prime Minister's Five Point Programme (1986-90), was started in 1986, the fourth year of the Sixth Plan. The funding required for the implementation of this programme amounted to Rs 117.3 billion. New projects were conceived and a high acceleration was provided to the existing projects for rural development.

2.Various programmes were tried in the past to ameliorate poverty, raise the standards and improve the quality of life in the rural areas. Some of these programmes were:

- Village Agricultural and Industrial Development Programme (Village AID) which was a version of the internationally known "Community Development Programme" (1953-1961)

- Basic Democracies -- a system of mainly rural (but also urban) development through local government institutions (1959-70);

- Rural Works Programme (1963-71), a programme for the provision of physical infrastructure, renamed as "Peoples' Works Programme" in 1971; and

- Integrated Rural Development Programme (IRDP) (1972-80), based on joint action by the farmers, line departments and local organizations to make the *markaz*, or a community complex, a functional unit of local development of a multi-sectoral nature.

3. These programmes were successful in varying degrees. Their evaluation suggests that although these made considerable progress, a great deal was left undone. The investment inputs were far too limited to produce any dramatic results. The conditions in the villages of the country remained almost constant. The Sixth Five-Year Plan (1983-88) made a bold attempt to help the poor rural masses as a special beneficiary of the plan. By raising the target for the national share of the rural sector in the provision of basic needs and social services to about 32 per cent, the Sixth Plan aimed at enabling the rural poor to earn or obtain the necessities of life (like nutrition, housing, water, sanitation, education and health) and thus increase their productivity and participate on more equal terms in the economic life of the community. These priorities have been carried forward in the Seventh Five-Year plan.

SIXTH PLAN REVIEW

FINANCIAL AND PHYSICAL ACHIEVEMENTS

4. The Sixth Plan earmarked 32 per cent of public sector expenditure for the rural sector. A sum of Rs 70.0 billion was originally allocated for rural development in the Sixth Five Year Plan. With more emphasis on rural development and the high acceleration provided during the last two years of the Plan, the estimated expenditure increased to Rs 90 billion at the end of the Sixth Plan showing a utilization of 128 per cent against the original target.

5. Thus overall expenditure during the Sixth Plan period slightly exceeded plan outlays but in specific areas there were shortfalls in utilization,

largely because of inadequate implementation in the first three years of the Plan. Some of the physical targets fixed for rural development, especially in the social sectors, were also not fully achieved. At the end of the Sixth Plan the position shows that although financial utilization in most cases is satisfactory, the physical targets in several cases have not been fully achieved. This position is briefly explained below.

Financial Achievements

6. Financial utilisation of the Sixth Plan allocations for rural development are as follows:

- An amount of Rs 4,100 million was allocated in the Sixth Plan for the construction of rural roads including farm-to-market roads. The total utilization was Rs 5,319 million (129 per cent).

- For village electrification, Rs 8,300 million were earmarked in the Sixth Plan. The total utilization was Rs 12,670 million (152 per cent), mainly due to the additionality of funds provided in the last two years of the Plan.

- A sum of Rs 4,950 million was allocated for the rural health programme in the Sixth Plan against which Rs 3,929 million were utilized (79 per cent). The lower utilization is mainly due to the fact that during the first three years of the plan, only Rs 1,150 million were utilized. With the launching of the Prime Minister's Five Point Programme, greater emphasis was placed on this sub-sector in the last two years of the Plan.

- A sum of Rs 2,800 million was provided in the Sixth Plan for rural water supply and sanitation. The estimated expenditure is Rs 4,106 million (133 per cent). During the first three years only Rs 1,100 million were spent. Subsequently, this was included as a priority sub-sector in the Prime Minister's Programme with progressive increase in utilization.

- Rs 7,300 million were provided in the Sixth Plan for rural education. The estimated expenditure was Rs 5,569 million (76 per cent). This was also stepped up due to greater emphasis given to it under the Prime Minister's Programme.

- A special programme, namely the Prime Minister's Special Development Programme for Local Development, Education and Housing was started in 1985-86 with a view to supplementing provincial and local efforts through the identification of development schemes by the Members of Parliament. It has involved 324 MNAs/Senators in the process of socio-economic uplift of local areas and village communities. The Annual Development Programmes (ADPs) for 1985-86, 1986-87 and 1987-88 made a special provision of Rs 1,620 million, Rs 1,621 million and Rs 1,500 million respectively for this programme.

Physical Achievements

7. The physical achievements of the Sixth Plan for rural development are as follows:

- Against the target of 10,000 km of rural roads, 14,957 km were constructed during the Sixth Plan, showing an increase of 49 per cent which is compatible with the extra allocations in the Sixth Plan.

- The Sixth Plan target for village electrification was 20,000 villages but by the end of the plan only 16,525 villages were electrified (according to the revised definition of a census village). The shortfall has been due to the fact that during the first three years of the Plan a sum of Rs 2.6 billion only was utilized (33 per cent). The programme was accelerated in the last two years of the Plan.

- Against the target of 2,600 Basic Health Units (BHUs) and 355 Rural Health Centres (RHCs), only 1,803 BHUs and 194 RHCs were constructed during the plan period, owing to the lower financial utilization in the first three years specially in the North-West Frontier Province. The utilization has now been stepped up.

- The targets for safe water supply and sanitation was to cover an additional population of 18 million and 4.5 million respectively. The target could not be achieved fully and only 12.7 million people were provided safe water supply facilities and 3.1 million additional persons were provided sanitation facilities. The shortfall was mainly due to the fact that public health engineering departments of the provinces could not implement physically such a massive programme. The implementation capacity of these departments is being strengthened.

SEVENTH PLAN POLICIES AND OBJECTIVES

8. The rural development programme in the Seventh Plan will aim at bringing about a substantial transformation in the lives of rural communities in Pakistan. It will seek to combine continuity and change through a positive acceleration in financial allocations and physical achievements. Another significant objective is to strengthen leadership capabilities in the rural areas by developing local initiative and enterprise of the communities. The fundamental social changes initiated in the Sixth Plan will be sustained and promoted further and the pace of rural development will be maintained.

9. To improve the quality of life of the people in rural areas and create greater self-reliance and self-confidence in them, the establishment of local institutions and leadership for planning and implementation of projects in related sub-sectors will be encouraged. Participation of rural communities in disease control measures will be supported. Efforts will also be made to develop more income-generating activities to improve the economic base of the rural communities. The development of social sectors, including dissemination of information on education and health facilities, and the physical infrastructure (including roads, water supply, village electrification, etc.), will continue to receive priority. The financial allocation for the rural development programme is given in Statistical Appendix Table 16.1.

SEVENTH PLAN TARGETS

10. The physical targets for rural development are summarized below.

- 8,500 km of rural roads will be constructed;
- Through systematic village electrification, with emphasis on increasing the number of beneficiaries, about 55 per cent of total census villages will be covered by electricity;
- The rural literacy rate will be increased from 21.5 per cent in 1987-88 to 32.0 per cent by 1992-93. The overall literacy rate will be increased from 29.6 per cent in 1988 to 40 per cent by 1993;
- 133 RHCs will be added and 1,913 BHUs will be established;
- The percentage of the rural population served with clean drinking water will be raised from the present 40 per cent to about 75 per cent and the population having sewerage facilities from 10 per cent to 30 per cent;
- Creation of 2.2 million 7-Marla plots which will be allotted to the landless families in the rural areas;
- 850,000 nucleus housing units will be constructed for the shelterless. Resources will be provided from the *Zakat* Fund as well as from the local areas development schemes.

11. The other physical production targets are given in Statistical Appendix Table 16.2.

SEVENTH PLAN PRIORITIES

12. Rural education including training of local leadership, rural health including prevention of disease, rural roads, village electrification, safe water supply and sanitation, housing for the shelterless, anti-waterlogging and salinity will be given higher priority.

13. The share of the rural areas in the development activities in the sectors mentioned above is shown in Statistical Appendix Table 6.2.

Sectoral Programme

14. During the Seventh Plan the assumption is that the emphasis on, and the level of investment in the various sectors covered by the programme, would be the same as during the last two years of the Sixth Plan.The trend set in motion in the Sixth Plan will continue to influence the priorities in the Seventh Plan as well.

15. The sectoral programmes of the Seventh Plan are discussed in the following paragraphs.

Rural Education

16. The major emphasis will be on the spread of education in rural areas of the country,by providing minimum educational facilities at every Union Council level. It is proposed to establish primary schools and mosque schools for the rural communities where these facilities do not exist at present. In addition to this, upgradation of girls primary schools level (in those Union Councils where these facilities do not exist) will also be carried out.

17. It is expected that during 1988-93, 22,613 primary schools and 20,000 mosque schools will be established.

Rural Health Programme

18. Each Union Council will be provided with a BHU and a RHC manned by qualified doctors and necessary supporting staff. All the BHUs (new and upgraded) will be staffed by a doctor with two to three paramedics and technicians. The RHCs will play a pivotal role in the nation-wide health care system and will be manned by three doctors each, out of which one will be a female. One dentist will also be in the team. More beds (upto 25) will be added, thus making each RHC a mini rural community hospital. This will help to reduce the disparity between urban and rural areas in elementary health care facilities.

19. During the last two years of the Sixth Plan 944 BHUs and 93 RHCs were set up. During the Seventh Plan it is expected that 1,913 BHUs and 133 RHCs will be established.

Rural Water Supply and Sanitation

20. At the beginning of the Seventh Plan, out of the total rural population of 72 million, about 40 per cent is expected to be served with water supply. It is proposed to increase the coverage to 75 per cent by the end of the plan by serving an additional rural population of 26 million. As far as sanitation facilities are concerned, the coverage in 1988 is 10 per cent of the population which is proposed to be increased to 40 per cent by 1993.

21. Under the accelerated rural development programme, 31.2 million rural population will be provided with water supply and 17.0 million rural poor will be provided with sanitation facilities and services by 1993.

Rural Roads

22. Under the rural roads programme it was originally envisaged that every Union Council headquarter would be connected by road (at least shingle, if not metal) with the main provincial/national highways. The number of the Union Councils already connected with the main roads were 1,979 in 1985-86. According to a sample survey, the total length of such rural roads required to be constructed added upto 11,712 km. Later on it was decided that the programme should not be confined to connecting the Union Council headquarters only and other objectives such as the need for more and better farm-to-market roads, village roads and canal bank roads should also form part of the programme.

23. Master plans for the construction of rural roads have been prepared by the provinces. During the Sixth Plan an additional 14,957 km of rural roads were completed bringing the total to 60,957 km. The target for the Seventh Plan is an additional 8,500 km so that by the end of the plan period there would be a total of 69,457 km of rural roads.

Village Electrification

24. Upto June 1986, about 12,531 villages were electrified. Under the village electrification programme, 90 per cent of the villages were to be electrified during the four years period from 1986 to 1990. To achieve this target, an amount of Rs 30 billion was allocated for the period 1986-90. It included Rs 12 billion for expansion of the power distribution system in the rural areas and Rs 18 billion for the upstream facilities of the generation and transmission programme of WAPDA.

25. During the last two years of the Sixth Plan, 3,994 villages were electrified. It is proposed that another 10,336 villages will be electrified during the Seventh Plan period.

26. The programme of village electrification is to be executed through the Water & Power Development Authority (WAPDA). The present procedure for selection of villages is that the lists of such villages are sent to WAPDA by the provincial governments. It has been observed that in a number of cases the villages selected for electrification by the provincial governments were not classified as villages in the 1981 Census. It, therefore, became necessary to undertake an exercise for correlating the villages electrified so far with the villages in each district of the country as given in the 1981 Census. This exercise was undertaken by the Planning Commission in consultation with the provincial governments. The completion of this exercise has helped in avoiding some of the errors made in the past in the electrification of villages.

27. In addition to the villages electrified by WAPDA, some smaller programmes of village electrification were also under taken on their own by the Government of Azad Jammu and Kashmir, the Northern Areas Administration, and by the Punjab Government from its own resources. These programmes have covered 518 villages and

have been taken into account in the number of villages (12,531) electrified upto June 1986.

Anti-Waterlogging and Salinity Programme

28. Like the village electrification programme, this is also a federal programme with an outlay of Rs 12.6 billion (44.3 per cent of total water resources programme). This programme will be executed by WAPDA.

29. The programme envisages protection of 3.4 million acres by installing 2,771 tubewells, transferring 180 tubewells to farmers, excavating 3,640 km of open drains, remodelling 309 km of surface drains, and laying 295,799 acres of tile-drains during the Seventh Plan period.

30. The first priority is to try and salvage the disaster areas, which have been defined as areas where the water table range is above five feet.

7-Marla Scheme

31. For providing facilities of land to the rural shelterless for building houses, a programme for the provision of 7-Marla (210 sq yd) plots has already been initiated in the country during the Sixth Plan.

32. During the first two years of the Seventh Plan, 1.1 million 7-Marla plots are to be alloted to the shelterless people in the rural areas. The programme will be expanded further to provide another 1.1 million plots so that by 1992-93 the entire demand of the rural shelterless is met.

Provision of Built-up Houses

33. Another special programme on pilot basis has been added for providing 0.15 million one-room nucleus houses for the shelterless in the country during 1987-88. It has three major components, namely (a) 75,000 nucleus housing units for the shelterless destitute in the country who are *Mustehqeen-e-Zakat*_(b) 40,000 nucleus houses and (c) 15,000 nucleus housing units in the area development schemes of major cities having an adequate number of 3 to 5-marla service plots. Another 850,000 nucleus houses will be provided to the shelterless during the Seventh Plan period.

34. Institutional arrangements for implementing this programme have been set up at both the federal and the provincial levels to carry out this task in a systematic and organised manner.

Mass Literacy

Nai Roshni Project

35. The objective of *Nai Roshni* schools was to provide an opportunity to those boys and girls who had dropped out of primary school and had not been able to complete their primary education. The scheme was meant for boys and girls in the 10 to 14 year age group. Schools for boys and girls were separate. The schools functioned in the afternoon, i.e., after the normal school hours in the premises of existing government schools and one full-time teacher was engaged for each class. No fee was charged from the students and books were provided free of cost by the government.

36. During the first phase of the project 22,000 *Nai Roshni* schools were to be established, each with a class of 25 students. The strategy during the Seventh Plan will be to gradually absorb the existing *Nai Roshni* schools in the formal education system.

Iqra Pilot Project

37. The *Iqra* Pilot Project was conceived with the aim of eradicating adult illiteracy on an experimental basis. It was to be tried out in the Islamabad and Rawalpindi districts first.

38. The *Iqra* Pilot Project as a scheme is unique in its concept. Volunteer teachers are required to instruct their adult illiterate students in their own time and in the mutually agreed locations and arrangements. The *Iqra* field staff registers teachers and students. Books are provided at a nominal rate of Rs 6 per set. According to this scheme, a teacher will receive an honorarium of Rs 1,000 per successful student.

39. In view of the experience of the Sixth Plan, the Seventh Plan would focus mainly on compulsory primary education and efforts of NGOs for adult education for increasing literacy rate. In the short run, the results will be slow but in the long run this approach would facilitate rapid increase in literacy rate.

Development of Model Villages (Apni Basti)

40. A programme for the development of model villages in the country has been launched from 1st July 1987 with an allocation of Rs 131.0 million for 1987-88. The development of model villages envisages a shift from the programme which are focussing on individual facilities like electrifica-

tion, roads, water supply and other amenities, towards an all-embracing programme in selected villages for bringing about a healthy change in the over-all rural environment.

41. The proposed Village Development Councils as and when set up would intensify the process of community participation and provide an institutional framework for implementation of this programme.

New Mandies and Industrial Estates

42. A new concept of *mandies* and mini-industrial estates is to be developed at appropriate places to serve as focal points for growth and development. These are expected to provide employment to the non-farming population, semi-skilled and skilled as well as to the farming population during off-season, and help to reduce migration from the rural areas to the urban centres.

43. The government of Punjab has made a beginning by introducing a Rural Industrialization Programme and a Self- Employment Scheme for intermediate towns. Under the Rural Industrialization Programme, an allocation of Rs 19.0 million (spread over a period of three years) was made by the Punjab government for sanctioning loans upto 30th June 1986, but due to shortage of funds, out of a total of 719 applications (involving loans of Rs 58.7 million) only 297 projects worth Rs 19 million could be sanctioned by the Punjab Small Industries Corporation, the executing agency. The programme will be expanded in Punjab for which a credit ceiling of Rs 400 million has been provided for five years for the two schemes. Similar incentives will be provided for employment generation and accelerating the rural industrialization process.

44. The initiative taken by the Punjab government is worth extending to other provinces and special areas. Tentatively a small allocation for this purpose has been made.

Other Sectoral Programmes

45. There are other sectoral programmes, which directly or indirectly benefit the rural areas and rural communities. These programmes are discussed in the respective chapters on the relevant sectors such as agriculture, water resources, transport and communications, women's development and population welfare services.

Institutional Framework for Rural Development

Special Implementation Units in
the Federal Ministries/Divisions

46. In order to give special treatment to the planning and execution of schemes, all the federal ministries/divisions concerned have set up special units in their organisations to plan, execute, follow up and report progress to the Implementation Committee under the Deputy Chairman, Planning Commission. A *Katchi Abadis* Cell has been set up in the Ministry of Housing and Works to follow up the schemes relating to the improvement and regularisation of *katchi abadis* in the provinces as well as the progress of the 7-Marla schemes. Similarly, special cells have been set up and liaison officers designated in other ministries/divisions to keep in touch with the Planning Commission.

47. In the provinces, overall supervision of implementation has been entrusted to Monitoring Committees in the Planning and Development Departments for coordination and liaison with the Planning Commission.

District Development Committees

48. The Provincial Governments have set up District Development Committees consisting of local representatives to identify the locations for schemes for the development of local areas and generally assist in the formulation of projects by the sectoral departments and in watching the progress of implementation.

Other Institutions

Local Councils

49. One of the primary objectives of the Seventh Plan is to decentralize local planning processes at the field level in the country. These activities cover public works management, maintenance and improvement of roads, streets, public ways, culverts, bridges, public buildings, wells/water pumps, water tanks, social welfare services, basic health care, primary education, marketing facilities and numerous other services of public utility and daily need.

50. Implementation of rural development projects and programmes are the responsibility of the provincial governments and the local agencies. However, the federal government plays a meaningful role in directing policies, issuing guidelines,

monitoring the progress, coordinating the provincial programmes and channelling financial assistance to them for operations at different levels.

51. The Seventh Plan recognizes that for successful planning and implementation of rural development projects, large-scale participation by the population is a pre-requisite. To achieve this objective, the institutions of local government and rural community organizations will be strengthened and extended upto the village level to ensure the maximum participation of beneficiaries in decision-making and implementation. During the Seventh Plan emphasis will be placed on associating the local institutions such as District Councils, Union Councils and Rural Community Organizations in planning and implementation of development programmes and achieving a productive partnership between the rural organizations and the government. Decentralization will be a key objective and an essential pre-requisite for promoting community participation.

Line Departments

52. Some of the rural development work is to be performed directly through the government departments including the Ministry of Local Government and Rural Development and the Administrations of Azad Jammu & Kashmir (AJK), Northern Areas (NA) and the Federally Administered Tribal Areas (FATA) at the federal level and the local government and rural development departments at the provincial level. For this, an amount of Rs 4,197 million has been provided. It would be spent on projects and programmes which were designed to strengthen the institutions, research work, infrastructure and other services to support the rural development sector. This allocation does not include the amount allocated for the rural roads programme and has been shown separately. The financial allocation for schemes sponsored by the Ministry of Local Government and Rural Development and the provincial governments are described in Statistical Appendix Table 16.3.

Non-Government Organizations

53. Available statistics indicate that over 5,000 voluntary welfare and community organizations are registered under the Voluntary Social Welfare Agencies (Registration and Control) Act 1961. Some of the voluntary organizations operating in the rural areas are engaged in providing social services and training rural communities in rural development activities, as well as agricultural and rural extension support facilities. These NGOs include the Karachi Chamber of Agriculture; Chamber of Agriculture, Punjab; Anjuman-e-Kashtkaran, NWFP; Kissan Board; the Punjab Agriculture Association; the Sugarcane Growers Association; the Cotton Growers Association; Water Users Association; National Farm Guide Movement; Pakistan Girl Guides Association; The All Pakistan Women's Association; Adult Education and Rural Community Development Association and others. The Rural Development Foundation and the Aga Khan Rural Support Programme are the two more recently established institutions exclusively working in the field of rural development. In order to help the NGOs generate local resources and create leadership capabilities among the target groups, the Ministry of Local Government and Rural Development will extend maximum support to the NGOs to supplement government efforts and help to fill in the gaps left in the related sectors of rural development.

FINANCIAL OUTLAYS

54. The total investment in rural development is estimated at Rs 112.2 billion which constitutes 33 per cent of the total investment under the Public Sector Development Programme, slightly higher than the Sixth Plan allocation of 32 per cent. The sectoral details of financial allocations alongwith annual phasing are given in Statistical Appendix Table 16.1.

MAJOR PHYSICAL TARGETS

55. The major physical targets under each programme with annual phasing are given in Statistical Appendix Table 16.2.

IMPACT OF THE RURAL DEVELOPMENT PROGRAMME

56. The government on its part is determined to make every possible effort to ensure the full implementation of a massive rural development programme costing Rs 112.2 billion during the Seventh Plan. At the same time, it is obvious that the proper implementation of various elements of the programme represents a challenge and an opportunity for the entire nation and has to be undertaken as a national responsibility. The political will and commitment is already there. What is required now is to activate the implementation machinery to translate the programmes into action.

CHAPTER

17

REGIONAL DEVELOPMENT AND THE SPECIAL DEVELOPMENT PROGRAMME

The objectives of regional development under the Seventh Plan are as follows:

an equitable distribution of the provision of basic needs such as food, shelter, and health facilities in the various regions of the country;

an increase in the quality of life by providing more jobs, better education, better infrastructure, modern industrial and agricultural facilities and by giving greater attention to cultural and human values; and

the promotion of overall economic development in the backward regions.

2. The areas which are included in the regional development plan are Azad Kashmir, Northern Areas and the Federally Administered Tribal Areas which share certain common geo-physical and economic characteristics. Their geographical location confers upon them strategic importance lying as they are along the north-eastern borders of the country adjoining Afghanistan, China and Occupied Kashmir. The whole region consists of high mountainous ranges with limited agricultural land. Furthermore, the areas are generally over-populated and a significant proportion of the labour force in these areas is employed in unskilled and semi-skilled service sectors with limited incomes.

AZAD KASHMIR

3. The Sixth Five-Year Plan financial utilization and physical achievements are discussed below.

SIXTH PLAN REVIEW

4. A sum of Rs 3,155 million was allocated for Azad Kashmir during the Sixth Plan out of which Rs 3,160 million was utilized as shown in Table 17.1. The physical programmes implemented during the Sixth Plan are summarized below.

Agriculture

5. Physical achievements in the agriculture sector were encouraging. The targets fixed for fertilizer distribution were surpassed by 40 per cent, improved seed distribution by 29 per cent, production of fruit plants by 12 per cent, and afforestation by 10 per cent. In case of the development of agricultural farms, extension service centres, and fruit nurseries, achievements ranged between 80 to 93 per cent of the targets.

Table 17.1

SIXTH PLAN UTILIZATION: AZAD KASHMIR

(Current million Rs)

Sector	Allocation	Utilization	Per cent Utilized
Agriculture	464.8	418.6	90.0
Industry & Minerals	110.9	97.6	88.0
Transport & Communications	760.9	784.3	103.1
Physical Planning & Housing	294.2	303.3	103.1
Rural Development	264.0	278.4	105.4
Education	282.0	288.8	102.4
Health	243.8	250.5	102.8
Water and Power	733.8	738.4	100.6
Total	3154.5	3160.0	100.0

Industry

6. Under the industrial development programme, 2 out of 6 industrial estates and 3 out of 5 sales emporium centres were set up. Land has been acquired for 6 out of 10 industrial schools. Four thousand mulberry plants were planted against a target of five thousand plants.

Transport And Communications

7. Two airports are under construction. More than 80 per cent of the targets for the construction of single-lane, double- lane and fair-weather metalled roads was achieved. Construction of permanent bridges, however, remained slow and only 10 per cent of the targets could be met.

Physical Planning And Housing

8. Water supply was extended to 60 per cent of the population in Muzaffarabad. Accommodation of 180,000 sq ft for offices and 7,500 sq ft for residences was provided. Black topping of 20 miles of city roads in Mirpur was completed.

Education

9. Physical achievements remained satisfactory with 91 per cent for the acquisition of land for institutes, 88 per cent for the purchase of equipment, and 80 per cent for the construction of civil works.

Health

10. Achievements have surpassed the targets in case of hospital beds, rural health centres and basic health units and appointment of dental surgeons.

Water

11. Irrigation facilities were provided to 9,700 acres in Kherri and Panjeri areas and 5 tubewells in Chamb area were installed.

Power

12. Three hydroelectric (hydel) stations for 2,300 KW were completed so that electricity is now available to 70 per cent of the population.

SIZE OF THE SEVENTH PLAN

13. A public sector development programme of Rs 5,220 million has been proposed for Azad Jammu and Kashmir during the Seventh Five Year Plan. In addition a sum of Rs 513 million has also been kept under the Special Development Programme. This is required to ensure an adequate rate of investment and growth. Sectoral allocations are shown in Table 17.2. The major programmes to be implemented during the Seventh Plan Period are summarized below.

Agriculture

14. Horticultural crops will be developed and productivity in other cereal crops improved by using purchased inputs and strengthening the research base. Reforestation, watershed management and improvement in timber extraction techniques will help to increase revenues. Improvement in livestock breeds and animal health cover will be emphasised.

Industry And Minerals

15. Emphasis will continue to be placed on extending help in setting up cottage industries and the establishment of industrial estates. Exploration of minerals like graphite, bauxite and fire clay, dolomite, quartzite and rubies, and their commercial exploitation would continue to be carried out on a larger scale.

Table 17.2

DISTRIBUTION OF ALLOCATIONS:
AZAD KASHMIR

(Current million Rs)

Sector	Allocation	Per cent share
Agriculture	574.2	11.0
Industries & Minerals	156.6	3.0
Education	783.0	15.0
Health	522.0	10.0
Water & Power	1513.7	29.0
Transport & Communications	1200.5	23.0
Physical Planning and Housing	469.8	9.0
Total	5219.7	100.0

Power

16. About 25 per cent of the total allocation (Rs 1,304 million) has been earmarked for power development aimed at meeting 100 per cent of the electricity requirements of the area. About 50 MW of electricity will be generated during the plan period.

Education

7. In addition to opening of new institutions, major emphasis would be laid on consolidating the existing institutions in terms of buildings, equipment, playgrounds, etc.

Health

18. Health coverage will be improved by increasing the number of hospitals, Basic Health Units (BHUs), dispensaries and the number of beds.

Water

19. Programmes for harnessing water resources and measures to protect the land from erosion will be undertaken.

Transport And Communications

20. Emphasis will be placed on the construction of metalled, fair weather and link roads and the construction and replacement of bridges.

Physical Planning And Housing

21. Supply of piped water and sewerage systems in all district and tehsil headquarters will be provided. Rural population will be supplied piped water through public stand posts. Accommodation would be provided to at least 75 per cent of the government offices, and 50 per cent of the government officials. Satellite Towns will be established at all district headquarters with a total of 10,000 housing units. The President and Prime Minister's house would be built at Muzaffarabad.

NORTHERN AREAS

22. The Northern Areas, consisting of the three districts of Gilgit, Skardu and Diamir are spread over an area of 72,496 sq km with a population of 573,614. The density of population is 8 persons per sq km. The literacy rate is 14 per cent compared to the national average of 26 per cent. No proper agricultural statistics exist, but according to one estimate, there are 100,000 hectares of culturable land, of which about half is under cultivation

23. The Sixth Five-Year Plan was formulated with a total outlay of Rs 1,555 million including Rs 408 million carried forward from the Fifth Plan period. The broad objectives of the Sixth Plan were:

- to improve transport and communication facilities on a priority basis, and to increase the export of local products and mineral wealth;
- to improve the standard of living of the people and augment opportunities for gainful employment in the region; and
- to establish agricultural and mineral-based industries on a modest scale and to accelerate the provision of social infrastructure.

SIXTH PLAN REVIEW

24. Of the Sixth Plan allocation for the Northern Areas, Rs 1,529 million were spent in executing the development schemes of the areas showing a utilization of 98 per cent.

25. The sector-wise allocation and their utilization are summarised in Table 17.3.

Table 17.3

SIXTH PLAN UTILIZATION: NORTHERN AREAS

(Current million Rs)

Sector	Allocation	Utilisation	Per cent Utilized
Agriculture	113.1	106.3	94.0
Industry & Minerals	14.2	5.4	38.0
Water & Power	330.7	346.1	104.6
Transport & Communications	460.2	481.2	104.6
Physical Planning and Housing	169.8	159.6	94.0
Rural Development	292.5	259.4	88.7
Education	110.7	111.3	100.5
Health	64.1	59.5	92.8
Total	1555.3	1529.1	98.3

SEVENTH PLAN STRATEGY

26. An allocation of Rs 2,530.2 million has been earmarked for financing the development programme of the Northern Areas during the Seventh Plan. The highest priority is to be accorded to sectors like transport & communication and water & power. The sector-wise allocation for the Seventh Plan are shown in Table 17.4.

27. The major physical programmes to be implemented during the Seventh Plan are summarized below.

Agriculture

28. Efforts will be made to make the area self-sufficient in food. The aim will be to meet the necessary demand of all improved inputs like fertilizer, seed, plant protection, implements and equipment. Necessary measures will also be taken to improve the health of the livestock in the area. Existing forest nurseries will be maintained and new forest nurseries established. Work on maintenance, protection of old plantations, afforestation and regeneration and proper fencing will be undertaken. Soil conservation activities along with all other necessary steps would be taken to arrest soil erosion.

Table 17.4

SECTORAL DISTRIBUTION OF ALLOCATIONS:
NORTHERN AREAS 1988-93

(Current million Rs)

	Seventh	Per cent share	
	Plan	Seventh Plan	Sixth Plan
Agriculture	182.8	6.8	7.3
Industries & Minerals	53.7	2.0	0.9
Water & Power	843.3	31.4	21.3
Transport & Communications	900.2	33.5	29.6
Physical Planning and Housing	185.7	6.9	10.9
Education	248.8	9.3	18.8
Rural Development	135.3	5.1	7:1
Health	134.2	5.0	4.1
Total	2684.0	100.0	100.0

Water

29. Efforts will be made to construct 12 small dams on selected *nullas* to store surplus water and to protect flood affected land.

Power

30. Additional hydro-electricity units with a generating capacity of 34,228 KW would be installed. Out of this 4,000 KW will be through Water & Power Development Authority (WAPDA).

Transport And Communications

31. Infrastructure facilities in the strategically important areas will be provided. Besides, improvement and maintenance of existing roads and work on the construction of link roads will also be carried out

Physical Planning And Housing

32. Additional government offices and residences will be provided. Necessary steps would be taken for the provision of safe drinking water for the whole of the area including the construction of drainage facilities for the urban areas.

Education

33. Efforts will be made to remove the disparity between male and female education. To improve the literacy rate, 697 additional teaching institutes will be established. In addition, three intermediate and two degree colleges, one teacher training institute for females, two public schools and three technical institutes will also be opened.

Industry And Minerals

34. The feasibility of establishing agro-based and other small and medium-size industries will be explored. Efforts will be made to establish such industries for which raw material is available locally and marketing facilities exist within the area and the country. A mineral investigation survey is being carried out which is expected to serve as a basis for project identification during the Seventh Plan.

Health

35. In order to provide the desired health facilities the existing 'C' class dispensaries and first aid posts will be upgraded to Basic Health Units (BHUs) and a doctor's residence at every union council will be provided.

FEDERALLY ADMINISTERED TRIBAL AREAS (FATA)

36. FATA comprises of seven political agencies with an area of over 27 thousand sq km. Average rainfall varies between 305 mm to 813 mm. The population density is 94 persons per sq km. The total cultivated area is estimated at 141 thousand hectares which is 5.2 per cent of the reported area. About 55 per cent of the area is irrigated and the rest is *barani*. The economy of FATA is agricultural. The main crops are wheat, barley, maize and rice. The literacy rate is about 11 per cent and the labour force participation rate is 24 per cent for males.

SIXTH PLAN REVIEW

37. A sum of Rs 2,664 million was allocated for financing the development schemes in FATA during the Sixth Plan period. About Rs 2,544 million were spent thereby indicating a 95.5 per cent utilization. The transport & communications and education sectors were emphasized during the Sixth Plan period receiving 54 per cent of the total allocation. The sector-wise allocation and utilization are shown in Table 17.5.

Table 17.5

SIXTH PLAN UTILIZATION: FATA

(Current million Rs)

Sector	Allocation	Utilization	Per cent Utilized
FATA (NWFP)			
Agriculture	193.2	183.6	95.0
Industries & Minerals	-	-	-
Water & Power	376.7	334.3	88.7
Transport & Communications	855.4	828.7	96.9
Physical Planning & Housing	355.2	352.0	99.1
Education	592.7	577.1	97.4
Health	206.9	190.3	92.0
Rural Development	84.3	77.8	92.3
Total	2664.4	2543.8	95.5
FATA - DC			
Water	495.2	505.3	102.0
Industry	51.1	40.7	79.6
Minerals	52.2	51.3	98.3
Miscellaneous	61.2	51.5	84.2
Total	659.7	648.8	98.4

SEVENTH PLAN STRATEGY

38. A total of Rs 5,288 million has been allocated for financing the development schemes of FATA and FATA Development Corporation (FATA-DC). Of this, Rs 1,073 million has been reserved for the development schemes of FATA-DC. The transport & communications and water & power sectors are given priority, followed by the education sector. The sector-wise allocations are given in Table 17.6.

39. The physical programmes to be implemented during the Seventh Plan are summarized in the following paragraphs.

Agriculture

40. Development schemes in agriculture will cover the award of scholarships to agriculture graduates, aerial spray of pesticides, distribution of improved inputs like fertilizers, seeds, improved varieties of fruit plants, and afforestation. New veterinary centres would be opened.

Table 17.6

SECTORAL DISTRIBUTION OF ALLOCATIONS:
FATA AND FATA/DC 1988-93

(Current million Rs)

Sector	Allocation	Per cent share: Seventh Plan	Per cent share: Sixth Plan
FATA (NWFP)			
Agriculture	228.2	5.4	7.2
Power	1108.2	26.3	14.1
Industries	12.4	0.3	0.0
Minerals	48.0	1.1	0.0
Physical Planning & Housing	543.0	12.9	13.3
Transport & Communications	1142.1	27.1	32.1
Education	792.6	18.8	22.3
Health	248.0	5.9	7.8
Rural Development	92.5	2.2	3.2
Total	4215.0	100.0	100.0
FATA - DC			
Water	813.9	75.9	75.1
Power	9.4	0.9	0.0
Physical Planning & Housing	33.1	3.1	9.3
Industry	80.6	7.5	7.7
Minerals	135.8	12.6	7.9
Total	1072.8	100.0	100.0

Power

41. The development programme in the power sector aims at almost 100 per cent coverage of villages during the Seventh Plan as against 80 per cent achieved during the Sixth Plan.

Transport And Communications

42. In the transport and communications sector it is proposed to construct 450 km of shingle roads, 500 km of black topped roads and 200 km of link roads. Construction of fifteen new bridges would also be undertaken.

Physical Planning and Housing

43. The programme will cover construction of office and residential buildings and provide adequate facilities of drinking water.

Education

44. Efforts will be made to increase the participation rate from 24 per cent for males in 1986-87 to 60 per cent by the end of the Seventh Plan. A mass motivative programme will be launched for the education of women in the area. To achieve these objectives 450 primary schools, 140 middle schools, 95 high schools, 15 vocational institutes and 2 colleges will be established.

Health

45. It is expected that 55 BHUs, 9 civil dispensaries, 5 RHCs will be set up during the Seventh Five-Year Plan. In addition, 65 traditional birth attendants *(dais)* will be trained.

LESS DEVELOPED AREAS IN BALUCHISTAN

46. Baluchistan covers an area of 347,193 sq km and has a population of about 4.3 million. The annual growth rate of population is estimated at 6.9 per cent. The current population density is only 22 persons per sq km as compared to 105 persons for Pakistan. This is due to the fact that the province has a large land mass (44 per cent of the total area of Pakistan), small population (only 5.1 per cent of the total) scattered in small villages and towns. The rural-urban distribution is 84 per cent to 16 per cent respectively. The climate is arid with low rainfall and wide variations in temperature. Almost drought-like conditions prevail throughout the province.

47. For purposes of regional development 10 areas have been identified which require accelerated development and are included in the regional development programme. These areas are Kohlu, Jhal Magsi, Kar Kurasan and Loeband, Toba Kakri, Dera Bugti, Kutmundai, Jhal-Jhao, Musa Khel, Chagai and Mushkhel. Of these, four areas have been declared project sites.

SIXTH PLAN REVIEW

48. The year-wise allocation of development funds for Baluchistan during the Sixth Plan are given in Table 17.7.

49. The areas which were declared project sites received insufficient financial assistance for completion of development schemes during the Sixth Plan.

Table 17.7

SIXTH PLAN ALLOCATIONS: LESS DEVELOPED AREAS IN BALUCHISTAN

(Current million Rs)

Year	Allocation
1983-84	670.1
1984-85	850.0
1985-86	1,008.0
1986-87	1,117.2
1987-88	1,414.0
Total	5,059.3

SEVENTH PLAN STRATEGY

50. For the development of these areas the sector-wise allocation of funds for the Seventh Five Year Plan is projected in Table 17.8.

51. An independent project director will be appointed for identifying projects and development programmes. He will be given extensive administrative and financial powers.

Table 17.8

SEVENTH PLAN SECTORAL ALLOCATIONS LESS DEVELOPED AREAS OF BALUCHISTAN

(Current million Rs)

Sector	Allocation
Agriculture	515.0
Water	725.0
Power	30.0
Transport & Communications	850.0
Industries	15.0
Physical Planning & Housing	50.0
Education	127.0
Health	242.0
Total	2554.0

THE SPECIAL DEVELOPMENT PROGRAMME 1988-93

52. The development of backward regions has always been one of the major aims of the government. The backward regions include Azad Kashmir, Northern Areas, Federally Administered Tribal Areas and Baluchistan. In view of the events in Afghanistan, the pursuit of a strategy of balanced regional development has acquired additional importance specially in Baluchistan and NWFP.

53. In the past extraordinary foreign assistance was sought for the development programmes of Baluchistan and NWFP. These were placed outside the development budgets of these provinces. Special Development Plans for Baluchistan and the Tribal Areas of NWFP were published in 1981 and 1982 respectively. These plans were circulated and aid was sought from prospective donors.

54. The heavy influx of people from upcountry to Karachi in search of employment and other opportunities has brought the basic civic infrastructure in Karachi under severe pressure. Some of the essential services like electricity and water have been strained to the point of virtual collapse. One reason has been insufficient resource availability. To address these problems a Special Development Programme for Karachi was formulated and its implementation commenced in 1985-86. Another programme was instituted for the backward Barani Areas of the Punjab.

55. The basic policy framework adopted for the Special Development Programme has been as follows:-

- Projects conferring quick economic and social benefits will be emphasised.
- Investment in infrastructure will be given priority including investment related to security measures in areas like Karachi.
- Expenditures to be incurred on these programmes will be over and above the normal provincial public sector development programme allocation.
- Projects to be included in this programme will be financed mainly through foreign aid (66 per cent foreign project assistance and 34 per cent government contribution).
- Responsibility for the implementation of the Special Development Programme will rest primarily with the provincial governments.

SIXTH PLAN REVIEW

56. The implementation of the Special Development Programme in Baluchistan, FATA and NWFP was initiated during 1982-83 while that in Karachi and the Punjab commenced two years later in 1985-86.

57. An allocation of Rs 6.3 billion was made for the Special Development Programme during the Sixth Five-Year Plan. Allocation and utilization are summarized in Table 17.9.

Table 17.9

SPECIAL DEVELOPMENT PROGRAMME: SIXTH PLAN ALLOCATION

(Current million Rs)

Period	Allocation	Utilization	%Utilization
1983-84	1222	331	27
1984-85	1222	306	25
1985-86	1380	385	28
1986-87	1283	401	31
1987-88	1185	1320	111
Total	6292	2743	44

58. Overall utilization of the SDP during the Sixth Plan was only 44 per cent. Some of the reasons were (a) poor response of donor countries which resulted in less funds being available than allocated in the programme (b) delay in the release of these funds and (c) delay in the identification of certain projects.

59. As has been indicated the Special Development Programme in the past has depended on attracting at least 66 per cent of the resources required from foreign aid. This strategy has now been revised for the SDP in the Seventh Plan.

SPECIAL DEVELOPMENT PROGRAMME 1988-93

60. During the Seventh Plan, the Special Development Programme (SDP) will not be conditional on attracting foreign assistance. Its scope will also be extended to cover essential provincial programmes which could not be included in the plan allocation to the provinces due to resource constraints. Furthermore, projects falling in the provincial sphere which were being financed and implemented by the federal government, if retransferred to the provinces, will be incorporated in the SDP along with their financial allocations.

61. These programmes will be specially directed towards development schemes in NWFP, FATA and Baluchistan Areas. In addition the SDP will include development schemes for the Sind Arid Zone Development Authority (SAZDA), Karachi

Special Development Programme (phases I and II) in Sind and the Barani Areas and certain urban areas in the Punjab. Valley development and irrigation schemes will be undertaken through the SDP in Baluchistan.

62. A sum of Rs 25.3 billion has been allocated for the SDP during the Seventh Five Year Plan. Of this a provision of Rs 513 million has been made for Azad Kashmir. The distribution of these funds among the provinces is given in Table 17.10.

Table 17.10

SPECIAL DEVELOPMENT PROGRAMME:
SEVENTH PLAN ALLOCATIONS

Province/Agency	Allocation	Percentage share
Punjab	6837.8	27.0
Sind	7692.6	30.4
NWFP/FATA	4273.7	16.9
Baluchistan	5983.1	23.7
Azad Kashmir	512.8	2.0
Total	25300.0	100.0

CHAPTER

18

DEVELOPING THE NORTH-WEST FRONTIER PROVINCE

The North-West Frontier Province (NWFP) is divided into two separate areas: a settled area which consists of 14 districts including the Provincially Administered Tribal Areas (PATA), and the Federally Administered Tribal Areas (FATA) which consist of 7 political agencies and 4 frontier regions. The development programme of FATA has been discussed in Chapter 17 on Regional Development and Special Development Programme. The present chapter relates to the settled part of NWFP which has a reported area of 5.5 million hectares of which 1.8 million hectares is cultivated and 43 per cent of this is irrigated. However, a considerable area of the province (about 1.3 million hectares) is culturable waste. The temperature ranges between 8 degrees centigrade and 32 degrees centigrade and the rainfall varies from 138 mm to 149 mm. Wheat is the major crop followed by maize and sugarcane. The area occupied by these crops is 800, 400 and 100 thousand hectares, respectively. According to the 1981 Census, the total population was 11.1 million persons and the population density 148 persons per squre kilometer. The overall literacy ratio was estimated at 16.7 per cent of which the male literacy rate was estimated at 25.9 per cent and female at 6.5 per cent.

SIXTH PLAN REVIEW

2. A sum of Rs 9,330 million was allocated for the NWFP development programme during the Sixth Five-Year Plan, an amount almost twice as large as the allocation in the Fifth Plan. However, Rs 8,448 million was made available through the Annual Development Programmes.

3. Education, physical planning & housing and health sectors which were given priority in the plan together accounted for almost 55 per cent of total development outlays. The trend of utilisation is shown in Table 18.1 while the sector-wise allocations and utilisation are at Statistical Appendix Table 18.1.

4. The sector-wise review of achievements in the Sixth Plan is discussed below.

AGRICULTURE

5. The Sixth Plan emphasized the extension of rural credit for the purchase of agricultural inputs. As a result, the production of wheat increased from 860,000 tonnes in 1983-84 to 959,000 tonnes in 1986-87 and that of maize from 550,000 tonnes to 643,500 tonnes. Considerably more water through tubewells and by watershed management was provided to bring additional *barani* land in use. These policy measures resulted in an increase in irrigated area from 780,000 hectares in 1982-83 to 819,000 hectares in 1985-86. Other efforts were continued to reduce uncultivated areas and a programme for the purchase of 114 bulldozers was initiated.

INDUSTRY

6. To augment the availability of technical manpower during the Sixth Plan period, a programme of industrial training was introduced and sales of locally manufactured items were facilitated through the establishment of a number of display centres and mini-industrial estates.

Table 18.1

SIXTH PLAN ALLOCATIONS AND UTILIZATION

(Current million Rs)

Year	Allocations	Utilisation	Per cent Utilized
1983-84	1,177	1,180	100
1984-85	1,245	1,208	97
1985-86	1,423	1,428	100
1986-87	2,131	2,046	96
1987-88	2,472	2,472	100
Total	8,448	8,334	99

7. To encourage investment in large-scale industries a number of incentives were provided including the setting up of two industrial estates. To assist the private sector in the development of industry in the province a scheme entitled 'Seed Capital for Industrial Promotion' was initiated.

MINERALS

8. The Sarhad Development Authority (SDA) is responsible for the development of minerals in the NWFP. The major projects initiated in this subsector were the exploration and development of rock phosphate (Abbottabad), metallogenic mineral exploration (Chitral), survey and exploration of chromite deposits (Malakand), and lead-zinc and other sulphide minerals (Kohistan).

WATER

9. In the Hazara and Kohat Divisions shortages of sub-surface water were augmented through the construction of small dams. Projects like the Chashma Right Bank Canal and Mardan Salinity Control and Reclamation Project (SCARP) were initiated in the Sixth Plan period.

10. In addition to the completion of ground water investigation and exploratory schemes, about 400 tubewells were sunk in the province. The On-Farm-Water Management Project, Irrigation System Rehabilitation Programme, and lift irrigation schemes were continued.

TRANSPORT AND COMMUNICATIONS

Roads

11. The major programme which was completed during the Sixth Plan was the removal of encroachments in the built-up areas in NWFP. Other works related to the construction and improvement of major roads, purchase of road-making machinery and farm-to-market roads.

12. Under the federal programme the following major works were completed during the Sixth Plan:

- Dera Ismail Khan (D.I.Khan) and Ghazi Ghat bridges;
- Rehabilitation of 56 km Peshawar-Charsadda and Khairabad-Nowshera roads; and
- Construction of 35 km of additional carriage-way between Peshawar and Nowshera (N-5 National Highway).

13. In addition, work on bridges over Kurram and Gambilla rivers were initiated.

Telecommunications

14. Facilities provided during the Sixth Plan in the field of telecommunications are shown in Table 18.2.

Table 18.2

ACHIEVEMENTS IN THE TELECOMMUNICATION SECTOR

Facility	Nos.
No. of Telephone connections	22,400
Public Call Offices	375
Telegraph Offices	25
Telex connections	114
Trunk positions	32

Civil Aviation

15. The major achievement in the field of civil aviation included the modernization of Peshawar airport with facilities to handle large jet aircraft and the introduction of international flights to the Gulf. In addition, Bannu and Kohat were added to the network of Pakistan International Airlines (PIA) feeder services.

HEALTH

16. Achievements in the health sector during the Sixth Plan are shown in Table 18.3.

Table 18.3

ACHIEVEMENTS IN THE HEALTH SECTOR

Facility	Nos.
A. Infrastructure	
1. Rural Health Centres	19
2. Basic Health Units	199
3. Hospital Beds	896
B.Human Resource Development	
4. Doctors and dentists	2036
5. Nurses	660
6. Paramedics	4304
7. Traditional birth attendants	4900

SEVENTH PLAN STRATEGY FOR DEVELOPMENT IN THE NWFP

17. A sum of Rs 11.1 billion has been earmarked for the NWFP in the Seventh Plan. In addition Rs 4.3 billion would be available under the Special Development Programme and about Rs 2.0 billion as investment by public corporations. The total development outlay for NWFP is expected to add up to Rs 17.4 billion, a 79 per cent increase over the Sixth Plan.

18. As in the previous plan, the bulk of these resources will be spent on physical planning & housing and the education and health sectors which shall account for 56 per cent of total plan outlays. The sector-wise allocations are shown at Statistical Appendix Table 18.2

19. The physical targets envisaged for the Seventh Five- Year Plan are briefly discussed below.

AGRICULTURE

20. In the agriculture sector, the Seventh Plan emphasises the development of *barani* areas. An integrated programme for development of *barani*, riverine, and mountainous areas is proposed as a part of a long-term programme to arrest environmental degradation and conserve forest, land, and water resources.

21. In addition a crop diversification programme, based on natural endowments and comparative advantage will be implemented.

22. About 8 per cent of the allocation for Agriculture Research Project (ARP Phase II) has been earmarked for provincial research institutions.

23. A number of projects have also been included in the federal government programme. These are:

- Pakistan Grain storage project;
- Diversification and integration of provincial agriculture network through NWFP Agriculture University;
- Coordinated research project for sheep and wool;
- Italian technical assistance for cultivation of fruits;
- Vegetables and olives;
- Dir area development project; and
- Minor schemes of agriculture research and technology. Barani agriculture research and development project.

INDUSTRY

24. Efforts will be made for accelerating the process of industrialization in backward areas by giving incentives to specific industries having backward and forward linkages. Industries which have locational advantage will be identified and specific incentives will be provided. The prospects of tax holidays for NWFP for eight years is expected to provide further impetus to the process of industrialization. A system of freight equalization will be studied for providing further facilities in the province. Agro-based and small-scale industries will be encouraged. Efforts will be made to ensure the supply of inputs like gas and electricity at subsidized rates. Specific allocations will be provided to development finance institutions and for investment in NWFP and policy instruments and modalities will be evolved to make public and private sectors more responsive.

MINERALS

25. The mineral sector in NWFP has remained under-utilized in the past. The primary problem facing the mineral industry has been the non-availability of credit. During the Seventh Plan efforts will be made to increase credit to the mining industry. About 15 major projects are included in the plan for the exploration and development of phosphate, lead-zinc, chromite, scheelite and nephyline syenite deposits. In addition, five federal projects, two sponsored by the Geological Survey of Pakistan and three by the Gemstone Corporation will be implemented.

WATER

26. For improvement in the water sector, the Seventh Plan proposes a ground-water survey and investigation project. Water & Power Development Authority (WAPDA) will undertake groundwater surveys in Warsak, Bazai, Ghazi, Mardan, Peshawar, Swat and PATA. Water management programmes will be enhanced. Some of the major projects include the Chasma Right Bank Canal, completion of Mardan SCARP and Phase II of the Irrigation Systems Rehabilitation Project.

ENERGY

27. In the energy sector, the programme of village electrification will be accelerated. For this purpose resources will be distributed in the ratio of 70:30 with 70 per cent of the funds utilized in completing the on-going electrification of *katchi abadis* while the remaining 30 per cent will go towards electrifying new villages. New electrification will be according to the criteria that all the abadies having more than 200 persons or 20-25 houses be accorded priority.

28. More gas connections will be provided in the NWFP. Pipelines will be laid from Adhi and Dakhni fields to inject gas in the main transmission system. Efforts will be made to increase the gas supply from the existing level of 25-30 million cubic feet per day (MMCFD) to 50 MMCFD. Gas will also be provided to Abbottabad and Mansehra towns.

TRANSPORT & COMMUNICATIONS

29. A sum of rupees 1607 million has been earmarked for the development of Transport & Comminication sector in NWFP. The major programmes are briefly described below.

Railways

30. The programmes included are the completion of locomotive factory at Risalpur, establishment of dry port at Peshawar, feasibility studies for the extension of the railway line from Peshawar to Dera Ismail Khan, a back-up bridge at Nowshera for the locomotive factory, training and other works of Peshawar Division. The laying of Mari-Indus-Bannu broad gauge track will also be studied.

Roads

31. In physical terms 661 km of roads including 354 km of the Indus Highway will be improved. The provincial public sector programme includes new construction of 177 km and improvement of 675 km of existing roads. In addition, with the help of private sector financing, 30 km of a second carriageway along the National Highway (N-5) will be constructed.

Road Transport

32. Out of the public sector allocations, efforts will be made to work out the requirement and provision of buses alongwith improvement of workshop facilities. Under the private sector investment, 2,513 buses will be inducted during the Seventh Plan period.

Civil Aviation

33. A feeder service airport at Mansehra and extension of the runway for Boeing 737 operations at Chitral will be completed during the Seventh Plan period. The Fokker airports at Dera Ismail Khan, Bannu and Saidu Sharif will be upgraded for Boeing 737 operations.

Telecommunications

34 The plan envisages 61,000 new telephone connections; installation and expansion of microwave systems; trunk exchanges; and replacement of old exchange lines and equipment, etc.

Postal Services

35. In NWFP 72 new post offices (80 per cent in rural areas), seven new post office buildings and purchase of machines for registration, money orders, parcel booking, etc. will be provided.

PHYSICAL PLANNING & HOUSING

36. In this sector the construction of a secretariat block, provincial assembly building, a public library and the improvement and upgrading of slums will be undertaken.

Rural Water Supply and Sanitation Schemes

37. Over 450,000 people will be served with clean and safe water and over 500,000 people with sanitation facilities.

SPORTS, CULTURE, TOURISM AND YOUTH

38. In the sports sector, 2 district stadia (funded during the Sixth Plan) will be completed and commissioned at Kohat and Bannu, while construction of 3 new stadia will be undertaken at Mardan,

Mansehra and D. I. Khan. A synthetic turf with complementary facilities will be provided at Abbottabad by the federal government for hockey practice camps.

39. In the cultural field, a museum of archaeology at D. I. Khan will be established to preserve and conserve the cultural heritage of the Gomal plain, where numerous sites ranging from proto-historic to the early medieval and early Islamic period have been discovered, for instance at Rehman Dheri, Gulma, Kafir Kot and Mohra Sharif. A cultural heritage centre will also be constructed at Kohat for promoting and projecting arts and crafts of the province.

40. In the tourism sector, the programme covers construction of road-side facilities, extension of tourist accommodation and development of recreation spots in and around Parachinar, Kohat, Swat and Peshawar valleys. The first ever skiing resort in Pakistan will be completed at Malam Jabba to promote tourism.

41. The federal government will support, on a matching grant basis, Youth Skill Training Centres operated by the NWFP government to provide employment-oriented vocational training at these centres.

EDUCATION

42. The Seventh Plan proposed an 8 per cent per year growth rate in the social sectors. These resources will be utilized to increase the literacy rate and improve participation in primary and secondary enrolment. Efforts will be made to remove the existing disparity in education between the NWFP and other provinces. More attention will be paid towards girls' education. Table 18.4 gives the target participation rates which are expected to be achieved by 1993.

Table 18.4

ENROLMENT RATES IN NWFP

(in per cent)

Programme	1987-88	1992-93
Primary education	52	68
Middle education	24	37
Secondary education	13	18

43. To achieve the above rate, the sub-sector-wise targets are shown at Statistical Appendix Table 18.3.

HEALTH

44. The Seventh Plan health strategy in the NWFP will be aimed at improving the quality of care and removing urban and rural imbalances in health services with particular focus on providing care to vulnerable groups. The health sector targets for 1993 in the NWFP are given in Table 18.5.

Table 18.5

HEALTH SECTOR TARGETS
NWFP, 1993

Programme	Nos.
Basic Health Units(BHUs)	
a) New	147
b) Upgradation of BHUs	100
Rural Health Centres(RHCs)	
a) New	31
b) Upgradation of RHCs	40
Urban Health Centres	66
Hospital beds	2694
Doctors	1500
Nurses	1200
Auxiliaries	15000
Traditional birth attendants	5500

CHAPTER

19

BALUCHISTAN'S ACCELERATED DEVELOPMENT

Baluchistan, spread over an area of 347,193 sq km has a population of about 4.3 million. Although the annual growth rate of population is a high 6.9 per cent the population density is only 12 persons per sq km compared to 105 persons per sq km for Pakistan. This is due to the fact that the province has about 44 per cent of the total area of Pakistan but only 5.1 per cent of the total population of the country. More than 80 per cent of the people in Baluchistan live in rural areas. The literacy rate in Baluchistan is only 12 per cent as against 26 per cent in the country as a whole.

2. The climate is arid, characterised by low rainfall and wide variations in temperature. Drought conditions prevail during a large part of the year. There is little perennial surface water for irrigation. The area consists of barren mountains and deserts. Despite the fact that rainfall is low and underground irrigation resources are small, agriculture plays an important role in the provincial economy.

3. Baluchistan has a 340 mile long coastal line along the Makran Coast with 30 fishing settlements which produce about 0.1 million tons of fish each year. Amongst these Gawadur, Pasni, Sonmiani, Ormara and Jiwani are the more important. Fishing is the main source of livelihood providing employment to about 20,000 fishermen. Although underdeveloped, the fish industry offers substantial scope for further growth with large unexploited reserves of shrimp, lobster, shark, tuna, threadfins, jawfish, etc.

4. Baluchistan in the past has had a slower rate of economic growth compared to the rest of the country. Crop yields and output from livestock and fish production are low. Despite the fact that there is considerable scope for industrial activity based on minerals, fisheries, livestock and agricultural products, little progress has been made in exploiting this potential.

FINANCIAL REVIEW OF SIXTH PLAN

5. A public sector development programme of Rs. 5.1 billion was earmarked for Baluchistan for the Sixth Plan period which emphasised the agriculture, water, industry and health sectors. In subsequent years, however, sectoral priorities were somewhat changed to reflect greater emphasis on the social sectors. In particular, provincial annual development programmes (ADPs) gave greater priority to rural development, physical planning & housing, education and social welfare. Overall financial utilization was 95.3 per cent as shown in Table 19.1.

Table 19.1

UTILIZATION OF SIXTH PLAN ALLOCATIONS

(Current million Rs)

Sector	Allocation	Utilization	%Utilization
Agriculture	1060	650	61.3
Water	800	667	83.4
Industry	530	65	12.2
Minerals	70	35	50.0
Transportation	460	507	102.0
Physical planning & housing	500	899	179.8
Education	700	885	126.4
Health	820	361	44.0
Social welfare	20	36	180.0
Rural development	100	717	717.0
Total	5060	4822	95.3

6. In addition, the development efforts in Baluchistan was supplemented by allocations to the federally-funded projects and the Special Development Programme (SDP) in operation in the province (Table 19.2).

Table 19.2

FEDERALLY-FUNDED PROJECTS AND SDP

(Current million Rs)

Year	Federal Projects	SDP	Total
1983-84	1250	700	1950
1984-85	1500	847	2347
1985-86	1525	626	2151
1986-87	1550	529	2079
1987-88	1680	501	2181
Total	7505	3203	10708

SECTORAL REVIEW OF THE SIXTH PLAN

7. The review of sectoral performance during the Sixth Plan is discussed below.

Agriculture

8. The Sixth Plan strategy for agriculture development in Baluchistan encouraged cash crop production on irrigated lands to ensure better returns to farmers. It aimed at a annual growth of 7 per cent principally through an improvement in yields by augmenting the supply of inputs, such as, improved seeds, fertilizers, plant protection, agricultural machinery, and better agronomical and irrigation techniques.

9. In the livestock sector, poultry production increased by about three times. Additional achievements during the plan period are summarized below.

- Increase in mutton production from 4,200 to 6,300 tonnes;
- Increase in beef production from 17,000 to 34,000 tonnes;
- Increase in milk production from 196 million liters to 246 million liters;
- Raising health coverage from 25 per cent to 40 per cent of the population; and
- Establishment of seven veterinary hospitals and 36 diagnostic units.

10. During the first four years of the Sixth Five-Year Plan, block plantation was completed on an area of 1,000 acres; 300 avenue miles of canal side plantation were completed; and dry afforestation and stabilization completed over an area of 700 acres.

11. A major scheme in the fishery sub-sector is the Baluchistan Fisheries Development Project which is being executed as a part of the SDP. After completion, the scheme will stimulate industrial activities like fish canning, etc. in the entire Makran Division.

Industry

12. The government's policy in this sector is to encourage the private sector to establish industry in the Baluchistan province. Incentives have been given in the form of tax concessions, etc. Gas, electricity and water is being provided to attract private enterprise. For the industries sector, an allocation of Rs 530 million was proposed in the Sixth Plan. However, only Rs 65 million could be disbursed.

13. Completion of the industrial estate at Hub was a major achievement of the Sixth Plan. The industrial estates at Hub, Quetta and Dera Murad Jamali received a major share of the public sector allocations. The industrial estates at Quetta and Dera Murad Jamali will be completed during the Seventh Plan.

Transport and Communications

14. The Sixth Plan allocated Rs 460 million for the development of the transport & communications sector in Baluchistan. The strategy for the road sector emphasised construction of rural roads connecting major villages and towns with district headquarters; improvement of existing shingle and metalled roads; black topping of incomplete provincial roads; enforcement of quality control with strict adherence to specifications; and establishment of a soil testing laboratory.

15. Progress was good with an implementation rate of 102 per cent.

Physical Planning And Housing

16. To reduce the shortage of housing, an allocation of Rs 500 million was made during the Sixth Plan. Three housing schemes were initiated and are expected to be completed during the Seventh Plan. These are:

- 300 acre housing scheme.
- Housing scheme near Kotwal/Nawa Killi.
- Housing scheme on Quetta Mastung road.

17. By the end of the Sixth Plan period more than 100 water supply schemes will be completed which will provide clean drinking water to an additional 20 per cent of the population.

Water Development

18. An allocation of Rs 800 million was proposed during the Sixth Plan period for the water sector excluding groundwater development. This was to bring in an additional 0.3 million acres under cultivation and included 87 surface irrigation schemes in different areas of the province. Of this, 16 schemes have been completed while work on another 18 schemes is in the final stages.

19. During the first four years of the Sixth Plan, 12 delay action dams were completed with an additional 12 expected to come into operation by the end of the Sixth Plan.

20. In addition, the following schemes will be completed by the end of 1987-88.

- Irrigation System Rehabilitation Project (Phase I);
- Command Water Management Project; and
- Groundwater Investigation and Development.

Education

21. The total allocation for the education sector during the Sixth Plan was Rs 700 million. Reflecting the emphasis laid by the government, the utilization rate in this sector was 126.4 per cent. A comprehensive education plan was formulated to raise the literacy rate from 12 per cent to 26 per cent by 1990. All the schemes in this sector were implemented. About 1,400 mosque and primary schools were opened and buildings for another 1,000 primary schools constructed. About 300 primary schools were upgraded to the secondary level while considerable facilities were provided for college education.

Health

22. The Sixth Plan allocated Rs 820 million in the health sector. Of this, only Rs 361 million was utilized. A total of 105 schemes in this sector are expected to be completed by June, 1988. The major schemes undertaken during the period included:

- Accelerated primary health care programme;
- Commodity assistance by World Food Programme; and
- Provision of medical equipment to the health institutions.

Rural Development

23. During the Sixth Plan the provincial government undertook a well planned integrated development programme in the rural areas. An initial allocation of Rs 100 million was proposed which was later revised to Rs 717 million, all of which was utilized. The main objective of the rural development strategy included an increase in development opportunities and a reduction in unemployment; the provision of safe drinking water; improving the literacy rate; and better health facilities.

SEVENTH FIVE YEAR PLAN

24. The focus of the Seventh Plan strategy for Baluchistan will be on generating more employment opportunities, increasing the per capita income in the province and providing a better quality of life. In addition to the on-going programmes, emphasis has been placed on the provision of socio-economic infrastructure, agricultural extension services, and the development of other resources. A total of Rs 6.9 billion has been earmarked for the development programme in Baluchistan. In addition about Rs 6 billion would be available to the province under the SDP. The public corporations would implement a development programme of Rs 0.6 billion. In total, therefore the development outlays for Baluchistan is Rs 13.5 billion. The sector-wise allocations are given in Table 19.3.

DEVELOPMENT STRATEGY

25. The sectoral programmes to be implemented during the Seventh Five- Year Plan are briefly discussed below.

Agriculture

26. A sum of Rs 599 million has been earmarked for the agriculture sector. The strategy will encourage cash crops production on irrigated lands to ensure better returns to farmers. To increase agricultural production a number of schemes are being introduced to provide irrigated water. The following new projects are expected to be undertaken during the Seventh Plan.

- Baluchistan Agriculture College
- Faculty of Livestock and Range Management
- Kachi Integrated Livestock Development Project
- Afforestation and rehabilitation of one million hectares of land affected by Afghan Refugees.

Table 19.3

SEVENTH PLAN SECTORAL ALLOCATIONS

(Current million Rs)

Sector	Allocation
Agriculture	599
Industry	166
Minerals	175
Water	899
Power	83
Transport & communications	921
Physical planning & housing	1,691
Rural roads and model villages	322
Education	1,437
Health	1,004
Manpower	77
Culture, sports & tourism	44
Social welfare	51
Research, statistics & planning	44
Special Development Programme	5,983
Total	13,496

27. The agricultural activities will be further supplemented by a programme to develop the fisheries sector. The development of the fish harbour at Pasni, and improvement of fish catch facilities in important coastal towns will be implemented. This will raise fish production and improve the quality of fish. Additionally, programmes for increasing mutton, beef and milk production and improving overall animal health coverage will be implemented.

Industry and Minerals

28. For the development of mineral resources and setting up of industrial units, infrastructure will be provided through the public sector. A sum of Rs 341 million has been allocated for these sectors.

29. The province is known for its mineral wealth. To exploit these resources, a committee of local experts will be set up to accelerate the pace of development of the Nokundi Iron project. In addition, closer evaluation and monitoring will be carried out to accelerate the development programme of the Saindak Integrated Mineral Development Project. A portfolio of other projects is being prepared by the Investment Advisory Centre of Pakistan (IACP) and the Industrial Development Bank of Pakistan (IDBP). Additional projects in the mining sector are as follows.

- Baluchistan coal study;
- Lead-zinc exploration in the axial belt;
- Exploration of gold and tin tungsten in Chagai; and
- Exploration of minerals in vacuum areas.

30. To stimulate private sector investment in industry, incentives are being given in the form of improved infrastructure and the creation of industrial estates. The government has announced an eight year tax holiday for all industry to be set up in Baluchistan. A sum of Rs 166 million has been earmarked in the Seventh Plan for industrial development in Baluchistan.

Power

31. During the Seventh Plan, a sum of Rs 83 million is allocated for power development. Electricity will be provided to 12 areas of the Valley Development Project, Wąd Nal and Zehri. Arrangements will also be made to provide electricity to Turbat through the Pasni grid while Panjgur will be provided electricity through diesel sets. In addition, the possibility of setting up coal-based power plants will be examined during the plan period.

Fuel

32. During the Seventh Plan efforts will be made to supply gas to Dera Bugti, Pishin and Mastung. The development of Pir Koh and Loti gas fields will provide gas and other socio-economic benefits to the population in the surrounding areas.

Water

33. There are 25 identified basins in the province in which water potential exists. About 12 project areas have been selected where this potential will be exploited to facilitate agriculture and other socio-economic development. Electricity will be supplied to these project areas so that tubewells can be installed. This programme will be a part of the Valley Development Project.

34. The following projects will also be taken up during Seventh Five Year Plan.

- The Pat Feeder canal will be included in the normal annual development programme of Baluchistan. On completion this project will bring an additional 412,000 acres under irrigation;

- The Bolan Dam project will be taken up with the assistance of the United States Agency for International Development (USAID); and

- The rehabilitation of Bund Khushdil Khan.

Transport and Communications

35. The transport & communication development programme includes the construction of roads and airports at Ormara and Laoralai during the Seventh Plan. In the communications sector, a TV booster at Kohlu will be erected while a criteria for the installation of telephones and public call offices (PCOs) will be evolved and these facilities provided where feasible.

Education

36. A lot of emphasis is being placed on improving the literacy rate in Baluchistan which, currently at 12 per cent, is much lower than the national average. In the Seventh Plan, Rs 1.4 billion has been allocated for the education sector. This will be spent on establishing an additional 4,000 mosque, primary, secondary and high schools. Training will be provided to an additional 9,000 teachers.

Health

37. The Seventh Plan has earmarked Rs 1 billion for the provision of adequate health and nutrition facilities in Baluchistan. The plan targets are shown in Table 19.4.

Table 19.4

SEVENTH PLAN HEALTH SECTOR TARGETS

Programme	Targets
Basic Health Units	144
Rural Health Centres	50
Doctors' residence	75

PART III. SEVENTH FIVE YEAR PLAN (1988-93)
C. STATISTICS AND IMPLEMENTATION

CHAPTER

20

DEVELOPMENT OF SOCIAL AND ECONOMIC STATISTICS

The statistical system in Pakistan has made considerable progress. However, the framework has yet to develop the capacity to meet the full data requirements of the users. The most notable failing of the system perhaps has been its inability to develop an analytical capability. It has failed to employ the latest theoretical and methodological developments in statistical analysis to analyse historical trends in economic data.

2. The policy-making organs of the government and the statistical system at present interact only sporadically and in times of acute urgency.

3. At the provincial level the institutional problems of data collection, their compilation and publication are even more acute. One problem is inefficiency in use of resources diverted towards gathering of statistical data. In addition, there is very little cooperation between the provincial and federal government departments. The present lack of coordination between the federal and provincial statistical system makes it difficult to compile acceptable statistics regarding the two major commodity sectors of the economy -- agriculture and manufacturing.

4. The system is also experiencing a decline in the quality of its personnel. In many cases the staff is unable to accept the challenge of their tasks and cannot respond adequately to it. This is partly the result of the general decline in the national educational system and poor training facilities, and partly because of the conditions of service of statisticians.

5. Another weakness of the system is that it has not yet absorbed modern data processing techniques. Thus it is not able to produce quality and uptodate output. Lack of resources, managerial inertia and neglect are responsible for this.

6. These issues need to be addressed in the Seventh Plan period and given high priority so as to improve the availability of comprehensive, reliable and timely statistics. The system as a whole will be reviewed with a view to introducing conceptual, institutional and technological changes necessary to meet its national responsibilities. An exposition of the issues central to the development of the statistical system of Pakistan is given below:

- The meetings of the National and Provincial Statistical Councils, Technical Advisory Committees and their Panels, and Federal/ Provincial Statistics Authorities have in the past been held very infrequently. The Councils and their bodies, besides promoting interaction between producers and users of the data, universities and research organisations, must also ensure adoption of uniform and standard concepts, definitions and classifications by all agencies to ensure comparability of data regardless of source. A separate secretariat needs to be established in the Statistics Division with adequate staff for holding meetings of these bodies regularly and for monitoring implementation of their decisions. Similarly, the secretariat for the Provincial Statistical Councils should also be created. These secretariats should be responsible for the implementation and monitoring of statistical plans approved by the Provincial Statistical Councils to assign priority to different tasks and avoid duplication. However, if the provinces so desire monitoring the implementation of statistical plans may be entrusted to the Provincial Bureaux of Statistics.

- At the federal level the Council's secretariat should undertake, on a regular basis, methodological research, review of concepts and definitions in the light of national and international developments. It is important in particular that the advances which are being made by the United Nations (UN) system of statistics are incorporated into our methods of work and definitions without delay.

7. The important statistical laws, governing the collections and dissemination of statistical data, comprise the General Statistics Act 1975: the Census Ordinance 1959, for population and housing; the Agricultural Census Act 1958; and the Industrial Statistics Act 1942. The problems which are still being faced relate particularly to the collection of data from the large-scale establishment and the area jurisdiction amongst the various agencies at the federal and provincial levels for the performance of various types of work.

IMPROVEMENTS IN STATISTICS DURING THE SEVENTH PLAN

8. During the Seventh Plan an in-depth review will be made of all Statistical Acts to make them operationally more effective and to fill in the gaps. The Census Ordinance 1959 will be amended to provide for an explicit legislative authority for carrying out the housing census.

9. The area jurisdiction of various agencies at the federal and provincial levels involved in the joint statistical programme will be clearly defined and rationalized in the context of different statistical legislations, for example, the working of the civil registration system, the collection, compilation and dissemination of agricultural statistics, and the holding of the Census of Manufacturing Industries (CMI).

10. The national accounts of Pakistan will be redesigned on the basis of the Revised United Nations System of national accounts. In addition, the plan also envisages the construction of input-output tables, flow of funds, social accounting matrices, indicators on regional income and distribution, etc. and shifting of the base of statistical series to more recent period. To improve the data base, about 51 surveys and studies will be carried out as listed in Table 20.1.

Table 20.1

IMPROVEMENT IN STATISTICS: 1988-93

Sector	Surveys	Studies	Total
Agriculture	3	9	12
Mining	5	-	5
Manufacturing	11	2	13
Construction	2	3	5
Transport	1	5	6
Others	4	6	10
	---	----	----
Total	26	25	51

11. The important studies and surveys proposed in the agriculture sector include (a) the cost of production of 18 important crops, (b) the utilization of agricultural commodities, (c) the estimation of yield of livestock products, (d) the estimation of marketable surplus, (e) the substitution of draught power by mechanisation, and (f) cost studies of marine and inland fishing and forest products. In the mining sector an annual survey of mining and quarrying activities, in addition to the regular censuses of mining industries has been proposed. Of the 13 survey/studies proposed to be undertaken in the manufacturing sector, ten represent the annual industrial surveys, five each in the large and the small-scale industries with main emphasis on the collection of production and investment data. These surveys, however, will be in addition to the census of manufacturing industries.

12. The statistical development programme envisaged during the Seventh Plan provides for improvement in the existing sampling frame. For this purpose, a well-equipped sample design section will be created along with a hard core of trained manpower in the major statistical organizations involved in survey activities. Besides institutional improvement, the technical aspects likely to be developed include (a) the development of a comprehensive frame on quinquennial basis of the establishments engaged in any kind of economic activity (b) the development of a built-in-mechanism for updating the area frame on a regular basis both for the rural and the urban areas (c) the development of an integrated master sample, both for the agricultural and the non-farm establishment survey (d) extension of the surveys of Federally Administered Tribal Areas (FATA) and districts not covered so far; and (e) adoption of a statistical approach to the evaluation and control of non-sampling errors.

13. The other areas of special importance are (a) agricultural census and (b) housing and population census. These are decennial and are due in 1990-91. The programme mostly consists of (a) training of the staff responsible for the planning, supervision, tabulation and analysis of the census results and (b) publicity for getting quality information. Besides, decennial agriculture and population censuses, the following surveys are also proposed to be carried out during the Seventh Plan:

i) Pakistan Demographic Survey	Annual
ii) Labour Force Survey	Annual
iii) National Fertility Survey	Quinquennial
iv) National Mortality Survey	Quinquennial
v) National Nuptiality Survey	Quinquennial
vi) Pakistan Migration Survey	Quinquennial

14. The development programme relating to the improvement of price statistics aims among other things at increasing the number of markets in each city, grading of commodities, expansion in the number of urban centres and collection of variety-wise price statistics. In addition to the existing price indices new indices such as cost of living (income-wise, and for the cities and the urban-rural areas), house rent index (by cities and housing categories) and the producers' price indices are also proposed to be developed.

15. Likewise, the other indices proposed to be developed include (a) a wholesale price index of imported raw materials, and consumer and capital goods (b) a wage rate by occupation and industry groups and (c) an investment price index by group of investment goods.

16. For improvement of the current agricultural statistics, the programme includes (a) replacement of the subjective method of estimating crop acreage and yields with an objective method based on probability sampling techniques through the development of the integrated master sample design; (b) the use of scientific equipments for measuring the output of the crop cutting plots, and moisture content and harvest losses; (c) the development of a forecasting model based on the plan characteristics for estimating the production of important crops in advance, (d) the introduction of sample evaluation checks on *girdavri* work; (e) strict adherence to the crop calendar; (f) estimation of the production of vegetables, fruits, fish, livestock products on scientific lines; (g) the introduction of methods of research; and (h) strengthening of the organisations involved in the above work.

17. In addition, the surveys/studies on the following topics also form an integral part of the Seventh Plan development programme:

- pattern of unemployment, disguised unemployment and underemployment in agriculture.
- impact of mechanized farming on production.
- production of traditional and non-traditional oilseeds.
- irrigation status of crops by size of farm.
- factors affecting acreage, production and consumption of gram and other pulses.
- pasture patterns in deserts of Cholistan, Tharparker and Dadu Districts.
- Terms of land tenure.
- Use of fertilizers/pesticides
- Annual rural credit survey.

18. In the manufacturing sector, the main emphasis will be on the improvements in quality and coverage of CMI, reduction in time lag in all the current series and improvements in the quantum index of industrial production. For this purpose, the concerned organizations will be adequately strengthened. Besides, two new indices: (a) value indices of industrial production, and (b) quantum index of production of small and household manufacturing industries, are also being contemplated. In addition, the industrial commodity classification, based on the central production classification, being prepared by the UN Statistical Office, will also be developed. For the improvement of statistics on small-scale industries, the census of the small and household industries will be undertaken every five years with annual sample surveys during the intervening period.

19. In the mining sector, the main stress will be on improvement in coverage through maintaining a comprehensive list of mining establishments and expansion in the coverage of pit-head/well-head prices. Similarly in all other sectors like electricity, gas and energy, transport and com-

munication, construction, social statistics, population and manpower, trade and services, a number of surveys and studies have been proposed either to bring improvements in the existing series or to develop new series. Most of the action programmes are of routine nature and do not require detailed itemisation.

20. The existing foreign trade statistics compiled by the Federal Bureau of Statistics, though quite adequate, are not comparable with those compiled by the State Bank of Pakistan. These statistics also do not include, (a) defence imports, (b) imports on account of personal baggage, and (c) trade in transit through Pakistan. The important programmes include the development of new series of trade indices with 1985-86 or a more recent year as a base and the collection of imports statistics by end users and by source of finance. The Pakistan Standard Trade Classification (PSTC) will be revised on the basis of the third revision of the Standard International Trade Classification (SITC) of the United Nations.

21. The data collected through Household Income and Expenditure Surveys is deficient in estimating functional income because income from wages and property is not shown separately. Purchase of ornaments of gold and silver is considered current consumption. As a consequence, it is not possible to estimate current savings. For the improvement of Household Income and Expenditure Surveys, the present questionnaire will be reviewed with a view to estimating the functional income and savings. The data on income groups will be tabulated in such a way that it facilitates estimating the number below the poverty line, to be determined by a technical committee. The income groups in each survey will also be made.

STATISTICAL ORGANISATION

22. For the implementation of the proposed statistical development plans, the existing statistical organisations, both at the federal and provincial levels, will be strengthened and re-organised where necessary, in the light of new developments and the growing and varied data needs of the users. A separate department of statistics, headed by a secretary on the pattern of the Statistics Division will be established in the provinces. In case a separate department of statistics is not feasible, the provincial bureau of Statistics will be adequately strengthened to cope with the growing data requirements. The other important programmes include:

Table 20.2

SEVENTH PLAN ALLOCATIONS FOR IMPROVEMENT IN STATISTICS

(Rs Million)

	Total	Local resources	Foreign assistance
1. Expansion of Statistics Division including expenditure on short- term experts/ consultants	2.1	2.1	-
2. Pakistan Institute of Statistical Training and Research.	9.9	9.9	-
3. Expert Groups/Seminars/ inter- national conferences	10.0	10.0	-
4. Expansion of the FBS:			
i) Updating of Urban Area Frame	58.1	58.1	-
ii) Cost of New Sample Surveys	72.3	72.3	-
iii) Cost of Implementation SAM Project.	43.2	12.5	30.7
iv) Cost of Census of Establishments.	22.5	22.5	-
v) Foreign Consultancy	0.2	-	0.2
5. Expansion of Agricultural Census Organization (ACO)	20.4	20.4	-
6. Foreign Consultancy	3.9	0.3	3.6
7. Expansion of Statistical Cells of Federal Government Departments	20.0	20.0	-
8. Office Building of the FBS at Islamabad	25.0	25.0	-
9. Office Building for 10 Regional Offices of FBS	21.0	21.0	-
10. Establishment of a country-wide computer net-work	225.0	95.0	130.0
Total	533.7	369.2	164.5
11. Creation of Departments of Statistics in the Provinces	23.7	23.7	-
12. Expansion of Provincial Bureaux of Statistics	78.0	78.0	-
13. Expansion of Statistical Cells of Provincial Government Departments.	125.0	125.0	-
14. Computer for provinces	40.0	16.0	24.0
Total	266.7	242.7	24.0
15. Foreign Training	50.0	20.0	30.0
Grand Total	850 4	631.8	218.5

- setting up 35 additional regional/field offices in the Statistics Division at division/district level during the Seventh Plan bringing the total to 76. The provincial offices will be headed by a Director to execute and monitor field work and maintain liaison with the provincial agencies;

- creation of infrastructure consisting of field organization, computers, calculators, printing press, etc. in each provincial bureau of statistics for conducting sample surveys and compilation and publication of their results;

- introduction of micro-computers to transmit survey data in the form of diskettes and tapes to headquarters;

- construction of office building for regional offices in the first instance to avoid frequent vacation of hired buildings;

- induction of a greater number of female employees in enumeration work for improving the quality of data particularly that relating to the female population;

- the development of a capability by the provincial bureaux of statistics for undertaking sample surveys on important subjects particularly to meet data requirements for regional planning; and

- a review of the working of the statistical cells both at the federal and provincial levels.

STATISTICAL TRAINING

23. A substantial improvement in the content and coverage of existing statistical series and the production of more comprehensive, reliable and timely data depends on upgrading the technical skills of the professional statisticians in theoretical as well as applied fields. It is necessary that the officers responsible for the collection and dissemination of the data should be kept abreast of the latest techniques developed on the subject. It is equally important to provide thorough training to new recruits to the proposed service group of statisticians. These objectives are planned to be achieved through the "Pakistan Institute of Statistical Training and Research" being set up at Lahore.

CAREER PLANNING

24. For proper career planning, the formation of a statistics group at the federal level is necessary. This shall be expedited during the Seventh Plan and will be followed by similar groups at the provincial level. Recruitment rules and pay scales for statistical posts, requiring the same qualifications and job description as at the federal and provincial level, will be standardised.

ELECTRONIC DATA PROCESSING

25. To cope with the increased work load of data processing during the Seventh Plan, the Statistics Division will be strengthened through provision of electronic data processing equipment and manpower. The use of computers will be expanded to coordinate the censuses and surveys activities. A computer network will be established for serving as a strong tool for improving the quality and timeliness of the statistical information. The computer facilities will also be provided to the provincial bureaux of statistics which currently do not have these facilities.

FINANCIAL ALLOCATION

26. The detailed estimated cost of the proposed Statistical Development Plan for the Seventh Plan, excluding the cost of conducting Agriculture Census, and Population & Housing Census, 1990-91 which are to be financed from the revenue budget. are as given in Table 20.2.

CHAPTER

21

PLAN IMPLEMENTATION

A national plan is essentially an instrument to allocate resources, within a macroeconomic framework, to ensure more efficient use. Its basic elements are individual projects and policies which are designed to achieve the plan's economic and social goals. However, the plan is only a concept, a formula and a commitment until it is actually implemented.

2. While finalizing the Seventh Plan, it is necessary to take stock of the existing capacity for plan implementation. The number of projects included in the public sector development programme (PSDP) at the federal level alone was nearly four thousand in 1987-88. For the country as a whole, the number in a given year would be around eight thousand. This represents the effort in the public sector alone. A similar number of projects are undertaken in the private sector. The total effort implied in the plan absorbs the resources and the efforts of the nation as a whole over a five-year period.

3. Practically every unit of government at all levels has to get involved in the public sector programme -- at the federal level, the ministries, attached departments, autonomous and semi-autonomous bodies, public corporations and at the provincial level, the planning and development departments, the line departments/agencies/corporations and the divisional and district administrations. To ensure that the programme, particularly in the area of rural development, originate in the villages, the local bodies have to be brought into the main-stream of development.

4. In a broader concept, once the plan is finalised by the national planning agency, responsibility for its implementation primarily rests with the ministries at the federal level and the line departments at the provincial level. This is not to say that the Planning Commission is absolved of all responsibility in this regard. Since the National Economic Council (NEC), the supreme policy-making body in the economic sphere, bears responsibility for monitoring the execution of its policies, its subsidiaries, namely, the Executive Committee of the National Economic Council (ECNEC) and the Planning Commission also share that responsibility. By the same token, the Planning and Development Departments in the provinces also share the responsibility.

5. All the five-year plans so far formulated have emphasised the need to develop the capacity of the concerned agencies to prepare and implement sound projects and programmes. However, their competence remains far short of the required standard.

6. A working group constituted in 1983 to study plan implementation at the beginning of the Sixth Plan period came up with the finding that the machinery for the formulation and execution of the projects needed considerable strengthening at all levels.

7. Of special concern were the problems associated with the project life-cycle. It is necessary to appreciate that each project goes through five stages: (a) identification, (b) formulation, (c) appraisal, (d) approval and (e) implementation. The preparation of sound projects is the first step towards successful implementation. If a project is well-formulated and if, through proper appraisal it is thoroughly scrutinized, the project cycle will be protected and its goals achieved.

8. A committee was constituted to study in depth the problems encountered during the project cycle in Pakistan. It reported as under:-

- The cause of numerous problems is the ad hoc proposals made in the initial stages on the basis of technically deficient surveys and investigations and hurriedly prepared feasibility studies. Moreover, when such proposals are brought up for scrutiny, there is hardly any framework within which priority ranking can be established;

- Both the scope and the cost of the project are understated to take advantage of the loopholes in the procedures for approval of projects. Obviously projects so approved become due for revision of both the cost and the scope in no time;

- Reliance is made on the rough cost estimates which subsequently prove to be inconsistent with the tendered cost of the project. Since tenders are invited after the approval of the cost, the estimated cost in the PC 1 turns out to be much different from the tendered cost;

- Schedules of rates being used by the Pakistan Public Works Department and other agencies are obsolete and there is a total lack of standard plans and specifications for civil works;

- Delays in the approval of large projects requiring ECNEC's approval are frequent. Anticipatory approval and ex-post facto authorizations are given. This mechanism is being used as a means to bring projects into the system prematurely;

- There is complete lack of coordination at various levels. Within the Planning Commission, there is no coordination between the Technical Sections and the Projects Appraisal and Evaluation Section, nor between the latter section and the economic planning sections for purposes of determining the national parameters in project appraisal;

- The Projects Wing is understaffed and there is no data bank, nor any data storage facility in the Planning Commission;

- There are serious problems of adhering to the financial phasing of the projects as given in the PC 1. These are higher than the allocations made in the PSDP and the funds released by the Ministry of Finance. Cumbersome procedures are followed by the financial institutions and the international agencies which delay the release of funds;

- Monitoring of progress of on-going projects is extremely limited in its scope, coverage and content; and

- After examining a large number of problem-cases, the need for evaluating completed projects has been felt strongly. At present there is virtually no machinery for such evaluation.

9. The results of project monitoring studies carried out by the Planning Commission show that out of 154 projects reviewed, 55 per cent were revised, 86 per cent were behind schedule, as many as 94 per cent lacked proper implementation schedules while 56 per cent had cost overruns.

10. Although this analysis represents a small number of projects, it identifies the problems which generally impede the realisation of project objectives and targets on time and within the approved costs. The problems are discussed in the following paragraphs.

INACCURATE ESTIMATION OF PROJECT COST

11. This problem originates at the project formulation stage and may result from lack of expertise. The remedy for this has to be sought at the level of the sponsoring agency, which implies an upgradation of their ability to formulate schemes.

12. Feasibility studies backed by proper surveys also need to be insisted upon. It is also necessary that detailed and in- depth guidelines for the preparation of schemes for various sectors are prepared by the concerned ministries and the line departments by engaging experts departmentally or from outside the government.

13. Proper scrutiny of the PC 1 including project appraisal at the pre-CDWP level within the administrative ministries should examine the following aspects thoroughly:

- that the prices of all inputs and outputs as reflected in the PC 1, are realistic;

- that no essential input or item of expenditure has been ignored or omitted;

- that all items of expenditure shown in the PC1 are essential and that no unnecessary provision has been made;
- that financial phasing of the project is examined critically keeping in view the availability of resources for the sector. Availability of resources for new schemes can be worked out by estimating the funds required annually for on-going projects and deducting these from the annual allocations for the sector in the plan; and
- that the implementation schedule be examined thoroughly.

TIME AND COST OVER-RUNS

14. Most common causes of completion delays are: poor management of the project, absence of implementation schedules, inadequate allocation and delays in the release of funds, unrealistic planning for the procurement of inputs, delay in the award of contracts, incapability of contractors, etc.

15. Although the problems of implementation are to be tackled mainly at the level of the executing agency, a close rapport with higher levels, i.e. the line departments and ministries is also essential. For this purpose, a computerised Management Information System (MIS) should be instituted to coordinate the flow of information between the executing agency, the sponsoring agency and the line department or the ministry concerned. To make this system work, management techniques such as critical path methods (CPM), project evaluation and review techniques (PERT), etc. which at present are not much in use, need to be introduced. If a work plan and network accompany the PC 1, it will be possible to take up the critical activities for implementation in the right sequence. Besides, significant milestones could be determined and regularly monitored by the project management, the sponsoring agency and the line department or ministry to ensure that actions are taken on time especially for the appointment of consultants, contractors, procurement of inputs, inter-agency coordination and fund releases. For dealing with inter-agency coordination a Review Group in each ministry and line department, similar to the Energy Review Group in the Planning Commission, is recommended.

16. A prime requirement for dealing with management problems effectively will be the appointment of a project director from the inception of the project. Here the selection of the right person for the job will be important. Moreover, the appointment will have to be on a full-time basis and for the duration of the project.

17. Improvement also needs to be brought about in contractual procedures and practices. Sometimes the contract is awarded to a firm which neither possesses the necessary capability (financial, technical or equipment-wise) nor has any previous experience of the job. In certain cases, the penalty clauses are not provided in the contract agreement. If the procedure for award of contracts is streamlined and contracts are awarded only to the competent firms, implementation delays could be considerably reduced.

INABILITY TO SYNCHRONISE ESTIMATES AND RESOURCES

18. This is a problem which can be dealt with only by allocating funds on the basis of commitment budgeting, which means funding according to the financial plan of the project. It will be difficult to handle this issue without a total commitment from the highest levels to the concept of commitment budgeting.

19. At present, an intricate exercise at the federal level is carried out by the Priorities Committee for allocation of funds to projects and ministries. The Finance Ministry, the Planning Commission and the concerned ministry are involved in this tripartite exercise. A similar exercise is taking place in the provinces.

20. It is important that a priority ranking of the projects is established in each ministry and line department. It is not possible to deal with this aspect in a large forum like the Priorities Committee. The number of projects is too large. If the ranking of the projects within each sector is settled and made known to the Priorities Committee in advance, then funds can be allocated strictly according to priority ranking and on the basis of the financial plan of each project and the lower-ranking projects excluded altogether from funding.

21. In this context, it will be a useful exercise to identify the core projects in each sector on the basis of their implications for other sectors or keeping in view the socio-economic framework of the plan. This exercise may be carried out in each ministry and line department. However, the Planning Commission at the federal level and the planning and development departments at the provincial level could be associated with the exercise. The identification of core projects will ensure that

in priority ranking of the projects they get precedence over others of less importance. Commitment budgeting is needed as it will make it possible to guarantee the benefit-cost ratios estimated for each project.

STRATEGY FOR THE SEVENTH PLAN

22. Based on the above analysis, the broad strategy should be geared to capacity-building in the following areas:

PROJECT PREPARATION AND APPROVAL

- All development projects should be based on feasibility studies. In case of projects costing Rs 50 million and above, the feasibility study should be mandatory. A project-oriented terms of reference (TOR) should be prepared and professional consultants engaged for feasibility studies;
- All PC 1s should be supported by a detailed project document;
- Within six months of project approval, detailed design and costing should be finalized and submitted to the competent authority. Implementation of such project components, which require detailed designing, should be started only when these have been finalized;
- Financial phasing should be linked with the implementation schedule and a realistic assessment made of the resource availability for the project. The project should not be initiated unless adequate funding is assured;
- The project document should clearly indicate that coordination with other agencies which facilitate project implementation has been effected;
- In approving the standardized building designs, variation in climate, topography and availability of local material should be taken into consideration for economic and efficient use of resources; and
- The implementation schedule should be based on bar charts/PERT/CPM, and should form an essential part of every project document. The schedule of rates used in estimating project cost should be regularly updated by taking into account the market rates, instead of allowing across the board premium on the schedule of rates.

PROJECT MANAGEMENT

- A suitably qualified project director should be appointed in case of each project who should not be transferred normally during the currency of the project. The project director should be delegated full administrative and financial powers. These measures would improve management and help assign technical and financial responsibility.

TRAINING FACILITIES

- Recognizing the need for upgrading the knowledge and skills of the officers and staff engaged in planning, monitoring and evaluation tasks in various ministries, provincial-line departments and large corporations, a Planning and Management Institute is being set up by the Planning Division/Projects Division. The Institute will offer preliminary and specialized courses to train and impart necessary knowledge and skills to relevant officers in areas like project formulation, appraisal, management, monitoring and evaluation and macroeconomic planning. All project managers will be required to complete a project management course from the Institute before appointment. The Institute will strengthen the in-house capacity of ministries and line departments and build up a core of planners and project managers for every major sector of the economy.

PROJECT MONITORING AND EVALUATION

- Selected federal/provincial projects costing Rs 50 million and above should be monitored by the Projects Wing. With the existing facilities, the Projects Wing has been monitoring about 50 projects and can produce evaluation reports of 10 completed projects annually. A much larger coverage of at least 300 projects for monitoring is desirable along with evaluation of 50 completed projects every year for which additional resources and institutional framework should be provided. The Projects Wing should be upgraded to the level of a Division. The planning, monitoring and evaluation (PME) cells should be strengthened/created in the federal and provincial sponsoring agencies and a computerized MIS installed in the Projects Division;

- The Projects Division shall maintain close liaison with the PME cells in the federal ministries and divisions and the provincial governments. This will help in the development of a uniform monitoring and evaluation approach which will facilitate inter-provincial and inter-regional comparison. The division, in consultation with other relevant agencies, will also attempt to refine and develop data collection instruments and keep these compatible with the changing development needs of the economy. The data base and the MIS facilities proposed to be created within the Projects Division will also be available to the PME cells at all levels. The services of the Projects Division will also be available to all agencies involved in project implementation; and

- The Projects Division should regularly send monitoring reports to the sponsoring/ executing agencies for taking remedial action. A quarterly report should be submitted to the ECNEC on the monitoring/ evaluation of projects.

MID-YEAR REVIEW OF PROJECTS

- In order to relate release of funds to actual utilization, a mid-year review should be conducted. At this review, to be jointly conducted by the Planning and Finance Divisions, the funds utilization capability of the executing agency as well as progress on projects should be appraised and release of funds accordingly adjusted.

MONITORING OF COSTS

- The PME cells should undertake itemized cost monitoring in relation to market price independently of the costs given in the PC 1 or tenders. Monitoring of costs for procurement of machinery and equipment, buildings, and other miscellaneous items should be carried out through well reputed consultants;

- The contract/tender agreements with itemized cost should be made public;

- The schedule of rates should be revised periodically to incorporate changes in prices and technology;

- The project director should be held responsible for ensuring that tender prices and costs compare favourably with market rates.

- In the evaluation of bids, the lowest tender should be compared with market rates; and

- In case of international tenders involving large amounts, the format and evaluation of tenders may be determined by an independent high level committee for foreign tenders.

LOCAL DEVELOPMENT INSTITUTIONS

23. The Seventh Plan's emphasis on rural development demands the people's participation in local level planning and programme implementation. Some capacity-building for initial preparation of schemes should be provided to the local bodies to make up for the lack of expertise of economic and social planning. Some additional capacity for project preparation, scrutiny and monitoring may need to be provided to the coordination committees where they exist, and as appropriate, at the divisional, district, *tehsil/taluka* and *markaz* levels. It will interface with the tiers of the local government. A coordination committee at the *markaz* level constituted out of the Chairmen of the Union Councils will enable the decisions of the Union Councils to carry more weight. At the district coordination committee level, a Grade 17 officer trained in plan formulation, monitoring and evaluation may be provided. Citizen participatory mechanisms should also be developed at the local level, parallel to the administrative structures for monitoring and evaluation. The inter-linkages thus established will bring the local bodies into the mainstream of national development. Furthermore, Local Councils should be delegated adequate resource-raising powers to reduce their dependence on government assistance.

NON-GOVERNMENT ORGANIZATIONS (NGOs)

24. Involvement of NGOs, especially in the rural sector, will provide a flexible and cost-effective mechanism for providing support services to production and other income-generating activities. They will fill the gap left by line departments. Greater public participation will be ensured by providing institutional and technical support to voluntary agencies. Activities of the development agencies and of the cooperatives will be integrated with the NGOs to bring about a common and agreed plan at the local level. The functions and responsibilities of the cooperatives will be geared to provide services to many branches of economic activity especially in agriculture, cottage industry,

marketing and processing, distribution and supplies. To achieve coordinated development, the efforts of the NGOs will be further integrated with *markaz* and *tehsil* development activities.

PART III. SEVENTH FIVE YEAR PLAN (1988-93)
D. PRODUCTION PLANS

CHAPTER

22

AGRICULTURE

Agriculture is the mainstay of Pakistan's economy accounting for over 23 per cent of gross domestic product (GDP), employing about 50 per cent of the labour force, and about 70 per cent of export earnings, including processed agricultural exports. Although its share in GDP has declined over the years due to diversification towards industry and infrastructure, agriculture continues to remain the most important sector of the economy providing livelihood to over 70 per cent of the rural population. Over the last two decades, agriculture has advanced rapidly and has maintained an average growth rate of 3.3 per cent per year.

SIXTH PLAN REVIEW

2. The Sixth Plan focused on attaining greater self-sufficiency in agriculture. The major components of this strategy were diversification of crops, strengthening the institutional framework, structural adjustments in the pattern of production and distribution, adoption of better agronomic practices, modernization of agriculture, and increasing productivity (especially of small farmers), to create exportable surpluses.

3. The average annual growth rate of the agriculture sector during the Sixth Plan period was 3.8 per cent against a target of 4.9 per cent. Although the growth target was not achieved, the country has become self-sufficient in foodgrains. Cotton production has increased substantially due to the use of high-yielding varieties of seed, higher fertilizer application rates and improved plant protection measures. However, the production of sugarcane, rice and wheat were below the targets set in the plan. The decline in sugarcane production may be attributed, inter alia, to the failure of research institutes to develop high-yielding varieties for general cultivation, insufficiently attractive support prices for sugarcane from 1981 to 1986, and the poor relationship between sugar mills and cane producers due to enforcement of the zoning system. In case of rice, a shortage of water at the transplanting stage, low rainfall, pest attack, lack of high- yielding variety of basmati rice and its monopoly procurement at low prices, resulted in decrease in production. Finally, wheat production was affected by adverse weather in 1986-87 and 1987-88. The overall performance of the livestock sub-sector has been close to 6 per cent per year as envisaged in the plan. The performance of crops and livestock products are given at Statistical Appendix Table 22.1.

4. The Sixth Plan failed to achieve the anticipated diversification towards high-value crops and production of non-traditional oilseeds. Although fruit production increased, markets were not explored abroad and post-harvest facilities and technologies remained inadequate. The production of non-traditional oilseeds is expected to be only 60 thousand tonnes in 1987-88 against a plan target of 350 thousand tonnes. This was due to the absence of a comprehensive oilseed development project during the Sixth Plan. As a result, research, extension and developmental activities were not vigorously implemented. The Ghee Corporation of Pakistan (GCP) carried out some developmental activities on non-traditional oilseeds, resulting in a modest increase in the production of sunflower. However, given the low consumer price of ghee in the domestic market and free imports, the domestic vegetable oil industry had no incentive to use local oilseeds.

5. In financial terms, it is estimated that Rs 7.9

billion has been utilized against a plan allocation of Rs 12.1 billion indicating a 65 per cent rate of achievement. Whereas a major shortfall occurred in construction of government storage facilities, targets for other programmes like oilseed maximization, cooperatives, soils, agriculture education, extension and research all exceeded the Sixth Plan expectations. The details are in Statistical Appendix Table 22.2.

SEVENTH PLAN OBJECTIVES AND STRATEGY

6. The recommendations of the National Commission on Agriculture (NCA) set up by the government in April 1986 form an integral part of the Seventh Plan strategy. The report of the NCA submitted in April 1988 proposes a broad-ranging strategy for the period 1988-2000 and aims at consolidating what has already been achieved in agriculture, particularly self-sufficiency in basic commodities, and further improving the productivity of crops, livestock, fisheries and forestry. A growth rate of 4.7 per cent per year is envisaged for the agriculture sector during the Seventh Plan.

7. The objectives of agricultural development during the next five years have been defined in the light of the need to step up and sustain the growth rate of the sector to enable it to play a leading role in supplying the country's needs for food and raw materials and to produce sufficient surpluses for export. A further important consideration is the generation of additional employment opportunities. Since agriculture already employs about 50 per cent of the labour force and has a relatively high employment elasticity, the scope for additional employment opportunities in agriculture of about 460,000 persons annually, is considerable. Reflecting these aspirations, the objectives of agricultural development during the next five years are defined as follows:

- Accelerate the modernization of the agricultural sector to achieve a growth rate substantially higher than that of the population so that the sector can generate resources for sustained development of the economy with a high degree of self-reliance;

- Increase agricultural productivity mainly by vertical expansion which will effectively override the constraint on area expansion imposed by the available irrigation water supplies;

- Consolidate self-sufficiency in grains and make a determined effort to regain self-sufficiency in sugar production and reduce dependence on edible oil imports;

- Diversify agricultural production and rural employment opportunities by giving more attention to high-value products like fruits, vegetables, oilseeds, meat, milk and poultry and increase their share in GDP;

- Strengthen institutional support and provide incentives for generating export surpluses by encouraging crop specialization in areas which have a comparative cost advantage;

- Improve the support price system and the market mechanism in order to make the system responsive to the needs of small farmers with the ultimate objective of increasing his earnings;

- Bring about a major transformation in the productivity of the livestock sector to meet the growing demand for milk and meat and to contribute to the well being of the less developed areas;

- Develop a policy framework to solve fodder and feed deficiencies and improve the genetic make up of livestock; and

- Evolve an integrated programme for developing *barani,* riverine and mountainous areas as a part of a long-term programme to arrest environmental degradation and conserve the country's physical resources of forest, land and water.

STRATEGY

8. If these objectives are to be achieved, a comprehensive policy framework will have to be evolved and a high rate of growth ensured. The highest priority will be accorded to bridging the gap between actual and potential farm yields by removing the constraints responsible for this gap. Increases in the levels of production will come mainly from higher yields through the use of better quality seeds, more balanced use of fertilizers, application of gypsum on sodic soils and improvements in the efficiency of other agricultural inputs. The agricultural extension system will transmit to the farmers a complete package of crop production technology through on-farm demonstration trials. In the livestock sub-sector, emphasis will be given to increasing productivity rather than the number of livestock in order not to further strain

the feed and fodder resources of the country. In forestry, the growing demand for fuelwood will be met through social forestry and energy plantations on private lands.

9. Important policy decisions have already been taken which are expected to result in increasing the production of rice, sugarcane and oilseeds. Monopoly procurement of basmati rice has been abolished and a new high yielding variety, basmati-385 has been developed. In case of sugarcane, zoning has been abolished and the price of sugarcane has been deregulated. Research to improve sugarcane varieties will be carried out by the Pakistan Agricultural Research Council (PARC) at Sujawal. The oilseed production strategy is to emphasise development of sunflower, soyabean and safflower, besides promoting the Canadian varieties of rapeseed and mustard which could be used as cooking oil. A comprehensive project has been formulated for research and developmental activities on oilseeds during the Seventh Plan.

10. A key element in the success of agricultural programmes since 1980 has been the implementation of an effective price support programme which, by stabilizing domestic prices in the face of widely fluctuating international prices, ensured continued producer effort and the flow of private investment into agriculture. The strategy for the Seventh Plan will be to strengthen this policy support. The most important improvement will be in the implementation of a price support policy for oilseeds. Policy studies will be carried out to further refine the determination of support prices. To this end, the Agricultural Prices Commission will be suitably strengthened and its administrative autonomy reinforced.

11. The Seventh Plan will mark a watershed for starting the second phase of diversification towards high-value fruit and vegetable crops, dairy products and production for export. Crop diversification must be based on the natural endowment and comparative advantage determined by the ecology of the various regions of the country. In recent years, because of its mild winter weather conditions, Sind is emerging as a major producer of vegetables and fruits such as melons, bananas and especially mangoes. Similarly, the sucrose content and yield of sugarcane is higher in Sind than in Punjab, because of a more favourable agro-ecological situation. On the other hand, cotton yields in Sind have been declining, while cotton growers in Punjab have achieved a dramatic breakthrough in production. Efforts will be made to arrest the declining yield trend in cotton in Sind and sugarcane in the Punjab through research, extension and the use of improved seeds.

12. Baluchistan's weather conditions too are uniquely suited to the growth of various fruits like apples, peaches, apricots and a large variety of plums. The coastal areas of Sind and Baluchistan have strong potential for growing coconut. In addition, its huge tracts of land offer unlimited possibilities of cattle and sheep farming, if supported by proper range management practices. The North-West Frontier Province (NWFP) is naturally suited to timber production and has vast rangelands which can support animal husbandry. Some areas, like Abbottabad and Swat districts are suited for commercial floriculture, herbs, potatoes and other vegetable seeds which, with organized efforts, can give good income to the farmers.

13. The success of the proposed agricultural strategy will depend largely on the growth of agro-industries and the expansion of agricultural marketing, which would facilitate crop specialization dictated by the natural endowment of the various ecological zones of the country. The Ministry of Food and Agriculture and provincial governments in conjunction with other institutions, like the PARC and the Agricultural Development Bank of Pakistan (ADBP), would adopt measures during the plan period to encourage a change in the production pattern with a visible thrust towards high-value crops.

14. Thus the main operational elements of the agricultural strategy for the Seventh Plan shall be as follows:

- Increases in agricultural productivity will be attained through balanced use of fertilizers and micro-nutrients, application of gypsum on saline sodic soils, strengthening of the on-farm water management programme, increased availability of certified seed and promotion of improved agricultural practices such as deep ploughing and integrated pest management;

- Research efforts will be oriented towards development of high yielding, disease resistant varieties of crops, particularly sugarcane, rice and oilseeds. Effective linkage and coordination will be established between institutions responsible for research, education and extension with a view to minimizing the time spent between acquisition and dissemination of improved technology. The coverage under the Training & Visit (T&V) agricultural extension system will be extended to the entire province of Punjab and Sind;

- A major push will be given to agricultural research programmes by upgrading a number of research institutions and creating some new ones especially by providing adequate operating funds. The aim is to secure a speedy flow of new varieties and other technical recommendations for supporting the desired growth in agricultural production;

- In the field of agricultural extension the traditional emphasis on personal contact between extension workers and producers will be supplemented by an intensive use of audio-visual media making more effective use of the limited number of expert communicators available in the country. A substantial portion of the facility of a second television channel will be used for agricultural and rural development programmes;

- In order to increase edible oil production, emphasis will be given to the production of non-traditional oilseeds along with conventional oilseeds, particularly Canadian varieties of rapeseed and mustard;

- A package of incentives will be evolved in order to promote crop specialization dictated by natural endowment of various ecological zones, so that there is a gradual shift toward fruits, vegetables and other crops having a comparative advantage;

- The support price system will be made more responsive by ensuring timely intervention and assigning procurement targets for important crops, especially rice and vegetables;

- In livestock sector, research efforts will be concentrated on the development of superior breed of livestock through the use of conventional technologies, as well as embryo transfer technology. A high level of herd immunity and disease free environment will be maintained. A policy will be followed to progressively reduce the number of inefficient animals and to maintain equilibrium between supply of feed and fodder resources and number of animals;

- A comprehensive programme will be launched for afforestation, watershed management, range management and resource conservation to improve and conserve land and water resources. Social forestry and energy plantation will be promoted on private lands;

- In *barani* areas, high-yielding, drought-tolerant varieties of food and fodder crops will be developed by research institutes and promotional activities will be carried out through the Agency for Barani Area Development (ABAD) in the Punjab, the Sind Arid Zone Development Authority (SAZDA) in Sind and agriculture departments in NWFP and Baluchistan with a view to increasing agricultural productivity; and

- The establishment of agro-services in the private sector will be encouraged to enable public sector agencies to focus attention on institutional support requirements.

15. As a result of the objectives and strategies mentioned above, the growth rate of major crops is expected to be 4.0 per cent, minor crops 5.5 per cent, livestock 5.5 per cent, fisheries 3.0 per cent and forestry 2.6 per cent, thus resulting in an overall growth rate of 4.7 per cent per year for the agriculture sector during the Seventh Plan. The production targets are given at Statistical Appendix Table 22.3 and 22.4.

16.One of the reasons for a shortfall in the financial implementation of the Sixth Plan was the lack of capability in the provincial governments and federal agencies in identification, formulation, appraisal and follow up of development projects in the agriculture sector. Efforts will be made during the Seventh Plan to mitigate this shortcoming by strengthening the planning units with qualified staff and a programme of intensive on-job training.

FINANCIAL REQUIREMENTS

17. An amount of Rs 12.3 billion in constant prices (Rs 16.4 billion in current prices) excluding fertilizer subsidy have been allocated for the agriculture sector during the Seventh Plan period. The sub-sectorwise details are given in Statistical Appendix Table 22.2 which shows a shift in the priority of various sub-sectors during the Seventh Plan. Agriculture research will be the major area of attention. New sub-sectors for *barani* areas and horticulture have been added and the allocation for forestry and watershed management has

been increased substantially. The development of riverine areas has been included in the programmes for watershed management and resource conservation. A special allocation has been made for oilseeds maximization.

18. A substantial decline in fertilizer subsidy is expected during the Seventh Plan. The price and distribution of nitrogenous fertilizers have already been decontrolled. The subsidy on imported phosphatic fertilizer will be phased out over a period of 3 years, while the subsidy on potassic fertilizer will be phased out over a period of 6 years beginning 1987-88. Thus the subsidy on fertilizer is estimated at Rs 3.3 billion during the Seventh Plan.

INSTITUTIONAL IMPROVEMENTS

19. In order to achieve the goals in the agriculture sector, there will be a major re-examination of the role of all the institutions which deal with the agricultural economy. As a matter of policy, the public sector will compete on an equal basis with the private sector and neither would be allowed to have a monopoly in any area. Basic institutional changes would be made for improving agricultural practices and for conserving the country's resources of land, water and forests. To enable the small farmer to drive maximum benefit from agricultural technology and other services, village level organizations will be created to identify and implement specific development needs and priorities. The basic purpose of these institutional reforms will be to improve the environment facing the farmers and to create more favourable conditions for productive farming.

INTEGRATED APPROACH

20. A missing link in agricultural planning has been its detachment from the broader context of rural planning. This neglect has made it difficult to sustain a steady and equitable pace of agricultural development. Increases in agricultural production have not been translated into a better life for the small agricultural producers who continue to look towards farming not with hope and anticipation of better times to come but as a profession of last resort. Meanwhile, the rural to urban exodus continues unabated, creating serious problems of adjustment both in rural and urban areas.

21. The NCA has for the first time provided a complete analytical framework for integrated planning for agricultural and related sectors. The NCA has weighed the available resources of land, water and manpower against the country's need for food, industrial raw materials and exportable surpluses and has produced a comprehensive strategy for development of the sector which forms the basis of the agricultural plan in the Seventh Five-Year Plan.

CROP PRODUCTION

Benchmark 1987-88

22. The benchmark production figures represent the estimated production level attainable under normal weather conditions and international and domestic price changes, etc. These do not necessarily represent the actual production realized in the base year 1987-88.

Cropping Pattern

23. The growth strategy lays emphasis on vertical improvement in production through balanced use and timely application of inputs, better management practices, a package of modern production technology for farmers and crop specialization. The full yield potential of crops can be exploited if the traditional approach of growing all crops in all regions is replaced by a crop specialization programme. There would also be some incremental production on account of an increase of 1.5 million hectares in the cropped area as a result of the availability of 12.9 million acre feet (MAF) of additional irrigation water during the Seventh Plan period.

24. The share of various crops in the cropping pattern during the base year, 1987-88, and projections for the last year of the Seventh Plan, 1992-93, is shown in Table 22.1.

25. A cropping pattern cannot be imposed on the farmers. However, it is possible to chnage this pattern through appropriate policy measures including pricing policies and incentive to farmers, supplemented by efficient extension and marketing services. A rational policy approach for changes in the cropping pattern should be taken in the light of natural factors, like weather conditions, soil and comparative advantages in the cost of production. Such a policy would balance the farmers' preferences with the national requirements of food security, export maximization and acceleration of sectoral growth rate.

Table 22.1

CHANGE OF CROPPING PATTERN ENVISAGED DURING THE SEVENTH PLAN

Crops	Percentage share in cropped area		Additional area
	1987-88 (Benchmark)	1992-93 (Target)	(000 hectares)
Wheat	36.8	35.4	240
Rice	9.9	10.1	195
Maize	4.1	4.2	85
Other cereals	4.6	4.6	70
Cotton	12.4	11.8	50
Edible oilseeds	2.8	4.0	287
Pulses	7.1	6.9	60
Vegetables, spices and fruits	4.0	4.4	145
Sugarcane	4.3	4.4	100
Fodder	13.8	14.1	268
Tobacco	0.2	0.2	

Production Target

26. The production targets for various crops for the Seventh Plan have been computed keeping in view the domestic demand for local consumption and export on the one hand, and technical feasibility on the other. These assume, inter alia, adoption of such policy measures as would result in rapid changes in the cropping pattern, bringing the area under crops either for generating exportable surpluses or import substitution. Use of improved seeds and improvement in agricultural practices would tend to ensure better response by way of increased output from the application of given units of input. The crop production benchmark and targets for the Seventh Plan are given in Statistical Appendix Table 22.3. The targets are based on adoption of an integrated package of production technology and efficient use of inputs. Crop yield will improve significantly through the use of improved seeds and the adoption of better cultural practices such as seed-bed preparation, sowing of the right quality seed at the right time with optimum plant population.

Availability of Inputs

27. The inputs required to achieve the crop production targets are given in Table 22.2. Appropriate measures will be taken to improve the availability of these inputs.

Fertilizer

28. The annual growth rate of fertilizer consumption during the Sixth Plan is estimated to have been 7.1 per cent against a target of 8 per cent. The consumption of fertilizer is expected to increase from a level of 1,750 thousand nutrient tonnes in 1987-88 to 2,550 thousand nutrient tonnes in 1992-93. The application of fertilizer per cropped hectare, is expected to increase from 86 kg in 1987-88 to 120 kg in 1992-93. This represents an increase of 45.7 per cent over the base year or an annual growth rate of 7.8 per cent. The estimated fertilizer offtake for the Seventh Plan is indicated in Table 22.3.

Table 22.2

CROP PRODUCTION INPUTS: BENCHMARK AND PLAN TARGETS

Inputs	1987-88 (Benchmark)	1992-93 (Target)	Annual Growth Rate	
			Sixth Plan	Seventh Plan
Water availability (MAF)	112.22	125.12	2.0	2.2
Fertilizer offtake (000 N/tonnes)	1,750	2,550	7.1	7.8
Seed distribution (000 tonnes)	133	249	13.6	13.4
Mechanization (000 Tractors)	221	297	7.7	6.1
Plant Protection Coverage (000 Hectares)	2,140	2,73	1 5.8	5.0

Table 22.3

ESTIMATED FERTILIZER OFFTAKE 1988-89 TO 1992-93

(000 Nutrient Tonnes)

Year	N	P	K	Total
1987-88 (Base Year)	1275	420	55	1750
1988-89	1465	511	65	2041
1989-90	1546	537	74	2157
1990-91	1629	565	86	2280
1991-92	1716	594	100	2410
1992-93	1810	625	115	2550
Annual Growth Rate	7.3	8.3	15.9	7.8

29. It is evident that the use of chemical fertilizer has become fairly widespread. Subsidizing fertilizers in order to promote its use is, therefore, no longer necessary. The government has already decontrolled the price and distribution of nitrogenous fertilizers. Through appropriate price adjustments, the subsidy on imported phosphatic and potassic fertilizers will be phased out over a period of 3 and 6 years, respectively, beginning 1987-88. However, the use of phosphatic fertilizer will have to be encouraged to enhance fertilizer efficiency by improving the nitrogen and phosphate

ratio to 2.5. Currently the ratio between nitrogen and phosphate nutrient prices is 1:0.8. Policy measures may have to be evolved so that fertilizer efficiency and crop productivity are not adversely affected. Further, the objective of maintaining stability in fertilizer prices will continue to be pursued to protect the farmer from periodic and violent fluctuations in international fertilizer prices.

30. The estimated cropwise share in fertilizer usage and per hectare doze of fertilizer for major crops are given in Table 22.4.

Table 22.4

ESTIMATED PER HECTARE NUTRIENT DOZE OF FERTILIZER MAJOR CROPS

(kg per hectare)

Crops	% Use of fertilizer	Estimated dozes 1987-88	1992-93	Recommended dozes
Wheat	52	123	173	240
Cotton	15	105	150	175
Rice	10	88	117	240
Sugarcane	9	184	240	450
Maize	4	86	113	270
Others	10	-	-	-

31 .In order to get the best response from inputs of fertilizer it is necessary to maintain an appropriate balance between nitrogen and other nutrients in the soil. The nitrogen, phosphate and potash (NPK) mix stood at 3.6:1:0.1 during 1982-83 and was improved to 3.0:1:0.13 in 1987-88. This ratio will be further improved to 2.9:1:0.18 by 1992-93. Promotional programmes for encouraging balanced fertilizer use will be supported. In addition, the use of other nutrients like potassium, zinc, etc. will be promoted, wherever necessary, to ensure the efficiency of fertilizer use.

32. Proper use of fertilizer includes choice of the kind and amount of nutrients for particular crops and its application at the right time. Transfer of technology to farmers with regard to these aspects, therefore, will be intensified at the farm level. While it is the responsibility of the government to hasten the transfer of technology to farmers, the fertilizer industry will also be involved to supplement these efforts.

33. Since the use of chemical fertilizers has reached significant levels in Pakistan, special emphasis will be laid on the efficiency of fertilizer application and non-chemical sources of soil fertility. Crop residues, compost, etc. must supplement fertilizer use, not only to supply essential plant nutrients but also to improve efficiency of fertilizer use and soil productivity. Farmers will have to be persuaded to store, decompost and apply valuable organic manures. An integrated approach has to be adopted and fertilizer recommendations improved and made specific to farm situations. Soil testing to ascertain the exact requirements of nutrients will be promoted.

34. There are about 3 million acres of land under cultivation which have been affected by sodicity resulting in poor crop yields. These lands could be reclaimed through the application of gypsum. The use of gypsum, so far, has been negligible because of its high price and the lack of awareness of its beneficial effects among the farmers. Three pilot projects covering an area of 120 thousand acres in Punjab, Sind and NWFP were implemented during the later part of the Sixth Plan to promote the use of gypsum with a 50 per cent subsidy. It is still early to evaluate the result of these projects.

35. It is estimated that 5.5 billion tonnes of gypsum deposits exist in Dera Ghazi Khan, Dera Ismail Khan, Khewra, Daud Khel, Dadu and Thatta. These deposits will be exploited and gypsum rock transported and crushed near farmers' fields in order to reduce incidental costs, thereby making it cheaper. During the Seventh Plan efforts will be made to promote the application of gypsum on saline sodic soils.

Improved Seed

36. The availability and use of good quality seed is vital for increasing the production and yield of crops. Its supply to farmers can be ensured only through organization of a scientifically based seed production system.

37. The foundation of a sound and viable seed production programme is dependent on continuous evolution of high-yielding and disease-resistant varieties of crops through research. The pace of evolution of rice, wheat and cotton varieties have been quite impressive. Breeding research on maize has not been able to identify possible in-bred lines for future hybrids. In the oilseed group, only two varieties of rapeseed and mustard have been released during the last 30 years. Most of the sugarcane varieties which are being grown are selections from imported stocks. Fodder and forage crops have received hardly any attention. Actual breeding work to evolve varieties of fruit plants have not been reported.

In the Seventh Plan, research efforts will be re-oriented toward evolution of high-yielding varieties of these crops, which will be made available to seed processing plants in the public and the private sectors for multiplication and distribution to farmers.

38. The Sixth Plan envisaged the establishment of four seed processing plants in the public sector processing 103,000 tonnes of seed of wheat, cotton, rice and maize. The Punjab Seed Corporation with three processing plants located at Sahiwal, Khanewal and Rahimyar Khan was designed for the production of 83,780 tonnes of seed, whereas the Sind Seed Corporation with its processing plant located at Sakrand was designed for the production of 19,300 tonnes of seed. Only two plants (at Khanewal and Sakrand) have been made functional so far. Due to delay in the functioning of the seed plants, it is estimated that 133,000 tonnes of seed will be distributed in 1987-88 against a target of 186,000 tonnes envisaged in the Sixth Plan. The requirement of improved seed during the Seventh Plan are given in Table 22.5.

Table 22.5

REPLACEMENT REQUIREMENT OF IMPROVED SEED BY 1992-93

Crops	Area (000 Ha)	Seed Rate (kg/	Seed Required (tonnes)	Replacement Rate (per cent)	Replacement Required (000 Tonnes)
Wheat	7,650	91	696,150	20	139
Rice	2,185	20	43,700	20	9
Maize	900	40	36,000	33	12
Cotton	2,550	25	63,750	100	64
Gram	1,060	40	42,400	20	8
Others					17

39. The four seed processing plants will be made functional and the private sector will be induced to establish seed plants so as to achieve the production target of 249 thousand tonnes. The induction of the private sector will be accelerated through incentives such as free import of approved parent seed material, restrictions on the sale of sub-standard seed in the market and the grant of tax holiday.

40. The following actions will be taken during the Seventh Plan in respect of seeds:

- Accelerate research on variety evolution, especially for sugarcane, rice, oilseeds, maize, cotton, fodder, forages, fruits and vegetable crops;
- Establish pilot projects for fruit nursery stocks, sugarcane breeding centres, tissue culture laboratories for producing disease free material for seed potatoes and fruit plants;
- Expand public sector seed production capacity in Punjab and Sind and establish a seed industry in NWFP;
- Induct private sector in the seed industry;
- Research in seed technology by PARC in order to provide technical assistance to the seed industry;
- The scope of the Seed Act will be enlarged to include all kinds and varieties of crops;
- The Seed Certification Department and the National Seed Registration Department will be strengthened in order to enhance the supply of good quality seed to the industry;
- The participation of the private sector in the low-volume and high-cost vegetable seeds will be encouraged; and
- Sugarcane seed multiplication farms and seed treatment plants will be established in the sugarcane growing areas to reduce the incidence of infectious diseases.

Plant Protection

41. Pests and pathogens are a serious problem. It is estimated that they reduce the annual potential agricultural production by about 25 per cent. In spite of a quantum jump in the consumption of pesticides over 1980, plant protection coverage on the national level is still only 23 per cent of the total cropped area or around 21 per cent of the cultivated area.

42. During the Seventh Plan, facilities for pest scouting, aerial spraying and quality control of pesticides will be further strengthened but emphasis will be shifted to integrated pest management. Marketing difficulties will be removed to ensure the availability of the right type of pesticides at the proper time. The existing quarantine service will be strengthened. New outposts along with laboratory facilities with fumigation chambers and other necessary equipment will be established at all key points of entry of plant and plant materials.

43. Measures to adopt integrated pest control by the farmers with special emphasis on plant hygiene, field sanitation, adoption of useful cultural practices, conservation and propagation of bio-agents and uniform planting time will be evolved and implemented. Sowing of resistant varieties wherever possible and eradication of weeds which not only compete for nutrients but also provide shade, protection and habitat to some of the insect pests and diseases, are critical elements of an integrated pest control programme. These elements will be emphasised through adequate coverage of farms by the agricultural extension system. An integrated pest management package for each major crop will be developed through intensive projects.

Mechanization

44. It is estimated that 127,000 new tractors were inducted during the Sixth Plan against a target of 250,000. The main reason for the shortfall is the increase in the price of tractors. The total operational fleet of tractors in 1987-88 is estimated to be 221,000.

45. Five tractor manufacturing units have been established. They are producing Massey Ferguson, Fiat, Ford, Belarus and IMT tractors. But these establishments so far have been unable to manufacture more than 30-60 per cent of the components locally. The plants for small tractors envisaged in the plan have not come up so far. The federal government allowed import of tractors below 20 HP without any restriction. However, the use of small tractors has yet to gain popularity among farmers. They prefer to buy medium to large-size tractors which could be custom hired and also put to non-agricultural usage. A small number of small size tractors were imported but the suitability of these tractors has not been established through field tests. The average sale of tractors per year is 25,400. These are mostly medium and large size tractors. The use of agricultural implements has increased with the growth in the number of tractors.

46. The Seventh Plan envisages a sale of 146,000 medium and large size tractors for which proper credit facilities will be required.on easy terms and conditions. The emphasis during the Seventh Plan will be on productivity-increasing technology such as deep ploughing, sub-soiling, and ridging. The total population of operational tractors is expected to increase from 221,000 in 1987-88 to 297,000 by the end of the Seventh Plan. Year-wise projections and total number of operational tractors is given in Table 22.6.

Table 22.6

YEAR-WISE PROJECTIONS AND TOTAL OPERATIONAL TRACTORS
1992-93

(Numbers)

Year	Target	Replacement Demand	Net Addition	Tractors in Operation
1987-88 (Benchmark)	25,000	8,700	16,300	221,300
1988-89	27,000	10,300	16,700	238,000
1989-90	28,000	12,200	15,800	253,800
1990-91	29,000	13,800	15,200	269,000
1991-92	30,000	15,700	14,300	283,300
1992-93	32,000	18,100	13,900	297,200

47. A fleet of bulldozers and other heavy machinery will continue to be maintained for hiring out to farmers for land reclamation and conservation of water resources in the public sector. Agricultural implements especially those required for deep tillage will be available to farmers on a hire basis.

Agricultural Credit

48. The timely availability of credit to farmers, plays an important part in agricultural development. Credit disbursements during the Sixth Plan increased from Rs 6.3 billion in 1982-83 to Rs 18 billion in 1987-88. The interest-free loan limit was raised from Rs 6,000 to Rs 12,000 during the Sixth Plan. Procedures were simplified to enable small farmers to obtain credit, through the issue of 'Pass Books' thereby minimizing documentary requirements which were to be completed by farmers to obtain loans. Supervised credit scheme was also implemented to ensure proper utilization of credit specially by the small farmers. Mobile Credit Officers under this scheme take credit to the farmers and ensure effective disbursement, utilization and repayment. They also provide useful advisory service to the farmers on input use and cultural practices. Out of 45,000 villages in the country, 37,000 have been covered under this scheme by the ADBP upto 1986. The rest of the villages are expected to be covered by 1988.

49. The Seventh Plan lays stress on intensive cultivation practices which will require greater use of purchased inputs. The need for institutional credit requirement will, therefore, increase considerably. The agricultural credit requirement during the Seventh Plan is estimated at Rs 130 bil-

lion (which excludes credit for agro-industries) against the estimated disbursement of Rs 66 billion during the Sixth Plan. This implies an annual growth rate of 12 per cent during the Seventh Plan. The agricultural credit requirement for the Seventh Plan is given in Table 22.7.

Table 22.7

INSTITUTIONAL AGRICULTURAL CREDIT REQUIREMENT SEVENTH PLAN

(Million Rs)

Year	Production	Development	Total
1987-88 (Benchmark)	11,860	6,100	17,960
1988-89	13,714	7,523	21,237
1989-90	15,149	8,036	23,185
1990-91	17,112	8,588	25,700
1991-92	19,285	9,194	28,479
1992-93	21,913	9,845	31,758
Total	87,173	43,186	130,359

50. It is envisaged that the supervised credit system will be extended to all parts of the country during the Seventh Plan. This will ensure effective disbursement, utilization and recovery of loans specially in case of small farmers. In addition, the following policy package is proposed:

- Malpractices which have permeated in the system of interest-free credit availability will be removed;

- Wherever credit is advanced, crop and livestock insurance will also be introduced; and

- Pesticide sprays and plant protection measures cost a lot. As the small farmer does not have the requisite purchasing power, credit facilities are proposed to be extended through market committees and ginning factories.

Public Sector Storages

51. Storage capacity in the public sector is provided mainly for wheat, rice and cotton. Commodity-wise storage target for the Seventh Plan and the cumulative availability of storage are given in Table 22.8.

52. Public sector storage capacity for wheat available in June 1987 was about 4.1 million tonnes. About 0.1 million tonnes storage capacity will be added during 1987-88. By the end of the Sixth Plan, total storage capacity for wheat is expected to have increased to about 4.2 million tonnes.

Table 22.8

STORAGE CAPACITY PROPOSED FOR THE SEVENTH PLAN

(Million tonnes)

Commodity	Capacity Available June 1988	Seventh Plan Target	Plan Storage Availability (1992-93)
Wheat	4.2	0.5	4.7
Rice	1.0		1.0
Cotton	0.1		0.1
Total	5.3	0.5	5.8

53. On the basis of several studies undertaken to assess future storage requirement for wheat, additional storage capacity of about 0.5 million tonnes is proposed for construction during the Seventh Plan period. Thus, a total wheat storage capacity of 4.7 million tonnes will be available at the end of the Seventh Plan to take care of reserve stocks of about 1.0 million tonnes and the wheat procurement requirement of 4.0 million tonnes under a derationed system. The storage policy for wheat is to have a strategic reserve of one million tonnes at the beginning of the wheat year (May) and to procure all the wheat offered by farmers at the prevailing support price.

54. The Seventh Plan will lay special emphasis on improvement of operating efficiency of existing storage facilities and reduction of handling costs by elimination of bags through the introduction of bulk handling systems. The introduction of a seasonal pricing system that reflects the cost of storage and marketing, and involvement of the private sector investment in procurement, storage and marketing will also be emphasized.

55. The ongoing programme for rehabilitation of godowns and silos, training in storage management and adoption of improved fumigation practices will be continued in the Seventh Plan period. Nevertheless, a national storage policy needs to be drawn, keeping in view production, annual requirements, exportable surpluses and costs involved.

Agricultural Marketing

56. The foundations of an organized marketing

system already exist in Pakistan. Support prices for major crops, e.g. wheat, rice, sugarcane, cotton, onions, potatoes, gram and non-traditional oilseeds, are determined by the government and reviewed periodically. Various government and semi-government bodies exist to procure agricultural commodities in order to stabilize their prices in internal and external markets, e.g., the Food Departments, Pakistan Agricultural Storage and Services Corporation (PASSCO), Agricultural Marketing and Storage Limited (AMSL), Ghee Corporation of Pakistan (GCP), Rice Export Corporation of Pakistan (RECP) and the Cotton Export Corporation (CEC). In 1986-87, government agencies procured 31 per cent of wheat production, 33 per cent of basmati production and 48 per cent of cotton production. However, the following imperfections affect the support price/market price mechanism:

- Procurement agencies particularly in the deregulated system are less responsive and slow to intervene;

- Truck crops like sugarcane cause difficulty in disposal at the mill gate and small farmers are forced to sell to the middle men at a lesser price; and

- Marketing of fruits and vegetables is totally at the mercy of *arthies* (middle-men).

57. Proper physical marketing facilities, a network of farm-to-market roads, adequate storage facilities, strictly enforced grading and standardization, availability of processing facilities, marketing, credit and free flow of information are some of the important pre-requisites for efficient markets. The provision of an effective rural infrastructure with emphasis on increasing the number of regulated markets, provision of storage, processing and transport facilities will considerably help remove these problems.

58. During the Seventh Plan, the working of the various commodity boards existing in the Ministries of Commerce and Food and Agriculture will be streamlined to make them responsive to changes in the domestic and international market. A more sensitive pricing system responsive to the needs of all contributors to the market chain will be developed to allow reasonable margins and more equitable prices for producers and consumers. Organizational mechanisms for enforcing grading standards will be suitably strengthened and the expansion and improvement of market intelligence services encouraged.

59. A fruit and vegetables marketing and storage project, with special reference to the creation of modern wholesale markets in major cities, investment in storage facilities, strengthening of market organization and creation of a market information system, will be implemented during the Seventh Plan. The production of fruits and vegetables will be enhanced through the creation of a horticulture extension directorate within the extension and adaptive research programme in all provinces.

Support Price Policy

60. With a view to provide economic incentives to growers, a support price policy for wheat, rice, cotton, sugarcane, gram, onion, potato and non-traditional oilseed crops, namely sunflower, soybean and safflower, is under implementation. Support prices are reviewed annually keeping all factors in view and are generally announced before sowing time to enable growers to properly plan the allocation of area and inputs for different crops. The support prices have helped in increasing agricultural production and farm incomes. Price support incentives along with other factors have helped in achieving self-sufficiency in wheat and increasing exportable surpluses in cotton and rice during the Sixth Plan.

61. An active support price for selected commodities is one of the most important instruments for agricultural development. Carefully devised support prices can be used to promote the production of selected crops such as oilseeds and vegetables. Gradually rising but stable prices can create a positive response from producers towards the desired cropping pattern.

62. The support price for major and minor crops will be continued during the Seventh Plan. The cost of production will remain the most important factor influencing the level of support prices but other factors such as international prices, the relative prices of competing crops and quality considerations will also be given due weight.

63. The non-price measures recommended by the Agricultural Prices Commission for various crops will be implemented during the Seventh Plan in order to increase the per acre yield and thus reduce costs per unit of produce and thereby increase the income of the growers.

Agricultural Education

64. Agricultural education covers two aspects:

education of farmers and the output of well qualified graduates for public service. Not much attention is being paid to the education of farmers. It is proposed to start practical lessons in agriculture from class 5 to 10 in all schools located in rural areas. Three agricultural universities located at Faisalabad, Tandojam and Peshawar, a Faculty of Agriculture at Gomal University, Dera Ismail Khan and Barani Agricultural College, Rawalpindi are producing trained graduates for public service and other requirements. During the Seventh Plan, two more agricultural colleges will be set up, one in Baluchistan and the other at Multan.

65. During the Seventh Plan, the universities and colleges will strive to improve the quality of education by giving more emphasis to field and laboratory training in order to make higher education responsive to changing conditions and national needs. In graduate studies, students will carry out problem-oriented research for their thesis. A concrete programme for the spread of agricultural education will be prepared as soon as the requirement of the sector for agriculture graduates is worked out.

66. Regarding the linkage between universities, agricultural research and extension, the system underwent changes in the 1960s when the universities were detached from the research and extension services of the agriculture department. In the NWFP Agricultural University, the pattern of the land grant system is being reinforced. An important feature of this system is the close association between the university, the agricultural research institutes and the extension services. Research and education have been integrated and placed under the university. The experience of NWFP will be carefully studied, and if it proves successful, it may be replicated in other provinces.

Agricultural Research

67. Research, particularly in the evolution of high- yielding varieties, plays an important role in the development of agriculture. No institute can be successful unless basic research in different disciplines of agriculture is organized and strengthened at various levels in an integrated manner. In the Sixth Plan priority research programmes for different crops were started in a coordinated manner. The break-through in cotton production and the attainment of self-sufficiency in foodgrains have been the result of new high-yielding varieties which were evolved and adopted for general cultivation during the Sixth Plan. During the Seventh Plan research activities will be organized in the following manner:

- Basic research will be carried on in national institutes like PARC. Applied research involving development and testing of new varieties will be conducted at the provincial research institutes;

- High-yielding and disease-resistant varieties of crops, especially oilseeds, pulses, rice, sugarcane, fruits and vegetables will be evolved;

- Agronomic research will be undertaken to develop a package of management practices for different crops in order to maximize their productivity and fully exploit the potential of improved varieties;

- Research programmes will be undertaken to evolve improved production technologies and systems for less favoured environments such as rainfed, arid, high-altitude and coastal areas;

- Federal and provincial cotton research institutes will be suitably strengthened and research efforts will be oriented towards the improvement of quality of lint and per acre yield;

- A national sugarcane research institute for the development and evolution of sugarcane varieties will be set up at Sujawal. There is also need to establish a sugar technology institute, preferably by the sugar industry to conduct research on milling, processing and utilization of sugar by-products;

- Genetic improvement of livestock will be undertaken through cross breeding, artificial insemination and embryo transfer technology. However, the major thrust in livestock production will be on closing the nutrition gap by promoting supplementary feeding with constituted feeds; and

- Theoretical, basic and applied research will be so integrated that PARC, agricultural universities and the provincial research institutes complement each other in research efforts.

68. The research programme for the Seventh Plan will also include development of an efficient national agricultural research service capable of

exploiting and improving the potential for agricultural development and productivity. This will be achieved by developing and strengthening provincial research capability and consolidating efforts at PARC at the federal level. Emphasis will be placed on integrating all possible federal and provincial research activities.

Agricultural Extension

69. The efficiency of agricultural extension services is constrained by poor service conditions, inadequate provision of extension aids and other equipment and lack of transport and residential facilities which have discouraged field assistants from living permanently in villages and also restricted their mobility. In order to overcome these deficiencies, the Training and Visit (T&V) system of agricultural extension was implemented in 5 districts each in the Punjab and Sind during the Sixth Plan period. The programme has progressed satisfactorily and is being extended to all districts of the Punjab and Sind during the Seventh Plan. The T&V approach is also being followed in Baluchistan. The system, however, cannot be really effective unless proper linkage between farmers, field assistants and subject matter specialists is established, in order to deliver a complete package of new production technology at the door-step of the farmer.

70. The objective of the agriculture extension programme for the Seventh Plan is to achieve a sustained increase in agricultural production through widespread adoption by the farmers of proven and recommended improved farming practices. In order to achieve this, crop maximization and area maximization programmes will be promoted and effective linkage will be established with research institutes so as to quickly transfer new production technology to farmers' fields. In this respect, maximum possible use of mass communication media will be made. An appropriate package of the production technology will also be developed for implementation in *barani* areas. Agri-business and agro-industries will be encouraged to render extension service to farmers in commodities of their interest. The following specific measures shall be undertaken to improve the extension services during the Seventh Plan:

- The current deficiencies in the T&V agricultural extension system, viz. in the organization, equipment and motivation of field staff will be removed;

- The responsibility of extension system for transfer of technology to the farmers will be supplemented by more extensive use of mass media like radio, television and newspapers to provide the latest production technology to farmers;

- A production maximization approach concentrating on well-defined targets will be followed for adoption of specific technologies in specific regions;

- The extension services will be gradually reorganized to make them more specialized in different commodities as well as target oriented;

- In order to provide incentive to extension workers, it is proposed to introduce awards and certificates by way of recognition for setting up a number of demonstration farms, elimination of disease and pests, and increase in yield per acre; and

- A programme of farmers' visits to the training institutions will be introduced and formal training programmes for farmers in different fields of modern agricultural technologies will be initiated by all extension, research and educational institutions.

FORESTRY

71. The total area under forests is estimated at 3.2 million hectares. This represents about 4 per cent of the total geographical area of the country which is extremely inadequate and cannot meet the growing demand for timber and firewood. Greater emphasis will be laid now on programmes like energy plantation, social and farm forestry on marginal private lands. Under these programmes, demonstration plantations will be raised. On-the-job training in farm forestry techniques will be provided. Institutional infrastructure will be improved and training will be imparted to forest and forestry-related professionals, technicians and farmers. The production of coniferous forests and irrigated plantations will be increased by improved management practices, better technology, improved infrastructure facilities and optimizing the utilization of standing trees through improvement of the logging system.

72. Highlights of the forestry policies and programmes during the Seventh Plan are summarized below:

- Institutional facilities for research, education and planning in forestry will be strengthened;

- Management of irrigated plantations will be improved to increase productivity from the present low levels. It will be necessary to increase water supplies for irrigated plantations by installation of tubewells and clearance of blocked channels;

- Introduction of improved logging and forest harvesting practices for efficient utilization of existing wood resources;

- Intensive forest management will be extended to all coniferous forests with extraction limited to public sector only;

- There is a vast scope for increasing plantation along the roads, railways and canals which will be tapped during the Seventh Plan. Blanks in the existing plantations will be filled;

- Forest departments lack the managerial experience and the equipment necessary for the collection of seed from superior trees and for seed storage and distribution. These constraints will be removed during the Seventh Plan;

- Riverine forests will be rehabilitated through the 'bela technique' (digging *katcha* surface wells for hand watering), or on flow irrigation by lifting water from creeks;

- Measures will be taken to rehabilitate mangrove forests;

- A comprehensive long-term master plan will be prepared for forestry and range management;

- Programmes will be implemented for improvement in the collection of forestry statistics; and

- National parks, game sanctuaries and game reserves will be maintained for wildlife conservation.

73. The waters of the Indus Basin rivers carry a heavy load of sediment especially during floods. The problem is more serious in the northern hills and the Pothawar uplands. Scientific management of watersheds is essential for the safety and extension of the useful life of the existing and proposed water storage reservoirs, barrages, canals, and hydro-electric installations. During the Seventh Plan, a master plan will be prepared for watershed management. A programme for the development of riverain areas and *barani* tree culture will also be launched.

Table 22.9
PHYSICAL TARGETS FOR FORESTRY SUB-SECTOR

Product	1982-83 (Actual)	1987-88 (Target)	1992-93 (Projection)	Growth Rate* 1983-88	Growth Rate* 1988-93
Wood production (000 CUM)	686	1,055	1,200	9.0	2.6
Fuel Wood (000 CUM)	476	645	745	6.3	2.9
Timber (000 CUM)	210	410	455	14.3	2.1
Compact plantation (Hectares)	8,500	33,000	40,000	31.2	3.9
Nursery raising (Hectares)	289	375	500	5.3	5.9
Linear plantation (Av. Km)	2,700	2,000	3,500	-5.8	11.8
Distribution of Plants (Million Nos)	35	180	500	38.8	22.7

* per cent per annum.

ANIMAL HUSBANDRY

74. Livestock accounts for about 30 per cent of the agricultural value added and about 7 per cent of the total GDP. However, it has been regarded as a side business of farmers. Traditionally, the farmer was keeping animals for bullock power and meeting his own needs of milk and dairy products and unwanted cattle were sold for slaughtering. In the Sixth Plan, there has been a change in this traditional approach. Livestock production has acquired importance as an economic activity. The coming decades will be characterised by a shift in the consumption pattern from staples like wheat and rice to a rich protein diet.

75. The Seventh Plan strategy will be to increase the productivity of livestock by giving emphasis on quality rather than numbers to produce more healthy and well-nourished livestock. Availability of adequate feed will be given highest priority. The major thrust will be on breed improvement through cross-breeding, artificial insemination and embryo transfer technology. Emphasis will be given to fodder research particularly combinations of fodder that fit into existing farming systems and

provide year-round supplies of green matter. Research will be intensified on the utilization of agricultural wastes, industrial by-products and crop residues as animal feed. Export of molasses will be discouraged and its use as animal feed popularised.

76. One of the major constraints in realizing the potential for increased productivity is the lack of a mechanism to transfer the existing technology from government farms to producers. The government livestock services provide little advice to farmers on improved methods of management and nutrition aimed at improving animal productivity. The livestock extension system will be reorganized with the responsibility of transferring technology from government research farms to private farms.

77. Livestock statistics are considered unreliable. Programmes will be taken in hand to improve the collection of statistics during the Seventh Plan period (see Chapter 20).

78. The number of veterinary hospitals and dispensaries, mobile dispensaries and diagnostic laboratories will be increased to provide improved disease control cover. An important component of the strategy will be to control herd infection and contagious diseases through prophylactic measures with the help of para-veterinarians from among livestock owners. Emphasis will be given to increased production of quality vaccines along with research on obscure diseases. New devices will be used for prompt and easier application of drugs for control of internal and external parasites. Measures will also be taken to check the marketing of spurious drugs.

79. During the Sixth Plan period, the private sector started to show interest in commercial meat production as a result of various incentives provided by the government. There are still many constraints hindering the development of the meat industry, viz., shortage and poor quality of feed, a disorganized marketing system, the limited use of modern technology and inadequate extension services. The following measures will be taken during the Seventh Plan to develop the meat industry:

- All machinery and equipment for livestock farms, feed lots and feed mills will be exempted from duty;

- Private livestock farms with their own feed mills and slaughter houses will be encouraged;

- Disease-free zones will be established for production of meat for export; and

- Cattle markets will be equipped with minimum facilities like weigh bridges, sheds, water, electricity and feed. A pricing system based on live weight and quality will be introduced.

80. The dairy development programme during the Sixth Plan had envisaged an increase in milk production through an integrated package of institutional support and input services. This system will be replicated in other areas during the Seventh Plan period. The organization of dairy cooperatives will be given special emphasis. During the Seventh Plan, milk chilling centres will be set up in rural areas for collection of milk from surplus pockets to meet the urban demand. Dairy plants will be encouraged to install milk-drying facilities for the production of milk powder. This will not only help in reducing losses during the surplus period but also result in import substitution. Dairy training institutes will be established for providing trained manpower in different aspects of dairy technology.

81. The targets for livestock products are given in Table 22.10.

Table 22.10

PRODUCTION TARGETS FOR LIVESTOCK PRODUCTS

(000 Tonnes)

Product	1982-83 (Actual)	1987-88 (Bench mark)	1992-93 (Target)	Growth Rate * 1983-88	Growth Rate * 1988-93
Meat	947	1,299	1,700	6.5	5.5
Beef	464	595	701	5.1	3.3
Mutton	408	570	734	6.9	5.2
Poultry	75	134	265	12.3	14.6
Milk	9,662	12,900	16,470	6.0	5.0
Eggs(M.Nos)	3,200	4,140	6,085	5.3	8.0
Wool	43	55	61	5.0	2.1

* per cent per annum.

82. The main problems in the poultry sub-sector are poor management coupled with poor quality and high cost of feed. The design of housing and ventilation systems of poultry farms also needs improvement. The following measures will be taken for the development of the poultry industry:

- Establishment of quality control laboratories will be encouraged;

Diagnostic facilities will be expanded for old and the new diseases like gumboro and infectious bronchitis. Production and supply of quality vaccines will be accelerated;

- -Poultry processing units will be encouraged to freeze production in periods of low demand;
- -A programme for computerized determination of least cost feeds based on changing cost of ingredients will be introduced for the benefit of feed mills, and poultry producers;
- -Feed mills will be encouraged to provide advisory services to poultry farmers as part of sales support; and
- -Research will be conducted to improve the design of poultry farms.

FISHERIES

83. The rehabilitation of the Karachi Fisheries Harbour and the construction of the Korangi Fisheries Harbour will be completed during the Seventh Plan. On the Makran coast, the Gwadar Fish Harbour-cum-Mini-Port will be set up which will provide facilities for the operation of 550 gillnetters. Necessary facilities for handling and storage will also be provided. Another fish harbour will be set up at Pasni which will provide landing, marketing and storage facilities. About 700 in-board marine diesel engines will be provided for the mechanization of the existing boats along with improved fishing gear. Insulated trucks and fish carrier vessels will be provided to supply fish to consuming centres.

84. The following measures will be taken for development of marine fisheries:

- A shrimp conservation policy will be followed by limiting the number of trawlers, observing a closed season of two months to reduce juvenile mortality and forbidding trawling inside the Indus Delta;
- Available demersal stocks will be exploited by encouraging conversion of trawlers into gillnetters and long liners;
- Experiments will be conducted on the brackish water shrimp culture in the Indus Delta to test various shrimp species and management strategies;
- Stock assessment of shallow waters (less than 10 meters depth) or within the marginal mangroves, creeks and estuaries will be undertaken;
- Quality of catch will be enhanced by the provision of facilities to chill the catch on board and through the introduction of quality control measures;
- Introduction of improved fishing gear will be ensured; and
- Training to fishermen and skippers will be provided.

85. Demonstration fish farms, hatcheries, and training centres for fishermen will be established and fisheries extension services strengthened under the Second Aquaculture Development Project. Fisheries statistics will also be streamlined. In addition, the following measures shall be taken for the development of inland fisheries during the Seventh Plan:

- Culture of Tilapia fish in water-logged areas will be undertaken in the Punjab on an experimental basis;
- Research on limnology and aquatic biology of lakes and reservoirs will be undertaken;
- Flood control compartments between Guddu and Sukkur Barrages will be utilized for fish culture on a pilot basis;
- Trout culture will be promoted in NWFP and in Murree in the Punjab;
- Management capabilities, particularly in inland capture fisheries, will be improved through training, extension and improvement of infrastructure facilities;
- Existing procedure for the grant of canal water for fish farming will be simplified;
- WAPDA will supply power on agricultural rates (instead of industrial rates) to the tubewells installed for fish farming;
- Interest-free loans will be provided to small fish farmers; and
- Import of fingerlings will be allowed free of duty.

86. Fish production targets for the Seventh Plan period are given in Table 22.11.

Table 22.11

FISH PRODUCTION TARGETS

(000 Tonnes)

Source	1982-83 (Actual)	1987-88 (Bench mark)	1992-93 (Projection)	Growth Rate 1983-88	Growth Rate 1988-93
Inland	60	80	90	5.9	2.4
Marine	283	345	403	4.0	3.2
Total	343	425	493	4.4	3.0

SMALL FARMERS

87. Nearly three-fourths of all farmers are classified as small farmers who face serious problems in acquiring modern agricultural technologies. Unless these farmers can be induced and helped to raise their productivity and incomes the overall productivity of the sector cannot be improved to the desired level. A series of measures now being devised will be implemented during the Seventh Plan to remove the constraints facing the small farmers in the adoption of productivity- increasing technologies. Major emphasis will be on ensuring that the small farmers get their share of institutional credit with which they may acquire the necessary inputs. The strategy to be followed for improving the incomes and well-being of the small farmers is given below:

- Increasing the productivity of land and livestock owned by small farmers through evolving and introducing appropriate technological packages and by reorienting the delivery system in favour of the small farmers particularly for credit, extension and marketing;
- Improving marketing and procurement arrangements for goods produced by small farmers and encouraging them to produce high-value crops and products and focussing any subsidies that may be available through price support operations; on such farmers and workers;
- Diversification of the rural economy through the growth of non-farm activities such as livestock, fisheries, poultry and rural industries. Whenever possible, assets created by such activities will be owned cooperatively by the rural poor; and
- Increasing employment opportunities in the rural areas along with education and training programmes to improve the skills and incomes of the rural workers.

COOPERATIVES

88. Many problems of the small farmers and landless rural households can be most effectively solved through cooperatives. It is now recognized that cooperatives organized on business principles have a better chance of serving their members than the officially sponsored societies. During the coming years every possible encouragement and assistance will be given to farmers to organize cooperatives on commercial lines to handle various aspects of agriculture including supply of inputs, operation of specialized farm equipment, installation of tubewells, marketing of produce, processing of raw materials and cleaning and management of water courses.

CHAPTER

23

MANUFACTURING

This chapter briefly reviews manufacturing sector performance during the Sixth Plan. It then goes on to present the objectives, strategy and incentive framework that will support the targets for industrial development during the Seventh Plan period.

SIXTH PLAN REVIEW

2. The Sixth Five-Year Plan aimed at providing clear guidelines for future industrial development. It projected an annual 9.3 per cent real growth in manufacturing value added (10.0 per cent in the large-scale manufacturing sector and 7.3 per cent in the small-scale sector). To achieve these targets, the plan placed special emphasis on export-oriented development. This was to be combined with import substitution in the engineering sector. Private sector investment was to be further encouraged while the public sector was to concentrate on the completion of on-going projects and the consolidation of existing investments. The private sector was to carry the main responsibility for growth, employment creation and export expansion in a deregulated environment.

3. Although the private sector had been assigned the primary responsibility, the efficiency of the public manufacturing enterprises remained crucial because of their central role in producing certain key products and their impact on the major downstream industries. The areas assigned the highest priority were: (a) steel-based engineering goods industries, (b) agro-based industries; (c) agriculture input industries; and (d) mineral-based industries.

4. Some of the specific policy initiatives taken during the Sixth Plan period for industrial development were:

- increase in investment sanction limit for non-specified industries from Rs 60 million to Rs 300 million in 1984 and further to Rs 500 million in 1987;
- limitation of the specified industries list to 23 in 1984; 11 in early 1987; and 5 in late 1987, namely, security and defence-related industries, beverages, industries subject to indigenisation programmes, drugs and pharmaceuticals, and vegetable ghee;
- notification of transfer of technology guidelines in 1984;
- reduction of tariffs on a number of raw materials, intermediate and capital goods;
- introduction of a three-year Trade Policy 1987-90 with new export incentives;
- establishment of an Industrial Incentives Reform Cell (IIRC) to make recommendations on fiscal anomalies and effective protection; and
- incorporation of trade houses with more than US $ 20 million export and selling their quality products under brand names.

5. The Sixth Plan provided for an industrial investment of Rs 82.5 billion with Rs 20.5 billion for the public sector and Rs 62 billion in the private sector. Against the target of Rs 20.5 billion in the Sixth Plan, the public sector is expected to utilize Rs 17.9 billion (Statistical Appendix Table 23.1), a shortfall of 12.6 per cent from the target.

6. During the Sixth Plan, private sector invest-

ment in manufacturing was Rs 56.1 billion (about Rs 46.6 billion in large-scale and Rs 9.5 billion in small-scale), indicating an achievement of over 90 per cent (annual breakdown is given at Statistical Appendix Table 23.2).

7. Private industrial investment, by sectors, are presented in Table 23.1. These data show a considerable shortfall in some sectors despite overall achievement of the plan target. In the petro-chemical and fertilizer sectors the investment was negligible while investment in small-scale, agro-based industries and non-metallic minerals exceeded the plan targets. Performance in textiles, chemicals, pharmaceuticals, rubber and miscellaneous products was in line with the plan targets. Further details are given in Statistical Appendix Table 23.3.

Table 23.1

SIXTH PLAN PRIVATE INVESTMENT TARGETS AND ACHIEVEMENTS

(Million Rs)

S. No. Sector	Targets (1983-88)	% of total	Achievement Estimated (1983-88)	% of Plan targets
1. Basic metal and other engineering industries	10870	18	7302	67
2. Agro., small and rural industries	13400	22	24370	182
3. Textiles	12790	21	13825	108
4. Petrochemicals	5260	8	287	5
5. Non-metallic minerals products	4290	7	6103	142
6. Fertilizers	4100	6	63	2
7. Chemicals and pharmaceuticals	5285	8	5970	113
8. Rubber products and others	6005	10	5507	92
Total	62000	100	63427*	102

*The assessment is based on the work of the Industrial Commission's draft report. The estimates of private investment given in the report are higher for all years of the Sixth Plan than those estimated by the Federal Bureau of Statistics (FBS) as contained in Chapters 7 and 10.

8. The factors contributing to lower investment in the priority areas are given below:

- It is unreasonable to expect a private investor to sacrifice his profits for state policy. Relatively less profitable sub-sectors which are accorded high priority can attract private investors only if a policy and incentive package is devised to improve profitability;

- Private sponsors are generally shy of investing in long-gestation capital-intensive industries unless long-term commitments for protection and incentives are made;

- High rates of interest and low tariffs on import of capital goods have discouraged long-gestation investment in engineering industries;

- Lack of guaranteed, secure and inexpensive supply of gas has inhibited the development of the fertilizer industry;

- Investors prefer industries which involve smaller investments, yield a higher profit margin and an early payback period. Import substitution industries fall in this category with high profits generated behind protective tariffs; and

- Tariff and non-tariff barriers to exports, and the high cost of some of our inputs have made export industries less attractive than import substitution industries.

9. As a result of government policy to leave industrial investment largely in the hands of the private sector, the share of the public sector in total manufacturing investment decreased from 49 per cent in 1982-83 to only 9.5 per cent in 1987-88. On the other hand the share of the private sector in total manufacturing investment increased from 51 per cent of the total in 1982-83 to 90.5 per cent in 1987-88, with an annual growth rate of 20.5 per cent.

SEVENTH PLAN STRATEGY

10. The policy of limiting the involvement of the public sector in manufacturing will continue during the Seventh Plan. Public sector investment in industry will be restricted to balancing, modernization and expansion (BMR) financed by public sector enterprises from their own resources and domestic and foreign borrowing. At the same time the private sector will be involved to the fullest extent in the process of industrialization. The emphasis will be on the establishment of more efficient export-oriented and sophisticated industries. Appropriate policies and incentives will be developed to encourage key sectors such as engineering, electronics and high technology industries, stimulate the modernization of existing in-

dustries (particularly agro-processing) and deal effectively with 'sick' industries. Policies will also be developed to speed up the industrialization of the less developed areas.

11. The existing industrial capacity will be reviewed with a view to increasing its efficiency and the quality of output. For this purpose, specific industries will be identified. A policy package will be worked out for each industry for remedying its weaknesses, improving the quality of products and increasing efficiency and profitability.

12. Industrial machinery and plant for cement, sugar, vegetable ghee and some other industries are already being manufactured in Pakistan, mainly in the public sector. Some units have been established in the private sector as well. A permanent joint public-private commission will be established to formulate a future strategy for the manufacture of industrial plant and machinery in the country by adopting the latest technology.

13. An indigenisation policy for the manufacture of transport equipment and consumer durables has been formulated for a period of five years. The policy emphasises transfer of technology, savings in foreign exchange and the generation of employment. It is proposed to achieve a 75 per cent deletion in these sub-sectors by the end of the Seventh Plan.

14. Defence-related industries in the public sector will be commercialised and the public sector industries in this sub-sector will actively collaborate with the private sector.

15. The policy package that was developed for the electronics industry has so far been ineffective. A review of these policies is necessary. It is essential to stimulate the manufacture of microchips, mini circuits, small electronic equipment and computers, if necessary by involvement of the public sector.

16. Basic petro-chemicals require large investment and considerable risk due to intense competition from oil producing countries and a depressed market. Decisions to set up industries in this sub-sector will have to be made with circumspection. For fertilizers a clear policy regarding pricing and availability of gas will be notified along with maximum level of protection to be allowed.

17. A viable action programme supported by incentives will be prepared for hi-technology industries such as bio-technology and fibre optics.

18. Sick industries that have failed to recover after reasonable financial assistance will be allowed to die. Creditors will cut their losses and dispose of the assets. Where sickness arises from poor management, creditors could take them over and make alternative arrangements for management. Bank and financing institutions may find it advantageous to set up special arrangements for the liquidation of sick industries.

19. Instead of issuing directives on sectoral priorities, the Development Finance Institutions (DFIs) will be provided the following quantitative criteria for extending financial support:

- Financial institutions will take into account both the financial return and the economic rate of return. Different minimum economic rates of return will be prescribed for different industries which take into account the indigenous raw material used by them. The economic rate of return will be determined on the basis of principles of pricing input and output which will be clearly specified;

- Every project has an impact, favourable or otherwise, on the balance of payments through inducing a change in imports or exports. Maintaining an equilibrium in the balance of payments will be an important objective of the Seventh Plan. The financial institutions will ensure that the impact of an industrial project on the balance of payments is positive; and

- The financing institutions will be advised that while selecting among alternative technologies, their impact on employment and efficient utilisation of labour will be taken into account subject, however, to observing a minimum rate of return.

20. Investment in small-scale industries leads to greater employment generation and better income distribution. However, small-scale industries have so far received inadequate financial support. It is expected that the State Bank of Pakistan will substantially increase the credit allocation for small industries during the Seventh Plan.

21. A well-defined programme of monitoring industrial development will be finalised during the first year of the Seventh Plan. This will include:

- Formulation of programmes for improving the efficiency of existing industries;

- Organizing an Industrial Promotion Cell in the Investment Promotion Bureau (IPB) to pursue on a day-to-day basis the setting up of such industries;

- Making institutional arrangements for dealing with sick industries, reviewing and listing of such industries and setting target dates for their disposal; and

- Conveying to banks and DFIs the objective criteria in quantitative terms for giving financial support to industrial units.

22. The system of collection of data on industrial investment will be improved to facilitate analysis and monitoring of progress on implementation of the action programme.

23. With progressive deregulation of industry and the limited number of industries which would remain on the specified list, the problem related to sanctioning and licensing would, to some extent, be resolved. In accordance with policies laid down by the government, 'one window' operations will be made effective at all industrial estates. Land and water is already available in these estates. For transportation, the provincial governments will construct road links, wherever necessary. The Water & Power Development Authority (WAPDA) and the Telegraph & Telephone (T&T) department will set up grid stations and telephone exchanges at industrial estates where these services are required. Efforts will be made to fully service all existing industrial estates by 1989-90. Future industrial estates will enjoy infrastructure facilities from their initiation. To achieve this, the industrial estate development schemes will include provision of funds needed for telephone exchanges and grid stations. The progress of the 'one window' facility will be monitored by a joint committee of the representative of government and the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) to improve the system.

INVESTMENT IN THE UNDER-DEVELOPED AREAS

24. The existing fiscal incentive system has failed to attract viable investments in the under-developed areas. The following strategy will be followed during the Seventh Plan:

- Efforts will be made to promote and provide credit for small industries in the North-West Frontier Province (NWFP), Baluchistan, Azad Kashmir and Northern Areas. In this Regional Development Finance Corporation (RDFC) would play an active promotional role in conjunction with the Industrial Development Bank of Pakistan (IDBP), commercial banks and the Small Industries Corporations:

- Large industrial units, suitable for the NWFP, Baluchistan, Northern Areas and Azad Kashmir that have backward and forward linkages will be identified and incentives provided to them on a case-to-case basis. These incentives will include reduced rates of central excise duty and sales tax to attract private entrepreneurs;

- Key projects which are likely to benefit backward areas by stimulating economic activity, which the private sector is not willing to sponsor due to low profitability, will be undertaken by the public sector;

- Tax incentives will be restricted to the least developed areas. Baluchistan (excluding Hub Chowki and the adjoining area), NWFP, Tribal Areas, Azad Kashmir, Northern Areas and Rajanpur, Mianwali and Dera Ghazi Khan districts of Punjab and Jacobabad and Tharparkar districts of Sind may be treated as backward areas and allowed full exemption from customs duty on plant and machinery and a tax holiday extended to 8 years;

- In addition, exemptions upwards of 25 per cent of the customs duty will also be allowed to industries located in the rural industrial estates which do not fall within the zero duty areas mentioned above;

- No other area-specific concessions of tax holiday and customs duty on plant and machinery will be allowed. Such concessions are counter-productive as they tend to diminish the attraction of the incentives to backwards areas by providing alternative incentives to other relatively more developed areas;

- Efforts will be made to provide basic infrastructure in less developed areas and to subsidise some of the inputs like gas and electricity to overcome initial locational disadvantage;

- Special incentives for backward areas will be industry-specific rather than area-specific. Those industries will be encouraged which have backward and forward linkages. The incentives in these cases will be tailored to the requirement of the industry to ensure profitability; and

- Vocational training centres will be opened on a priority basis near the industrial estates located in the under-developed areas.

INDUSTRIAL RESEARCH & DEVELOPMENT

25. An effective approach to Research & Development (R&D) will be adopted to expand the technological base in the country and move towards greater self-reliance. The basic principles for attaining these objectives will be as follows:

- In case of large plants, the DFIs will insist on the enterprise being split up into major parts for which tenders will be invited separately. In this process Pakistani consultants, by themselves or jointly with foreign consultants, may be involved and local equipment purchased to the extent feasible;

- In the public sector, turn-key arrangements will not be accepted. As far as possible, plants will be purchased along with complete technical designs, spares, jigs, tools and fixtures;

- Domestic scientists, technologists and engineers will be involved in the process of industrialization, including (a) planning, (b) selection of technology, (c) design (d) implementation, and (e) operation and production;

- R&D Cells within the industrial units will be encouraged which will collect information on the latest technologies relevant to their requirements. These cells will also concentrate on product development and efficiency of production and establish contact with concerned research institutes for effective collaboration;

- R&D will be given proper direction in line with the needs and requirements of the industrial sector. The government will set up priorities for short and long-term R&D;

- Imported technologies will be consolidated by developing local capabilities for assimilation and duplication. The existing capabilities for sugar, cement and textile machinery will be updated through R&D and import of latest technological improvements; and

- The DFIs and the banks will be advised to provide financial assistance to industrial units on condition that they follow implementation procedures outlined above. The governments fiscal and industrial investment policies will support the promotion of local technologies.

26. The present R&D set up in the country has developed without any systematic planning and has, therefore, resulted in a proliferation of institutes with overlapping functions and duplication of efforts. A three-tier system of R&D will be developed to meet the present requirement of the country which will comprise:

- National level public sector organisation of a multi-disciplinary character;

- R&D units in large industries confining themselves to research in product quality control and process and cost-controls; and

- R&D units for groups of small industries concerned mainly with quality control.

27. To encourage investment in R&D, one-third of the capital expenditure on plant, machinery and buildings, set up for research purposes will be treated as an expense beginning from the year in which the assets are used for research. In addition, the following payments will be made tax deductible:

- Payment to an approved research institute for scientific research related to that business; or

- An approved research institute the object of which is undertaking scientific research related to the class of business to which that business belongs; and

- Any other capital expenditure on scientific research related to that business except to the extent that it is expenditure on plant, machinery, land or buildings.

PLANNED INVESTMENT

28. In the Seventh Five-Year Plan, industrial in-

vestment of Rs 96.5 billion is anticipated of which Rs 9 billion will be earmarked for the public sector and Rs 87.5 billion for the private sector (Table 23.2).

Table 23.2

PLANNED INVESTMENT IN THE MANUFACTURING SECTOR DURING THE SEVENTH PLAN

(Billion Rs)

Sector	Allocation	Percentage
Public	9.0	9.3
Private	87.5	90.7
Total	96.5	100.0

PRODUCTION TARGETS

29. The manufacturing sector as a whole is expected to grow at 8.1 per cent per year during the Seventh Plan period as compared with a growth rate of 7.7 per cent per year expected during the Sixth Plan. Large-scale industry is expected to achieve an 8 per cent growth rate while the small-scale manufacturing sector is projected to grow by 8.4 per cent per year. A statement showing targets of industrial production for the Seventh Plan as compared with the achievements made by the end of the Sixth Plan is given at Statistical Appendix Table 23.7.

PUBLIC SECTOR

30. Even though the share of the public sector has been reduced in recent years, the organisation and functions of this sector are crucial. Consolidation of state enterprises through selective balancing, modernisation and replacement, and even restructuring of plants, will be undertaken. The public sector will also continue to invest in industrial estates and infrastructure to support rapid industrialisation. Moreover, in the underdeveloped areas the public sector may have to invest in industrial undertakings on a no-loss basis.

31. A total of Rs 9 billion has been earmarked for this purpose.The share of the public sector in total manufacturing investment is 9.3 per cent. Of the Rs 9 billion, a sum of Rs 0.8 billion will be financed from budgetary allocation and Rs 8.2 billion by the public corporations through bank credit and commercial loans, self-financing, and foreign and local equity. Details and the provisional sources of financing appear in Statistical Appendix Tables 23.4 and 23.5 respectively.

PRIVATE SECTOR

32. The Seventh Plan envisages a substantial increase in private sector investment. The aggregate size is projected to be Rs 87.5 billion (Rs 65.8 billion large-scale; Rs 21.7 billion small-scale) at constant 1987-88 prices (Statistical Appendix Table 23.6).

33. Of the expected investment of Rs 87.5 billion in the private sector, Rs 22.0 billion is earmarked for engineering goods industry, Rs 19.7 billion for agro-based and small-scale industries, Rs 25.0 billion for textile industry and Rs 13.9 billion for chemical industry, while the remaining Rs 6.9 billion for other industries.

34. Reflecting the policies stated above, public and private sector investments, by sectors, during the Seventh Plan are shown in Table 23.3.

SUB-SECTORAL PLANS

35. The following paragraphs give details of the targets and strategies in major manufacturing subsectors.

Table 23.3

INVESTMENT PATTERN DURING SEVENTH PLAN

(Billion Rs)

Sector/Sub-Sector	Investment Public	Investment Private	Total	Percentage of total
1. Basic Metal and Engineering Goods	1.1	22.0	23.1	24
2. Chemicals, Petro-Chemicals,Fertilizer & Pesticides	2.6	14.0	16.6	17
3. Textiles	-	24.9	24.9	26
4. Agro/Small-Scale Industries and Industrial Estates	1.0	19.6	20.6	21
5. Non-Metallic Minerals	2.6	5.8	8.4	9
6. Others including Utility Stores Corporations	1.8	1.2	3.0	3
Total	9.0	87.6	96.5	100

ENGINEERING GOODS

36. The engineering or capital goods industry is the foundation of industrialization. It contributes

more than any other enterprise in fostering technologies, skills, capacities, and productivity. It helps fixed capital formation in industry, agriculture, services, and administration.

37. The investment requirements for the engineering sector during the Seventh Plan have been estimated at Rs 23.1 billion, of which Rs 1.1 billion is in the public sector and Rs 22.0 billion in the private sector. The public sector will be mostly confined to on-going projects and BMR while most of the new projects will be set up in the private sector.

CHEMICALS

38. In the Seventh Five-Year Plan, those chemical industries will be promoted where economies of scale permit efficient production through carefully designed packages of incentives and concessions. For this purpose, the following priorities and strategies will be adopted:

- Special emphasis on the development of chemical industries including fertilizers, pesticides and those utilizing locally produced raw materials belonging to the agriculture and mineral sectors;

- Guidelines for the establishment of downstream projects will be pursued for the manufacture of major plastics and compounds;

- Priority will be given to the manufacture of mineral-based chemicals, phosphatic pesticides, tannery chemicals, dyes & pigments, basic detergents, petrochemicals, and downstream projects;

- Infrastructure facilities will be provided for chemical industries in areas where local raw materials are available;

- gas availability at fixed price will be assured; and

- Joint venture capital financing will be encouraged through liberal tax incentives.

39. The demand for fertilizers is met both from domestic production and imports. Currently there are 12 manufacturing units with a combined capacity of about 1.1 million tonnes of nitrogen and about 0.1 million tonnes of phosphate. There is another plant under construction at Haripur which will produce 14,000-15,000 tonnes of phosphatic fertilizer when completed in 1988. All potash is imported. The plan provides for the modernisation and expansion of one plant in the public sector and three plants in the private sector. To meet the growing demand for fertilizers, government policies will be formulated for attracting private sector investment in new units.

40. Currently the demand for pesticides is met partly from imports and partly from locally manufactured pesticides. Indigenous capacity, however, remains small. In order to meet the increasing demand, the existing capacity will be augmented by establishing monocrotophos and dimethoate plants for which an investment of Rs 0.12 billion has been earmarked.

41. In the aggregate an investment of Rs 16.6 billion in chemicals, fertilizers, petrochemicals and pesticides is anticipated during the Seventh Plan.

TEXTILES

42. For most of the 1970s, the textile industry remained in difficulty. However, recent measures taken to revive it have been successful. To further accelerate the growth of the textile industry the following will be ensured:

- sufficient availability of cotton to textile mills at a price comparable with international market rates and improvement in quality of cotton;

- re-organization and modernisation of weaving and finishing to produce superior cloth for export and for garment industry;

- provision of infrastructure and financial assistance to small and medium sized units for production of made-ups;

- freedom to exporting units to secure technical assistance from abroad or collaborate with foreign agencies for maximising export earnings;

- improvement in management and labour productivity;

- rationalization of fiscal incentives to encourage production and export of more value-added goods; and

- provision of institutional assistance by developing a data bank, market information system and design improvement services.

43. The textile production targets of the Seventh Plan are indicated in Table 23.4.

Table 23.4

TEXTILE PRODUCTION TARGETS (1988-93)

S.No. Item	Units	1987-88	1992-93
1.Total Cotton Yarn	(m kg)	670	995
2.Total Cotton Cloth	(m sq m)	2,230	3,447
Mill Sector		243	300
Modern weaving		-	397
Powerlooms		1,987	2,750
3.Synthetic fabrics	(m sq m)	592	840
4.Made-ups	(m kg)	162	338

44. Estimated additional spinning capacity required is 1.5 million spindles and 46,000 conventional looms. Investment, mainly in the private sector, is expected to be Rs 25 billion.

AGRO-BASED INDUSTRIES

45. The agro-based industries cover a wide range of edible and non-edible products such as processed foods, sugar and its by-products, canned fruits and vegetables, edible oils and fats, cigarettes, livestock products, poultry feed, marine products, leather goods, forest products in addition to many agro-oriented and input industries such as mechanisation, preservation/cold storage and transportation, marketing and export processing, etc.

46. Agro-based industries need to be more efficient and export-oriented. A policy package will be formulated during the Seventh Plan to promote agro-industries and increase their share in exports.

47. To achieve the full potential of small-scale industries by improving their productivity and quality of output, the following steps will be taken:

- Larger credit ceilings will be set by the State Bank for this sub-sector. Commercial banks and the DFIs will simplify procedures for the disbursement of credit to small industries;
- Locational restrictions will be relaxed to allow expansion of small-scale and light engineering industries;
- Measures will be taken to create linkages between domestic and foreign markets through export houses. Introduction of modern design and brand names will be encouraged; and
- Linkages between small engineering industries and large-scale industries will be improved by fostering the growth of sub-contracting.

CHAPTER 24

MINERALS

Although the mineral sector in Pakistan has considerable potential, its contribution to GDP was only 2.3 per cent in 1987-88. This is largely because of the complex, heterogenous and non-renewable character of the mineral resources that are found in Pakistan, their remote and uncertain occurrences, the complicated and lengthy nature of operations and the heavy costs and high risks of commercial exploitation.

2. Managing the sector is thus a highly intricate and demanding task. Some of the problems associated with this sector are: inadequate geological knowledge and know-how; lack of adequate research and development facilities; shortage of trained and experienced manpower; and lack of adequate equipment and infrastructure. Most operations require intensive investigation work, considerable capital, advanced skills, and high risks before any stage of profitability can be reached. These tasks are largely carried out by public sector agencies. The private sector has restricted its activities to minerals that can be easily located and exploited with limited inputs.

SIXTH PLAN REVIEW

3. The predominant focus of the Sixth Plan was on the preparation of a National Mineral Development Policy, reforming mining laws and regulations, restructuring the functions of public corporations, the establishment of a National Coal Authority, the preparation of a directory of mineral points, the gradation and specification of ores, the identification of agencies and corporations engaged in mining, and the preparation of portfolios of viable projects based on comprehensive pre-investment and investment feasibility studies.

4. Substantive progress has been made during the Sixth Plan. The National Mineral Development Policy has been prepared and is being finalized. A Mineral Concession Policy has also been formulated and a portfolio of six commercially viable projects in the North-West Frontier Province (NWFP) has been prepared.

5. The Sixth Five-Year Plan provided for an investment of Rs 5.8 billion in the public sector for mineral development. Of this, Rs 0.3 billion was provided for completion of on-going projects and Rs 5.5 billion for new projects. Of Rs 5.8 billion, Rs 2.5 billion was to be financed from the budget and Rs 3.3 billion from outside the budget. Against this, the actual investment is estimated to be Rs 1.2 billion and Rs 0.03 billion respectively. Major shortfalls occurred in public sector projects outside the budget such as Lakhra coal deposits for power generation in Sind, gypsum mining and development in the Punjab and the Lagharban phosphate rock mining and development in NWFP.

6. The total number of schemes included in the public sector in the Sixth Plan was 76, of which 54 are expected to be completed by June 1988; the remaining 22 schemes were not initiated by the sponsoring agencies. As regards physical production during the plan period, major achievements are anticipated in gemstone production.

7. In the private sector, a total investment of Rs 475 million is expected by the end of the Sixth Plan against an allocation of Rs 1.1 billion, indicating a 40 per cent implementation.

8. The private sector operates in small dispersed units. In coal mining alone, there are more than

2,000 mines in the private sector. Because of the complex and long-gestation character of mineral investments, the private sector has restricted its activities to minerals that can easily be located and exploited with little capital, have low processing requirements and technical skills, and can ensure large returns. Thus most of the non-metallic minerals which are found at or near the surface (coal, gypsum, limestone, clay, soapstone, marble, etc.) are extracted by the private sector.

SEVENTH PLAN STRATEGY

9. The Seventh Five-Year Plan focuses on enlarging the role of the mineral sector in the economy. The major priority areas in the Seventh Plan are as follows:

- The National Mineral Development policy will be implemented for which an action plan will be prepared in consultation with the relevant federal ministries and provincial governments;
- The Geological Survey of Pakistan (GSP) will cover the mineralized zones on appropriate maps and establish geological reserves, develop portfolios of exploration prospects so as to attract local and foreign investments;
- The Pakistan Mineral Development Corporation (PMDC) with the assistance of foreign consultants or the proposed Pakistan Mineral Development Services (PMDS) - a joint venture between the PMDC, the provincial governments and the private sector - will undertake pre-investment studies to prepare a portfolio of viable projects;
- For the purpose of undertaking pre-investment studies a mineral exploration fund will be established;
- Minerals which are required to meet the needs of Pakistan Steel and phosphatic fertilizers, and those that can be exported or established locally, will be given priority. According to this criteria iron ores of Nokkundi (Baluchistan), rock phosphate of Hazara (NWFP), copper and associated precious metals of Saindak (Baluchistan), gypsum of Mianwali (Punjab), magnesite of Kumhar (NWFP), and graphite of Azad Jammu and Kashmir (AJK) will be developed;
- The number of public sector agencies in mining will be restructured to make optimal use of scarce manpower and capital resources;
- Federal and provincial governments will arrange to provide roads and power for the transportation of minerals in different provinces;
- Financial institutions, in particular the Regional Development Finance Corporation (RDFC), will provide credit facilities at reasonable rates, furnish technical assistance, and provide working capital;
- To encourage mineral-based industries, the provincial governments will give priority to lease applications for mining;
- Government will set up a service under an appropriate agency for low cost rapid mineral analysis and beneficiation testing for the benefit of private mine owners;
- Equipment renting and leasing enterprises will be established to promote mechanization in the mining sector;
- The Planning Division will set up a mineral advisory unit to provide support to the mining industry;
- Training facilities will be enhanced for producing trained specialists and middle line supervisors; and
- Foreign investment in the mineral sector will be encouraged by providing adequate royalties for transfer of technology, know-how and skills.

10. Specific programmes for the mining sector during the Seventh Plan are as follows.

MINERAL DEVELOPMENT IN THE PUBLIC SECTOR

11. Mineral development in the public sector will be undertaken in the following areas.

Geological Surveys

12. During the Seventh Plan period, mapping activities will be concentrated in the metallogenic belts and mineralized areas of the country. Priority will be accorded to the axial belt of Chagai District (Baluchistan), Nagarparker and

Thano Bulla Khan (Sind), Salt Range and Kirana Hills (Punjab), Hazara and Malakand Divisions (NWFP), Gilgit (Northern Areas) and Neelum Valley (Azad Kashmir). Furthermore large-scale topo-geological mapping of the identified mineral areas will also be undertaken. These will undergo an integrated survey as supported by exploratory drilling, subject to positive results of regional mapping and geo-physical and geo-chemical surveys.

13. The GSP will cover these activities through its regular budget. It will undertake geological mapping of an area of 60,000 square kilometers on 1:50,000 scale of which one-third is in Baluchistan.

EXPLORATION AND EVALUATION

14. The focus of the Seventh Plan will be on narrowing the gap between exploration and discovery. This requires extensive investigative work with considerable risk capital. Initially the task of detailed exploration and evaluation of viable mineral projects will be given to PMDC with some seed money. This will eventually lead to the formulation of either a semi-autonomous body such as the PMDS, or a joint stock company. The objectives of PMDS will be to promote the profitable development of mineral resources of Pakistan in collaboration with the provinces and the private sector. The activities of PMDS will be to:

- establish a mining sector strategy focusing on the requirements of the national economy, analysis of GSP data and exploitation of mineral resources;
- assess new projects;
- build up specialised expertise for mineral development;
- provide resources to new projects (i.e., finance, staff, expertise, equipment); and
- attract private capital.

15. In the Seventh Five-Year Plan priority will also be accorded to the exploration and evaluation of metallic minerals (lead, zinc, copper, manganese, chromite, and iron ores) industrial minerals (magnesite, china clay, fuller's earth, soapstone, nepheline syenite, potash, and graphite) and precious minerals (ruby, aquamarine, garnet, emerald, and topaz).

BENEFICIATION

16. Low grade mineral deposits are upgraded by a beneficiation process to bring them in line with consumer specifications. This task is being carried out by Pakistan Council for Scientific and Industrial Research (PCSIR) in its ore-processing, metallurgical, glass and ceramics laboratories. In recent years PCSIR facilities have been modernized further to enhance the agencies' technological competence. Mineral beneficiation facilities will be fully utilized during the Seventh Plan.

MINERAL DEVELOPMENT

17. Considerable reserves of several minerals like copper, antimony, iron ore, chromite, rock phosphate, magnesite, gypsum, china clay, rock salt, marble and graphite have been established. These are discussed below.

Agriculture Minerals

18. *Gypsum:* According to an estimate, more than 5.5 billion tonnes of high quality gypsum is present in Pakistan. Some of the major deposits are situated adjacent to existing transportation facilities and consuming centres. So far as the demand is concerned, the total extent of salt-affected soils falling within the Canal Command Areas of the Indus plain which is in the range of about 7.8 million acres, needs crushed gypsum at the rate of 2-3 tonnes per acre per year for its ammendment. Furthermore, nearly 52 per cent (or 4 million acres) of this is underlain by marginal or hazardous quality groundwater. This will also require large quantities of gypsum. It is expected that the demand will increase considerably in the years to come.

19. *Rock Phosphate (lagharban)*: The Sarhad Development Authority (SDA) has established a total of 12.5 million tonnes of reserves of plus 28 per cent phosphorous pentaoxide. The beneficiated rock is suitable for the manufacture of phosphoric acid and nitrophosphate. Pilot plant studies are underway to beneficiate the rocks for making high value-added phosphatic fertilizer. A mine of 0.2 million tonnes per year capacity will be developed subject to satisfactory results of the pilot plant tests.

Construction Minerals

20. *Building Stones*: Vast reserves of building stones (e.g. marble, onyx, graphite, serpentinite, and crystalline limestone) exist. The extent of

present development and exploitation varies from product to product but, because of the crude methods employed, the rate of extraction is low. During the Seventh Five-Year Plan marble deposits in the Federally Administered Tribal Areas (FATA) will be developed along more scientific lines. Large deposits of refractory materials including magnesite, chromite, dolomite, flourite, china clay, fire clay, quartzite, graphite, serpentinite and silica sand are present in the country. With growing requirements to feed metallurgical high temperature furnace units most of the materials are expected to be further developed and processed.

21. *Magnesite*: The Pakistan Industrial Development Corporation has established about 11 million tons of 'probable' and 3 million tons of 'minable' reserves of magnesite in Kumhar area, NWFP.

Glass And Ceramic Minerals

22. In addition to an existing capacity near Shah Dheri (Swat), the PMDC has proven 3.5 million tonnes of china clay reserves at Nagar Parkar (Sind), which has been found to be suitable for the ceramic industry. These two sources will help achieve greater self-sufficiency in the material.

23. *Silica Sand*: Huge quantities of silica sand are available that need to be washed and graded in order to provide a base for manufacturing high quality glass products and solar-electronic wafers. During the Seventh Plan, a number of silica sand washing plants will be established for these purposes.

24. *Nephyline Syenite:* The SDA has established about 6 million tonnes of nephyline syenite at Koga (Mardan). The SDA has delineated certain iron-free zones of nephyline syenite as a replacement of feldspar in the glass and ceramics industry. The development and exploitation of this mineral will be carried out further during the Seventh Plan period.

25. *Barite*: Extensive deposits of barite are present in Lasbela and Khuzdar (Baluchistan), sufficient to sustain domestic demand for such uses as oil drilling, special paints and industrial chemicals. For these purposes, an open cast mine has been developed as a joint-venture and a modern grinding mill of 24,000 tonnes per year capacity constructed in Khuzdar. An additional plant to export the material to the Middle East for its use in oil drilling is planned.

26. *Salt*: Large salt reserves are available in the country, specially in the Salt Range (Jhelum). Mining is being done at various locations particularly at Khewra. Other areas have been investigated for development and exploitation. Moreover, a salt iodizing plant will be established at Khewra.

27. *Sulphur* Some sulphur reserves are available in Pakistan. The Koh-e-Sultan deposits in Chagai (Baluchistan) are being developed by the Baluchistan Development Authority. Further detailed exploration is likely to reveal additional stocks.

Metallic Minerals

28. *Copper (saindak)*: The Saindak Integrated Mineral Development Project formulated by the Resources Development Corporation (RDC) established in 1974, under the Ministry of Petroleum and Natural Resources was based on the establishment of a metallurgical complex comprising copper smelter, sulphuric acid plant and steel billet mill. Following extensive investigations, the Government of Pakistan approved the project at an estimated cost of Rs 4,080 million with a foreign exchange component of Rs 2,108 million. The project on completion will yield for 16 years an average annual production of 18,604 metric tonnes of copper containing 1.56 metric tonnes of gold and 2.3 metric tonnes of molybdenum. The project will be carried out in the public sector.

29. *Iron Ores (nokkundi):* The explored iron ore deposits in Nokkundi area are at Chigendik and Pachinkoh. The Chigendik ore body contains approximately 5 million tonnes of ore with an average iron content of 45 per cent which can be mined by open pit methods. The Pachinkoh ore body contains approximately 45 million tonnes of ores with an average iron content of 49 per cent most of which (80 per cent) can be obtained through underground methods. These ores can be concentrated upto 68 per cent iron content to be used as feedstock in pelletizing plants. According to studies by experts, the pellets so produced are suitable as charge materials for blast furnace operations and in direct reduction plants to produce direct reduced iron pellets. The project will receive the highest priority in the Seventh Plan.

Precious Minerals

30. There is significant potential for the production of precious stones in Pakistan, specially in the northern parts of the country. For this detailed ex-

ploration is necessary. The high class ruby, emerald and aquamarine merit detailed exploration by deep drilling and underground working. Presently, out of thirty showings, two to three ruby deposits are operative in Hunza. Emeralds and aquamarine are being mined in various parts of the Northern Areas, specially Swat. An increase in production and value-added in gemstones is envisaged. Detailed exploration and development in all the promising zones, specially Azad Jammu and Kashmir, have been planned.

INFRASTRUCTURE

31. In Pakistan, economically viable minerals are found in inhospitable, underdeveloped, and underpopulated areas with little communication, power or water supply. Saindak copper ore, Nokkundi iron ore and Hazara Phosphate rock are a few examples. The costs of building the infrastructure are so high that even major projects cannot absorb them. During the Seventh Plan, the government will provide the infrastructure in the mining areas on a priority basis subject to the recovery of user charges.

MINERAL DEVELOPMENT IN THE PRIVATE SECTOR

32. Private sector involvement in mineral development is minimal. Private mining enterprises are small units, ill- organised, fragmented and wasteful in their methods. They are extracting most of the deposits of non-metallic nature that occur on or near the surface through either open pits or underground mining to shallow depths. Most of these operations are confined to outcrop working and are abandoned when their limits are reached. Yet, their contribution in volume terms is substantial.

33. Despite these limitations the private sector has the potential to make a major contribution to the mineral sector provided appropriate institutional arrangements and facilities are created.Various physical facilities such as availability of geological maps, exploration and evaluation data, techno-economic information on various aspects of mining are available from the Geo-Data Centre of the GSP. Furthermore, chemical analysis, mineralogical tests, and material beneficiation are provided through the laboratories of PCSIR, RDC, technical organizations, and academic institutions. Additionally, extensive efforts will be made during the Seventh Plan to support the private entrepreneur to modernize and balance his operations.

INVESTMENT AND TARGETS

34. The total public sector investment in the mineral sector during the Seventh Plan is Rs 7.5 billion (Rs 3.3 billion financed from the budget and Rs 4.1 billion by public sector corporations). The details of financial outlays and physical targets are given in Statistical Appendix 24.1 and 24.2 respectively. Provisional sources of financing in the public corporations are given at Statistical Appendix 24.3.

PART III. SEVENTH FIVE YEAR PLAN (1988-93)
E. PHYSICAL INFRASTRUCTURE

CHAPTER

25

ENERGY

The prosperity and future welfare of Pakistan largely depends on our committment to support rapid economic growth with adequate and assured inputs of energy. Shortages of energy supply have been a formidable problem for the country in the last decade or so and the outlook for the future holds several challenges. During the Sixth Plan, energy consumption increased at a rate of 6.6 per cent per year compared to a GDP growth rate of 6.8 per cent. The most rapid increase was in electricity which rose by 13.6 per cent per year, and petroleum, oil and lubricants (POL), which grew at 8.5 per cent per year. In fact, because of considerable load shedding, actual electricity consumption indicates only suppressed demand.

2. Energy is vital for socio-economic development. Oil reserves of 151 million tonnes are expected to last only another two years if consumption continues to grow at the present annual rate of 10 per cent, without any imports; existing gas reserves of 19.5 trillion cubic feet (TCF) will last another 16 years if consumption increases at an annual rate of 10.6 per cent; similarly, Pakistan's coal reserves of 198 million tonnes will last for about 18 years if consumed at over a 10 per cent annual growth rate.

3. On the other hand, it is estimated that by the end of the century, Pakistan will be consuming 2.5 times more energy than in 1987-88. The structure of demand for energy is also expected to change in the coming years. At present, 55 per cent of total energy delivered is met through oil and gas. Over the next 15 years, the requirement of POL is projected to more than quadruple. If domestic crude oil production also quadruples by the year 2003, there will be a large gap between oil demand and domestic production which will have to be met through imports. Moreover, an urbanized way of living is expected to further increase the preference for an energy-intensive lifestyle, with growing use of energy-based appliances in almost every sphere of life, and accelerate consumption in general and that of commercial energy in particular.

4. The growth in energy consumption has two major effects. The first is a depletion of domestic hydrocarbon fuels. The second is the worsening of the balance of payments due to the increased import of petroleum products. If existing and future demand for energy is to be met and economic growth sustained, a search for additional domestic reserves, major conservation initiatives, fuel substitution, rationalization of prices and better load-management techniques have to be undertaken.

OVERALL ENERGY PICTURE

5. During the Sixth Plan period primary commercial energy supply in the country increased at an average annual growth rate of 5.6 per cent, or from 18.7 million tonnes of oil equivalent (MTOE) per year to 24.6 MTOE per year. Although reliable data are not available, it is estimated that primary non-commercial energy supply increased from 9.6 MTOE per year to 11.5 MTOE per year during the Sixth Plan. In overall terms, the non-commercial energy supply is estimated to provide about 31.8 per cent of total energy supply in 1987-88.

6. Non-commercial energy continues to play an important though diminishing role in overall energy supply. Its share is estimated at 31.8 per cent in 1987-88 but is expected to decrease to 26.8 per

cent in 1992-93. This decline in share will take place inspite of the fact that non-commercial energy supply is expected to increase from 11.5 MTOE in 1987-88 to 13.7 MTOE in 1992-93 because of substitution with commercial fuels and the denudation of forest resources.

7. The data on delivered energy (energy received by the consumer after purification and transmission losses) by energy source and sector are given in Statistical Appendix Tables 25.1, 25.2 and 25.3. The data indicate that the domestic sector is the largest consumer of energy; its share in 1987-88 was 45.3 per cent. The high share of the domestic sector is due to the prosperity of consumers and the growing use of appliances. It is also a corollary of lower energy prices which have not increased in line with the increase in consumer prices.

8. The government has adopted measures including a national energy conservation programme and price rationalization to curtail the rapid growth of energy consumption in the domestic (or household) sector. It is therefore expected that by 1992-93 the share of the household sector will decrease marginally to 44.8 per cent while the share of the productive sectors will register a small increase. Industrial sector consumption will grow at an annual rate of 6.3 per cent and its share will increase from 32.3 per cent in 1987-88 to 32.8 per cent in 1992-93. During the same period, total energy consumption is expected to increase at 5.9 per cent per year.

SIXTH PLAN REVIEW

9. The overall performance of the energy sector during the Sixth Plan has been satisfactory except for the power sector. The Sixth Plan performance by sectors is discussed below.

POWER

10. In power generation, the targets of the plan have not been met. Against the planned addition to installed capacity of 3,795 Megawatts (MW), only 2,018 MW was installed, a shortfall of 47 per cent. The installed capacity of Water & Power Development Authority (WAPDA) and Karachi Electric Supply Corporation (KESC) at the end of the plan period was 6,716 MW (after retiring 96 MW) against a target of 8,604 MW, a shortfall of 22 per cent. The main reasons for the shortfall were that the execution of a number of generation projects was delayed.

11. The plan target for rural electrification was 20,000 villages. By the end of the plan period 16,525 villages were electrified.

OIL AND GAS

12. The extraction of oil in 1987-88 of 43,000 barrels per day (bpd) has exceeded the target of 21,000 bpd. This can be mainly attributed to:

- higher drilling activities due to attractive producer prices;

- use of the latest seismic and drilling technology; and

- a success ratio in exploration/drilling of close to 1:2.5 compared to 1:12 during the Fifth Plan.

13. The average annual drilling rate by the Oil and Gas Development Corporation (OGDC) was on target at 19 wells, while the private sector drilled 35 wells per year as against the target of 31 wells per year. A total of 19 oil and 11 gas fields were discovered which added 117.3 million barrels of oil and 1.7 trillion cubic feet (TCF) of gas to reserves. Total production of gas increased from 951 million cubic feet per day (MMCFD) to 1,200 MMCFD during the Sixth Plan.

COAL

14. By the end of the Sixth Plan, coal production was projected to increase to 5.4 million tonnes as against 1.7 million tonnes at the beginning of the Sixth Plan. This could not be achieved due to delays in the construction of the Lakhra coal plant and cancellation of the Duki power plant because of inadequate proven coal reserves. Substantial work was done, however, to gather information regarding the Lakhra coal field. A major reserve at Sonda-Thatta was identified. Coal mining was declared an industry and the coal-bearing areas designated as special industrial sites entitled like other industries to tax holidays, concessions and remissions. The private sector was invited to set up coal-based power plants and sale of power to WAPDA and KESC grids was approved.

RENEWABLES

15. The Sixth Plan target included fuelwood planting of 60,000 hectares annually of trees to meet renewable energy requirements. However, only 6,000 hectares could be planted because of institutional and funding constraints which led to

delays in start-up, and later in implementation of the project.

ENERGY PLANNING AND DEVELOPMENT

16. Important steps were taken during the Sixth Plan to enhance energy planning, conservation and resource assessment capabilities of the government energy planning departments under the aegis of the Energy Planning and Development Project which (i) helped in the establishment of an integrated and sectoral energy planning capability in the Energy Wing; (ii) strengthened coal assessment capabilities of the Geological Survey of Pakistan; (iii) funded detailed mining, feasibility and engineering studies for the Lakhra coal mining and power plant project; (iv) supported a detailed market and technology assessment for production and use of coal briquettes as a substitute for kerosene and fuelwood; and (v) assisted in the setting up of a National Energy Conservation Center (ENERCON).

ENERGY CONSERVATION

17. During the Sixth Plan, an excellent beginning was made towards laying the foundation of a national energy conservation programme. Its most significant aspects are summarized below:

- draft legislation was prepared to provide authority to establish energy efficient standards and carry out other energy conservation activities;

- seventeen detailed energy surveys of public sector plants were completed under the Ministry of Production, and 32 detailed plant surveys have been completed or are in progress under ENERCON with a total of 70 surveys projected to be completed by the end of 1988; 30 preliminary energy surveys were completed under the Ministry of Petroleum and Natural Resources;

- the framework for a computerized national energy conservation data base has been developed;

- four private engineering firms have been trained and are now conducting energy surveys;

- WAPDA has undertaken a major effort to reduce transmission and distribution losses; and

- a detailed assessment has been made of energy conservation potential resulting from thermal power plant rehabilitation in the WAPDA and KESC systems.

SEVENTH PLAN OBJECTIVES AND STRATEGY

18. The Seventh Plan aims at taking bold measures to resolve issues which are obstructing the development of an adequate and viable national energy system. These issues include:

- the inability of the government to bear the entire burden of energy sector investments on its budget and the consequent need for developing the capability for self-financing in WAPDA and OGDC, and for inducing the private sector in energy generation;

- the need to maximize the use of gas and exploit dormant gas fields to meet energy requirements;

- the importance of expediting indigenous resources particularly coal for power generation;

- the imperative of a decision on Kalabagh;

- development of a comprehensive energy pricing policy.

PLAN OBJECTIVES

19. The specific objectives of the Seventh Plan are as follows:

- to substantially increase electricity supply to sustain the projected growth in different sectors of the economy, eliminate load-shedding and electrify most of the rural areas;

- to accelerate the exploration and development of domestic oil, coal, gas, hydroelectric (hydel) and renewable resources;

- to reduce the import burden by increasing the use of indigenous fuels like coal and gas in power generation and other sectors of the economy;

- to make conservation and efficient use of energy a common practice in all sectors and reduce power system losses;

- to establish an efficient load-management system for optimum use of generated power, to reduce the peak demand and to contribute towards minimizing load-shedding.

- to draw upon the financial resources and expertise of the private sector to a much greater degree for energy development and production;

- to rationalize energy consumer prices, remove structured anomalies, generate funds for new energy investments, provide incentives to conserve energy and to encourage desirable substitutions among different fuels;

- to strengthen the financial capacity of the government organizations to self-finance their investment programmes and reduce the burden on government resources;

- to increase rural energy supplies; and

- to develop energy sector manpower and improve the effectiveness of its institutions.

20. Statistical Appendix Tables 25.4 and 25.5 present key physical targets to be achieved during the Seventh Plan period.

PLAN STRATEGY

21. An important feature of the Seventh Plan programme will be the significant role played by the private sector. The contribution of the private sector in power system development is expected to be over 2000 MW. This may include incentives such as designating areas for private sector power projects which have been identified, defining conditions for purchase of power by WAPDA and KESC, assigning a major portion of Lakhra coal fields for private power generation and designating selected dormant gas fields for private sector power development.

22. To overcome the constraint of resources, the government has already announced a policy for induction of the private sector so that the government's financial resources and institutional capabilities are augmented with the enterprise, leadership and resources of the private sector. According to the policy, the private sector can install power generation capacity based on oil, indigenous coal and hydro electricity. Moreover, the low calorific value gas fields will also be available for power generation to both the private and the public sector.

23. To accelerate the exploration and development of domestic oil and gas resources, the government has already announced a new producer pricing formula which has attracted a number of foreign oil companies for investment in hydro carbon exploration. A number of other incentives are also under consideration which will help to increase the flow of private sector investment.

24. The OGDC programme has also been expanded to the maximum extent possible. To supplement the resources generated by the Corporation, the government plans to contribute Rs 3.5 billion of resources for exploration. Emphasis has been laid on building necessary downstream gas transmission facilities so that the resources which are already discovered may be fully utilized. It is expected that during the Seventh Plan, the annual contribution of energy from oil and natural gas will increase by 5 MTOE and 6.1 MTOE respectively as compared to an increase of 3.1 MTOE and 1.6 MTOE during the Sixth Plan.

25. For the development of coal, the government has announced a policy of treating coal mining as an industry. In order to generate demand, a number of power projects are specifically based on coal so that the coal producers have a visible market in front of them. Coal producers will be assisted in detailed delineation of necessary development plans.

26. Energy conservation is expected to play an important role in the energy sector during the Seventh Plan. Given the low efficiency standards in Pakistan, the programme will place great emphasis on energy conservation in both the public and private sectors. It will give special incentives -- including technical and financial assistance -- and training in energy conservation methods, promulgation and enforcement of energy conservation regulations and rationalization of energy pricing.

27. A separate institution, ENERCON, has been created to promote energy conservation and the rational use of energy. During the Seventh Plan it is proposed to finalize the draft legislation, which has been prepared, and to ensure the rational use of energy through this institution. In order to reduce power system losses, a separate project for energy loss reduction has been initiated which will be implemented during the plan. Appropriate incentives will also be provided to encourage energy

conservation and the rational use of energy.

28. A separate project will be prepared for rural electrification. To supplement the limited resources that are available, it is proposed to seek assistance from various donor agencies. A detailed master plan will be prepared so that investment is made in accordance with a well prepared programme

29. A number of institutional arrangements are also proposed during the Seventh Plan to improve the functioning of energy sector organizations. In the power sector it is proposed to decentralize distribution of power and village electrification and to integrate the KESC and WAPDA systems both functionally and technically. Institutional improvements such as transforming KESC into a generation company and transferring distribution in the KESC area to WAPDA by creating a new Area Board are under consideration. This arrangement will also generate healthy competition between private and public sector power generation activities. Regarding OGDC a study for its restructuring and institutional reforms is in progress. OGDC's accounting system will be streamlined. A number of institutional reforms for coal development are also under consideration.

30. Financing for WAPDA is proposed to be from outside budgetary resources. The financing for OGDC will also be through its own self-generated resources or borrowing from the banking system. In addition the government will subscribe Rs 3.5 billion to augment resources for oil and gas exploration. The OGDC will subscribe at least 25 per cent of the total exploration investment.

31. Rationalization of energy prices is another major issue to be resolved in the Seventh Plan. Subsidization of fuel prices leads to inefficient and wasteful uses of energy. The Seventh Plan will therefore seek to improve the producer price mechanism for crude, natural and associated gas products.

32. A number of structural changes will be required in the price of gas and power tariffs to ensure the rational use of energy. Besides inter-fuel price anomalies will also have to be removed for users of various kinds of energy. In this context the overall price of gas may be adjusted to a level of 110 per cent of the price of furnace oil. Seasonal tariffs and time-of-day pricing will also be introduced in sectors wherever it is viable to transfer the demand from peak periods to non-peak periods.

33. In order to maximize the indigenous manufacturing of plant and equipment for the energy sector, efforts will be made to standardize most of the components of the power system. Where feasible, a greater and progressively increasing share of locally manufactured components will be required in all the public sector procurements.

34. The Seventh Plan strategy for energy generation in each sector is discussed below.

STRATEGY FOR THE POWER SUB-SECTOR

35. The power sub-sector in the Seventh Plan accounts for 72 per cent of the investment by the public sector in energy and 26 per cent of the total investment in the public sector. The country has been facing load-shedding since the early eighties while demand continues to grow in the grid system without any signs of deceleration. In fact, the growth will be higher if the areas which are denied electricity at present are connected rapidly. The plan seeks to redress this situation.

National Grid Demand For Power

36. Over the Seventh Plan, without load management or energy conservation and with a real average tariff increase of 5.6 per cent per year, the diversified peak demand is projected to increase from 5,674 MW to 9,570 MW, or a growth rate of 11 per cent per year. With load management and conservation, the peak demand is envisaged to rise to 8,900 MW in 1992-93, the growth rate being 9.4 per cent per year. The expected decrease in demand due to load management and conservation is 670 MW which represents about 7 per cent of the peak demand. The national grid energy sales are projected to increase from 24,195 Gigawatt Hours (GWH) to 38,626 GWH between 1987-88 and 1992-93, after accounting for the electrical energy conservation of 1,098 GWH (2.8 per cent) in the terminal year. The per capita consumption of electricity is expected to increase from 233 KWH in 1988-87 to 320 KWH in 1992-93.

Supply Of Power

37. At the end of the Sixth Plan, the installed capacity of WAPDA and KESC, will be 6,716 MW. The Seventh Plan provides for additional installed capacity of 6,558 MW. This will bring the total installed capacity to 13,112 MW (allowing for a retirement of 162 MW) at the end of the plan period. (Details on installed capacities are given in Statistical Appendix Table 25.6).

38. The rationale for the Seventh Plan power sector generation programmes includes the following:

- completion of schemes started in earlier plans;
- continuation of programmes to use indigenous sources of energy such as Lakhra coal and hydel;
- bringing oil and gas plants on line to meet the short-term need of eliminating load-shedding and to balance the country's generation capacity by providing greater thermal generation which is unaffected by seasonal water fluctuation;
- laying the groundwork for projects to cater to the needs of the Eighth Plan;
- initiating work on large and medium hydels, including detailed engineering of Basha dam and a run-of-the-river project at Ghazi Ghariala to assure significant contribution from low cost, indigenous resource-based generation; and
- maximum reliance on the private sector to help relieve the financial burden on the public sector in the Seventh, Eighth and subsequent plans.

39. The mix envisaged for the additional capacity is shown in Table 25.1

Table 25.1

ADDITIONAL SEVENTH PLAN GENERATION CAPACITY

(MW)

	Additional Capacity	Public Sector	Private Sector
Hydel	2168	2168	-
Steam	3790	2460	1330
Gas Turbine	600	600	-
Total	6558	5228	1330

Power Balance

40. An analysis of the generation capacity and electricity demand projections for the Seventh Plan shows that after 1990-91 and continuing in the early years of the Eighth Plan there will be no significant load-shedding if the planned load management and the energy conservation targets are met. This conclusion is based on minimum margins of reserve. Resource constraints limit the provision of greater reliability and high reserve margins. Moreover, in the unusually low water years and in case of a shortfall in the achievement of targets for conservation and load management, load-shedding could be a distinct possibility. The power programme assumes that about 20 per cent of the proposed addition to capacity during the Seventh Plan will come from the private sector. Participation of the private sector, therefore, will play an important role in achieving the power balance position explained above.

Primary And Secondary Transmission Of Power

41. The power transmission programme in the Seventh Plan is designed to improve the reliability of power supply to both the urban and the rural areas. It is also structured to extend the grid and to provide the foundation necessary for meeting future power supply requirements. A new 500 KV line circuit will be built to enable transmission of power from Tarbela units 11-14 and to reinforce the reliability of the system. From Guddu and Jamshoro, where almost 1,180 MW will be added during the Seventh Plan, a second 500 KV line will be constructed to up-country to facilitate the exchange of power. The on-going work on the Dadu-Khuzdar line will be completed and a second Guddu-Sibi- Quetta 220 KV circuit of lines constructed to meet the growing needs of power in Quetta and the surrounding areas in the valley. Emphasis will be given to take power to far areas of Baluchistan, notably, Dureji, Awaran, Jhaljoa, Kharan, Baker, etc.

42. To improve the monitoring and control system operations, a project for the modernization of the load-despatch centre is already under implementation and will be completed during the Seventh Plan. The load-despatch centre will also enable speedy decisions to be made continuously about the most economic despatch in the system, so as to optimize the utilization of capacities. Provision has also been made for secondary transmission lines and grid stations. The execution of these projects will facilitate the transmission of power in bulk from primary transmission lines. This will aid in supplying power for the rural electrification project and reducing system power losses.

Energy Loss Reduction Programme

43. WAPDA is already implementing a programme aimed at energy loss reduction in the system. This programme will be completed and the scope expanded in the Seventh Plan. Overloaded feeders will be identified and necessary technical improvements made to reduce losses in the system. A similar program will also be undertaken by KESC.

Distribution Of Power

44. During the Sixth Plan, WAPDA undertook a major programme to develop a detachable distribution organization. This initiative will be continued in the Seventh Plan.

45. By the end of the Seventh Plan, 47 per cent of the population will be served as against 35.2 per cent at the end of the Sixth Plan. Table 25.2 shows the distribution targets for the Seventh Plan.

Table 25.2

TARGETS FOR POWER DISTRIBUTION DURING SEVENTH PLAN
(000 Numbers)

ADDITIONAL CONNECTIONS

Sector	WAPDA	KESC	TOTAL
Domestic	2,557	322	2,879
Commercial	613	73	686
Agricultural	36	-	36
Industrial	49	6	55
Total	3,255	401	3,656

Table 25.3

VILLAGES ELECTRIFIED BY END OF SIXTH PLAN

Years	Electrified census villages
Cumulative, end June 1986	12,531
Addition during 1986-87	1,735
Addition during 1987-88	2,259
Total Electrified	16,525
(% of total villages)	(33.7)

Rural Electrification

46. According to initial estimates by WAPDA, 47 per cent of the total, or 22,930 villages, were to be electrified by the end of the Sixth Plan. However, revised estimates indicate that the total number of villages actually electrified by end June 1986 according to the correct definition of villages used in the 1981 Population Census is 12,531 or 25.6 per cent of the total. Taking into account the progress made during 1986-87 and 1987-88, the estimated number of villages electrified by the commencement of the Seventh Plan are shown in Table 25.3.

47. An allocation of Rs 8.4 billion has been made in the Seventh Plan for the WAPDA rural electrification program. It is proposed that 30 per cent of this allocation, annually, will be used for electrification of the remaining *abadis* in the villages which have already been electrified and the remaining allocation will be used for extension of electricity to new villages. It is also proposed that a new criterion of distance-to-population ratio should be used in the selection of villages. The entire *abadi* having a population of more than 200 persons or 25 houses, has to be electrified before declaring a village as electrified.

48. The Seventh Plan targets for village electrification, by the five different franchise areas for distribution, are shown in Table 25.4.

Table 25.4

SEVENTH PLAN TARGETS FOR VILLAGE ELECTRIFICATION

Year	WAPDA	AJK,FATA NA/KESC	Total	Cumulative	% of Total
1987-88-	1865	394	2259	16525	33.7
1988-89	1518	200	1718	18243	37.3
1989-90	2042	200	2242	20485	41.8
1990-91	2042	200	2242	22727	46.4
1991-92	1867	200	2067	24794	50.6
1992-93	1867	200	2067	26861	54.8
Total	9336	1000	10336		

49. In order to mobilize external resources, work on the execution of a detailed Master Plan for village electrification has been initiated. This exercise is expected to be completed in the initial years of the Seventh Plan.

Power Tariff

50. As was announced in the 1988-89 Budget, the future rupee financing of WAPDA's expenditures will be outside the budget. It is therefore necessary that electricity tariffs be adjusted to cover costs and generate funds to meet 40 per cent of average capital expenditures based on a centred moving average. Given the magnitude of WAPDA's programme, calculations show that the requisite tariff increases for electricity in the initial three years will be over 15 per cent each year, declining somewhat thereafter.

51. The structure of consumer tariffs will also need adjustment to rationalize the burden on various sectors. Tariffs will also have to provide necessary signals for rational use and shifting of load from peak hours. An appropriate time-of-day and seasonal tariffs will be instituted during the Seventh Plan.

Private Sector Power Generation

52. The Seventh Plan envisages a substantial contribution from the private sector in power generation. Although the effort in the plan will be to obtain about 2,000 MW from the private sector, a conservative estimate of 1,330 MW is taken for the plan for calculating power balances. Letters of intent have already been issued to M/S Xenel/Hawker Siddley and Habibullah Mines/Siemens. Another proposal for diesel units at Hub Chowki is in an advanced stage of evaluation, whereas interest from the private sector for other plants, including Kohala hydel, have been expressed. Success in attracting the private sector will depend on identification of suitable sites, characteristics of the power plants, speedy settlement of contracts for selling power to the national grid and offering attractive prices to the private sector.

Captive Power And Co-generation

53. Captive power and co-generation can play an important role in the power sector. The installed captive and co-generation capacity at present is estimated to be 480 MW. Additional technical potential of the order of 590 MW from the existing and 1,260 MW from the new industrial units by 1992-93 is being estimated. By introducing appropriate incentives and a regulatory mechanism, a substantial amount of this potential can be tapped to reduce demand on the national grid as well as provide a source of additional supply to minimize the power deficit. Due to uncertainty, however, this potential has not been accounted for in the power balance projections presented in the Seventh Plan.

STRATEGY FOR THE OIL SUB-SECTOR

54. The following text discusses the overall strategy for the oil sub-sector.

Demand

55. The demand for petroleum products depends on the fuel utilization policy. The policy adopted for the Seventh Plan is to (i) replace the base year requirement of high speed diesel (HSD) in power generation with natural gas, (ii) substitute kerosene in the domestic sector with natural gas and liquified petroleum gas (LPG); and (iii) use furnace oil for thermal generation until coal-fired, hydel and nuclear generation projects can be implemented.

56. With this policy, the demand for POL products is projected at 14.3 million tonnes (MT) in 1992-93 (without taking into account conservation measures), compared to 8.9 MT in 1987- 88. This will mean an annual growth rate of 10 per cent against an average growth rate of 9.7 per cent during the Sixth Plan. However, with energy conservation, POL demand will be reduced to 13.7 MT instead of 14.3 MT. This will imply an annual growth rate of 9.1 per cent instead of 10 per cent without conservation.

Supply

57. The production of indigenous crude in 1987-88 is expected to reach an annual average of 43,000 bpd (2.1 million tonnes). In addition, there is a potential to produce an additional 5,000 bpd which is not being harnessed due to refinery constraint.

58. However, production from existing producing fields is likely to decline to 37,300 bpd during the Seventh Plan period. Additional production of 38,700 bpd is estimated from new discoveries and the unutilized potential from already discovered fields (5,000 bpd) will bring total production at the end of the plan to 76,000 bpd. Indigenous production will meet 26 per cent of oil demand (with conservation) as compared to about 23 per cent at the beginning of the Seventh Plan.

59. Estimates of production from the existing fields and targets for the expected new discoveries are listed at Statistical Appendix Table 25.7. The

production estimates are based on drilling targets as per Table 25.7 and assume a success ratio of 1:5 for exploration.

Oil Imports

60. Assuming that it will be possible to substitute imported crude oil with local crude after the proposed expansion in the existing refining capacity of National Refinery Ltd. (NRL) and Pakistan Refinery Ltd. (PRL), and the installation of the Dhodak processing unit, it is expected that the net local production of POL products will be about 7.4 million tonnes leaving a deficit of 6.9 million tonnes by 1992-93 without conservation and 6.3 million tonnes with conservation. The expenditure on imported crude oil and products net of exports is thus expected to rise to about $ 1.8 billion from about $ 1 billion at present, assuming imported crude oil prices rise broadly in line with world inflation and that conservation targets are met. In addition $ 0.2 billion will be paid to international oil companies operating in Pakistan for their share in local production in 1992-93.

Exploration And Development Programme

61. The main features of the Seventh Plan exploration and development programme are as follows:

- Development of geologically attractive blocks by seismic prospecting, issuing requests for proposals for exploratory drilling and visits by delegations to attract international companies for exploration;

- Increasing private sector investment in exploration by offering better producer prices and other incentives. A policy package will be designed to include the following:

  (a) Minimal or no discount in crude oil prices for off-shore discoveries. Similarly, off-shore gas to be considered for pricing at fuel-oil parity; and

  (b) Improvements in provisions for taxes, duties, repatriation of investment and returns and consideration of the elimination of ring fencing.

- Extending exploration activities to off-shore and less explored on-shore areas through incentives; and

- Expeditious appraisal and development of Adhi, Dhodak, Chak Norang, Gullarchi, Layari, Hallipota, Lashari South, Thoara, Sono, Lashari Centre, Kunnar, Ghughro and deeper prospects in Dakhni fields.

62. This programme provides a plan target of 75 wells per year for both exploration and development against the achievement of an average of 57 wells per year during the Sixth Plan period.

63. A breakup of the targets is given in Table 25.6.

Table 25.6

DRILLING TARGETS FOR THE SEVENTH PLAN

(No. of wells)

Activity	OGDC	Private	Total
Exploration	65	60	125
Appraisal and Development	100	150	250
Total	165	210	375

64. The rapid depletion of existing fields can be arrested by secondary recovery. The use of secondary recovery methods can be promoted by considering various incentives which may include (i) reduction of discounts in producer prices from fields on production by secondary recovery, and (ii) relaxation of custom duties on import of required equipment.

Oil Refining

65. In view of the demand for petroleum products and the expected increase in indigenous production, the existing refineries will need to be upgraded. This will increase crude processing capacity by 15,000 bpd and high octane blended compound (HOBC) production by 28,000 tonnes per year in NRL while expansion and revamping facilities in PRL will increase crude processing capacity by 12,000 bpd and HOBC/motor spirit (MS) production by 88,000 tonnes per year. In addition, a small topping unit along with an LPG plant (0.5 million tonnes per year and 110 tonnes per day of LPG) will be installed at Dhodak.

66. Options including utilization of Attock Refinery Ltd. (ARL) capacity for refining additional production from the south are under evalua-

tion. Due to the high capital cost and the relatively small differential between international prices of crude and POL products and between fuel oil and middle distillates, no new refinery or hydrocracker unit has been planned at this stage in the public sector. However, if a project for refining or hydrocracker is proposed in the private sector without any commitment on the part of government regarding protection or minimum rate of return, it will be considered on merit.

Oil Infrastructure

67.The work initiated in the Sixth Plan to provide 30 days storage capacity at Pipri and upcountry will be completed during the Seventh Plan. The Pak-Arab Refinery Co. (PARCO) pipeline will be extended upto Lahore via Faisalabad and a bi-directional furnace-oil/crude-oil pipeline from Karachi to Jamshoro will also be constructed during the Seventh Plan.

STRATEGY FOR THE NATURAL GAS SUB-SECTOR

68. The strategy for the natural gas sub-sector is discussed below.

Demand And Supply

69. There is a large unsatisfied demand for gas in the country. Demand projections based on existing consumption data underestimate the actual demand. Therefore, future plans for gas consumption should be supply driven instead of demand driven. The approach adopted in the Seventh Plan is to first estimate the available gas supplies, and then allocate those among various sectors. Average supply for natural gas is expected to increase from 1,200 MMCFD (equivalent to 1,071 MMCFD from Sui fields due to higher average thermal content of Sui gas), in 1987-88 to 2,095 MMCFD (1,776 MMCFD Sui equivalent) in 1992-93. The projected production of associated and non-associated natural gas is given in Statistical Appendix Table 25.8. The following is the Seventh Plan development programme for existing gas fields:

Development Plan

Pirkoh: Sixteen wells have been drilled so far and thirty additional wells will be drilled and processing and surface facilities provided during the Seventh Plan. Reservoir studies will be updated and water injection initiated, if required.

Loti: Five wells have been drilled and are awaiting surface facilities. In addition 13 wells will be drilled and surface and processing facilities provided.

Sui: Seventy eight wells have been drilled at Sui so far; seven development wells and one deep well along with seismic prospecting will be completed to appraise deeper prospects in the Sui field.

Badin Block Fields: In the Badin Block which comprises 17 fields (including oil fields for associated gas), 75 wells have already been drilled. An additional 66 wells will be drilled during the Seventh Plan.

Mari: One deep well will be drilled to appraise deeper prospects. Reservoir studies will be updated and a development plan prepared if found feasible.

Uch: In Uch, the second well has been recently re-appraised by OGDC. Four additional wells to appraise deeper prospects will be drilled during the Seventh Plan.

Kandhkot: Twenty wells have been drilled so far. In addition 12 wells will be drilled to develop the existing horizon and appraise deeper prospects in Kandhkot.

Mazarani: Presently Mazarani is in the category of a dormant gas field. Two wells will be drilled during the Plan period to appraise the field.

Sari/Hundi/Kothar: Presently there are 5 wells. The fields are dormant due to low well-head pressure. An additional two wells along with a compression system will be completed to meet the projected target.

Nandpur/Punjpir: In this area nine wells have been drilled. Two additional wells along with surface facilities will be completed during the Seventh Plan.

Gas Utilization Policy

70. The following priority for the allocation of gas will be adopted:

- feed stock for fertilizer industry;
- replacement of high-speed diesel (HSD) in power generation (year-round requirements only);

- replacement of kerosene in the domestic sector;
- replacement of furnace oil in the industrial sector; and
- substitution of furnace oil in power generation.

71. The expected availability of additional gas is 837 MMCFD of which 414 MMCFD will be from the pipeline system and 423 MMCFD from isolated gas fields which will be used mainly for power generation and fertilizer. Any additional gas supplies will be allocated in accordance with the above priority.

Natural Gas Transmission And Distribution

72. Transmission facilities associated with Loti, Pirkoh and Sui will be enhanced and transmission lines provided for connecting the Adhi and Dakhni fields. The capacity of the Kandhkot-Guddu pipeline will be increased to augment supplies from Kandhkot. However in lieu of the additional Kandhkot gas, Sui gas will be released from the Guddu power station for meeting demand on the network system. This will include the following:

- completion of the Sui Northern Gas Pipeline (SNGPL) Project-V to increase supply from Sui by 69 MMCFD;
- completion of (a) Phase-I of SNGPL Project-VI to transmit an additional 70 MMCFD from Loti and 230 MMCFD from Pirkoh to Sui for processing and onward transmission, and (b) Phase-II of SNGPL Project-VI for increasing ex-Sui transmission capability to 650 MMCFD for providing gas facilities to new cities and towns;
- completion of the Sui Gas Transmission Company's (SGTC's) Indus Right Bank capacity expansion project will increase capacity from 175 to 240 MMCFD at Karachi;
- completion of transmission link-up of Badin block fields and construction of pipeline to Jamshoro with a capacity of 100 MMCFD;
- supply of gas to new towns within 30 km of the existing system in addition to Pishin and Mastung;
- supply of gas to industrial estates under one-window operation; and
- provision of about 800,000 new domestic connections of which at least 50 per cent will be in the less developed areas.

Development Of Dormant Gas Fields

73. Gas from Uch, Nandpur, Panjpir and Zin fields will be dedicated for power generation. Efforts will be made to harness the energy available in other dormant gas fields to augment supplies. High priority will be given to develop the Jandran field and connect it with a transmission network during the plan.

Liquefied Petroleum Gas (lpg)

74. LPG production is estimated to reach 518 tonnes per day in 1992-93 compared to 323 tonnes per day in 1987-88. The additional LPG will be produced by Dhodak, Dakhni and Adhi LPG plants. The LPG production expected from various plants during the plan period is given in Table 25.7.

Table 25.7

LPG SUPPLY AND CONSUMPTION FORECASTS FOR SEVENTH PLAN

(Tonnes per day)

Source	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Dhurnal	130	130	130	130	130	130
Meyal	90	90	90	85	85	85
Refineries	103	103	103	103	103	103
Adhi	-	-	60	60	60	60
Dakhni	-	-	25	30	30	30
Dhodak	-	-	-	-	55	110
Total Production	323	323	408	408	463	518
Estimated Consumption (million Tonnes Per Year)	0.12	0.12	0.15	0.15	0.17	0.19

75. The allocation made to all LPG marketing companies except the Southern Gas Co. Ltd. (SGCL) is subject to the condition that 25 per cent of their allocation will be marketed in the areas of NWFP, FATA, AJK and the Northern Areas. SGCL have been obligated to supply 25 per cent of their allocation in the interior of Sind and Baluchistan. The increase in LPG production will be utilized to replace kerosene oil in areas where natural gas is not available. At present

there are 728,526 LPG consumers in the country. It is expected that 200,000 new consumers will be served by LPG by 1992-93.

Pricing Of Gas

76. Consumer gas prices will be reviewed with reference to their economic value and its relationship with substitutes. Similarly, the structure of prices will have to be re-examined with a view to removing anomalies between various sectors.

Removing Institutional Constraints In The Oil And Gas Sub-sector --self-financing Of OGDC

77. The Seventh Plan envisages that OGDC will be strengthened and restructured and its operations streamlined to transform it into a financially viable and administratively autonomous entity. It is expected that OGDC will meet its development needs through self-financing. About 25 per cent of the investment required to meet its exploration expenditure will also be financed from its own resources whereas the remaining cost will be met through the federal budget. During the initial years of the plan, the government may provide a higher percentage of funds for its exploration programme which will be gradually reduced in later years.

78. The Directorate-General Petroleum Concession (DGPC) will be strengthened and reorganized to:

- Maintain an up-to-date adequate data base;
- Process concession applications expeditiously; and
- Analyze and examine applications for concessions on sound professional basis.

79. The Hydrocarbon Development Institute of Pakistan (HDIP) will be strengthened to provide technical support to the Ministry of Petroleum & Natural Resources. Efforts will be made by the Ministry to build indigenous capability for technical services to the petroleum industry and perform reservoir studies.

80. The Oil and Gas Training Institute (OGTI) will be strengthened and reorganized to train local manpower to meet the requirements of accelerated exploration and development programmes. Centres of the institute will be opened in producing areas to train local manpower.

STRATEGY FOR THE COAL SUB-SECTOR

81. The Seventh Plan provides for various initiatives to realize the vast potential of coal, particularly as a fuel for power generation. The total identified coal resources of Pakistan are 1.25 billion tonnes of which 197.5 million tonnes are measured, 188.1 million tonnes are indicated, and 863 million tonnes are inferred. The quality of coal fields ranges from lignite [5,300 British thermal units (BTUs) per pound] to sub-bituminous (9,500 BTUs per pound).

82. Production of domestic coal has been low because of its limited market. In 1987-88, total reported production was 2.2 million tonnes, while unreported production was estimated at 1.9 million tonnes. Coal mining remains predominantly in the private sector with the market share of the public sector below 15 per cent of the total production of coal over the last many years.

Demand For Coal

83. The total demand for coal is estimated at about 7 million tonnes in 1992-93. Substantial new demand is expected to come from the power sector in addition to its present uses, primarily in brick kilns. Small increments in demand may also come from the cement industry and briquetting plants. The following measures have been proposed during the Seventh Plan to create new demand for coal:

- Establishment of coal-fired power plants;
- Introduction of coal in cement and other energy-intensive industries to replace furnace oil;
- Promotion of coal briquettes as a substitute for kerosene oil and firewood; and
- Rationalisation of energy prices to promote the use and development of coal.

Brick Kiln Industry

84. The largest user of coal are brick kilns, consuming more than 90 per cent of the total production. Brick kilns' consumption is likely to grow at 4.8 per cent per year, with total requirement of coal in 1992-93 estimated at 5.3 million tonnes.

Coal-based Power Generation

85. Presently the share of coal in power genera-

tion is negligible (0.7 per cent). The share of coal will be increased when a total of 280 MW of coal-based generation capacity will come on line during the Seventh Plan; 150 MW of this will be contributed by the public sector; the remaining will come from the private sector.

Exploration Programme

86. In the public sector, an aggressive coal exploration programme has been included in the Seventh Plan with priority assigned to Sonda-Thatta and unexplored parts of Lakhra which could increase measured reserves to the extent of 500 million tonnes by 1992-93. Details of on-going and new schemes including their physical targets are given in Volume III.

87. In the private sector, exploration will be stepped up through promotional measures such as (a) financial assistance to mine owners in the form of soft term loans, and (b) technical and drilling services assistance to the private sector by the Geological Survey of Pakistan (GSP) on a non-profit basis.

Policy Initiatives

88. The following policy initiatives will be taken during the Seventh Plan:

- Establishment of large-scale power plants at or near the major coal fields will be preferred over imported coal by taking into account socio-economic benefits, such as, employment and foreign exchange savings;

- High priority will be given to coal exploration especially in the hitherto unexplored areas;

- Major policy issues at the federal level will in future be referred to the Energy Policy Board;

- Regulatory measures will be strictly enforced for royalty collection and to control health and safety hazards in coal mining; and

- Mining rules and regulations will be amended to allow (a) use of coal mines as collateral against loans; (b) merger of smaller units into bigger economic units for purposes of mining on a cooperative basis; and (c) enhancement of lease tenure.

Development And Production Programme

89. In the public sector, the Pakistan Mineral Development Corporation (PMDC) plans to develop the southern block of Lakhra coal field to feed WAPDA's 150 MW coal-fired power plant. It also plans to implement five other expansion schemes during the plan period. This will enhance PMDC's production capacity from 0.3 million tonnes per year (tpy) to 0.7 million tpy in 1992-93. The Punjab Mineral Development Corporation (PUNJMIN) will raise its production capacity from 30,000 to 80,000 tpy by setting up three development units and one expansion unit in the Salt Range. A total production of 0.8 million tpy is expected from the public sector by the end of the Seventh Plan.

90. In the private sector, a total of 6.1 million tpy production is anticipated to come from the private sector by 1992-93. Dedicated private coal mines at Lakhra field will be developed to produce 0.5 million tpy to feed coal to a 100 MW power plant in the private sector using fluidized bed technology. In addition 0.2 million tonnes will be produced by the private sector from the Sor Range for the 30 MW private power plant at Quetta.

New Initiatives

91. *Conversion Of Cement Plants:* Cement plants with wet process which currently use furnace oil represent a promising new market for coal substitution. A major constraint in this regard has been the high sulphur content of indigenous coal and the problems of availability of supply of consistent quality. To overcome this problem, research and development efforts will be undertaken to determine the most suitable blend of local and imported coal that may be used in cement making. One or more (wet process) cement plants particularly those in the public sector will be encouraged to convert to coal, based on the results of the research.

92. *Coal Briquetting:* A recent detailed assessment of the technology and market for coal briquettes have identified potential for use of coal briquettes to substitute for imported kerosene and scarce fuelwood. It is estimated that coal briquettes could eventually penetrate into the kerosene and fuel-wood markets in Punjab and NWFP (urban areas only) to the extent of 1.5 million tonnes and 0.5 million tonnes, respectively. Efforts will be made during the Seventh Plan to promote the establishment of coal briquetting plants both

in the public and the private sectors.

STRATEGY FOR THE RENEWABLES SUB-SECTOR

93. Renewable energy resources, derived almost entirely from biomass and fuelwood constitute about 32 per cent or 11.5 MTOE of total energy supply in Pakistan in 1987-88. It is estimated that 90 per cent of the rural households and 60 per cent of the urban households meet their energy needs by use of biomass, including fuelwood. The contribution of solar, wind and mini-hydels, although small (less than 5MW), should be measured by the positive impact they have on the quality of life in rural areas.

94. It is proposed that a detailed master plan be prepared for renewable energy development based on the experience gained during the Sixth Plan. The success of the renewables programme will depend upon proper institutional arrangements under which coordination and leadership for the development of renewable resources, including biomass, wind, solar and small hydels, are integrated. Such an integrated approach has been lacking so far. This is a serious shortcoming and a critical deterrent in achieving even the modest Seventh Plan expectation for renewables.

95. The functioning of existing institutions in the renewables area need to be streamlined and strengthened. In respect of DGNER, special attention will be paid to streamlining its monitoring and evaluation functions so that a good account is maintained of the successes and failures of the various renewable programmes and technologies. The lessons learnt from such evaluations will be applied in designing the course of future initiatives. At the same time, staffing will have to be strengthened through new recruitment and training of existing personnel.

96. Major programmes relating to forestry for energy development will also be under implementation and these will be handled under the forestry sector. DGNER will prepare an overall renewable sector strategy and will emphasize widespread application and commercialization of those renewable-based technologies which can contribute most during the Seventh Plan. This will prepare the ground for a larger and more wide-spread contribution by renewable energy resources in future plans.

ENERGY CONSERVATION

97. Within the perspective of national economic planning, energy conservation activities are planned in the context of a least cost energy strategy. This requires that energy conservation investments be ranked alongside all other energy supply options and that a mix of investments is chosen which produces the least cost to the nation. The government will take the lead in mobilizing a national energy conservation effort. Energy conservation programmes will be mandatory for the public and private sectors.

98. The following activities will be carried out during the Seventh Plan for energy conservation:

- Total energy management programmes will be established in large public sector and private sector industries;

- Energy efficiency codes and standards will be established for all major thermal and electricity consuming industrial, commercial, domestic and agriculture equipment. Energy efficiency codes are proposed to be promulgated for all new buildings;

- Use of high efficiency sodium vapor lamps will be increased for street lighting and outdoor public lighting applications;

- To avoid power wastage, a nation-wide awareness, information and outreach campaigns will be directed at each end-use sector. Energy conservation is proposed to be incorporated into the educational curricula at all levels and training programmes will be carried out;

- Government procurement standards for equipment and construction are proposed to be revised to include energy efficiency; and

- A National Energy Conservation Fund is also proposed to meet the special financial needs of energy conservation.

ENERGY PLANNING RESEARCH AND DEVELOPMENT

99. Under the Energy Analysis and Manpower Development component, funds are being allocated for special studies, database development and other analytical activities by the Energy Wing to support the development of the country's short and long-term energy sector plans and program-

mes. A large number of energy sector professionals will be sent abroad for degree training in energy economics, systems analysis, engineering, and other fields. A number of candidates will be sent for non-degree specialized training according to a comprehensive energy sector manpower development programme.

100. Under the coal resource assessment and development component funding is being provided to: (i) complete exploratory drilling and other coal assessment and development activities in the private lease areas in Lakhra and to extend these activities to other parts of Sind (Sonda, District Thatta) and to the Punjab and Baluchistan; (ii) support new initiatives to induct fluidized-bed combustion technology to enable the use of high sulphur, high ash coal for power and industry; and

(iii) provide funds for the architectural and engineering services of a scaled down coal- fired power plant at Lakhra. The coal resource assessment programme will have to be accelerated to assure the confirmation of a large quantity of coal reserves to serve as a basis for greater indigenous coal use in power generation as well as in cement and other industries.

101. An allocation of Rs 0.3 billion will be made for Energy Planning, Research and Development during the Seventh Plan.

102. The details of the energy sector investments are given in Statistical Appendix Table 25.9 and 25.10.

CHAPTER

26

IRRIGATION & DRAINAGE

The Indus basin irrigation system is one of the largest and oldest in the world. In the past, its productivity per unit has been comparatively low because of the relatively inefficient use of water and outdated irrigation practices. In recent years, however, more sophisticated methods of water management have been evolved and control over the Indus river and its tributaries has gradually increased. Groundwater has acquired importance as a supplemental source of irrigation water.

2. The principal surface and groundwater resources available in the Indus plains have now been largely developed and the irrigation system accounts for 90 per cent of the agricultural production base in the country. The efficiency of land and water use in the irrigation system, however, continues to be very low which is reflected in the low productivity per unit of water and land. Approximately half the surface supplies reach the crops and even these flows are not in accord with the crop water requirements. Soil salinity continues to be a factor in depressing crop yields.

3. Recently measures have been taken to conserve the large losses in the irrigation system through improvement in watercourses and rehabilitation of the canal system. Command water management projects have also been taken up on a pilot scale. A programme of drainage and reclamation has helped to improve the productivity of the soils, however, continued efforts are needed.

4. The average annual river inflows of the western rivers amounts to 17.2 million hectare meters (MHm). Of this, 14.4 MHm flow in the *kharif* (summer) and 2.74 MHm in the *rabi* (winter) seasons. The cropped area has increased from 10.4 million hectares (MH) in 1960-61 to 16.5 MH in 1987-88. Out of the gross area of 16.5 MH, about 14.18 MH is commanded by the irrigation system in which 8.5 MH receive perennial supplies and 5.6 MH non-perennial supplies.

SIXTH PLAN REVIEW

5.With the central theme of improving the efficiency of the irrigation and drainage system, the Sixth Plan included priority programmes for the protection of lands from the menace of waterlogging, salinity and floods, and programmes for the improvement and extension of the irrigation and drainage system. The major share of the allocations - about 43 per cent - was earmarked for drainage and reclamation programmes followed by 34 per cent for irrigation. Financial allocation, by sub-sectors, and estimated expenditure during the Sixth Plan is given in Table 26.1.

Table 26.1

FINANCIAL REVIEW OF SIXTH PLAN

(Current billion Rs)

Sub-sector	Net allocation	% share	Expenditure	% Utilised
Drainage & reclamation	12.09	43	10.60	88
Irrigation	9.55	34	8.60	90
Flood protection	1.63	6	0.96	59
On-Farm water management	0.93	3	1.26	135
Survey investigation & research	1.53	5	0.84	55
Tarbela-IBP	2.35	9	1.80	77
Total	28.08	100	24.06	86

TARGETS AND ACHIEVEMENTS

6. The Sixth Plan targets envisaged that water availability at farm gate, from surface and groundwater resources and from saving through water management practices, will increase from 12.7 MHm to 13.9 MHm. The disaster area (defined as area where the water table is less than 5 ft. of the surface), of 1.1 MH will be provided protection from waterlogging and salinity and increased irrigation provided to an area of 1.4 MH. Against these targets, 1.0 MH of disaster area has been protected and 1.3 MH of additional cropped area has been served.

7. The slippage of the programmes in the water sector during the Fifth Plan and the continuing liabilities on Tarbela and the Indus Basin Project (Tarbela-IBP) had a major impact on the development proposals in the Sixth Plan. The result was that the throw-forward of on-going projects in the Sixth Plan was considerably greater, and accounted for over 50 percent of the Sixth Plan allocations. The Tarbela works were scheduled for completion during the Fifth Plan but had to be extended to the Sixth Plan with an allocation of Rs 2.4 billion. The other major sub-sectors affected were drainage & reclamation and irrigation. In the case of drainage & reclamation the throw-forward was Rs 8.6 billion so that only Rs 4.5 billion could be accommodated for new projects. In the irrigation sub-sector the throw-forward accounted for 47 per cent of the total allocation. This implied that in the initial years of the Sixth Plan it was not possible to bring about a change in the strategy and reflect it in the allocation of resources to the various sub-sectors.

8. The major physical achievements during the Sixth Five-Year Plan are given in Table 26.2.

Table 26.2

PHYSICAL ACHIEVEMENTS OF SIXTH FIVE YEAR PLAN

Sector	Unit	Targets	Achievement	%Achievement
Water availability *	MHm	13.9	13.9	100.0
New area cropped	MH	1.3	1.3	100.0
Disaster area protected	"	1.1	1.0	91.0
Flood protection works	Mcum	46.6	16.7	36.0
Improvement of watercourses	No.	9700.0	9559.0	98.0
Canal rehabilitation	km.	5728.0	7547.0	131.0
Drains rehabilitation	"	1472.0	1751.0	119.0
Canal remodelling	"	--	400.0	-
Lining of canals	"	--	300.0	-

* *at farmgate*

EMERGING ISSUES AND CONSTRAINTS

9. Some of the unresolved issues emerging from the experience of the Sixth Plan and requiring special attention during the Seventh Plan are discussed below.

Utilization Of Surface Flows

10. From the point of view of water availability, gross flows of the order of 3.7 MHm generated by the monsoon rains on the catchments of the eastern rivers runs down to the sea during the *kharif* period. After accounting for some of the enroute uses and ecological requirements, a large portion still remains available for utilization in the form of storages or new irrigation canals. However, this water cannot be used until the apportionment of the Indus waters between the provinces is settled. Major irrigation projects such as Greater Thal, Dajal Extension in the Punjab, Makhi Farrash and others in Sind and Pehur High Level Canal in the North-West Frontier Province (NWFP) are pending due to the non-resolution of the apportionment of Indus waters.

Command Water Management Concept

11. The pilot phase of Command Water Management covering 206,550 Ha. in all the provinces has been recently launched and is likely to be completed successfully by the first half of the Seventh Plan. Based on this experience, an extension of this concept to other areas will need to be taken up during the plan.

On-farm Water Management Concept

12. Though this concept is now accepted by the farming community, its sustainability is yet to be ensured. Therefore, it is time for an in-depth review of the whole concept particularly with regard to the involvement of the public sector. It is suggested that the technology and institutions involved may be modified to ensure accelerated coverage of about 80,000 remaining watercourses through increased participation by the farmers.

SCARP Transition

13. The Salinity Control & Reclamation Project (SCARP) Transition concept initiated in the Sixth Plan needs evaluation and review. Initial indications are that the results have been encouraging. The concept will be expanded in the Punjab and a pilot project undertaken in Sind.

Monitoring & Evaluation

14. Insufficient emphasis was laid on the monitoring and evaluation of development projects in the Sixth Plan. Appropriate measures need to be undertaken for detailed monitoring of all aspects pertaining to the development of the water sector including disaster area, private tubewells and salvage programmes.

Dam Safety

15. The experience in the completion of Hub, Khanpur, and other small dams constructed during the Sixth Plan period has indicated deficiencies in design and execution. Since Pakistan has to take up the execution of medium and small dams in the near future and has to maintain about 40 dams, a Dam Safety Council will be constituted.

Flood Control

16. Besides the works in the four provinces, coverage was extended to areas of Azad Jammu and Kashmir (AJK), Federally Administered Tribal Areas (FATA) and Northern Areas. As a result of resource constraints, achievements fell short of targets by 64 per cent in the Sixth Plan. However, 86 flood schemes (33 in the Punjab, 19 in Sind, 25 in NWFP and 9 in Baluchistan) have been completed.

Tarbela-IBP

17. The continuing liabilities on Tarbela-IBP works adversely influenced the development proposals. The throw-forward in the Sixth Plan was substantial, accounting for over 50 per cent of the allocation. Tarbela-IBP works were scheduled for completion in the Fifth Plan, but were extended to the Sixth Plan with an allocation of Rs 2.4 billion of which only Rs 1.8 billion were released. It is expected that the work will be carried over to the Seventh Plan.

SEVENTH PLAN STRATEGY & TARGETS

18. Water provides one of the key inputs to increasing agricultural production and productivity. However, underlying all future water resource development programmes is the issue of apportionment of the river waters between the provinces. It is imperative that this issue be resolved so that a firm base for development can be established.

19. The broad outline for future development in the water sector includes the following elements:

- Progressive addition to irrigation supplies from new surface water sources and groundwater exploitation;
- Conservation of existing irrigation supplies and their effective management; and
- Increasing the productivity of land through the control of waterlogging and programmes of drainage and soil reclamation.

20. Reflecting these aims, the strategy for achieving the objectives of water resources development in the Seventh Plan will be to:

- Ensure a pattern of investment which is in line with the overall plan objectives of agricultural production and which takes cognizance of the effectiveness of various projects and programmes implemented during the Sixth Plan;
- Emphasise completion of all on-going projects in the Seventh Plan;
- Limit new public tubewell drainage projects to the saline zone except where the disaster area in the fresh water zone has difficult aquifer conditions;
- Give priority to development projects in the irrigation and drainage sub-sector which are small and which have short gestation periods with a view to achieving a quick return on investment;
- Implement a conservation program for existing irrigation supplies;
- Give special attention to the development of the backward areas by constructing small irrigation schemes which yield quick benefits;
- Implement new irrigation schemes, including medium reservoirs, to increase surface water availability;
- Conserve flood waters by constructing new irrigation projects and remodelling irrigation canals;
- Monitor and evaluate completed and ongoing projects with a view to removing the constraints to the achievement of expected benefits; and

- Complete the development aspects of the Tarbela-IBP works before the end of the Seventh Plan and shift the operation and maintenance expenditures to the non-development budget.

PHYSICAL TARGETS

21. The major physical targets which have been set for the Seventh Plan are shown in Table 26.3.

Table 26.3

PHYSICAL TARGETS OF SEVENTH PLAN

Sector	Unit	Benchmark 1987-88	Target end of 7th Plan	% change
Water availability *	MAF	112.2	125.1	11.5
New cropped area	MA	40.8	45.3	11.0
Disaster area protected	"	2.8	3.4	21.0
Flood protection works	Mcft	569.0	709.0	24.6
Improvement of water courses	No	9559.0	17300.0	81.0
Canal rehabilitation	km	7547.0	12912.0	71.0
Drains rehabilitation	"	1751.0	2000.0	14.0
Canal remodelling	"	400.0	500.0	25.0
Lining of canals	"	310.0	600.0	94.0

* at farm gate

FINANCIAL ALLOCATIONS

22. To meet the above objectives, the Seventh Plan has proposed an allocation of Rs 28.4 billion for the water sector. A brief description of the activities planned in the major sub-sectors and the priorities assigned to these projects and programmes is given below.

DRAINAGE AND RECLAMATION

23. According to the water table appraisal carried in April-June 1987, nearly 2.1 MH or 13 per cent of the gross canal commanded area had a water table within 0-5 ft.' of the surface, which is termed as the 'disaster area'. The distribution of waterlogging, by provinces, is shown in Table 26.4.

24. In the Seventh Plan, a pragmatic approach for solving this problem has been adopted. Of the 2.1 MH which is severely waterlogged, about 0.1 MH lies in the rice cultivation areas on non-perennial canal command in Sind. Most of this area has already been provided with surface drains which will need to be maintained for continued effectiveness. An area of about 0.5 MH which lies under the completed SCARPs is also becoming severely waterlogged. In this case, the operation and maintenance of the projects will be improved.

Table 26.4

AREA BELOW SURFACE BY DEPTH OF WATER TABLE

(Million acres)

Province	0-5 ft.	5ft-10 ft	0-10 ft.
Punjab	1.90	7.52	9.42
Sind	3.13	8.54	11.67
NWFP	0.09	0.33	0.42
Baluchistan	0.14	0.24	0.38
Total	5.26	16.63	21.89

25. Of the balance disaster area, 0.2 MH lies in the Fresh Groundwater Zone (FGW). It is proposed to control the bulk of this through private sector efforts. Only a small portion will be tackled in the public sector because of difficult aquifer conditions. Such areas lie in the NWFP in the command of the Kabul River Gravity Canal, Upper Swat Canal and the Bannu Basin. For the balance untreated area of about 1.4 MH lying in the Saline Groundwater Zone (SGW) and within the on-going projects, a relatively large programme has been drawn up. The key elements of this programme are:

- Priority to be given to completion of on-going schemes;
- Vertical drainage in the FGW zone to be tackled by the private sector except in difficult aquifer conditions;
- The areas not severely waterlogged to be tackled by preventive measures within available financial resources;
- Privatization of public tubewells to be extended to other SCARPs based on the results of the pilot project; and
- Gradual replacement of SCARP tubewells based on the experience of the SCARP Transition project and other considerations such as the willingness of farmers' groups to take over productive tubewells.

26. The major physical targets expected to be achieved during the Seventh Plan under the

drainage and reclamation programme are shown in Table 26.5.

Table 26.5

SEVENTH PLAN DRAINAGE & RECLAMATION TARGETS

		Punjab	Sind	NWFP	Baluchistan	Total
FGW* tubewells (Ongoing)	No	-	788	122	-	910
SGW tubewells	"	780	940	13	-	1733
Scavenger Tubewells	"	-	128	-	-	128
Surface Drains	km					
- New (000)		1.84	1.53	0.25	0.02	3.64
- Remodelled		-	40	269	-	309
Tile Drains(000)	Ac	189	21	86	-	296
Tubewell (Transition/ private)	No	180	-	-	-	180
Disaster Area to be protected	MA	-	-	-	-	3.4

* On-going.

IRRIGATION

27. The water sector development programme during the Seventh Plan envisages an increase of 1.6 MHm in water availability from various sources of which 0.9 MHm is expected to come from surface water and 0.7 MHm from groundwater. In the case of surface water, 0.6 MHm is expected to accrue from the On-Farm Water Management, Command Water Management, Canal Rehabilitation and Canal Remodelling projects; and 0.4 MHm from new irrigation schemes, small dams, etc. In the groundwater development, 0.2 MHm is envisaged from SCARP and other public tubewells and 0.5 MHm from private tubewells. Detailed break-up of increase in water availability during the Seventh Five-Year Plan is shown at Statistical Appendix Table 26.1.

28. No increase in existing water availability during the Seventh Plan has been assumed through canal withdrawals for the reason that when a decision on water apportionment is available, the irrigation projects planned by the various provinces will take time for construction and development. The Chashma Right Bank Canal will continue contributing additional supplies to the extent of 0.1 MHm until the completion of stages II and III.

COMMAND WATER MANAGEMENT (CWM)

29. This programme provides for building within the provincial agencies a continuing capability for planning, implementing, operating and maintaining an integrated and efficient programme of irrigated agriculture and strengthening farmer's participation to improve water and non-water input management. It also provides for developing water management techniques and reducing inequities in water deliveries in the tail reaches.

30. The on-going phase of the programme will be dove-tailed with the second phase. An amount of Rs 981 million has been proposed for the programme.

31. During the Seventh Plan the CWM programme envisages the rehabilitation of about 638 km of irrigation canals, lining of about 494 km of distributaries, excavation and remodelling of 570 km of drains, construction of about 140 km disposal channels, installation of 130 tubewells and renovation of about 1,674 watercourses.

IRRIGATION SYSTEM REHABILITATION PROGRAMME (ISRP)

32. The ISRP is presently under implementation in all the provinces. Some of the SCARPs also contain rehabilitation, remodelling and lining components. A second phase of the programme will be implemented during the Seventh Plan. It will improve irrigation channel capacities resulting in increased water availability during *kharif*.

33. The ISRP in the Seventh Plan consists mainly of earthwork to strengthen the banks, silt clearance, bank protection, brick lining and the clearing of drains to restore their discharge capacity. The project will rehabilitate about 13,400 km of irrigation channels benefitting a command area of about 4.1 million Ha, and about 13,000 km drains benefitting about 0.8 MH of the drainage catchment area. An amount of Rs 991 million has been allocated for this programme in the Seventh Plan.

ON-FARM WATER MANAGEMENT PROGRAMME (OFWM)

34. This programme presently under implementation involves the improvement and lining of watercourses, precision land levelling, demonstration plots, formation of a Water User's Association and the training of farmers. The net addition of 0.4 MHm will accrue to total water availability in the Seventh Plan at an estimated expenditure of Rs 2.5 billion.

35. The programme includes the improvement and lining of 17,300 watercourses, precision levelling of 41,229 hectares of land, training of 14,560 farmers and establishment of over 10,130 demonstration plots.

36 .Evaluation of the programme in the Sixth Plan indicates that watercourse lining needs to be increased in stages from 30 per cent to 50 per cent in the brackish groundwater zones and the sandy areas. Any loss of fresh water in the saline zone is not only irrecoverable but changes the fertile land into saline land.

37.At present about 1,600 watercourses are being improved annually compared to a total of 90,000 watercourses in the country. At the present rate of watercourse improvement, it will take almost 50 years to cover all the watercourses. The OFWM Programme has gained sufficient technical know-how and capability to accelerate the improvement of watercourses provided adequate funds are made available. The accelerated improvement of all watercourses in a short period is desirable. It is, therefore, proposed to complete renovation of all the remaining watercourses within the next 15 years, i.e. by the year 2003. To achieve this objective, the provincial governments should prepare accelerated OFWM programmes.

38. The OFWM and CWM programme are the only programmes where civil works on water courses are carried out by the beneficiaries without the involvement of contractors. The water users contribute more than 50 per cent of the cost of water course improvement through the Water User's Association which involves donated labour for the earthen reconstruction, cost of masons for civil works and 25 per cent of the cost of construction material.

SMALL IRRIGATION SCHEMES AND RESERVOIRS

39. Investments in a large number of small schemes which aim at diverting and storing flood waters for irrigation, including recharge of aquifers, lift irrigation schemes, etc., in the water scarce areas of Baluchistan, AJK, FATA and the Northern Areas are important since they help to increase water availability. Accordingly, a number of flood weirs, check dams, and small dams will be completed during the Seventh Plan, increasing water availability by 0.4 MHm. Work on the construction of medium reservoirs will also be taken up. The programme includes Malir Dam, Nangar Parkar schemes and investigations of Sehwan Barrage Complex in Sind under the normal programme, whereas schemes like Karak, Kunhar and Gomal Zam in NWFP, Bolan Dam, Bund Khushdil Khan and Mirani Dam in Baluchistan and *barani* (rainfed) areas in Punjab and arid zone in Sind will be taken up under the Special Development Programme.

NEW SURFACE IRRIGATION PROJECTS

40. The salvage programmes and small irrigation schemes mentioned above will not be sufficient to meet the demand for water beyond the Seventh Five-Year Plan. Meeting this demand will require better management of the existing irrigation system and implementation of new irrigation schemes. Every year, during the monsoon period, the bulk of the flood water goes unutilized to the sea. The existing system requires development of new irrigation projects on a non-perennial basis. Ten irrigation extension projects have been proposed for implementation during the Seventh Plan. Two of them are located in the Punjab, five in Sind, one in Baluchistan and two in NWFP. Remodelling the Pat Feeder Canal will also be completed during the plan. Work on other schemes will be started once the apportionment of Indus water is decided. A provision of Rs 951 million has been made for these projects.

PRIVATE TUBEWELLS

41. Until the late 1950s, private development of groundwater resources was confined to dug wells. By end June 1986, however, the number of private tubewells had risen to about 214,000 in the irrigated areas of the Indus plains. About 86 per cent of the tubewells were located in the Punjab, 8 per cent in Sind, 4 per cent in Baluchistan and 2 per cent in NWFP. It is estimated that 75 per cent of underground water is contributed by private tubewells, benefitting an area of about 3 MH.

42. Incentives for development of private tubewells have been provided by the federal and provincial governments since 1972-73. A subsidy has been provided for diesel-operated tubewells subject to the requirement that the minimum individual or collective land owned was more than 10.1 hectares. The amount of subsidy is determined according to the location of the tubewell, i.e. whether it is in the canal command, *sailaba* (flood irrigated) or *barani* areas. A provision of Rs 45 million for subsidy has been made in the Seventh Five-Year Plan.

43. Private tubewells have grown rapidly during the Sixth Five-Year Plan. Some 13,920 tubewells were installed in the period 1980-86 whereas the Sixth plan had envisaged the installation of 5,000 tubewells per year. In the Seventh Plan, private tubewells will be installed at the rate of 5,500 per year.

44. To facilitate the continued development of private tubewells, the following guidelines have been established:

- Fresh water zones will be tackled by the private sector except those areas with difficult aquifer conditions;
- Priority will be given to the disaster areas (water table at 0-5 ft. depth in the fresh water zones; and
- Public tubewells which have outlived their economic life will not be replaced but handed over to the private sector gradually.

GROUNDWATER FROM SCARP TUBEWELLS

45. During the Seventh Plan, about 900 SCARP tubewells, including scavenger tubewells with an average capacity of 2 cusecs will be installed. Assuming 50 per cent utilization and 15 per cent delivery losses, the additional water that will be available at farmgate from SCARP tubewells will be about 0.1 MHm.

OTHER PUBLIC TUBEWELLS

46. Presently, about 2,017 public sector tubewells are being operated by the provincial irrigation departments. The total contribution of the public tubewells, other than the SCARP tubewells, was 0.1 MHm in 1987-88.

47. Public irrigation tubewells are generally installed in Baluchistan, FATA, NWFP and Provincially Administered Tribal Areas (PATA). In these areas, particularly in Baluchistan, small irrigation schemes are taken up to increase the recharge rate of aquifers. The groundwater potential of the area is identified after survey and investigations. It is estimated that 220 public tubewells will be installed each year under various schemes contributing 0.1 MHm to total water availability during the Seventh Plan.

FLOOD CONTROL

48. The flood protection programme in the Seventh Five-Year Plan will be directed to achieve the following objectives:

- Flood management planning based on integrated river basin;
- Bringing more land under cultivation by encouraging use of flood moisture for crop cultivation in the *sailaba* areas; and
- Utilizing flood flows for augmenting water availability for irrigation.

49. An allocation of Rs 889 million has been made for the flood control sub-sector. This will cover 3 sub-programmes in the Punjab, 2 in Sind, 2 in NWFP and 2 in Baluchistan besides the flood forecasting and warning project and funding of the Federal Flood Commission. The sub-programmes are indicated below:

PUNJAB

- River protection along the rivers Ravi and Chenab;
- Correcting approaches to various barrages such as Trimmu, Balloki, Qadirabad, Sidhnai etc.;
- Flood management of Dera Ghazi Khan and Rajanpur districts and Lai Nullah in Rawalpindi.

SIND

- Re-sectioning of the second line bund Guddu Barrage-Sukkur Barrage;
- Re-sectioning of the second line bund Sukkur Barrage-Kotri Barrage.

NWFP

- Flood protection of Mardan and other cities;
- River training works, Kabul River/Swat River.

BALUCHISTAN

- Flood protection of Quetta and other cities;
- Bugti (Pat Feeder) hill torrents.

50. Actual projects will emerge from the areas identified in the above programme. The flood protection works in all the provinces will be of the

following nature:

- Remodelling of flood embankments;
- River training works;
- Protection of agricultural lands, village *abadies,* and the communication system from erosion;
- Construction of new bunds/cross drainage works;
- Extension of bunds/spurs;
- Feasibility studies for remodelling of barrages or structures;
- Flood management of hill torrents/nullahs; and
- Master planning of hill torrents in Baluchistan, NWFP, AJK, FATA, Northern Areas, Kohistan and Kirthar.

SURVEY AND INVESTIGATION

51. This sub-sector comprises a survey and investigation programme which is a continuing activity of the federal and the provincial governments. It is proposed that extensive surveys and detailed investigations will be carried out during the Seventh Plan. The federal programme is undertaken by the Water & Power Development Authority (WAPDA), the Pakistan Meteorological Department (PMD), the Survey of Pakistan (SOP), and other agencies like the Sind Arid Zone Development Authority (SAZDA).

52. During the Seventh Plan, WAPDA will undertake detailed investigations, inter alia, in the following major fields:

- Planning and preparation of main channels and off-channel reservoirs;
- Water resources development and management planning for Baluchistan, NWFP, FATA, Northern Areas and the Islamabad Capital Territory, improvement of existing hydro-meteorological network and river forecasting and warning systems; and
- Monitoring of SCARP areas.

53. In the Punjab, especially in Thal and Cholistan, extensive surveys are proposed for irrigation and drainage schemes. In Sind, surveys relating to the arid zone of Thar, Kohistan, Nara and Nagar-Parker areas will be conducted. In NWFP, surveys for groundwater and *barani* area development along the banks of streams and *nullahs* will be conducted. In Baluchistan, the investigation programme will concentrate on valleys and basins and in FATA, survey and investigations for surface and groundwater development schemes will be undertaken in all Tribal Agencies.

PAKISTAN METEOROLOGICAL DEPARTMENT (PMD)

54. The PMD will provide data and information relating to agricultural meteorology and weather and climatic forecasts during the Seventh Plan. The programme includes construction and modernization of first class observatories, agro-meteorological stations, upper air stations, forecasting meteorological offices, weather surveillance radars, and telecommunication facilities. The Institute of Meteorology and Geophysics which provides training facilities will be updated and modernized. An amount of about Rs 47 million will be allocated for the programmes relating to agro-meteorology and weather forecasting of the Meteorological Department in the Seventh Plan.

SURVEY OF PAKISTAN (SOP)

55. The SOP provides the basic topographic and contour surveys for planning water resources development projects. As a part of its multipurpose survey activities, it requires 1,200 geodetic survey marks all over the country. It has so far established about 1,050 survey marks and the balance will be installed during the Seventh Plan period. A provision of Rs 14 million has been made for the programme.

RESEARCH

56. The broad areas of research on which early attention is required and which will be covered in depth in the Seventh Plan are: (i)) efficiency of water use at farm level; (ii) conservation of water in minors and distributaries; (iii) seasonal stream flow forecasting; (iv) system gains and losses; (v) groundwater exploitation; (vi) drainage; (vii) reclamation; (viii) reservoir sedimentation: (ix) skimming wells, and (x) saline agriculture.

57. An allocation of Rs 94 million has been provided for research in the Seventh Five-Year Plan.

INSTITUTIONAL ISSUES

58. The existing framework of each of the functionaries in the Provincial Irrigation Departments is so broad and generalized that they cannot discharge their obligations adequately. Their job description and responsibilities have to be spelled out more fully. The senior engineers should assume the role of development engineers besides administering, operating and maintaining the existing system.

PROJECT PREPARATION & EVALUATION

59. There is need for careful project preparation and evaluation so as to set realistic targets and also monitor performance in order that corrective action can be taken concurrent with planning and implementation. There is also a need to design special courses for irrigation officers for training in multi-disciplinary fields covering the operation of the canal system, OFWM and project planning and evaluation.

MAJOR POLICY ISSUES

60. The major policy issues under consideration in the Seventh Plan are as follows:

FINANCING OF ANTI-WATERLOGGING AND SALINITY PROJECTS

61.Funds matching the requirement of projects in this sector are often not available. A sectoral loan fund on the pattern of the Indus Basin Development Fund and the Flood Control Fund needs to be created for the reclamation programme. Such a fund will encourage the preparation of smaller, cost-effective projects with shorter gestation periods, covering low-lying disaster areas. This will save interest, overheads, escalation costs and time, and will give quick returns.

NEW SURFACE IRRIGATION PROJECTS DEPENDENT ON WATER ALLOCATION TO PROVINCES

62. The full benefit of storage at Tarbela is not being realized for want of a decision on the apportionment of Indus waters. At present, the provinces are taking water during *rabi* from the total available storage on an ad hoc basis. The excess water in *kharif* can neither be utilized in the *kharif* season nor over the whole year. In order to absorb the flood waters it is necessary to develop new irrigation projects. This, in turn, depends on the allocation of the Indus waters to the provinces. The issue needs to be addressed urgently.

RECOVERY OF OPERATION AND MAINTENANCE (O&M) COSTS

63. The system of recoveries of O&M from the farmers is deficient in some of the provinces. The government is committed to undertake a study on the improvement of water and drainage charges assessment and recollection procedures. Following completion of the study, a phased timetable for full recovery of O&M costs of surface irrigation and sub-surface saline drainage will be implemented. This will be done through increased water and/or drainage charges and is to be implemented gradually uptil 1997.

CHAPTER

27

TRANSPORT AND COMMUNICATIONS

Economic development and the consequent demand for mobility increases pressure on the transport and communications system so that it requires continuous expansion, maintenance, replacement and modernization. Yet, the transport and communications sector has not received adequate priority in the past due to pressure from other competing programmes. The allocation to this sector decreased from about 20 per cent of the public sector development programme in the Fifth Five-Year Plan to 16.3 per cent in the Sixth Plan. This resulted in inadequate capacity improvement, arrears in the replacement of over age assets and a general deterioration in the quality of service.

2. In the railways sub-sector, substantial arrears of depreciated assets have built up primarily due to low investment. This was one of the factors responsible for the inability of the railways to carry its due share of freight traffic and which, as a consequence, put tremendous strain on the road system. In the case of the road sub-sector, heavy traffic volumes together with inadequate funds for maintenance have resulted in the deterioration of the road network. In the telecommunications sub-sector, weak investment performance has resulted in capacity constraints, a large backlog of demand and deterioration in the quality of service.

SIXTH PLAN REVIEW

3. The Sixth Plan aimed at:

- Optimal utilization of the existing capacity of the system by rehabilitation and better maintenance of assets;
- Rational allocation of inland freight traffic between rail and road, based on relative transportation costs;
- An integrated systems approach so as to ensure better performance of the national transportation system;
- Accelerated cost recovery programmes, rational pricing policies for services provided by the public sector and large self financing by the public corporations; and
- Induction of the private sector in the roads, airline, shipping and telephone industry;

4. The Sixth Plan envisaged improvement in rail:-road traffic ratio from 25:75 in 1982-83 to 27:73 in 1987-88. During the plan period, however, rail traffic did not increase primarily due to operational constraints. Thus there was an increasing strain on the road system, particularly along the north-south corridor (National Highway N-5). The diversion of long-haul freight traffic to the relatively uneconomical mode of transport by road involved extra cost and, therefore, a net loss to the economy. In the air transport sector, performance was better. The traffic achieved by Pakistan International Airlines (PIA) was 98 per cent of the plan target. The ports handled larger volumes of traffic. The planned induction of the private sector in roads, airline, telegraph & telephone and shipping sub-sectors, however, did not materialize.

5. A comparison of the Sixth Plan traffic projections and achievements is given at Statistical Appendix Table 27.1.

6. The Sixth Plan programme focused on rehabilitation of assets and modest expansion in the capacity of the road, railways and port sub-sectors.

7. Major railway projects which were completed during the period included procurement of 90 diesel electric (DE) locomotives and rehabilitation of 42 DE locomotives, rail renewal of 499 km, sleepers renewal of 633 km and manufacture of 525 passenger coaches.

8. In the federal and provincial highway sub-sector, among the major projects, the Dera Ismail Khan and Ghazi Ghat bridges over the river Indus were completed. Work on Kotri and Talibwala bridges was substantially completed. The Third Highway Project funded by the World Bank envisaging the rehabilitation of 150 km of roads in the Punjab, 56 km in the North-West Frontier Province (NWFP) and 105 km in Sind were completed. Construction work on 35 km of additional carriageway along the National Highway N-5 between Peshawar and Nowshera was completed. Overall, 512 km of new construction and 2,104 km of improvement under the National Highway programme, 2,774 kms of new construction and 768 km of improvement in special areas and 3,178 km of new construction and 4,197 km of improvement in the provinces was carried out during the plan period.

9. The ongoing programme of Port Qasim (Phase-I) was substantially completed. Work was initiated on construction of the Gwadar Fish Harbour and the mini port.

10. Under the civil aviation programme, the aerodrome at Pasni, improvement of terminal buildings at Islamabad, Lahore and Karachi, construction of Terminal III and reconstruction of Terminal II at Karachi were completed. In addition, new feeder services airports in different parts of the country were constructed. PIA's fleet of aircraft was expanded substantially. It acquired six Boeing 737-300s, three Airbus A-300 B4s, two Twin Otters, one Boeing 747-200 and two Fokker F-27 aircraft during the plan period.

11. The telegraph and telephone department installed 316,000 telephone lines against a plan target of 520,000 lines. The induction of the private sector did not materialize.

12. In financial terms, as indicated in Statistical Appendix Table 27.2, an investment of Rs 28.6 billion in the public sector and Rs 12.4 billion in public sector enterprises was made compared to a Sixth Plan allocation of Rs 37.5 billion and Rs 17.4 billion respectively. The overall utilization was 75 per cent.

13. In physical terms, the implementation programme was mainly rehabilitation oriented and there was no significant increase in the transportation system capacity as a result of the projects executed during the Sixth Plan period. One of the principal problems faced in project execution was the lack of adequate physical implementation capability and proper quality control resulting in unsatisfactory progress and quality of construction on a number of projects.

SEVENTH PLAN STRATEGY

14. The strategy to be adopted in the Seventh Plan in the transport and communications sector will include the following elements:

- The rationale for inland freight traffic between the rail and road network will be that the railways carry long lead traffic and the roads short lead traffic;
- A significant shift of freight traffic to the railways to achieve maximum utilization of capacity to reduce relative transportation costs;
- For railways, the backlog of replacement and renewal of assets to restore optimum capacity will be cleared;
- In the road sub-sector, the highway development programme will be broadened by the induction of the private sector and the realization of road user charges;
- Toll roads will be developed and tolls will be collected on all those sections on the National Highway which are either newly constructed or improved;
- The highway maintenance system will be modernized and the maintenance budget rationalized;
- Port facilities will be developed for container traffic with the help of dry ports and bonded warehouses;
- The private sector will be given incentives for participation in the shipping and road sub-sectors;

- The possibility of developing the existing river and canal networks for inland navigation from Port Qasim to Kalabagh and Lahore will be examined;

- Facilities at the Karachi Shipyard and Engineering Works will be modernized;

- The opening of domestic aviation services in the private sector will be examined; and

- The private sector will be inducted in the development programme of the Telegraph and Telephone (T&T) department.

15. Traffic forecasts for the Seventh Five-Year Plan are based upon an integrated systems approach comprising the following major elements:

- Forecast of the volume and pattern of traffic demand are based on the projected growth in Gross Domestic Product (GDP) and population. Inland traffic is projected to grow from 39,497 million tonne-kilometers (MTKm) of freight and 127,736 million passenger-kilometers (MPKm) of passenger traffic in 1987-88 to 47,998 MTKm of freight and 162,204 MPKm of passenger traffic in 1992-93, or an annual growth rate of 4.0 per cent and 4.9 per cent, respectively;

- Assignment of traffic to different modes of transport is made in accordance with the least cost solution to maximise the benefits to the economy. During the Fifth Plan, there was a marked shift in traffic from rail to road. A reversal of this trend will help better utilize the capacity of the railways and provide the most effective and energy efficient solution from the national point of view. The long-term objective is to achieve a freight traffic distribution in the ratio 27:73 between rail and road by the year 2006.

16. Traffic demand forecasts, based upon the above methodology, for the different modes of transport are presented in Statistical Appendix Table 27.3.

17. To maximise economic benefits by 1992-93, the railways should be able to carry about 20 billion tonne-km of freight and 20.2 billion passengers-km of passengers. While the railways will be able to carry the required passenger traffic, the capacity constraints of the railways will only allow them to carry 12.5 billion tonne-km of freight traffic. This will improve the rail:road modal split for freight traffic from 20:80 at present to 26:74 in 1992-93.

18. It is aimed to bring out the best characteristics of each mode of transport by undertaking necessary improvements in them and ensuring optimal utilization of the existing system capacity. However, to develop a transportation system which is large enough and also sophisticated to cater to the traffic needs of the Seventh Plan will require a level of investment which will place a heavy burden on the public exchequer. A major policy focus of the plan therefore will be the continuation of efforts to encourage private sector investment in roads, road transport, air transportation, ports, shipping and telegraph & telephones.

19. To meet these objectives an investment of Rs 104.8 billion has been proposed during the plan period. This includes Rs 71.1 billion in the public sector, and Rs 33.7 billion in the private sector. Details may be seen at Statistical Appendix Table 27.4. Comparison with the Sixth Plan utilization and the Seventh Plan allocation is given at Statistical Appendix Table 27.5.

20. The following text discusses government policy in transport and communication by each sub-sector.

RAILWAYS: SIXTH PLAN REVIEW

21. The decline in the share of railway traffic during the Fifth Plan continued during the Sixth Plan period also. The rate of growth for the freight traffic was 0.8 per cent per year compared to a projection of 8.2 per cent per year. Passenger traffic was almost stagnant (growing by only 0.6 per cent per year) against the Sixth Plan expectation of close to 5 per cent per year. The stagnation in passenger traffic can be attributed to the introduction of direct Haj operations from Islamabad and a shift of passenger traffic to road transport. On the other hand, the average lead of passenger traffic improved over the previous years from 147 km in 1982-83 to 203 km in 1985-86 which implies that the railways lost the short lead traffic and carried the long lead traffic for which it is best suited.

22. The Sixth Plan allocated Rs 10 billion for the railways programme. Actual expenditure was only Rs 7.4 billion giving an achievement of about 74 per cent. The railways failed to achieve an improvement in operational efficiency and increase their share of traffic principally due to delayed introduction of locomotive power, slow progress in

track rehabilitation and in the telecommunications programme, and inadequate improvements in operational and management systems.

23. Major targets achieved during the Sixth Plan were 555 km of rail renewal, 740 km of sleeper renewal, rehabilitation of 42 locomotives, acquisition of 90 new locomotives, manufacture of 525 passenger coaches and 130 bogie hopper trucks. Work on the telecommunications and signalling project was also completed. Work on the locomotive factory was started and is expected to be completed in the Seventh Plan period.

24. Two main components of the 11th Railways Project, namely, the expansion of the Lahore dry port, including manufacture of 120 container wagons, and modernization of locomotives maintenance facilities were completed. Completion of the dry port has enabled the railways to handle 4 container trains in a month while the modernization of locomotive maintenance facilities has improved the availability of locomotives.

25. An important achievement in the railways sub-sector was the introduction of a fast goods train between Karachi and Shershah.

26. The following problems were faced by the railways during the Sixth Plan period:

- A number of uneconomical lines were identified but could not be curtailed. This resulted in continuous loss to the railways;

- Against a planned induction of 105 locomotives, only 90 locomotives were inducted. In addition, against a targetted daily utilization of 300 km per locomotive, only 247 km per locomotive were achieved, which placed a great strain on the locomotive fleet availability;

- The fare structure continued with ad hoc increases which resulted in cross subsidisation of passenger services by freight revenues. A separate accounting system for passenger, freight, main and branch lines was not introduced during the plan period; and

- An annual monitoring and evaluation system could not be established to provide timely information on performance indicators set for the plan period.

SEVENTH PLAN STRATEGY: RAILWAYS

27. In the past there has been a continuous shift of goods traffic from railways to roads causing increased pressures on the already strained road network. This trend was arrested during the Sixth Plan period when the railways achieved an annual growth of 0.8 per cent in freight traffic as against an annual decline of 4.5 per cent during the Fifth Plan. Efforts will be made during the Seventh Plan to improve the Sixth Plan trend and optimize utilisation of the capacity of railways. During the Seventh Plan, it is estimated that passenger traffic will grow by 2.6 per cent per year and goods traffic by close to 10 per cent per year.

PERFORMANCE INDICATORS

28. The productivity of the railways is expected to improve considerably during the Seventh Plan. The performance of the railways will be carefully monitored and appropriate measures taken to achieve the following:

- wagon turn-around time to be reduced from 18.3 days to 14 days;

- daily engine km per engine in use (goods) to be increased from 247 km per day to 300 km per day;

- percentage ineffective locomotives to decline from 18.1 per cent to 13 per cent; and

- daily system loading to be increased from 1,611 to 2,300 wagons per day.

POLICY ISSUES

29. The following are the policy issues which will be addressed during the Seventh Plan:

- Losses on railways operation will be minimized by closing unremunerative lines where strategic and other considerations do not warrant continued operations, and trains will be cancelled where there is no potential for improvement and fare rationalization;

- A flexible policy for fares will be followed; freight rates will be varied according to type of commodity as well as route;

- The locomotive factory, the carriage factory at Islamabad and other large railway manufacturing units will be converted into autonomous organizations;

- Improvements in the overall efficiency of the railways will be sought through better managerial and operational techniques. Suitable measures will be adopted to enable the railways to operate as a commercial enterprise by charging fares on commercial lines, opening or closing lines and rationalizing staff strength;

- Goods traffic will be accorded priority in locomotive power, particularly on branch lines;
- Railways and the National Logistics Cell (NLC) will complement each other to facilitate and optimize the intermodal movement of goods traffic;
- The railways and NLC will enter into joint ventures on infrastructure projects.

30. The following strategy will be followed in the railways sub-sector during the Seventh Plan:

- the net benefit to the economy will be maximized by revitalising the role of the railways to achieve optimum capacity utilization;
- the existing infrastructure will be improved to realise the inherent capacity of the railways;
- the overall efficiency of the railways will be improved through better management information systems and managerial and operational techniques;
- allocation of traffic between rail and road will be made according to the suitability of traffic for the two modes;
- goods traffic which is more remunerative will be accorded priority in locomotive power over passenger services, particularly on branch lines; and
- on the main line between Karachi-Lalamusa, the speed of passenger trains will be increased to 120 kph and that of freight trains upto 80 kph with four wheeled stock and upto 90 kph for bogie stock.

31. An allocation of Rs 8.5 billion has been made for the railways in the Seventh Plan. This includes a throw-forward of Rs 2.3 billion from the Sixth Plan.

32. To achieve the targets, it will be necessary to provide additional motive power, improve line capacity works, replace major assets such as track renewal, coaches, wagons and introduce better management and operational techniques. This programme is outlined below.

MOTIVE POWER

33. An allocation of about Rs 2 billion has been made for the rehabilitation of 101 DE locomotives, procurement and rehabilitation of 375 traction motors and plant and machinery including structural works for DE locomotive shops and sheds.

ROLLING STOCK

34. An allocation of Rs 1.4 billion has been made for the manufacture of 300 passenger carriages, 200 bogie wagons and modification of freight wagons with roller bearings and double link suspension.

TRACK REHABILITATION

35. By 1992-93 the backlog of over age rails and sleepers will be 6,233 km and 6,155 km respectively. Out of this 650 km of rails and 1,000 km of sleeper renewals will be carried out during the Seventh Plan period. An allocation of Rs 2.5 billion has been made for track renewal.

ELECTRIFICATION

36. It is proposed to introduce electric traction on the Khanewal-Samasata section (via Chord) for optimal utilization of the existing fleet of 29 electric locomotives. An allocation of Rs 0.7 billion has been made for the completion of the Chord section which comprises of 91 km of single track and 27.4 km of double track.

TRANSFER OF TECHNOLOGY

37. An allocation of Rs 0.1 billion has been made for the transfer of technology in respect of manufacture of long crossing sleepers and high capacity bogie wagons.

LOCOMOTIVE FACTORY

38. An allocation of Rs 1.1 billion has been made for the completion of the locomotive factory project.

MANAGEMENT INFORMATION SYSTEM

39. An allocation of Rs 0.1 billion has been made

for the management information system project.

OTHER WORKS

40. A provision of Rs 0.6 billion has been made for other works on the railways including improvement of signalling and telecommunications, level crossings, line capacity works, electrical works, feasibility studies for extension of railway line from Peshawar to Dera Ismail Khan, establishment of a dry port at Peshawar and the Lahore dry port.

ROADS: SIXTH PLAN REVIEW

41. The Sixth Plan policies aimed at achieving a shift in the traffic from road to rail. It was expected that the road: rail traffic distribution ratio will change from 75:25 to 73:27 by the end of the plan period. This objective could not be achieved and the share of railways in total traffic continued to decline and burden the road system. The road:rail intermodal share by the end of the Sixth Plan was 79:21. Actual traffic on roads, especially freight, rose by 8.4 per cent per year (Sixth Plan forecast 6.7 per cent per year), and 6.9 per cent per year in case of passengers (Sixth Plan forecast 6.1 per cent).

42. Against an allocation of Rs 13.6 billion during the Sixth Plan, an expenditure of Rs 11 billion was incurred on road and bridge projects. This is summarized in Statistical Appendix Table 27.2.

43. The major works completed during the period were:

- construction of Dera Ismail Khan and Ghazi Ghat bridges;

- Rehabilitation of 150 km of National Highways in the Punjab, 56 km in NWFP and 105 km in Sind under the project co-financed by the World Bank (Third Highway Project); and

- Construction of 35 km of additional carriageway along National Highway N-5 between Peshawar and Nowshera.

44. In addition, work was initiated on the rehabilitation of the Gujranwala-Lalamusa and Sahiwal-Chichawatni sections of the National Highway N-5. Work was also initiated on strengthening the Bela-Khuzdar Road (N-25) and repair of flood damages on Quetta-Sibi road (N-65). Work on bridges over Kurram and Ghambila rivers was taken in hand. Several bridges including five overhead bridges (Amangarh, Wan Radha Ram, Channi Ghot, Kharian and Adamwan) were completed. Work on Zhob-Dhanesar Road (N-50) progressed.

45. The physical targets and achievements during the Sixth Plan are summarized in Table 27.1.

Table 27.1

SIXTH PLAN ROAD TARGETS AND ACHIEVEMENTS

	Targets (km)		Achievement(km)	
	Rehabilitation	New Construction	Rehabilitation	New Construction
Federal	2,975	1,865	2,104	512
Special Areas	837	2,912	768	2,774
Provinces	4,048	1,023	4,197	3,178

SEVENTH PLAN STRATEGY: ROADS

46. Pakistan has about 115,800 km of all types of roads with an average density of about 0.2 km per square km of area which is less than one-third of the generally accepted standard of 0.5 km per square km for developing countries with similar topography and level of economic development. The deficiency is, therefore, of the order of 281,700 km. This large deficiency can be made good only through a long-term construction programme stretching over many plan periods. In addition there are serious capacity and structural deficiencies in about 8,000 km of existing roads which require to be remedied during the Seventh Plan period.

47. The following policy and strategy is proposed for the Seventh Plan:

- Highest priority will be accorded to optimal utilization of the existing road system through proper maintenance, capacity improvement and rehabilitation;

- The maintenance system will be modernized, and the maintenance budget will be rationalized by providing maintenance funds on the basis of actual field measurements and monitoring of field parameters;

- A second carriageway will be constructed along the National Highway N-5 from Karachi to Peshawar via Lahore and Rawalpindi;

- The Indus Highway (National Highway N-55) will be upgraded as the alternate north-south link on the West Bank of the River Indus;

- The mode of financing for highway development programmes will be broadened by the introduction of toll financing. Construction of the second carriageway along the National Highway N-5, over sections which cannot be financed by the public sector will be constructed through toll financing;

- The concept of financing of roads through tolls and auction of franchises for service centres along highways will be developed;

- Efforts will be made to develop a modern road construction industry in the country and to bring about improvements in road construction technology;

- Efforts will be made to improve road safety; and

- Canal roads will be opened for general traffic.

SEVENTH PLAN PROGRAMME

48. The total requirement for the Seventh Plan road development programme is Rs 27.4 billion, including a throwforward of Rs 5.3 billion from the Sixth Plan.

49. Among the major projects, 537 km of additional carriageway will be constructed along National Highway N-5 in addition to 51 km of improvement of existing road.

50. An allocation of Rs 4.1 billion has been made for improvement and realignment of 1,247 km of National Highway N-55 (Indus Highway) in the provinces of NWFP, Punjab and Sind.

51. A major policy shift during the plan period will be the induction of toll financing in road construction. It is proposed to construct about 1,005 km of additional carriageway along N-5 in addition to the rehabilitation of 170 km of the existing road through private financing to be paid back through tolls at a cost of Rs 9.1 billion.

52. In physical terms, 7,799 km of existing and 3,088 km of new roads will be improved.

ROAD TRANSPORT: SIXTH PLAN REVIEW

53.During the Sixth Plan, the shift of freight traffic from rail to road continued and the road transport system remained under great strain.

54. Projected traffic and actual achievements may be seen in Statistical Appendix Table 27.1.

55. During the Sixth Plan a total expenditure of Rs 20.4 billion was incurred against which a total of 107,157 vehicles were inducted.

56. The emphasis of the Sixth Plan in the road transport sub-sector was on maximizing investment by the private sector. It also aimed at improving the quality of service and operational efficiency of road transport and the induction of large-sized trucks for inter-city freight transportation. The bulk of the investment was made by the private sector. In the public sector, 1,200 buses were procured including 200 buses for the Karachi Transport Corporation (KTC). For the urban sector, studies were initiated under the Special Development Programme for improvement in the operations of the KTC and the Punjab Transport Corporation. Fares were deregulated and custom duties reduced. The availability of large-sized trucks was ensured with the initiation of production of three major truck assembly plants in the country.

SEVENTH PLAN STRATEGY: ROAD TRANSPORT

57. The projected road transport traffic during the Seventh Plan period is given in Statistical Appendix Table 27.3.

58.The following development strategy will be followed during the Seventh Plan period:

- All cities with a population of more than 500,000 will have a proper urban transportation system;

- Emphasis will be on encouraging private sector investment in inter-city passenger and freight transport. A transport policy will be formulated where the role of the public and the private sectors will be clearly delineated. The private sector will provide an additional fleet of 25,134 passenger buses and 23,605 trucks while the public sector will provide 3,658 buses;

- The operational efficiency of the public sector road transport system will be improved through better management techniques and maintenance facilities;

- A large number of large-sized trucks will be inducted for freight transport subject to an axle-load limit of 10 tonnes for single and 18 tonnes for tandem axle;

- Vehicles will be registered on the basis of axle loads;

- A highway safety programme will be organized for extensive driver education and enforcement. A pilot highway safety programme will be implemented (with World Bank funds);

- Induction of large-sized 52-seater buses will be encouraged by reducing duties and ensuring loan facilities. Import of mini buses will be discouraged; and

- National environmental quality standards will be formulated and all road transport projects will include an environmental impact assessment component.

SEVENTH PLAN PROGRAMME

59. To achieve the targets in the road transport sub-sector, an investment of Rs 34.5 billion is required of which Rs 2.3 billion will be provided by the public sector and Rs 32.2 billion by the private sector. The public sector funds will augment road transport fleet and improve the infrastructure and maintenance facilities of road transport corporations in Karachi, Lahore, Rawalpindi-Islamabad and Peshawar. The investment requirement of these corporations is given in Statistical Appendix Table 27.6.

60. The balance of urban and inter-city passenger and freight requirements will be met by the private sector. Buses will be supplemented by private sector operations of mini-buses, wagons and para-transit modes like taxis, rickshaws etc.

61. The urban fleet has been assessed on the basis of:

- one bus for 1,500 persons with cities having a population of 6 million and above;

- one bus per 3,000 persons for cities having a population of 500,000;

- proportionate facilities for cities with population between 0.5 and 0.6 million; and standard bus for 52 passengers.

62. The requirement of vehicles for the Seventh Five-Year Plan both for urban and inter-city services as well as the programme is shown in Statistical Appendix Table 27.7.

PORTS AND SHIPPING: SIXTH PLAN REVIEW

63. The Sixth Plan targets and achievements in the ports and shipping sub-sector are discussed below.

PORTS

64. The actual port traffic for 1987-88 as against the Sixth Plan forecast is given in Statistical Appendix Table 27.1. The port traffic was projected to increase at an annual compound growth rate of 7 per cent, from 17.4 million tonnes during 1982-83 to 24.4 million tonnes during 1987-88. However, actual traffic handled at both the ports was only 20.5 million tonnes, an increase of 3.4 per cent per year.

65. With the commissioning of Port Qasim as a bulk handling port during the Sixth Plan, the pressure on available cargo handling facilities at Karachi Port was relieved. Both the ports were able to handle traffic, without delaying ships entering the harbour.

66. An allocation of Rs 3.4 billion was made in the public sector for the development of ports during the Sixth Plan against which an expenditure of Rs 1.3 billion was incurred (Table 27.2). This indicates an overall utilization of only 38 per cent. Low utilization is mainly attributed to delay in the implementation of the Gwadar Harbour project and economies achieved in the cost of the Port Qasim project.

67. The physical achievements of major projects are summarized below:

PORT QASIM

- During the Sixth Plan about 93 per cent of ongoing works at Port Qasim were completed;

- The Sixth Plan anticipated the procurement of a hopper suction dredger for maintenance at Port Qasim. This did not materialize but is expected to be procured during the Seventh Plan; and

– Feasibility study for the construction of an oil terminal was taken in hand.

Table 27.2

PUBLIC SECTOR FINANCIAL ALLOCATION AND EXPENDITURE

(Rs Million)

	Allocation	Expenditure	% Utilized
Port Qasim	1358	724	53
Jinnah Bridge	200	6	3
Gwadar mini port	326	55	17
P.M.Academy *	-	78	-
Navigational aids	-	3	-
Light House at Ketty Bunder	-	2	-
K.P.T **	1553	442	28
Total	3,437	1310	38

* Pakistan Marine Academy

** Karachi Port Trust

GWADAR FISH HARBOUR

68. An expenditure of Rs 55 million is expected to be incurred on construction of the fish harbour-cum-mini port at Gwadar. The project was put to tender.

PERMANENT CAMPUS FOR PAKISTAN MARINE ACADEMY

69. Campus for the Pakistan Marine Academy was completed and necessary training aids and equipments acquired.

SEAMEN'S TRAINING CENTRE

70. The Seamen's Training Project was completed.

KARACHI PORT TRUST

71. During the Sixth plan an expenditure of Rs 0.4 billion was incurred on construction works, procurement of tugs and pilot boats, and road improvement.

72. A major development during the Sixth Plan period has been the sustained growth of container traffic which increased by 22.0 per cent per year. Details may be seen in the Statistical Appendix Table 27.8. Work was started on the establishment of a container terminal at Port Qasim through private sector financing.

SHIPPING

73. The following text discusses Sixth Plan targets and achievements in the shipping sub-sector.

PAKISTAN NATIONAL SHIPPING CORPORATION (PNSC)

74. At the beginning of the Sixth Plan period the fleet strength of the Pakistan National Shipping Corporation (PNSC) was 42 ships. Many of these ships were old and due for deletion. The present fleet strength is 26 ships having a dead weight of 416,300 tonnes with the distribution as shown in Table 27.3.

75. The productivity of the PNSC fleet has increased from 3.7 tonnes per deadweight tonnes (DWT) in 1982-83 to 4.3 tonnes per DWT by 1985-86 as against the Sixth Plan target of 4.7 tonnes per DWT and a world fleet average of 5.8 tonnes per DWT.

76. The share of cargo lifted by the national fleet was about 14 per cent for dry cargo and about 25 per cent for liquid cargo as against the Sixth Plan target of 40 per cent share of general cargo and 50 per cent share of liquid bulk cargo.

77. The inadequate performance of PNSC has been because of resource constraints. No new ships were added to the PNSC fleet.

78.Pakistan Steel is at present arranging shipment of iron ore and coal by chartered vessels. PNSC and Pakistan Steel have yet to resolve the issue relating to shipments of Pakistan Steel cargo on vessels carrying the national flag.

Table 27.3

NUMBER OF SHIPS IN DIFFERENT AGE GROUPS(1987)

Age	No. of Ships	DWT
Up to 5 years	1	18,200
5 to 10 years	12	219,200
10 to 15 years	4	60,500
15 to 20 years	8	105,100
Over 20 years	1	13,300
Total	26	416,300

NATIONAL TANKER COMPANY (NTC)

79. The NTC is now lifting over 50 per cent of crude oil imports on its tanker fleet and the balance on chartered vessels. An additional second-hand crude oil tanker proposed during the Sixth Plan has not been acquired.

PRIVATE SHIPPING

80. A policy decision for opening shipping to the private sector has been taken. Necessary guidelines are being formulated by the Ministry of Communications.

SEVENTH PLAN STRATEGY: PORTS AND SHIPPING

81. Dry and liquid cargo is expected to increase from 20.5 million tonnes in 1987-88 to 25.5 million tonnes in 1992-93. The port traffic forecasts for the Seventh Plan are given in Statistical Appendix Table 27.3.

82. During the Sixth Plan period growth of containerized traffic was rapid. In 1987-88 about 60 per cent of general cargo was carried in containers and it is expected that 75 per cent will be containerized by 1992-93. The container traffic forecast for both the ports have been projected at an annual compound growth rate of 8.9 per cent and is expected to reach 4.5 million tonnes by 1992-93.

83. In order to adequately cater for the projected port traffic the following strategy will be followed:

- creation of a Central Port Authority to coordinate the operation of Port Qasim and the Karachi Port;
- completion of the current phase of work at Port Qasim;
- initiation of work on construction of an oil terminal at Port Qasim;
- mechanical cargo handling equipment, construction of transit silos and dredger to be procured for Port Qasim;
- completion of mini port at Gwadar;
- container handling berths at Port Qasim and the Karachi Port to be provided and equipped with gantry cranes and other container handling equipment;
- inland container freight stations to be developed at strategic industrial and commercial locations to enable multi-modal operation of containers from the premises of the shippers to the premises of consignees;
- private sector participation in cargo handling to be encouraged;
- customs and KPT procedures and documentation to be simplified to ensure quick clearance of containers and multi-modal operations;
- infrastructure, railways and road transport facilities including private transport to be developed to enable efficient movement of containers from the ports to upcountry destinations and vice versa;
- tariff charged by Port Qasim to be rationalized to achieve optimum utilization of port facilities;
- facilities to be developed for the protection of marine environment from pollution; a national contingency plan for dealing with large oil-spill emergencies along the coast of Pakistan to be prepared;
- the present port facilities to be consolidated by greater emphasis on balancing, modernization and replacement to achieve improvement in through-put;
- private sector to be encouraged to participate in shipping;
- investment in ports to be opened to the private sector; container terminal at Port Qasim to be constructed by the private sector;
- completion of a study on the development of an inland water transportation system;
- the Karachi Shipyard and Engineering Works to be revitalized and its facilities to be balanced and modernized;
- Eighteen ships to be acquired during the Seventh Plan to modernise and maintain the strength of the national fleet;
- the productivity of PNSC fleet to be im-

proved from 4.3 to 5.0 tonnes per DWT for general cargo and 6.0 tonnes per DWT for container ships; and

- adequate inland transport facilities to be ensured to avoid congestion in and around ports and to provide for upcountry transportation.

SHIPPING

84. Considering the projected sea-borne trade of Pakistan at the end of the Seventh Plan and the large number of general cargo vessels which will become obsolete during that period, considerable investment in ships is required to enable the national fleet to carry a reasonable share of the traffic. At least 5 container ships will have to be added to the PNSC fleet to carry, in combination with the existing 13 multi-purpose ships, about 40 per cent of the cargo in the main liner trades.

85. The acquisition of two bulk-carriers of about 50,000 DWT will ensure a share of about 10 per cent in the transport of bulk and semi-bulk cargoes. This will have to be augmented by the private sector fleet which will have to increase by 400,000 DWT comprising 8 ships of about 50,000 DWT.

86. A vegetable oil-tanker of about 25,000 DWT will carry about 50 per cent of the palm oil exports from South-East Asia.

87. The NTC tanker which presently carries more than 60 per cent of the crude oil imports will have to be replaced by a 75,000 DWT tanker during the Seventh Plan period.

88. Total investment in ships during the Seventh Plan period will be about Rs 3.4 billion of which about Rs 2 billion will be made by PNSC and NTC and Rs 1.4 billion by the private sector.

CIVIL AVIATION: SIXTH PLAN REVIEW

89. During the Sixth Plan the passenger traffic at all airports was projected to increase by 9.4 per cent per year for domestic and 7.2 per cent per year for international traffic. Cargo traffic over the entire system was projected to increase by 18 per cent and 9.8 per cent for domestic and international cargo, respectively. The projections for 1987-88 and actual traffic handled in 1987-88 shown in Table 27.4 indicate that actual traffic handled at all airports was slightly lower, so that there was no strain on the terminal facilities.

90. As a result of improvements and expansion, infrastructure facilities at both domestic and international airports were adequate to cater for the traffic requirements.

Table 27.4

TRAFFIC HANDLED AT ALL AIRPORTS
(million)

	1982-83	1987-88		(% p.a.) Growth	
	Benchmark	Target	Expected	Target	Expected
Passenger					
Domestic	3.9	6.1	5.9	9.4	8.6
International	3.3	4.7	4.5	7.2	6.4
Total	7.2	10.8	10.4	8.5	7.6
Cargo (tonnes)					
Domestic	0.05	0.11	0.06	17.1	3.7
International	0.11	0.17	0.14	9.1	4.9
Total	0.16	0.28	0.20	11.8	4.6

91. Against the Sixth Plan allocation of Rs 4 billion for civil aviation, the actual expenditure was about Rs 3 billion giving a 75 per cent utilization rate. The public sector could only provide Rs 0.4 billion as equity against the plan provision of Rs 1 billion. Self-financing by Civil Aviation Authority (CAA) was Rs 2.6 billion against a projected Rs 3 billion.

92. The following works were carried out during the Sixth Plan:

- improvement of terminal buildings at Karachi, Sukkur, Lahore, Peshawar and Islamabad;
- construction of Terminal III at Karachi;
- reconstruction of Terminal II at Karachi;
- strengthening of runway at Faisalabad;
- construction of new runway at Lahore;
- new feeder service airports at Sibi, Bhagtanwala, Mianwali, Kohat, Badin, Bahawalpur, Jacobabad, Khuzdar, Ormara, Rawalakot, Muzaffarabad and Mangla;
- aeronautical communications and control over Pakistan airspace (first-phase of installation of radar at Karachi airport completed);

- augmenting of existing electrical/electronic/engineering facilities at several airports; and
- upgrading of runways, taxiways, apron and terminal buildings at airports at various locations.

93. The principal problem in the implementation of the plan was the inadequate capability to implement projects. In addition, cost over-runs seriously affected the priorities and the phasing of a number of major projects.

SEVENTH PLAN STRATEGY: CIVIL AVIATION

94. Country-wide passenger and cargo traffic to be handled by all civil airports during the Seventh Plan is shown in Table 27.5.

Table 27.5

SEVENTH PLAN TRAFFIC PROJECTIONS
(millions)

	Benchmark 1987-88	Projections 1992-93	Growth (% p.a.)
Passenger			
Domestic	5.9	8.0	6.3
International	4.5	5.7	4.8
Total	10.4	13.8	5.8
Cargo (tonnes)			
Domestic	0.06	0.08	5.9
International	0.14	0.18	5.2
Total	0.20	0.26	5.4

95. The following policy and strategy for the Seventh Plan period has been adopted:

- construction of Phase I of the new Karachi terminal complex, a functional terminal building at Lahore and modest development of the existing terminal building and other facilities at Islamabad airport;
- improvement of terminals, runways and other physical infrastructure at other airports;
- upgradation of Peshawar airport for Boeing 747 operations with Instrument Landing System (ILS) and night-landing facilities;
- upgradation of Kohat, Bannu, Dera Ismail Khan, Saidu Sharif, Gilgit, Chitral and Skardu airports for Boeing 737 operations;
- augmentation and improvement of air navigational aids and of the communication system for greater operational safety;
- development and improvement of cargo handling facilities at major airports particularly at Karachi, Lahore, Peshawar, Faisalabad and Multan ; and
- establishment of feeder services airport at Mansehra, Ormara, Loralai and Kotli.

96. Reflecting the above strategy, the principal components of the Seventh Plan programme are given in Statistical Appendix Table 27.3.

97. Out of the total capital outlay of Rs 4.2 billion the foreign exchange and local currency components will be Rs 1.2 billion and Rs 3.0 billion respectively.

98. The programme will be financed on the pattern shown in Table 27.6.

99. An expenditure of Rs 78 million was incurred during the first four years of the Sixth Plan for the procurement of detection equipment and accom modation by the Airport Security Force (ASF).

Table 27.6

FINANCING OF CIVIL AVIATION DEVELOPMENT PROGRAMME

(million Rs)

a) CAA's own surplus	1,842
b) Borrowing	
i)Suppliers Credit	2,045
ii)Foreign Commercial Loans	356
Sub-Total (b)	2,401
Total CAA	4,243

100. An allocation of Rs 94 million has been made during the Seventh Five Year Plan for accommodation for ASF guards as well as security and detection devices. The control towers and watch rooms at airports will be provided by the CAA.

PAKISTAN INTERNATIONAL AIRLINES (PIA): SIXTH PLAN REVIEW

101. The projected traffic to be carried by the Pakistan International Airlines (PIA) by 1987-88 and the actual performance is presented in Statistical Appendix Table 27.1.

102. Domestic traffic carried by the PIA exceeded the plan targets while there was a marginal shortfall in the achievement of the targetted international traffic. On the whole, the airline performed very well.

103. An allocation of Rs 2.7 billion including Rs 0.5 billion for ground equipment was made in the Sixth Plan for procurement of one DC-10-30, one Airbus A-300 B4 and six twin-jet aircraft by PIA. Against this allocation, the total expenditure by PIA was Rs 8.8 billion including Rs 5.4 billion for the purchase of aircraft and Rs 3.4 billion for the development of infrastructure facilities and equipment. The excess expenditure incurred by PIA was due to the reason that a second airline in the private sector could not be established during the Sixth Plan period.

104. In physical terms, PIA added three Airbuses A-300 B4s, six Boeing 737-300s, two Twin Otters, one Boeing 747-200 and two Fokker F-27 aircraft to its fleet during the Sixth Plan. In addition, the four DC-10-30 aircraft were replaced by three Boeing 747-200s and one Airbus A-300 B4 as a part of fleet standardization. This capacity expansion has enabled the airline to carry the entire Haj traffic on its own aircraft since 1985-86 without any leasing capacity from outside. PIA phased out three Boeing 707s and four Cessna aircraft during the Sixth Plan period.

105. The fleet plan envisaged by the PIA at the end of the Sixth Plan and the actual fleet available in 1987-88 is given in Table 27.7.

Table 27.7

PLANNED AND ACTUAL FLEET OF PIA

Type of Aircraft	Planned	Actual
Boeing 747-200	4	8
DC-10-30	4	-
Airbus A-300 B4	6	8
Boeing 737-30	6	7
Boeing 707	7	4
Boeing 720B	3	0
Fokker F-27	9	11
Twin Otter	0	2
Cessna	4	0
Total	43	40

SEVENTH PLAN STRATEGY: PIA

106. Traffic projections for the Seventh Plan period are shown in Statistical Appendix Table 27.3.

107. The following policies and strategies are proposed to be followed during the Seventh Five-Year Plan period:

- Consolidation of route network and traffic during the first half of the plan followed by moderate growth thereafter;
- The remaining fleet of five Boeing 707s to be be phased out;
- Emphasis on cost control, including reduction of manpower employed per aircraft and higher utilization of fleet and load factors. It is proposed to increase the seat factor from 65.1 per cent in 1987-88 to 70.1 per cent in 1992-93;
- Improvement in liquidity position to generate funds for financing acquisition of new aircraft;
- Aircrafts to be procured on lease rather than out-right purchase; and
- Private sector to be inducted in operating an airline.

108. It is proposed to add capacity equivalent to one Boeing 747, two Airbus A-300 B4s, two Boeing 737s and two used Fokker F-27s to the national fleet to meet the anticipated growth in traffic. The investment required for the above will be of the order of Rs 7.6 billion including Rs 2.3 billion for equipment and other facilities. An allocation of Rs 952 million has been made to meet essential aircraft requirements. The remaining requirements will be met by obtaining aircraft on lease.

TELEGRAPH AND TELEPHONE (T&T): SIXTH PLAN REVIEW

109. By the end of June 1988, total telephones stood at 692,000 giving a density of 6.7 telephones per 1,000 population against a density of 4.1 in June 1983.

110. At present there is a pending demand for 474,000 telephones and the suppressed demand might be even greater. Fresh applications number about 13,750 per month. At this rate the telephone demand will be of 1,418,000 by 1993.

111. Since traffic generated on the local system and the trunk system is proportionate to the number of telephones, balancing and augmentation of

local network and trunk system is also lagging behind demand. The management information system also needs to be modernized to keep pace with the nature of activities of the department. The international traffic system, however, has improved somewhat due to considerable addition in overseas channels and establishment of a second gateway exchange at Islamabad.

112. During the Sixth Plan period, trunk traffic grew at the rate of 9.2 per cent against an estimated 18.0 per cent and the telex traffic growth was 6.7 per cent as against the estimated 11.5 per cent. In absolute terms, trunk traffic increased from 121 million calls in 1982-83 to 188 million calls in 1987-88 (target 227 million calls). Telex traffic (annual paid minutes in million) increased from 13 to 18 (target 22.4) during the same period.

113. An expenditure of Rs 8.1 billion was incurred in the Sixth Plan period against an allocation of Rs 10.1 billion in the Public Sector and Rs 3.0 billion million in the private sector giving a utilization of 81 per cent. The shortfall was principally because private sector financing was not forthcoming. Actual physical achievements are given in Table 27.8.

Table 27.8

SIXTH PLAN REVIEW: TELEGRAPH & TELEPHONE DEPARTMENT

	Target	Actual	Performance (%)
Telephone Lines (000)	520	316	60
Density/1,000 population	9.0	6.7	75
Public Call Offices	2000	1875	94
Trunk Position	600	221	37
Subscriber Trunk Dialling/ Nation-wide Dialling	9000	6993	78
Telex Lines Units	11800	5820	49
Satellite Stations	1*	1*	100
Submarine Cable	1	1	100
DOMSAT/ TROPOSCATTER	4	4	100

* plus one additional standard 'A' antenna.

114. The main reasons for lower achievement with regard to telephone lines and trunk positions have been the delay in the decision about the digital switching system, acquisition of land, and in the execution of civil works. Other major reasons have been the lack of implementation capacity and heavy cost over-runs due to which most of the projects suffered and could not progress as programmed. No progress was made on inducting of the private sector in the telecommunications. Implementation of the policy decision to convert T&T department into an autonomous corporation is in an advanced stage. The contract was signed by the T&T Department with Messrs. Siemens of the Federal Republic of Germany for the transfer of technology and manufacture of digital exchanges with a capacity of 100,000 local lines, 20,000 trunk lines, and 10,000 private automatic branch exchange (PABX) lines per year.

SEVENTH PLAN STRATEGY: T&T

115. The projections for traffic during the Seventh Plan are shown in Statistical Appendix Table 27.9.

116. The strategy for the sector during the Seventh Plan will be:

- increasing the density of telephones from 6.7 to 11.0 telephones per 1,000 inhabitants;
- consolidation and re-organization of T&T as an autonomous corporation;
- financing of T&T development projects through own resources as well as private sector participation;
- providing additional training facilities in the telecommunication training institutes for training of staff in the latest telecommunication systems;
- establishing a network for data communication in the country; and
- expanding telephone facilities by providing long distance public call offices (PCOs) for the opening up of isolated areas.

SEVENTH PLAN PROGRAMME

117. In accordance with the above strategy, the Seventh Plan envisages doubling the number of telephones from 0.7 million to 1.3 million, doubling PCOs from 2,000 to 4,525 to give greater coverage to the rural areas, adding 1,000 telex lines and upgrading the trunk and international system to cope with the additional traffic. This will include completion of the Rawalpindi-Karachi optic fibre link and upgradation of the existing microwave alternate system. The programme also provides for the replacement of 100,000 outlived telephone lines along with associated cable network, power plant and airconditioning.

118. The Seventh Plan envisages a total investment of Rs 21.6 billion. This includes an amount of Rs 8.5 billion on account of the throwforward from the Sixth Plan.

119. The revenue surplus of the T&T department during the Seventh Plan period is estimated at Rs 18.4 billion including a foreign exchange component of Rs 6.6 billion as shown in Table 27.9.

Table 27.9

SEVENTH PLAN PROJECTED SELF-FINANCING: T&T DEPARTMENT

(Rs million)

	Local	FEC	Total
Revenue	28038	6575	34613
O & M expenditure *	16188	-	16188
Net revenue surplus	11850	6575	18425
Capital requirement	11138	10500	21638
Borrowing	.	3925	3925

*including debt servicing

120. The capital requirement of the Seventh Five-Year Plan is Rs 21.6 billion (local, Rs 11.1 billion with a foreign exchange component of Rs 10.5 billion). Thus the department will have adequate revenue surplus to finance the local component and will meet the foreign exchange component through foreign borrowing/loans worth Rs 3.9 billion.

SPECIAL COMMUNICATION ORGANIZATIONS (SCOs): SIXTH PLAN REVIEW

121. Against an allocation of Rs 200 million for the special communications organization in the Sixth Plan an expenditure of Rs 148 million has been incurred.

122. During the Sixth Plan it was proposed to install 9000 telephones, 35 PCOs, 1368 km new overhead line, 72 carrier channels and 45 ultra-high frequency (UHF) microwave channels. By June 1988, it is expected that 6,600 telephones, 45 PCOs, 410 km new overhead lines, 144 carrier channels and 300 UHF microwave channels will be installed.

SEVENTH PLAN STRATEGY: SCOs

123. The major objectives for the development of telecommunication facilities in Azad Jammu & Kashmir (AJK) and Northern Areas will be to:

- provide 7,000 telephones;
- convert present central battery (CB) exchanges into electronic exchanges upto tehsil headquarters and other important towns;
- extend nationwide dialling (NWD) facilities to all tehsil headquarters and other major towns by providing 250 long distance channels;
- increase telephone connections from 17,515 to 24,515 by the end of the plan;
- connect all major towns of AJK with respective district headquarters through UHF links;
- provide 75 long distance PCOs by using very-high frequency (VHF) links;
- extend telex facilities upto tehsil headquarters and other important towns;
- increase telephone density in both AJK and Northern Areas from 7.6 to 9.4 per 1,000 persons;
- provide international subscriber dialling (ISD) facilities to all district headquarters; and
- create employment opportunities for the local population of the area.

124. An allocation of Rs 260 million has been made for SCOs and other telecommunications in the Seventh Plan which includes an amount of Rs 158 million for ongoing projects from the Sixth Plan.

POST OFFICES: SIXTH PLAN REVIEW

125. Against an allocation of Rs 0.7 billion in the Sixth Plan, an expenditure of Rs 0.3 billion has been incurred. The targets and achievements are shown in Statistical Appendix Table 27.10.

126. Some 785 million unregistered letters and 33.4 million registered letters were mailed during 1987-88; this is expected to increase to 976 million unregistered and 41.5 million registered letters by end 1992-93.

127. The total number of post offices in the country by end-June 1988 will be 12,115 of which 2,604 will be in the urban areas, i.e. one post office per 66 sq.km and 7,500 persons.

128. According to the Universal Postal Union (UPU), one post office should, on average, serve an area of 20 to 40 sq km and a population of 3,000 to 6,000. In order to improve the situation it will be necessary to open at least 1,000 post offices during the Seventh Plan of which 800 will be opened in the rural areas and 200 in the urban areas.

SEVENTH PLAN STRATEGY: POST OFFICES

129. During the Seventh Plan period the major targets will be:

- opening of 1,000 new post offices, 800 in rural areas and 200 in urban areas;
- construction of 50 post office buildings and 300 residential quarters;
- construction of a mechanized sorting office at Karachi;
- purchase of plots for the construction of post office buildings at 25 places;
- introduction of Air Express (Airex) and Urgent Mail Services (UMS) in about 50 towns;
- computerization of post office accounts, financial services, Postal Life Insurance (PLI) and saving banks; and
- introduction of DATA POST to 12 more countries.

130. The programme of the Seventh Plan will cost Rs 0.5 billion.

131. The Post Office Department provides service on a no- profit no-loss basis. However, it has been incurring losses. The Postal Life Insurance Fund amounting to Rs 1.2 billion has been lying dormant. It is proposed that this fund be utilized for investment in profit-generating assets like commercial buildings. This will generate additional income and provide a source of self-financing for the postal services.

DEPARTMENT OF METEOROLOGY

132. An allocation of Rs 75 million has been made for modernization and upgradation of meteorological facilities for civil aviation during the Seventh Plan period.

RESEARCH

133. An allocation of Rs 125 million has been made for continuation of research studies in the National Transport Research Centre, establishment of Road Research and Urban Transport Divisions and updating of National Transport Plan Study during the Seventh Plan period.

HIGHWAY SAFETY

134. In order to clear the backlog of the much needed road safety improvement measures and to provide adequate funds for new programmes, an amount of Rs 100 million has been provided in the plan.

CHAPTER

28

PHYSICAL PLANNING AND HOUSING

Physical planning and housing has traditionally been concerned with indicative plans aimed at solving the housing shortage in the country and extending potable water supply and sanitation facilities largely in the urban areas. Some departure from this traditional approach was made in the Sixth Plan. The plan undertook the development and construction of residential plots and houses, and provision of potable water to 59 per cent of the population (90 per cent in urban areas and 45 per cent in rural areas), together with sewerage and drainage facilities to 26 per cent of the population (60 per cent urban; 10 per cent rural).

SIXTH PLAN REVIEW

2. The following targets were to be achieved during the Sixth Plan in the physical planning and housing sector.

- 550,000 small-sized plots for low-income families were to be developed in the public sector. For this purpose, suitable state lands were to be allotted at reasonable cost;
- All nucleus housing units (upto 200 sq. ft. covered area) were to be financed through interest-free loans of Rs 20,000 per family. These loans were to be advanced by the House Building Finance Corporation (HBFC);
- Commercial banks were directed to advance loans to builders at concessional rates by way of bridge financing;
- Savings and loans associations were to be set up for mobilizing small savings; and
- Major cities were to be covered by development plans for which an Institute of Regional & Urban Planning was to be set up.

3. The physical achievements made during the Sixth Plan period have improved the infrastructure services provided to urban and rural areas. In the housing sub-sector, against the target development of 550,000 residential plots in urban areas, 430,000 plots were developed. Similarly, 400,000 housing units were constructed against a target of 670,000 units in the urban areas. In the case of water supply and sanitation, the average achievement was about 80 per cent of target in both the urban and rural areas.

PRESENT POSITION

4. The environment and housing problem facing the country remains serious. Safe water is available to only 53 per cent of the population (80 per cent in urban areas and 40 per cent in rural areas), whereas sewerage and sanitation facilities are available to only 25 per cent of the population (urban 52 per cent and rural 10 per cent). The shortage of housing is more difficult to assess. One estimate places the shortage at about 1.5 million houses. The situation is likely to get worse because of the inability to meet the annual increment in demand.

FUTURE TRENDS

5. The gap between the demand for and supply of adequate housing, water supply and drainage facilities will widen further with the increase in population. Continuing population growth will lead to greater pressure on the existing inadequate level of housing, community services and transportation facilities.

6. It is estimated that the urban population is growing at an annual rate of 4.8 per cent compared to a rate of 4.4 per cent experienced in the 1970s. At this pace, the urban population will increase by 9 million by 1993 (comprising 5.5 million by natural growth and 3.5 million by rural-urban migration). Migrants from both rural and urban areas will continue to gravitate to the metropolitan and secondary cities. These cities will be expected to absorb 2.3 million out of 3.5 million migrants whereas 1.2 million migrants will be absorbed in other small towns.

7. Based on past trends, 650,000 housing units would be needed to meet the demand induced by the natural increase (5.5 million) in urban population. The increase in demand due to rural-urban migration estimated at 3.5 million, will be met either by the housing facilities available for the natural increase in population or through temporary dwellings to be arranged by the migrants themselves.

PLAN OBJECTIVES AND STRATEGIES

8. A major shift of population from rural to urban areas is taking place. As a consequence, the urban areas are presently faced with an acute housing problem, environmental degradation and pressure on community facilities. The problem is much more pronounced in the larger cities of Karachi and Lahore which are likely to continue to attract the bulk of the migrants from the countryside.

9. The Seventh Plan aims at accelerating the provision of housing and other service facilities particularly for the shelterless and the lower and middle income groups. The major focus of the plan will be on solving the problem of housing under a crash programme (most importantly the *katchi abadi* development programme), and improving water supply, sanitation and environmental conditions particularly in the two larger cities of Karachi and Lahore.

10. The following strategy will be adopted during the Seventh Plan:

- The existing housing stock in the *katchi abadis* will be improved and the incremental demand for housing met through sites and service schemes and the construction of houses from *zakat* funds for the *mustahaqeen* (needy indigent);
- the phenomenal rise in land values will be checked through an urban renewal programme in major cities;
- 1.0 million houses will be constructed throughout the country largely in the urban areas to help reduce the urban housing backlog;
- Master plans for all major towns having first class municipalities or metropolitan corporations will be developed;
- In the rural areas, the programme of provision of 7-Marla plots and housing for the shelterless will be accelerated;
- the resources of HBFC will be increased. HBFC will also mobilize additional resources by issuing housing bonds. New financial credit institutions on the pattern of savings and loans associations will be set up; and
- In the case of urban areas, water supply, sewerage and sanitation facilities will be extended to cover 95 per cent and 70 per cent of the population respectively by the end of the plan. Full coverage of potable water supply will be provided in the case of metropolitan cities and 70 per cent coverage in the case of other urban centres. In rural areas, by the end of the Seventh Plan, 75 per cent of the population will have access to potable water and 30 per cent to sanitation facilities.

SEVENTH PLAN PROGRAMMES

11. In the light of this strategy, the programmes to be taken up during the Seventh Plan under various sub-sectors are described in the following paragraphs.

URBAN DEVELOPMENT

12. In the past, although master plans were prepared for a number of cities and towns, these were either not implemented or became outdated in the wake of rapid urbanisation. Further, the absence of a legal framework to coordinate the formulation and implementation of master plans was an additional weakness in the urban planning process.

13. In the Seventh Plan it is proposed to prepare and up-date the master plans as well as evolve a legal framework to approve and implement these plans. The existing practice whereby the provin-

cial housing and town planning departments prepare the master plans but approval is given by the local government departments will have to be done away with. The provincial governments will be urged to either merge both the functions into a single agency or evolve a legal framework to approve and implement master plans within a specified time frame.

14. Master plans will be reviewed and prepared for metropolitan cities of Karachi, Lahore and secondary cities; outline plans for intermediate cities having a population of between 25,000 to 500,000 will be taken up.

15. In urban centres with a population in excess of 500,000, development authorities will be set up to undertake large urban development projects in accordance with these master plans.

HOUSING

16. During the Seventh Plan period, the total urban population, based on natural growth, is projected to grow by 5.5 million. The population of the two metropolitan cities of Karachi and Lahore, on the basis of natural growth, is likely to expand by 1.3 million leading to an additional annual requirement of about 32,000 units. In other major cities the population increase (natural) is expected to be 1.1 million requiring 26,000 additional housing units per year. The balance of 3.1 million in population is expected to reside in the other urban centres requiring 72,000 additional units per year. Thus the overall annual incremental housing requirement during the Seventh Plan would be 130,000 units or 650,000 units based on a size of about 8.5 persons per household.

17. The policy will be to meet the needs of the increment in demand. The public sector's role will be limited to the provision of serviced housing sites for the low and lower middle income groups which is about 70 per cent of the total demand of 650,000. Housing sites for the remaining 30 per cent of the middle and higher income groups will be met by the private sector.

18. In order to economise on scarce land in the urban areas, multiple construction on a single plot will be encouraged. Legislation will be enacted to preclude the transfer of land to real estate speculators and a limit will be imposed on the maximum land area that can be acquired by private entrepreneurs.

19. The development of housing sites by the private sector will be carried out in accordance with the master plans and zoning regulations as laid down by the concerned local authorities. Development agencies will be responsible, however, for providing infrastructure like roads, water supply, sewerage and drainage, etc.

20. The public sector programme will be implemented on a self-financing basis. Development authorities will arrange funds from the capital market so that dependence on budgetary resources is avoided. In case of the private sector, bridge financing against land mortgage will be provided to housing societies through the banking system. Pakistanis living abroad will be encouraged to form cooperatives and develop housing colonies.

HOUSING CONSTRUCTION

21. To meet the increase in demand, 650,000 housing units will be constructed in the urban areas during the Seventh Plan period, of which about 575,000 units (90 per cent) will be constructed by the private sector. The public sector will construct 25,000 housing units using *Zakat* funds for the *mustahaqeen*, 20,000 through the Workers Welfare Fund for industrial workers and about 30,000 for federal and provincial government employees from government funds.

FINANCING

22. The overall cost of constructing 575,000 housing units is estimated at Rs 65 billion. About 66 per cent of these resources will come from corporate and household savings with the remaining 34 per cent provided by the HBFC. The resources of HBFC will need to be increased substantially. Furthermore, in order to avoid concentration of HBFC lending operations in a few large cities, it will be necessary to decentralize its activities by specifically earmarking credit for disbursement in different urban centres. Loan-sanctioning powers also have to be decentralised up to the district level for quick disposal of loan applications.

23. Even after enlarging the scope of HBFC and expanding the availability of credit from commercial banks, there will still remain a substantial gap between the supply and demand for credit in the housing sector. New credit institutions such as saving and loan associations will be encouraged in the private sector to meet the additional credit needs. These associations will primarily be joint-stock companies with the purpose of securing deposits for the purpose of advancing loans for ac-

quiring residential accommodation. Similarly, in order to mobilize resources from the general public, the HBFC will be encouraged to initiate schemes for issuing housing bond certificates.

PROGRAMME FOR THE SHELTERLESS

24. A programme for provision of 1 million houses for the shelterless in the urban and rural areas has been initiated. The shortage is more a reflection of the extreme over-crowding in the existing units. This is evident from the housing census records which suggest that during the period 1972-80 the rate of occupancy per housing unit has increased from 6 to 7 persons and the average number of persons per room from 3 to 3.5.

25. Initially, a programme for providing 150,000 nucleus houses will be undertaken, This will include 75,000 units to be provided through *zakat* funds as grant to the *mustahaqeen*. Funds will also be provided through government subvention and by earmarking a percentage of the loan operations of HBFC.

KATCHI ABADIS

26. Proprietary rights are to be given to the residents of those *katchi abadis* which consist of 40 or more dwellings, together with the provision of essential services. The magnitude of the problem as revealed by surveys carried out by the provincial governments is given in Table 28.1.

27. In order to tackle the problem of *katchi abadis*, a new approach is proposed. It will involve the assignment of specific roles to the municipal and civic bodies and the project area committees. The responsibility for major developmental works like bulk water supply, sewerage disposal and drainage, roads, schools, dispensaries, etc. will be undertaken by government and civic bodies while local developmental works including pavement of streets, construction of drains and sanitation, and running of informal schools and filter dispensaries, etc. will be the responsibility of the project area committees.

28. With this approach, a total investment of Rs 16.8 billion will be needed. However, during the Seventh Plan, emphasis will be given to improve 2,040 *Katchi Abadis* on state land having an area of 26,060 acres and an investment of about Rs 10.8 billion. The programme will include acquisition of state lands belonging to federal government agencies by the provinces, development of infrastructure, housing improvements, and housing for displaced families, etc. Financing will be from government grants and contributions from the beneficiaries for land acquisition and infrastructure development, whereas *zakat* funds and HBFC loans will be earmarked for improvement and construction of houses.

Table 28.1

KATCHI ABADIS BY PROVINCE

(Area in acres)

Province	No. of Katchi Abadis	Total	State Lands	Private Lands	Population (Million)
Punjab	902	9376	8875	501	1.6
Sind	1300	26000	24300	1700	3.8
NWFP*	55	2826	2826	-	0.3
Baluchistan	65	4943	1509	3434	0.3
Total	2322	43145	37510	5635	6.0

*In a strict sense there is no katchi abadi in NWFP. The residents of the slum areas own proprietary rights to land.

29. In view of the limited capability and commitment of civic bodies as well as dwellers to implement programmes for the development of *katchi abadis*, the following strategy is proposed:

- *Katchi abadi* development councils will be established at national as well as provincial levels for policy formulation;
- *Katchi abadis* will be grouped in project area committees for implementation. Extension wings at project area level and research cells in the municipal bodies will be set up to carry out research and recommend low-cost solutions; and
- The efforts of the public sector will be supplemented by community-based non-governmental organizations (NGOs).

WATER SUPPLY, SEWERAGE AND DRAINAGE

30. It is estimated that water supply facilities are presently available to about 80 per cent of the population while sewerage and drainage facilities of acceptable standard to 52 per cent of population in the urban areas. Access to piped water is limited to large urban centres. Approximately 40 per cent of the urban population with access to piped water have house connections, the balance being served by public water taps. Sewerage and sanitary systems are limited to parts of a few cities

only. Urban population not connected to a sewerage system depends on septic tanks, soak pits or overflows into storm drains.

31. In most of the urban areas, the problem is more of inadequate and inefficient distribution rather than that of water availability. Attention will therefore be focused on a better distribution system along with an augmentation of supplies.

32. In case of sewerage and drainage, the situation is much worse and is aggravated by the expansion of water supply facilities. Provision of sewerage and drainage disposal facilities has therefore to match the programme of water supply.

33. The targets envisaged for the Seventh Plan are to increase the water coverage from the existing 80 per cent to 95 per cent by 1993 by serving an additional population of 13.6 million and sewerage/drainage facilities coverage from 52 per cent in 1988 to 70 per cent in 1993 by covering an additional population of 12.4 million.

34. Within this overall programme, it is proposed to provide 100 per cent water supply coverage in the case of metropolitan and secondary cities and about 70 per cent to other urban centres. Sewerage and drainage facilities coverage is proposed at 100 per cent for metropolitan and secondary cities and about 50 per cent for the rest of the urban centres.

35. In order to meet the urban targets, financing will be partly through the normal Public Sector Development Programme (PSDP) and partly through the Special Development Programme (SDP). In addition funds will also be provided from the budgets of local councils.

36. Full recovery of capital and operation & maintenance cost will be made through levy of user charges in order to eliminate subsidies and enable the project to pay for itself.

37. In order to enable the concerned agencies to implement and operate the systems efficiently, reduce the burden of repayment of loans as well as keep user charges within reasonable limits, the capital cost of projects needs to be minimized. For this purpose the following measures will be considered:

- Domestic loans for water supply and sewerage projects will be made available at concessional rates;
- External loans will be passed on to the executing agencies by the federal government at the same rate as actually charged by foreign donor agencies;
- Machinery/equipment/plant required for the projects will be exempt from customs duty; and
- Electrical power for operating water supply/drainage systems will be charged at the same concessional rate as applicable to irrigation tubewells.

URBAN TRANSPORT

38. Pakistan's large urban centres have become increasingly difficult to live and work in, largely because there are serious difficulties in commuting within the cities. Transport facilities are inadequate and the demand for such services is growing rapidly. The provision of urban transport has to be linked to the development of other public utilities in the metropolitan cities.

39. Transportation problems cannot be solved in isolation. It involves the provision of infrastructure and traffic management. For the development of an efficient transport system in the large cities, comprehensive traffic studies are essential to identify projects and tackle the problem effectively. Details are provided in Chapter 27 on Transport and Communications.

RECREATION PARKS AND PLAYGROUNDS

40. Lack of sufficient space for recreation parks and playgrounds in almost all urban areas, especially in the large cities, has led to unhealthy living conditions and has retarded the physical and mental growth of the younger generation. Encroachments by low income dwellers and changes in land use plans by the local authorities have been a serious problem. Even where facilities exist, these are not being used due to inadequate maintenance.

41. Future planning of towns and settlements must cater for parks and playgrounds based on the requirements of the population.

42. To carry out environmental improvement programmes, all local authorities will develop detailed plans for implementation during the Seventh Plan. Resources needed would be arranged by the local authorities and communities. In case any additional funds are needed, these could be provided by the provincial governments through their budgetary resources.

RURAL AREAS

43. Rural development is an integral part of the development strategy of the government. A lack of basic infrastructure services and employment opportunities has resulted in the continued migration of people to urban areas. Recognizing this situation, a programme directed towards the accelerated upliftment of rural areas has been undertaken. The programme's components include provision of electricity, farm to market roads, education, health, water supply and sanitation and housing facilities. The details of this programme are discussed in Chapter 16 on Rural Transformation (Volume I). The physical planning and housing sector is concerned with the programme of water supply & sanitation and housing.

WATER SUPPLY AND SANITATION

44. At the beginning of the Seventh Plan, out of the total rural population of 72 million, about 40 per cent were served with water supply. It is proposed to increase this coverage to 75 per cent during the Seventh Plan by serving an additional population of 31.2 million. The coverage of sanitation facilities in 1988 was 10 per cent which is proposed to be increased to 30 per cent by serving an additional population of 17.0 million. In order to meet the envisaged targets, modest design standards will be adopted for all projects and both conventional and modern methods will be used in project execution. Water supply coverage will be provided both through stand-posts and hand pumps, wherever appropriate. The coverage will be supplemented from tubewell sources in areas of Baluchistan, Sind, NWFP, etc.

45. The following criteria will determine the provision of water supply and sanitation facilities:

- Priority will be given to those areas where sweet ground water is not available at a reasonable depth and where water has to be fetched from distant sources. Similarly, special consideration will be given to areas where the rural population presently relies on surface water which is unfit for human consumption;
- In areas where people have installed their own hand pumps, priority will be given to sanitation and disposal schemes;
- Piped water supply systems will be restricted to bigger villages with a population ranging from 3,000 to 5,000 with hand pumps being provided to smaller villages; and
- Initial delivery systems will be based on community stand-posts and storage tanks. No house connections will be provided.

RURAL HOUSING

46. A programme of 7-Marla plots has already been initiated to provide facilities of housing for the rural shelterless. The target is to provide plots to 2.2 million families in rural areas of the four provinces by 1990. Province-wise break-up of the land requirements for plots is given in Table 28.2.

47. The policy is to provide land for housing with basic services of water supply, sanitation, roads, etc. In the initial stage, plots on state land are to be provided followed by plots on private land. Only recovery of land development cost will be made from the beneficiaries. The programme will be expanded to provide another 1.0 million developed plots so that by 1993 the entire demand of the rural shelterless is met.

Table 28.2

7-MARLA PLOT TARGETS AND LAND REQUIRED BY 1990

Provinces	Target No. of Plots (millions)	Land Required (Acres)		
		State Land	Private Land	Toal
		--------000------------		
Punjab	1.5	65	25	90
Sind	0.5	10	20	30
NWFP	0.1		6	6
Baluchistan	0.1	3	3	6
Total	2.2	78	54	132

48. Under the shelter programme, 100,000 houses will be constructed on 7-Marla plots for *mustahaqeen* from *zakat* funds while loans will be given to others for constructing houses.

OTHER PROGRAMMES

Housing For Government Servants

49. About 50 per cent of the federal government employees have been provided either with government-owned or hired accommodation. In the provinces the situation is much worse.

50. Presently some employees are provided

houses owned by the government. Thus those without government accommodation feel discriminated and frustrated. Government employees who are not provided with accommodation are given a housing allowance equivalent to 45 per cent of their basic salary, which has fallen very substantially below the rentral value of government provided housing. The situation in Islamabad is worse because of the unavailability of houses and extraordinarily high rents. This has led to a situation where both serving and newly appointed officers are reluctant to serve in Islamabad.

51. While it is beyond the resources of the government to provide residential accommodation to all public servants, a more equitable arrangement is needed. The following measures are recommended for implementation during the Seventh Plan:

- The scale of rent allowances should be increased;
- Hire-purchase schemes should be introduced to assist government employees to own a house;
- In Islamabad and other large cities of Karachi and Lahore, the government has a large housing stock, constructed about 40 to 45 years ago. The area under these colonies is located on prime land. A phased programme of construction of flats on part of the area will be taken up, and these flats will be given to government employees on ownership basis. Of the remaining area, a part could be utilized for new flats and part could be commercialised. In this way the programme could be implemented on a self-financing basis;
- Present area standards and specifications of various categories of government houses will be reviewed and more modest standards adopted;
- A policy package for government servants' housing cooperatives in the light of experience gained in Islamabad will be enacted; and
- Allotment of independent houses should be restricted to employees with families with hostels constructed for non-married employees.

Government Offices/buildings

52. The practice of hiring space from the private sector will continue. The possibilities of government agencies undertaking real estate projects on a commercial basis -- letting out some space for commercial activities with the remaining space being used for offices -- will be examined.

Capital At Islamabad

53. The Master Plan for Islamabad which was prepared in 1960 has not been reviewed with the result that the development of the capital area has not progressed as planned. Only 15 sectors have been developed against the plan of development of 26 residential sectors by 1986. As a consequence, there has been a steep increase in the cost of plots. It is therefore imperative that 3 or 4 new sectors are developed every year.

54. A major problem which has impeded further development of new sectors is the acquisition of land. The Capital Development Authority (CDA) does not have the resources to acquire land and is entirely dependent on government. The CDA will therefore have to evolve new methods for raising its own resources. Some of the possibilities in this regard are discussed below:

- Applications may be invited in advance of opening of new sectors and applicants may be required to deposit 25 per cent as earnest money;
- Loans may be obtained from the banking system and repaid from the sale proceeds of developed plots;
- Private house-building societies may be allowed to develop some of the new sectors; and
- Satellite localities may be developed around Islamabad for low-income groups which will release the pressure on land values in the main town.

55. The CDA will continue to proceed with the construction of government buildings of national importance, the provision of service facilities, and parks, playgrounds, etc. The beautification of Islamabad will be carried out by the CDA through the sale proceeds of plots.

56. Presently the CDA is largely dependent on government financing for the maintenance of Islamabad ~~since it does not generate~~ any funds ex-

cept limited amounts from user charges for water supply and conservancy. In order to generate resources for the maintenance of services for the residents of Islamabad, taxes could be levied on property etc. together with octroi. The Islamabad Administration in consultation with the CDA and other concerned agencies should draw up concrete proposals in this regard.

Special Areas

57. The special areas include Azad Kashmir, Northern Areas and the Federally Administered Tribal Areas (FATA). The sectoral programme includes provision of water supply, housing for government employees and essential office buildings. Adequate resources have been provided for the three areas for on-going and essential new schemes.

Civil Armed Forces

58. The programme includes provision of residential/non-residential accommodation for the Frontier and Baluchistan Corps, Rangers, Coast Guards, etc. at the border and in the interior. These agencies are mostly responsible for maintaining law and order. In a strict sense the provision of facilities to the civil forces are of operational and not of a developmental nature. So far the requirements are being met from the development budget. During the Seventh Plan, the possibility of transferring the provision of facilities for the civil forces to the revenue budget will be considered.

Environmental Protection

59. The concentration of industry and population in big cities like Karachi, Lahore, Hyderabad, Faisalabad, etc. and the neglect of two-and-half decades has had an adverse impact on the natural environment of Pakistan. This is a matter of serious concern. An Environmental Protection Ordinance was promulgated on 31st December 1983. The fundamental objective of the Ordinance is to provide for the control of pollution and the preservation of the living environment. The Ordinance also provides for the creation of a Pakistan Environmental Protection Council (PEPC) headed by the Chief Executive of the country, and a Pakistan Environmental Protection Agency (PEPA) which will implement the objectives of the Ordinance.

60. During the Seventh Plan period the following actions will be taken to operationalise the Ordinance:

- Environmental Protection Agencies will be established at the federal and provincial levels;

- All public sector projects which are submitted for processing will be required to explicitly state the impact the project is likely to have on the natural environment; and

- General as well as sector-specific guidelines will be prepared for the sponsoring agencies to enable them to prepare an environmental impact statement.

Physical Targets And Financing

61. National physical targets on various sub-sectors are given in Statistical Appendix Table 28.1. For the sectoral programme, a total allocation of about Rs 20 billion (at 1987-88 prices) including an amount of Rs 1.9 billion as development authorities' contribution has been provided in the Seventh Plan (Rs 2.6 billion for the federal and Rs 17.3 billion for the four provinces). This will be supplemented by an allocation of about Rs 12 billion for the sectoral programmes relating to urban development, water supply/sewerage, etc. Thus the overall size of the sectoral allocation will be about Rs 32 billion (Rs 2.6 billion federal and Rs 29.3 billion for the four provinces). Against the overall size of about Rs 32 billion, the share of the four provinces will be about 90 per cent. The provincial governments will determine their own priorities within the national targets fixed in the Seventh Plan.

62. Details of sectoral allocations for the federal and provincial governments are given in Statistical Appendix Table 28.2 while allocations, by sub-sectors, in the case of the federal programme is given in Statistical Appendix Table 28.3. The breakdown of the SDP by sub-sectors and provinces is shown at Statistical Appendix Table 28.4.

PART III. SEVENTH FIVE YEAR PLAN (1988-93)
F. SOCIAL & INTELLECTUAL INFRASTRUCTURE

CHAPTER 29

EDUCATION AND TRAINING

Although much has been accomplished, the education system still suffers from chronic deficiencies, some of which are discussed in this section. These issues will be specifically addressed in the Seventh Plan. About 40 per cent of the children do not have access to education. This has perpetuated a high rate of illiteracy. Primary education facilities are available to only 60 per cent of the children in the age group of 5 to 9 years. Primary schools lack physical facilities; about 29,000 primary schools have no buildings and 16,000 schools have only one class room. The target of one teacher and one room for every class, the minimum essential requirement for quality education, appears difficult to achieve even in the next few years.

2. Rural primary schools are beset with a shortage of trained and qualified female teachers and teacher absenteeism is high. In rural areas, enrolment of girls is about one third of that of boys. Most of the teachers lack dedication, motivation and interest in their profession. Available data on education are both incomplete and unreliable. Usually, enrolment and teachers in private schools are under-reported. Lack of proper school mapping has made it difficult to identify the right locations for opening of new primary schools. The curriculum is mostly urban-oriented and is not relevant to the daily life of the children. An unattractive school environment has resulted in poor retention and a high dropout rate.

3. Although significant expansion has taken place in secondary education, it remains inequitably distributed among income groups and regions in the country. The long distances involved in the availability of middle or high school facilities is another important factor responsible for the low enrolment ratio, especially in the case of girls. Every education policy and plan had recommended that classes XI and XII be made part of the secondary education. Not much has been achieved in actual implementation.

4. The Sixth Plan had made no provision for the opening of new intermediate colleges, although a number of intermediate colleges were established during the plan period. The last two five-year plans emphasized diversification and vocationalisation of secondary education, but 98 per cent of the students in secondary schools continue to be enrolled in non-vocational courses.

5. The universities are faced with serious administrative problems, large budget deficits, an outmoded curricula, a defective examination system, and a lack of focus on research. During the Seventh Plan, special attention will be paid to bring about improvements in university education through a series of reforms. At present universities are funded by the federal government while they are administratively under the control of the provincial governments. This dual control has damaged university education, resulting in financial indiscipline, budget deficits and administrative weaknesses.

6. A large majority of students, graduating from classes VIII and X have acquired no marketable skills for absorption in the economy. Class room instructions focus on external examinations which encourage rote memorization. A great deal needs to be done to improve the teaching of science and mathematics. A large number of secondary schools face a serious shortage of laboratories, science equipment and qualified science and mathematics teachers.

7. One of the greatest assets of a country is its manpower. The education system helps to develop technical and vocational abilities for the creation of a productive society. The existing system of education is producing a mass of unemployable youth. At present 81 per cent of matriculates go on for higher education. Of these, one-fourth are enrolled in technical and vocational institutions while three-fourths seek admission in the arts & science colleges. Table 29.1 shows that enrolment in the technical/vocational and professional education has not increased in proportion to the increase in enrolment in general education.

Table 29.1

ANNUAL INTAKE IN TECHNICAL/VOCATIONAL AND GENERAL EDUCATION AFTER MATRICULATION

(Annual intake in 000)

	1972-73	1977-78	1982-83	1987-88
Technical/vocational courses	17.8	35.6	43.0	56.4
Arts & science colleges	68.4	95.2	125.5	175.0
Total annual intake	86.2	130.8	168.5	231.4
Percentage of those who join technical/ vocational courses	*20.6	27.2	25.5	24.4

* This does not include 32,135 teachers trained under a special temporary arrangement to meet cumulative shortages.

SIXTH PLAN REVIEW

8. Although the Sixth Plan achievements were lower than the targets, considerable progress was made in the education sector. The major physical achievements, by sector, are given in Statistical Appendix Table 29.1.

9. During the Sixth Plan period, the following policy changes were made:

- For education, *Iqra* surcharge was levied on imports which yielded additional resources of Rs 13.1 billion;

- The recurring expenditure of the provinces on education over and above the 1982-83 level was treated as development expenditure and reimbursed to them;

- Foreign funding earmarked for education projects was passed on to the provinces in addition to their normal share in the Annual Development Programme (ADP);

- In order to reduce the imbalance between the rural and urban educational facilities, the Prime Minister's Five-Point Programme relating to rural education was launched in 1986. Some 6,922 primary schools were opened in the rural areas during the last two years of the Sixth Plan;

- The concept of spatial planning in education was introduced so that no geographical area remained deprived of basic educational facilities; and

- Several innovative projects to improve the quality of education were launched on an experimental basis. These included: (i) summer M.Phil. programmes in science for teachers; (ii) financial incentives for inter-university exchange of teachers; and (iii) readers clubs which provided 50 per cent subsidy on books, and other programmes.

10. The focus of the Sixth Plan was on the expansion of primary education and a reduction in illiteracy. To achieve these objectives, 40,000 new mosque schools were to be opened and 15 million persons were to be made literate during the plan period. These targets could not be attained. Only 17,193 new mosque schools could be opened while the literacy programme could not make much progress due to the absence of an appropriate strategy. Enrolment in classes I-V could only increase by 2.6 million, raising the participation rate from 53 to 64 per cent. Enrolment in classes VI-X increased by 849,000 during the plan raising the secondary school participation rate from 22 to 26 per cent.

11. In the Sixth Plan no university or degree college was to be established. Emphasis was on the consolidation of a large number of institutions which were opened during the Fifth Plan. Intermediate classes were to be added to the secondary schools wherever justified by demand. Furthermore, the Sixth Plan emphasised gradual delinking of intermediate classes from the degree colleges and undergraduate programmes from the universities. This have enabled the universities to focus on post-graduate education and research, while the degree colleges could have restricted their teaching to degree level education.

12. However, this could not be fully implemented due to administrative hurdles. Only three univer-

sity departments were developed into centres of advanced studies. The establishment of a privately endowed university of science and technology did not materialise. However, training facilities for university teachers were expanded. Selected departments of universities established linkages with foreign universities so as to provide collaboration in teaching and research. Liberal scholarships were awarded to encourage M.Phil. and Ph.D. programmes while training and exchange of university teachers within the country were started by the University Grants Commission (UGC). Scientific equipment was provided to Centres of Excellence and selected university departments, both from local resources and foreign aid.

SEVENTH PLAN STRATEGY

13. The Seventh Plan strategy will be to increase the literacy rate through improvement and expansion of primary education as well as to motivate the private sector to play an active role. While it is estimated that the literacy rate will rise to about 40 per cent by 1992-93, the infrastructure created during the Seventh Plan is expected to yield a literacy rate of 80 per cent by the end of the century.

14. The objectives of the Seventh Plan in the education and training sector are as follows:

- Broaden the resource base for education;
- Universalize access to primary education;
- Substantially improve technical and vocational training facilities; and
- Improve the quality of education at all levels and in particular of university education.

15. In order to broaden the resource base, the *Iqra* fund will be properly organised. The proceeds of the *Iqra* surcharge, which was imposed in 1985-86 on imports, will be credited directly to the *Iqra* fund. The *Iqra* surcharge will be gradually extended to other economic activities to meet the growing needs of education and training. To augment these resources, the private sector will be encouraged to make tax-free donations to *Iqra* fund and to other educational endowment funds without any limit.

16. The feasibility of imposing an estate duty with exemptions to donations for educational institutions will also be examined. Furthermore, the private sector will be encouraged to set up educational and training institutions with government support. In all future housing schemes, provision of primary and secondary schools as well as health centres and dispensaries will be made compulsory. The cost of these facilities will be included in the cost of land and development charges which will be recovered from the allottees.

17. Primary education has been adopted as the main instrument for achieving mass literacy. The Seventh Plan will provide primary education facilities to all children in the age group of 5 to 9 years. School facilities will be provided to every child within a radius of 1.5 km so that no child is deprived of basic education due to unavailability of a school within a reachable distance. Almost 100 per cent of the needed infrastructure facilities will be provided under the plan. This will include buildings for about 75 per cent of the shelterless schools, opening new schools and addition of class rooms in existing schools. Efforts will also be made to reduce disparity in availability of school facilities for boys and girls in both rural and urban areas.

18. In order to improve the efficiency and supervision of school education, local bodies will raise funds to meet the growing recurrent expenditures. The schools will be placed under the administrative control of the district education authorities which will be set up for this purpose. In order to involve the local community in day-to-day management, each school will have a management committee.

19. With the universalization of primary school facilities, secondary level education will be expanded so as to absorb the larger output from the primary schools. To provide quality education, each district will have one model school each for boys and girls. For this purpose, selected secondary schools will be upgraded to model schools in districts where such schools do not exist.

20. The Seventh Plan attempts to increase the share of students going to technical and vocational institutions to over 33 per cent. For this purpose, the public sector will set up 42 poly and monotechnics, 4 commercial colleges and 50 vocational training centres, 2 elementary teachers training colleges and one agriculture extension institute. The private sector will also be encouraged to set up technical schools and will be provided with incentives, including tax exemption on donations for, and income from, these institutions, and credit facilities from the Small Business Finance Corporation (SBFC). In addition, one year on-

the-job training of graduates from polytechnics and the engineering universities will be made compulsory before award of diplomas and degrees in order to improve their employability.

21. Special efforts will be made to improve the quality of education in the universities through a series of reforms. The financial position of the universities will be improved by eliminating their deficits by raising the fees gradually from the present one per cent of recurring expenditure to 10 per cent, providing them 20-25 per cent of funds collected from the *Iqra* fund, encouraging endowment funds and making donations to these funds tax free without any limit. The universities will be permitted to acquire industrial and agricultural assets which will generate income as well as employment and training opportunities for students.

22. The universities will also be allowed to negotiate foreign assistance and create private chairs. The policy package for private universities will include tax-free donations to endowment funds, access to foreign assistance and support from the Non-Government Organizations (NGOs) Fund. Talented but indigent students will be provided access to university education through scholarships from the *zakat* fund.

23. The administration of the universities will be streamlined. The existing dual control by federal and provincial governments has damaged university education. The responsibility for university education will rest with the provinces. No new university will be opened in the public sector.

24. The quality of education in the universities will be improved through a number of measures. Admission in universities and colleges will be on a selective basis and on merit only. Examination dates will be fixed for all universities through a statute and will not be changed. Severe penalties will be prescribed for cheating. Research capabilities of the universities will be enhanced through provision of improved physical facilities, staff development, teacher exchange programmes, linkages with foreign universities and encouragement of contract research. No new research institute will be established in the public sector outside the universities. The universities will be made the focal point of research in science and technology. However, the Seventh Plan will provide for an Institute of Science and Technology in the private sector.

25. The detailed programme of various sub-sectors is given in subsequent paragraphs.

PRIMARY EDUCATION

26. The Seventh Plan strategy emphasises provision of at least basic primary education to every boy and girl in the country. By 1992-93 almost every child of age 5 years and above will have access to a primary or mosque school. Special attention will be paid to increase the participation rate of girls. In the Seventh Plan the separate entity of the preparatory class (*kachi*/nursery) will be recognised.

27. Benchmark estimates and targets of the Seventh Plan in the primary education sub-sector are given in Table 29.2.

28. Many children who join school, either do not find it sufficiently attractive to continue or, because of poverty, become earning members of the family and drop out of school. There will be legislation for compulsory primary education upto class V for all localities where a school is available within a radius of 1.5 km.

29. Full participation of primary school children, however, cannot be achieved by opening schools, especially in the rural areas. A strong motivational campaign will be launched, therefore, to convince parents to send their children to school.

Table 29.2

PRIMARY EDUCATION BENCHMARK AND TARGETS OF THE SEVENTH PLAN.

	Enrolment in 000		Enrolment Ratio (%)	
	Benchmark 1987-88	Target 1992-93	Benchmark 1987-88	Target 1992-93
Total	9310	13876	63.5	79.7
Boys	6123	7951	79.5	88.5
Girls	3187	5925	45.7	70.3
Total Urban	3100	4155	77.4	86.7
Boys	1800	2300	85.7	93.1
Girls	1300	1855	68.3	80.0
Total Rural	6210	9721	58.2	77.0
Boys	4323	5651	77.2	86.8
Girls	1887	4070	37.2	66.6

Note: Target and benchmark figures exclude kachi (nursery).

30. The Seventh Plan aims at improving the physical as well as human resource infrastructure by providing buildings to shelterless schools and by adding class rooms in over-crowded schools.

31. Detailed school mapping will be undertaken to identify the localities where educational

facilities do not exist. It will be ensured that new educational facilities are geographically well spread so that a school is accessible to every child. Mosque schools will be opened for small settlements. A primary school will be established for every settlement of 500 persons or more. On the basis of the total number of children in the settlement, if separate schools for boys and girls are not feasible, then a girls school will be opened. Boys upto the age of 8 years will be allowed to join a girls' school. Municipalities/corporations will be activated to provide adequate facilities for primary and middle education. Existing disparities between boys' and girls' primary educational facilities will be reduced.

32. Recruitment will not be restricted to candidates with a Primary Teaching Certificate (PTC). In addition to existing trained teachers, intermediates and graduates will be recruited as primary teachers. Primary school teachers will be given salaries to match their qualifications.

33. Part-time employment for girls' primary school teachers on a contract basis will be allowed and their salaries indexed to the number of daily hours contracted. The maximum age limit for recruitment will be abolished for local candidates. They will also be given preference over other candidates. It will be possible to appoint middle-pass candidates as assistant teachers if PTCs are not available. Similarly, retired personnel will be appointed in girls' schools if qualified female teachers are not available. In due course all primary schools will have only female teachers.

34. At present a child of 5 years and above is admitted to class I. In more than 85 per cent of the countries, the age of entry in class I is 6 years and above. But these countries have strong programmes of nursery and pre-primary classes. The possibility of increasing the age of entry to class I by one year will be examined.

35. Textbooks for primary schools will be improved. Integrated textbooks will be used upto class III. The quality of textbook material will be improved. The province of Punjab will supply textbooks at subsidized rates. Similar possibilities will be explored in other provinces as well.

36. A comfortable sitting posture amongst students is an important determinant of effective learning. In most of the rural primary schools small children undergo the inconvenience of sitting on the floor in all seasons. The Seventh Plan will provide simple and locally manufactured furniture in all new primary schools.

37. Existing methods of collection of educational statistical data will be modernized for speedy collection of up-to-date, comprehensive and reliable statistical data. Education census days will be fixed for the whole country twice a year in consultation with the Ministry of Education.

SECONDARY EDUCATION

38. The Seventh Plan will further expand the secondary education facilities to absorb the increased output from primary schools. The curriculum at secondary level will be changed so that students leaving the system after classes VIII or X possess some useful skills to enable them to earn a living. In classes VI,VII and VIII, students may be required to opt for one skill-oriented subject such as agriculture, home economics, metal work, electricity, woodwork or furniture making, etc. This will enable a class VIII graduate to practice that skill or enroll in a vocational school for further training.

39. Skills training in classes IX-X will be bracketed with the two elective arts subjects so that schools which are unable to offer any skill training may continue to offer traditional optional subjects. Skills training in classes IX-X will be more sophisticated in order to turn out laboratory technicians, dental technicians, typists, accountants, etc. Where technical teachers are not available, local artisans will be engaged on a part-time basis.

40. The targets of the Seventh Plan for expansion of secondary education are given in Statistical Appendix Table 29.2.

41. During the Seventh Plan the participation rate will increase from 30.4 per cent to 41.6 per cent at the middle stage and from 17.2 per cent to 24.1 per cent at the high stage. The overall participation rate for classes VI to X will rise from 25.7 per cent to 35.3 per cent. It is expected that girls' enrolment will increase more rapidly than that of boys.

42. A large number of primary and middle schools for girls will be upgraded. Admission to class IX will be selective based on the student's cumulative record, including class VIII examination and other tests such as scholastic and aptitude tests. Construction of additional classrooms and improvement of existing buildings of middle and high schools will be carried out to cater for additional enrolment coming from the

primary schools. In urban areas, a second shift in secondary schools will be introduced, wherever feasible.

43. Incentives will be provided to attract good science and mathematics teachers. The ongoing project of improvement of science education will be expanded to cover more schools, together with in-service training of teachers, construction of laboratories and supply of science equipment. The quality of teaching the English language will be improved by strengthening the teacher training programme and by revising courses in English language.

44. It is proposed that the Seventh Plan reorient the educational structure as follows:

Classes 0,I,II,III Lower Elementary
Classes IV,V,VI,VII,VIII Upper Elementary
Classes IX,X,XI,XII, Secondary
Classes XIII,XIV,XV, College
Classes XVI,XVII and above University

45. BA. and BSc. courses will be of two-year duration. For admission to MA./MSc. classes, it will be essential to possess B.A.(Hons.)/B.Sc.(Hons.) degree which will be a three-year course after grade 12. The MA. and MSc. courses will be of two-years duration.

46. Establishment of an Intermediate College is generally not economically viable because the facilities remain under-utilized. In the Seventh Plan no intermediate college will be opened. Instead classes XI and XII will be added to selected high schools wherever justified. Similarly, all intermediate colleges will gradually start classes IX and X as well. It will be ensured that promotion and other interests of the school and staff are protected.

47. In order to improve the quality of education in secondary schools, teachers possessing a Bachelor of Education (BEd.) degree will also be appointed along with those holding a Certificate of Teaching (CT) to teach classes VI, VII and VIII. The number of BEd. teachers will be increased gradually. Existing incentives for MEd. teachers will be continued so that a larger number of MEd. teachers become available to teach classes IX and X. Teachers for classes XI and XII will be required to possess at least a Master's degree in the relevant subject preferably with three to six months training in educational theory and practice.

48. A small hostel for students will be provided in secondary schools which serve several villages not within commutable distance. Efforts will be made to locate new secondary schools so that these facilities are available to the maximum number of students in all districts and tehsils.

49. Under the Seventh Plan a programme will be launched to provide at least one model or comprehensive school for boys and one for girls in each district so that quality education to talented children can be insured. Forty selected high schools will be upgraded to model or comprehensive school level in districts where no such schools exist. Ultimately all secondary schools will be converted into institutions of quality education through provision of better qualified teachers and physical facilities.

TECHNICAL AND VOCATIONAL EDUCATION

50. The Seventh Plan will take necessary measures to reverse present trends and increase the share of enrolment in technical and professional education. For this purpose, the public sector will set up 36 poly and mono-technics, 4 commercial colleges and 50 vocational training centres. Moreover, the private sector will be encouraged to set up technical and vocational institutions. The Small Business Finance Corporation will offer loans to private technical institutions for purchase of laboratory equipment, etc. Investment in setting up technical/vocational institutions, endowments to these institutions and income from them will be tax-free. As a result of these measures, the share of students going to technical and vocational training programmes after passing the matriculation examination will increase from 24 to 33 per cent of those who continue education.

51. At present different agencies are responsible for vocational and commercial education and there is no coordination between them. During the Seventh Plan a council of technical education will be constituted to ensure such coordination.

52. Structural changes in technical education are being considered to bring it in line with the facilities available for general education. After class VIII, students will be able to join a vocational institution for a certificate course of 3 to 10 months duration. After class X, a two-years diploma course will be offered in the polytechnics and technical colleges. After this, a three-years course in one of the Engineering or Technical Col-

leges will lead to a BSc. (Engineering) degree. Admission to BSc. (Engineering) will be open to only the best students from among those who qualify. This degree will be comparable to BA./BSc.(Hon) degree in general education. After BSc. (Engineering), a two-years course for Master's degree in Engineering will be offered in the engineering universities. This degree will be considered at par with the present BSc. (Engineering) degree, which takes 4 years after FSc. (pre-Engineering). In addition, the engineering universities will offer MPhil. and Ph.D. courses with emphasis on research.

ENGINEERING EDUCATION

53. Presently there are 8 engineering education institutions. Their intake capacity will be raised from 4000 to 5,000 during the Seventh Plan. The Engineering universities will offer only post-graduate courses while BSc. courses will be offered in the technical and engineering colleges. Second campuses of existing engineering universities will be converted into engineering colleges. The curriculum of engineering education will be reviewed and modern technologies relating to new products and processes will be introduced. Sufficient financial resources will be provided to strengthen the research programme of these universities. A new engineering college will be set up in the Punjab.

TECHNICAL EDUCATION

54. Technicians can obtain diploma at 30 polytechnics and 9 colleges of technology including 8 polytechnics for women. The total annual intake capacity of these institutions is 9,000. If the duration of the diploma is reduced to two years from three years this capacity can be increased to 12,500.

55. During the Seventh Plan, the intake capacity will be increased to almost 19,000. Seventeen on-going projects of setting up monotechnics will be completed. In addition, 31 new polytechnics, including 12 in the private sector, will be established. Besides, basic technologies of civil, electrical and mechanical engineering, additional technologies like computers, micro processors, oil, gas and petro-chemicals, rural development, aeronautics, communication, mining and metallurgy, ship building, and industrial design, etc. will be introduced. The intake capacity of colleges of technology will be raised. With additional inputs, these colleges will offer BSc. engineering courses.

VOCATIONAL EDUCATION

56. At present, 150 vocational institutes with an intake capacity of about 12,500 are functioning under the administrative control of the provincial education departments. In addition, vocational institutes/technical training centres are also operating under the provincial labour departments and a host of other autonomous, semi-autonomous and private organizations. Selected public sector vocational institutes/technical training centres are being strengthened and consolidated under the National Vocational Training Programme. The training of skilled and semi-skilled workers will be made more relevant to industrial needs and standardization will be enforced. The existing vocational institutes controlled by the education departments will be consolidated and 50 new institutes (10 for men and 40 for women) will be established during the Seventh Plan under the Manpower Division.

COMMERCIAL EDUCATION

57. Commercial Education is offered at certificate, diploma, degree and post-graduate level in 13 commerce colleges and 104 commercial training institutes in the public sector. A fairly large number of commercial training institutes exist in the private sector. Annual output of public sector commercial education institutions at degree and diploma level is 23,000 and 11,200 respectively. Instead of establishing new commercial training institutes, existing institutions will be consolidated. Four new commerce colleges will be established and 6 government commercial training institutes will be upgraded as degree colleges of commerce. Wherever feasible, commercial education will be introduced in intermediate classes in the general colleges. Post graduate course (M.B.A/MCom.) will also be introduced in three reputed colleges of commerce.

58. The National Technical Teachers Training College (NTTC), Islamabad established with assistance of the Asian Development Bank will be commissioned during the Seventh Plan. The NTTC will devise programmes for in-service training of all categories of teachers of technical education. Pre-service BEd. (Tech) course will also be introduced in this college. Technical and commercial education institutions will be encouraged to develop and offer short-term courses oriented towards the immediate needs of the community on self-financing basis. Currently the institutions of technical education and industry lack necessary liaison. Steps will be taken to persuade industrial

establishments to institute a programme of in-house training of students.

TEACHER EDUCATION

59. Most teachers lack enthusiasm, motivation, dedication and preparedness. Unattractive salary scales, limited prospects of promotion and a low social status prove a deterrent to high- calibre teachers.

60. The shortcomings of the present teacher training programme have been identified as follows:

- The curriculum is not relevant to actual class room situations and teachers are not trained to apply the principles to the actual teaching-learning process;
- Teachers have poor academic knowledge in the subject matter they teach;
- 100 per cent internal evaluation by institutions in the award of CT and PTC both in theory and practice has lowered the standard in most cases;
- The training period is inadequate for a comprehensive training course;
- The arrangements for in-service training and continuing education are inadequate; and
- Good students are not attracted to the teaching profession due to lack of good career prospects.

61. During the Seventh Plan period teacher efficiency will be improved by:

- gradually raising the minimum qualifications of fresh entrants;
- revitalizing the teacher training programmes through structural and curricular changes and improved management of teacher training institutions; and
- providing better career prospects and continuous in-service education, weeding out inefficient persons and providing incentives for good performance in the form of increments/awards, etc.

62. The Seventh Plan will endeavour to overcome the above shortcomings. The course for CT will also include methods of teaching at primary level while the BEd. course will include teaching at the middle level. If trained teachers are not available, untrained persons with higher qualifications will be appointed and allowed salaries according to their qualifications.

63. Career opportunities for teachers will be developed during the Seventh Plan. Special in-service courses will be mandatory for teachers to move from one grade to the next.

64. Pre-service training for primary and middle school teachers is being organized in 76 teacher training institutions , elementary teachers training colleges and Allama Iqbal Open University. PTC classes are also available in some high schools. Teachers for high schools are trained in 8 colleges of education and 6 university departments. There are three colleges of physical education for the physical education instructors. Agro-technical teachers are trained in 7 agro-technical teachers training centres. The pre-service training facilities will be increased substantially during the Seventh Plan to ensure adequate supply of trained teachers to meet the demand at the primary and secondary level. Existing training institutions will be consolidated and new ones established. Table 29.3 gives targets of additional teachers to be trained during the Seventh Plan.

65. There are 13 in-service Teachers Education Extension Centres which conduct in-service refresher courses for school teachers. The number covered through these refresher courses is insignificant. The facilities available at these centres are limited compared to the current requirement. These centres will be consolidated. Additional buildings, library books, equipment for science laboratories, and modern audio-visual aids for training of teachers will be provided. Innovative methods of in-service training, such as modular approach, distance learning techniques, mutual exchange of teachers and supervisors, and use of audio and video cassettes will be encouraged. A system of incentives, in the form of awards, recognition, preferences will be introduced.

HIGHER EDUCATION AND RESEARCH

College Education

66. In the existing degree colleges, a large majority of students belong to intermediate classes. If these classes are delinked and the Honours classes are introduced the degree colleges will have a three-years programme. There will be no

need for establishing any new degree college. Efforts will be made to channelize higher percentage of secondary school graduates towards vocational and skill-oriented education. Emphasis will be laid on improvement in quality of instruction at college level. Use of computers in various courses will be encouraged. Evening classes in colleges will be allowed, where feasible. Some of the well-established and reputed colleges will be allowed to award degrees. Private sector will be encouraged with various incentives to open quality institutions. At present, sports facilities are provided from the recurring budget and students fund. In addition, development funds will also be provided to colleges for encouraging sports.

Table 29.3

NUMBER OF ADDITIONAL TEACHERS TO BE TRAINED DURING THE SEVENTH PLAN

(in 000)

Level	Total	PTC	CT	BEd	MEd.
Primary	150	120	30	-	-
Middle	60	-	45	15	-
Classes IX & X	25	-	-	20	5

Universities

67. During the Seventh Plan, administration of the universities will be streamlined by transferring the responsibility of university education entirely to the provincial governments. Management capabilities will be given special consideration in selection of new administrators for universities. The university heads will also be provided necessary training and orientation. The following major reforms are envisaged:

- Financial position of the universities will be improved by eliminating their existing deficits, providing them 20-25 per cent of the *Iqra* fund collections, raising the fees from the existing 1 per cent of recurring expenditure to 10 per cent, creating endowment funds for the universities and making donations to this fund tax free without limit, and permitting the universities to acquire industrial and agricultural assets for generating income as well as creating employment and training opportunities for the students. The universities will be made totally autonomous like the Aga Khan University, Karachi and the Lahore University of Management Sciences and will be placed gradually on a self-financing basis. For this purpose, they will also be allowed to negotiate foreign assistance like the NGOs, and establish private chairs;

- No new university will be opened in the public sector. However, private sector will be encouraged to establish universities or graduate schools in new and emerging fields;

- Research capabilities of universities will be enhanced through provision of better physical facilities (including well-equipped laboratories and libraries), staff development, teacher exchange programmes, linkages with foreign universities of repute, and encouragement of contract research. In future, no separate research institute will be established except as an integral part of the university. The university will be made the focal point of research;

- The approved ongoing development programmes of existing university campuses will be continued. However, in view of resource constraint highest priority will be given to completion of the essential facilities (i.e. academic buildings, laboratories, etc.); inter-departmental utilization and integration of various departments at the same campus will be emphasised;

- At least 8 selected departments having potential for upgradation specially in terms of staff will be developed into centres of advance studies for offering MPhil. and PhD. programmes and research of international standard;

- Separate non-transferable funds will be provided out of the recurring budget for purchase of consumable material for scientific laboratories and research. The universities will undertake research projects in close collaboration with other national Research & Development (R&D) institutes and M.Phil/Ph.D. students may also be assigned to carry out their research in these institutes;

- Every university will establish a guidance and placement centre for students. The centre will guide students in selection of subjects to study, keep an up-to-date inventory of job opportunities, and help students in search of jobs;

- Measures will be taken to improve academic environment and administration in the universities;

- Programmes for the improvement of teachers will be launched which will include seminars, conferences, training courses, teacher exchange programmes, research grants, and fellowships for further education in and outside Pakistan. The minimum qualifications for a university teacher will gradually be raised to M.Phil. in subjects where M.Phils are available;

- The curricula will be revised and up-dated keeping in view their relevance to the growing needs of the country and the employability of the skills;

- Quality research will be considered an integral part of the duties of a university teacher and should play a prominent role in promotion, etc.; and

- Quality of university education will also be improved through a number of other measures. Admission in universities and colleges will be selective and will be purely on the basis of merit. Examination dates will be fixed for all universities through a statute and will not be changed. Cheating in examinations will be eradicated through better management and prescription of severe penalties. Talented but indigent students will be provided access to university education through scholarships from the *zakat* fund.

LITERACY

68. The 1981 census gives a literacy rate of 26.2 per cent (35.1 per cent for males and 16 per cent for females). Urban-rural and male-female break up of the literacy rate is given in Table 29.4.

Table 29.4

LITERACY RATES 1981

	Both Sexes	Male	Female
Total Pakistan	26.2	35.1	16.0
Urban	47.1	55.3	37.3
Rural	17.3	26.2	7.3

69. The Sixth Plan set a target of making 15 million persons literate. But the literacy programmes which were launched did not prove effective. The literacy centres established during the first half of the Sixth Plan were replaced by *Nai Roshni* schools. In addition the *Iqra* pilot project was started in Islamabad/Rawalpindi districts on an experimental basis. During the Sixth Plan period hardly 0.8 million illiterates were made literate through non-formal programme. The pilot project model of rewarding Rs 1,000 per neo-literate to volunteer teachers will be difficult to replicate in other parts of the country because it is expensive and has the built-in danger of misuse and corruption.

70. The Sixth Plan experience has shown that a short cut to literacy is not only expensive but is hard to monitor. There is no substitute for formal education. The options available are (i) to divert resources for converting illiterates into literates with uncertain results and continue to deny even primary education to half of the new generation, or (ii) to provide hundred per cent facilities of primary education for the new generation and let the illiterates be phased out or taken care of largely by the NGOs on a demand basis.

71. The Seventh Plan, therefore, relies mainly on expansion of compulsory primary education and efforts of NGOs for adult education to increase the literacy rate. In the short run, the results will be slow but in the long run this approach will facilitate rapid increase in literacy rate. The existing schools will be gradually absorbed in the formal education system. Firstly, through improvement and expansion of primary education, retention power of the primary schools will be improved. Secondly, a strong programme of adult literacy will be launched by the NGOs, the mass media and by the political parties as a socio-political campaign. The plan target will be to make 5 million persons literate through adult literacy programmes.

72. It is estimated that the stock of literates in 1987-88 was 21.3 million while the population of 10 years and above was 71.9 million. This gives a literacy rate of about 30 per cent. By 1992-93, this age group population will rise to 84.3 million. The addition to the literate population during the five-year period will be 12.5 million: 8.3 million through primary education, 1.6 million through non-formal system, and 4 million through the efforts of adult literacy programmes of NGOs minus 1.4 million deaths. This implies that 33.8 million persons will be literate in 1992-93, a literacy rate of about 40 per cent. However, as a result of the provision of 100 per cent primary education infrastructure during the Seventh Plan, literacy is expected to increase to 80 per cent at the end of the century.

SCHOLARSHIPS

73. A number of provincial and federal scholarship schemes for encouraging talent and equalising educational opportunities for the poor are in operation. *Zakat* and *ushr* funds are also used for awarding stipends. The existing programmes of scholarships will be continued. The number of foreign scholarships, however, will be gradually decreased as local MPhil/PhD. facilities increase.

LIBRARY SERVICES

74. The Seventh Plan will provide adequate funds for development of both public and institutional libraries. The public library system envisaged in the Sixth Plan will be given greater priority in the Seventh Plan. The new building of National Library of Pakistan will be completed and commissioned during the Seventh Plan. The Children's Library Complex, Lahore will be completed. The scheme for improvement of public libraries maintained by local bodies will be implemented. Libraries of *deeni madaris* will also be improved. Khushal Khan Khattak Library will be set up in the North-West Frontier Province (NWFP). Development of quality books in scientific and technological fields will be encouraged and selected books in these fields will be translated in to Urdu and distributed to libraries.

TESTING AND EVALUATION

75. Too much importance is given to scores in academic examinations. As result, there is enormous corruption in the examination system. Students, teachers, parents and heads of institutions are equally responsible for this situation. The Seventh Plan provides for the establishment of Educational Testing and Measurement Services, which will develop standardised tests of intelligence, aptitude, scholastic ability, etc. These test scores will be used in conjunction with the traditional examination scores and cumulative record of the students achievements. By a legislation to be enacted the admission to educational institutions will be selective and strictly on merit. At the same time, measures will be taken to improve the conduct of examination and evaluation of scripts. Severe penalties will be prescribed for cheating.

CURRICULUM AND TEXTBOOK DEVELOPMENT

76. Curriculum and textbook development is a continuous process. The objective should be to strengthen faith in Islam and the Pakistani nationhood together with an enlightened approach to life. It must inculcate self-esteem, concern and love for others. Curriculum should be related to immediate needs and environment so that education is more meaningful to students. It should be so diversified that school leavers at various levels should have some marketable skills and are able to adjust as productive members of society. During the Seventh Plan efforts will be made to rationalize the curricula to achieve these objectives.

EDUCATIONAL SUPERVISION AND ADMINISTRATION

77. Some steps were taken during the Sixth Plan period to decentralize and improve educational administration and supervision. This process will be accelerated. School/college management committees will be constituted for every institution, with suitable financial and administrative powers. All new primary, middle and high schools will be placed under the administrative control of District Education Authorities to be set up in each district. Financial arrangements will be made to provide resources to these Authorities. The concept and appointment of learning coordinators for professional improvement of school teachers, which was started in selected districts during the Sixth Plan, will be expanded to the remaining districts. Educational supervision will be further strengthened by appointing more supervisors.

FINANCIAL ALLOCATIONS

78. On a self-financing basis, communities and NGOs will be encouraged to set up primary, middle, high, college and technical institutions using Urdu or a regional language as medium of instruction. Government will provide, by way of development grants, 50 per cent of the cost of building constructed or donated for opening a school. The capital grant will be placed in an education fund to be used on educational facilities by the community or NGO. Private sector will be supported if it volunteers to upgrade existing primary schools to middle level and middle schools to high level on self-help basis provided these schools have been in operation for the last five years. The government will provide grants to pay the salaries of additional teachers needed to run the upgraded schools. In all future residential and housing schemes, a provision will be made for construction of primary and secondary schools as well as health centres and dispensaries. The cost of these facilities will be included in the cost of land and development charges to be recovered from the allottees.

79. The resource base for education will be increased. The proceeds of the *Iqra* surcharge will be directly credited to the *Iqra* Fund. In addition, the *Iqra* surcharge will be gradually extended to other economic activities to meet the growing needs of education and training. At the same time, the private sector will be encouraged to make tax free donations to the *Iqra* Fund and to educational endowment funds for claiming tax exemption. Further, the private sector will be encouraged to set up educational and training institutions with government support.

80. The Seventh Five-Year Plan allocates Rs 23.1 billion for developmental programmes of education and training. Sub-sector-wise break up is given in Statistical Appendix Table 29.2. Statistical Appendix Table 29.1 gives major physical targets.

81. In the past, the non-availability of sufficient funds in the revenue budgets of executing agencies, has been one of the major hurdles in the success of educational programmes. An innovative step was taken during the Sixth Plan by treating the provincial recurring expenditure on education over and above the 1982-83 level as developmental. This has helped the executing agencies to implement the development programme at a faster speed.

82. During the Seventh Plan, Rs 93 billion will be required for meeting the recurring expenditure (Rs 75 billion for maintaining the existing educational programmes at the 1987-88 level and Rs 18 billion for the programmes of the Seventh Plan). This level of recurring expenditure will necessitate strong cost recovery measures.

CHAPTER

30

SCIENCE AND TECHNOLOGY

Considerable progress has been made in the Sixth Plan in creating the infrastructure for science and technology. The Seventh Plan will emphasise the consolidation of existing research and development institutions to enable them to respond adequately to national development requirements. Science and technology and its practitioners will be accorded due status in society. The motivation and environment, so necessary for research & development (R&D) to flourish, will be created and researchers provided with all the tools required by them to function effectively.

2 .The Plan will attempt to remove the many impediments to the development of science and technology. These include: poor educational standards; inadequate investment of resources such as manpower, research funds and physical facilities; isolation of the science and technology system from economic and, development planning and market requirements; and the lack of proper incentives and accountability procedures.

SIXTH PLAN REVIEW

PHYSICAL ACHIEVEMENTS

3. A brief description of some of the major achievements of the Sixth Plan is given below.

Ministry of Science and Technology

4 .Three programmes, to train 831 young scientists, doctors and engineers in high technology fields, through Ph.D studies in reputable universities overseas, were launched so as to overcome the deficiency of qualified manpower in R&D institutions. The Ministry developed the concept of rural uplift through the application of science and technology, including facilities such as health care, electricity and potable water.

National Institute of Silicon Technology

5. The Institute of Silicon Technology established itself in permanent premises of its own. It has acquired single crystal silicon technology for photovoltaic applications and is exploring avenues for transfer of polysilicon and amorphous silicon technologies. Systems are being developed and research teams organised to implement major research programmes during the next plan.

National Institute of Electronics

6. The Institute, after completing its development phase, has established itself as the primary centre for R&D in electronics. Several projects including a radiopaging system, telephone exchanges, telephone dialer chip and industrial controller, were undertaken. Collaborative links with industry and other end-users were strengthened to facilitate commercialisation of its R&D effort. Training was imparted to scores of women technicians.

National Institute of Oceanography

7. Phase II of the institute, whereby it will work on the construction of its own buildings and acquisition of additional staff and equipment, was initiated. Work on several contract projects was undertaken and links were established with foreign agencies. Cost-free services such as consultancy to private investors for shrimp farming and preparation of 1986 tide tables for Pakistan, were provided. Work on the creation of a marine data bank was started.

Pakistan Medical Research Council

8. The third phase of studies on National Health Problems was completed by the Council at a cost of Rs 18 million. A National Institute of Clinical Research was established in Lahore. A series of research studies was completed and data gathered on various aspects of health.

Pakistan Council of Appropriate Technology

9. The Council, formerly the Appropriate Technology Development Organization, continued its activities in disseminating and encouraging appropriate technologies. Seventy micro-hydel units, designed and manufactured locally, were installed in remote areas with the assistance of villagers. The Council also worked on biogas (400 units installed), economic cook stoves (1,000 units distributed) and low-cost housing.

Pakistan Council for Scientific & Industrial Research

10. The Pakistan Council for Scientific and Industrial Research (PCSIR), being a premier R&D organisation, has been involved in multi-disciplinary activities. Considerable progress has been made in a large number of fields including minerals, insecticides, fertilizers, herbal drugs and laboratory glassware. Research activities also continued in the Council's mono- disciplinary centres: solar energy, fuel and leather. Several products and processes were leased out to industry and others were in promotional stages. A Scientific and Technological Development Corporation of Pakistan was established as a subsidiary of PCSIR to manufacture and promote products developed by the Council. Preliminary work was started on a number of new development projects including Technical Training Centre, Quetta (cost Rs 30 million), Balancing and Modernization of PCSIR Laboratories (Rs 290 million), PCSIR Laboratories, Quetta (Rs 56 million), and Medicinal Botanics Centre, Peshawar (Rs 73 million).

Pakistan Council for Research in Water Resources

11. The Council completed the development phase of its Drainage and Reclamation Institute. A desertification monitoring unit was established. The Irrigation Systems Management Research Project was initiated to promote the effective use of water to increase agricultural production. Research in hydraulics, hydrology, irrigation, waterlogging and salinity, was also undertaken.

Agriculture and Forestry Research

12. Agricultural research has received special attention during the Sixth Plan. The emphasis was on extension services, timely distribution of essential inputs and improved varieties of seed, all leading to increased yields. The National Agriculture Research Centre, set up in 1984, developed several high-yielding and disease-resistant varieties of wheat, rice, maize, potato and oilseeds. The Pakistan Central Cotton Committee, Nuclear Institute for Agriculture and Biology and some provincial institutes, were actively engaged in research on various aspects of cotton. The Institute of Biotechnology and Genetic Engineering, Faisalabad, will also contribute to agriculture research, when completed.

Transport Research

13. Phase-II of the National Transport Research Centre was accomplished. During the Sixth Plan, 40 research studies were completed and 5 training courses were held. A data bank containing transportation statistics from 1947 to date was established. Considerable work was also done on highway safety. A Road Research Wing at an estimated cost of Rs. 30 million was also established in the National Transport Research Centre.

Hydrocarbon Development Institute of Pakistan

14. The Institute undertook extensive research work on basin study, regional assessment of petroleum potential, specifications and quality control of petroleum products, and, petroleum evaluation and process development techniques. It has developed techniques to conserve compressed natural gas to replace petrol and diesel.

FINANCIAL ACHIEVEMENTS

15. The net allocation for the science and technology sector in the Sixth Plan was Rs 5.1 billion (gross Rs 5.8 billion). Of this, Rs 3.9 billion was actually spent, giving a utilization of 77 per cent. The Ministry of Science and Technology was allocated Rs 1.4 billion net (gross, Rs 1.5 billion) against which estimated expenditure is Rs 0.8 billion, or almost 60 per cent. Total allocation and expenditures, by sectors, and that of the Ministry of Science and Technology, are given in Statistical Appendix Tables 30.1 and 30.2, respectively.

OBJECTIVES OF THE SEVENTH PLAN

16. The Seventh Plan will provide the long overdue boost to science and technology to integrate it with national development plans. The existing science and technology system will be consolidated and strengthened to improve its effectiveness and to enable it to respond to national requirements. Introduction of new areas of research will be selective and in consonance with the development programmes.

17. The weak socio-cultural demand for science and technology, the low priority hitherto given to it in the public sector, and the isolation of the science and technology system from the production sector, will be rectified.

18. The goals are to increase national productivity and competitiveness in agriculture, industry and mining; provision of improved services with reduced unit costs in areas such as transportation, energy, health care, sanitation and clean drinking water; and productive exploitation of indigenous natural resources while emphasising resource conservation and replenishment. Research will mostly be mission oriented with specific targets and time frames and a strategy to direct technological development effort towards users' needs and market demands. At the same time, adequate levels of support to basic research will be sustained, primarily in universities, to increase the ability to generate knowledge.

19. The current trend, whereby Pakistan is mostly a passive recipient of packaged technology which is at times outdated and incompatible with local conditions, will be checked. A proper environment along with the necessary infrastructure will be created to encourage actual transfer of technology. Maximum advantage will be taken of existing world technological knowledge which will be adapted to suit local requirements. Development of indigenous technologies will be encouraged.

20. Manpower development programmes will be expanded. Adequate financing will be provided to science and technology organisations for their research programmes. A more conducive environment will be created to attract and retain good scientists and technologists through an appropriate reward and incentive system and proper facilities. Linkages amongst local R&D agencies and of the local system with the international community will be intensified.

21. Increased patronage will be accorded to science and technology at all levels, for Pakistan to strengthen its considerably weak scientific and technological base, increase self-reliance, and to compete in international markets.

CONSTRAINTS AND ISSUES

22. Science and technology has in recent years attracted relatively greater attention and funds yet, both have been inadequate and therefore, much remains to be done. Major constraints experienced by the system are:

- reluctance of society to grant science and technology the status it deserves;
- inadequate investment of resources including manpower, research funds and physical facilities;
- tendency to spread limited available resources and hence the failure to completely master a specific field;
- isolation of the system from economic and development planning which also leads to a lack of well-defined priorities;
- fragmented organisational nature of R&D effort with no coordination between various R&D institutes, universities and user agencies;
- poor quality of science education in schools and universities. Inadequacy of university research and its relationship to the technological effort;
- society's preference for foreign sources of technology and expertise and lack of confidence in indigenous products;
- restrictive work environment in R&D organizations due to excessive bureaucratic controls, lack of incentives and stunted career prospects and thus, the inability of R&D organizations to attract and retain professionals;
- almost complete absence of patronage of R&D by the private sector which does not perceive the need for it;
- isolation of the R&D effort from users' requirements and market demands; and

- insufficient facilities for researchers to maintain close links with international centres of research and to remain informed of progress in their respective fields.

MAJOR INITIATIVES AND PROGRAMMES

23. The Seventh Plan will endeavour to remove the impediments restricting the development of science and technology in the country. Emphasis will be on strengthening the existing infrastructure and creating facilities in important areas where none now exist. Working environment for researchers will be vastly improved. Major initiatives and programmes that will be undertaken are discussed below.

Relevance to Development Needs

24. Investment in the science and technology sector in Pakistan will aim to raise productive consumption of indigenous raw materials and productivity in agriculture, industry and mining; improve the quality of products and basic services such as energy, health, transport and sanitation; and generally contribute to a better life in a better environment.

Science Education and University Research

25. The Plan will rectify the falling standards in educational institutions at all levels particularly those relating to science and technology. It is necessary to nurture university research to continuously feed the R&D system including research institutes, with fresh minds and qualified manpower, and to reduce reliance on imported expertise and foreign training. Universities will be provided with better laboratory facilities and libraries and will be made the focal point of research. Contract research and active collaboration with applied research organisations will also be encouraged. Scholarly excellence will be recognised and rewarded. New research institute will only be established as an integrated part of a university. Arrangements will be made to involve the Ministry of Science and Technology with bodies administering scientific and technical educational institutions. The ministry will also assist in identifying specific research projects to be undertaken at universities. The private sector will be encouraged to establish universities of science and technology that offer attractive working conditions to well-qualified teaching and research staff. As a beginning, an Institute of Science and Technology (ISATOP) will be established that will adopt and maintain standards comparable to the best in the world.

Strengthening of Existing R&D Institutes

26. The plan will assign priority to strengthening and consolidation of existing R&D institutes to enable them to perform and respond to expectations and to deliver a reasonable return on investment. The institutes will be given greater autonomy, financial and administrative. It will be ensured that resources provided to them are largely used on research programmes. Equipment and other facilities will be improved. Considering the reluctance of foreign donor agencies to finance the acquisition of sophisticated equipment and skills necessary for R&D activities, the government will accord high priority to science and technology in making allocations of foreign exchange from its own resources. Funds will also be provided to update the equipment and skills continuously to keep abreast with the latest techniques and technologies.

Manpower Development

27. The quality of the science and technology sector can only be as good as the quality of manpower available to it. It takes many years to convert raw students into productive researchers. It is, therefore, imperative that the country plans well ahead for making available sufficient number of properly trained scientists and technologists. Existing R&D institutes are already suffering from a dearth of qualified personnel. Future requirements will aggravate the problem further. An extensive training programme, for professional and sub-professional staff, will be developed and implemented to overcome these problems. The current programme of high-level training overseas will be continued in the Seventh Plan.

Self-financing and Links with Industry

28. Research in sectors such as agriculture, health and water, will continue to be financed almost fully by government. However, R&D institutes in sectors such as industry will be required to seek some self-financing, to be gradually increased over the years, for its programmes. This will serve to ensure some degree of collective responsibility. Contract research will reduce the dependence on government handouts and force the science and technology institutes to develop viable linkages with industry and other end users. The private sector will be actively involved in the affairs of the institutes through strong representation on the boards of governors and advisory committees.

R&D in the Private Sector

29. Government cannot be expected to finance R&D entirely and indefinitely. The private sector, the main intended beneficiary, must assume greater responsibility. Industry will be encouraged to utilize indigenous technologies and products through appropriate tariff reforms. Increased competition, both internal and external, will be introduced so that industry realises the need for increased efficiency and productivity, which can only be fulfilled by a strong R&D sector. Text incentives will be offered in industry to invest in R&D. These have been indicated in detail in the chapter on Manufacturing.

Scientific Service of Pakistan

30. A Scientific Service of Pakistan is proposed to be created to attract and retain talented scientists. The Service will function under the Ministry of Science and Technology which will be responsible for career planning of all scientists and technologists working in various technical ministries, centres of excellence, research councils and research and development institutions.

Transfer of Technology

31. The tendency to import technology as a package will be reversed through services provided by science and technology organisations. The National Centre for Technology Transfer will provide advisory services to the entrepreneurs in choosing the right technology and at the right terms, to ensure actual transfer of technology. Necessary infrastructure will be made available in the country to receive technology, to adapt it as required, and to benefit from secondary innovations. A National Technology Transfer Policy will be prepared to assist such transfer.

Agriculture Research

32. In the agriculture sector, emphasis will be on the development of high yielding, disease resistant varieties of crops, particularly: sugarcane, rice, oilseeds, pulses, fruits and vegetables. Yield per acre will be increased through agronomic and other cultural practices. Cotton research will concentrate on improved quality of lint. Genetic improvement of livestock will be brought about through crossbreeding artificial insemination and embryo transfer.

Industrial Research

33. Research in industry will be organised into a three tier system, as follows:

a) National level, public sector, multidisciplinary organisations.

b) R&D units in large industries, which will confine themselves to process and cost controls and, quality control.

c) R&D units for groups of small industries. These units will be concerned mainly with quality contorl but will have linkages with the first two tiers.

34. The National Institute of Electronics will undertake research in telecommunications and their fields. It will establish laboratory facilities in electronic instrumentation and electronic materials. An Electronic Industries Promotion Centre wil also be established to advise, and act as an interface with, industry.

35. Indigonous capability for developing sugar, cement and textile machinery will be improved. PCSIRs multidisciplinary activities will include research on chemicals, minerals, leather, insectoides, fertilizer, drugs, glass and ceramics, and medicinal botanics.

Research in Energy

36. Solar energy, biogas and wind energy willl be investigated and developed in supplement conventional energy sources. Mini and micro hydel plants, both, low head on canals and high head, will also be developed. A project for briquetting of Lakhra coal will be undertaken by the Fuel Research Centre, Karachi.

National Research Fund

37. In the past, research efforts have languished for lack of adequate financial support. Annual budgets of R&D organisations have been just enough to cover expenditure on establishment, with less than 10 per cent spent on actual research and development work. To correct this imbalance, a National Research Fund will be set up for which an allocation of Rs. 500 million is being made. The Fund will be managed by a board of eminent scientists and will finance specific research projects.

FINANCIAL ALLOCATIONS

38. Total financial allocation for the Science and Technology sector is Rs. 7.0 billion of which Rs. 2.3 billion is for programmes of the Ministry of

Science and Technology, and Rs. 0.5 billion for the National Research Fund. Allocations, by sector, are given in Statistical Appendix Table 30.3. Apart from these development funds, adequate financing will also be made available to universities and R&D institutes in their recurring budgets to enable them to undertake meaningful research programmes.

CHAPTER

31

HEALTH AND NUTRITION

Although there has been a steady improvement in overall health in the past few years, much remains to be done. Pulmonary tuberculosis in adults continues to be a major public health problem. Malaria still remains a potential threat while acute respiratory tract infections are common. Cardiovascular diseases, cancer, and drug abuse have emerged as major public health problems while mental disorders are increasingly coming to the attention of health practitioners.

2. It is estimated that 80 per cent of the children and 30 per cent of adults have caries. Gum diseases afflict about 90 per cent of the adult population, causing premature and massive loss of teeth by the age of 40-50 years.

3. At present there is only one doctor for 2,920 persons, one dentist for 61,760 persons, one primary health care facility for 11,230 persons and one hospital bed for 1,650 persons. Primary health care facilities are being offered by 3,496 Basic Health Units (BHUs), 492 Rural Health Centres (RHCs), and 6,050 other health outlets, i.e. dispensaries, maternity child health centres and sub-centres. A detailed table appears in Statistical Appendix Table 31.1.

SIXTH PLAN REVIEW

4. During the Sixth Plan the CDR declined from 12 per 1,000 to about 11 per 1,000; maternal mortality was 2-4 per 1,000; infant mortality decreased from 98.5 per 1,000 to 80 per 1,000 live births; and life expectancy increased to 61 years.

5. During the Sixth Plan 85 per cent of the union councils were provided a BHU or a RHC; some union councils were provided more than one facility. Nearly all the children upto 5 years have been fully immunized. Immunization is saving about 100,000 children from dying and another 45,000 from getting disabled. The training of *dais* (traditional birth attendants, TBAs) was satisfactory and the target of 30,000 was fully met although the dispersal is not uniform. Treatment of diarrhoea by oral rehydration salts made satisfactory progress. Detailed achievements of the Sixth Plan appear in Statistical Appendix Table 31.2.

6. However, the Sixth Plan made slow progress in combating third degree malnutrition and providing for care of the disabled. Other areas where the Sixth Plan has not met its goals include: creation of a cadre of health managers, introduction of user charges, patronage to traditional medicine and expansion of the private sector due to lack of proper incentives.

7. The unemployment of doctors was successfully solved to some extent by special measures. About 18,000 doctors graduated of which 13,000 were employed by the public sector. To allow doctors to establish their own clinics, credit facilities were improved.

8. The targets laid down for various categories of health manpower have been achieved except those of paramedics where only about 75 per cent of the target was met mainly due to the slow expansion of the training institutions for paramedics.

9. The Sixth Plan allocated a gross amount of Rs 13 billion (net Rs 11.4 billion) for the health sector. Actual expenditure is estimated at Rs 10.6 billion, or 93 per cent of the net allocation. During the Sixth Plan, allocations in the annual development programme increased from 3.7 per cent of the total in 1982-83 to over 6 per cent in the last year of the plan. The revenue budget increased at 20 per cent per annum, which was on

target. Total expenditure on health at current prices appears at Statistical Appendix Table 31.3.

SEVENTH PLAN STRATEGY FOR IMPROVING HEALTH SERVICES

10. The Seventh Plan strategy for improved health services is discussed below.

OBJECTIVES

11. The Seventh Plan aims at improving the quality of care, removing urban-rural imbalances, providing care to vulnerable groups, minimizing drug abuse, treating persons suffering from pulmonary tuberculosis, establishing a national school health service and effective accident and emergency services. Maternal health and child spacing will be an integral component of primary health care. Imbalances in health manpower will be removed; a proper drug policy and health insurance introduced; and incentives provided to private professionals and management personnel.

12. The Seventh Plan objectives in the health sector are as follows:

- to reduce the CDR from 11 to 9 per 1,000;
- to reduce infant mortality from 80 to 60 per 1,000;
- to increase life expectancy from 61 to 63 years;
- to protect all newborns from neo-natal tetanus by immunizing all females of 15-44 years with tetanus toxoid;
- to prevent occurrence of first degree malnutrition, eliminate second and third degree malnutrition and reduce the incidence of anaemia in expectant mothers to less than half;
- to prevent occurrence of new cases of goitre in areas where it is pandemic; and
- to further reduce the occurrence of communicable diseases.

13. These objectives will be translated into specific targets as follows:

- protecting 20 million children below the age of two years against the six major fatal diseases of childhood;
- protecting 15 million expectant mothers and another 8 million females in child-bearing period with tetanus toxoid;
- protecting 10 million children against complications and mortality of diarrhoeal diseases through oral rehydration therapy;
- protecting about 5 million children from second and third degree malnutrition;
- preventing 8,000 maternal deaths by improved maternal care and assistance during delivery;
- rehabilitating one million disabled and prevention of occurrence of disabilities; and
- providing employment in the public and private sectors to all health professionals and auxiliaries.

14. The quality of life indices and change in health indicators during the plan period appear in Statistical Appendix Tables 31.4 and 31.5.

MAJOR POLICY DIRECTIONS

15. Some of the major policy directions are as follows:

- emphasis will be placed on improving the quality of care at all levels. Preventive programmes like immunization, training of birth attendants, control of diarrhoeal diseases and malaria;
- outreach services will be provided by properly trained health auxiliaries, one per census village;
- the community will be involved at all levels by creating autonomous boards, governing bodies, management committees and health committees;
- a nation-wide school health service will be introduced;
- emergency and allied services will be further improved;
- nutritional status will be improved and goitre will be eliminated among preschoolers;
- fertility regulation will be a focal point of primary health care;
- employment will be provided to all categories of health personnel in the public and private sectors;
- existing imbalances in health manpower

development will be removed with special emphasis on enhanced output of specialists, nurses and paramedics;

- health insurance, at least, for critical illnesses, will be introduced while employees' social security will be extended;
- prevention of occurrence of disabilities and the care of the disabled will be continued;
- managerial capacity of the public health system will be improved; and
- establishment of private clinics and hospitals will be encouraged by the provision of appropriate incentives.

NEW INITIATIVES

16. The new initiatives in the Seventh Plan will be as follows:

- provision of village health auxiliary in each census village to facilitate access to bhus/rhcs;
- provision of primary health care centres in urban areas to reduce the congestion in hospitals and to improve specialized care;
- improved management of public health system; and
- child spacing to be an integral component of the nationwide health care network.

STRATEGY FOR NATIONWIDE HEALTH CARE SYSTEM

17. The strategy for an overall health care system appears below.

Primary Health Care in Rural Areas

18. In order to strengthen the maternity and child health care system during the Seventh Plan, all BHUs and RHCs will be provided special beds and a labour room, space for monitoring growth of children and immunization facilities. Every RHC will be provided with a proper laboratory, X-ray facilities, a dentist and more beds. Each RHC will be provided with ambulance and a telephone or radio link with BHUs and higher level facilities. BHUs will also be provided basic laboratory facilities. All BHUs and RHCs will be responsible for immunization, oral rehydration therapy (ORT), *dais'* training, malaria control, nutritional activities, tuberculosis control, health education and health information.

19. Trained multi-purpose health workers, having an 18 month training after matriculation, will be located in each village to provide primary health care services. This training will be organized in stages in all rural health centres through full-time faculty members. The village health auxiliary will be a regular staff member of the BHU/RHC and posted in the village to which he belongs. The auxiliary will be a full time paid worker who will use his own home or will be provided office space by the community. At the village level the *dai* will be retrained and given more functions.

Primary Health Care In Urban Areas

20. Health centres will be set up in all major urban areas on the basis of one such centre for a population of 25,000 persons. These centres will be built and maintained by the local bodies. In addition to performing primary health care functions, they will have strong components of diagnostic facilities and beds for maternity cases.

Referral Care

21. All primary health care facilities (rural and urban) will refer cases for secondary care to *tehsil/taluka* hospitals and for tertiary care to district, teaching and specialized hospitals and to centres of excellence. Each *tehsil/taluka* hospital will have 100 to 125 beds while a district hospital will have 200 to 500 beds. For Baluchistan and other sparsely populated areas, requisite modifications will be made.

22. Each district and *tehsil/taluka* hospital will have most of the major specialities. These will include most modern hospital facilities. Teaching hospitals will have additional specialist services. All hospitals will have facilities for preventive maintenance of equipment and repair technicians on the staff backed by workshops including mobile workshops capable of handling maintenance of most of the medical equipment.

23. By the end of the plan, there will be one doctor for 2,280 persons, one dentist for 47,200 persons, a primary health care facility for 10,500 persons and a hospital bed for 1,380 persons. Nurse population ratio will also improve. There will be one nurse for 5,900 persons, an auxiliary (paramedic) for 880 persons and a TBA *(dai)* for 1,800 persons.

24. Physical achievements of principal components of the programme appear in Statistical Appendix 31.6 and 31.7. Comparative analysis of physical achievements of the various plans appear in Statistical Appendix Tables 31.8 and 31.9 respectively.

Preventive Aspects

25. Along with the focus on curative aspects, emphasis will remain on prevention of disease. The malaria control programme will be fully integrated; reliance will be placed on case finding and radical treatment rather than on insecticidal spray. Poly-immunization of children will be fully institutionalized while immunization of mothers with tetanus toxoid will be stepped up to provide coverage to all expectant mothers. They will be provided ante-natal care as a matter of routine. Oral rehydration therapy will continue. Environmental hygiene and potable water availability will be improved. Child spacing will be emphasized as a preventive measure to reduce infant mortality, maternal mortality and for better health of children and women in child bearing period.

26. In addition, it is expected that awareness will increase about the benefits of a healthy life-style. A proper surveillance network will be developed not to let Acquired Immunity Deficiency Syndrome (AIDS) disease spread in Pakistan. While adequate diagnostic and training facilities have been provided at the National Institute of Health (NIH), Islamabad, facilities will be created in the southern part of the country.

SPECIAL PROGRAMMES

27. The following areas will be given special attention during the plan.

School Health Service

28. A large number of school-going population will be provided health care to improve physical and mental health. School health service will have a separate staff responsible to the Director, Health Services. The school health service will include:

- A complete medical check-up at entry level; and

- A comprehensive quarterly medical check-up.

Care Of Senior Citizens

29. For senior citizens, special day care centres will be set up where they would be able to utilize their knowledge and skill to educate the younger generation. These centres will also provide special medical care to the aged. Details appear in Chapter 36.

Dental Services

30. During the plan, the target group of school-age population will be reached through national school health service. All RHCs will be provided a dental unit and dental auxiliaries will be made available at all BHUs.

Malignant Neoplasms

31. A national advisory committee on cancer will coordinate and oversee all cancer activities in the country. The existing diagnostic and treatment facilities will be modernized and upgraded while they will be set up at other teaching hospitals.

Cardiovascular Diseases

32. The institutes under construction will be completed and made functional. Facilities for cardiovascular diseases will be added to important hospitals and coronary care units provided at major district hospitals. An effort at prevention and control of cardiovascular diseases will be undertaken at community level.

Leprosy control programme

33. About 40,000 persons are expected to be suffering from leprosy: 31,355 cases are registered and 8,700 cases to be treated and registered for treatment and surveillance. Another 7,500 persons will have manifest disease during the plan period. Case detection, treatment and follow up of leprosy cases is being carried out by 109 leprosy control units, spread all over the country, and six hospitals with 334 beds with the help of 429 staff members (187 professional and 242 supportive) and 60 jeeps and 108 motor cycles.

34. The aim of the plan is to provide effective treatment to 85% of the total cases so that they are cured of the disease. A leprosy awareness campaign will be launched so that new cases report voluntarily for treatment.

35. To facilitate treatment and surveillance, fifty additional leprosy centres, additional staff, jeeps and motor cycles will be required. The new and existing centres will be provided with staff quarters. Rupees 387 million are required for the programme. Rupees 90 million will be paid out of Zakat Fund and rupees 115 million will be met out of current budget while rupees 122 million will be charged to PSDP. A sizeable part of finances are expected by donations from international NGOs. The programme will be implemented by various provincial governments.

Health Manpower Development

36. There are serious deficiencies in the training of all categories of health personnel primari-

ly due to poor salaries, lack of career opportunities and residential accommodation. Most of the teachers are not trained and have no exposure to teaching methodologies.

37. The training institutions, particularly of nursing staff, will be provided proper buildings with academic blocks, including residential accommodation for students and faculty. Admission in medical colleges will not exceed 200 students. However, seats in medical colleges in Punjab and NWFP will not be reduced as this will adversely affect the doctor:population ratio in these two provinces. Two new medical colleges will be started - one in Azad Kashmir and the other in FATA.

38. The admission in nursing schools will be increased by providing necessary facilities and opening new schools. Faculty members will be given training in teaching methodology. They will be offered better pay scales, career prospects and residential accommodation.

39. The plan will place special emphasis on providing employment to all trained health personnel of which about 60 per cent of the professionals and 70 per cent of the auxiliaries will be absorbed in the public health system during the plan.

Doctors

40. About 4,300 doctors will be employed in the rural health programme, while 1,000 will be employed in the urban health centres. Another 2,500 doctors will be required for school health service and 1,000 for strengthening accident/emergency departments and *tehsil/taluka* and district headquarters hospitals. The private sector shall be provided incentives to absorb the remaining doctors.

Nursing Services And Nursing Education

41. During the plan, nurses will be trained at the rate of 3 for 10 hospital beds. In a phased manner, the output of nurses will have to be increased to 4,000. The deficiencies in the existing nursing schools will be made up. More institutions will be set up in the country to train specialist nurses. Pay scales of the nurses will be revised throughout the country. A proper career structure will be provided to nurses based on time scale promotion like any other professional category of health manpower. If the status and working conditions of the nurses are improved, a larger number of girls will join the nursing profession. To increase the output of nurses, the entrance qualification will be changed to 12 years basic education instead of 10 years and training will be reduced from 4 to 3 years. On completion of training, they will be awarded a BSc degree in nursing.

Auxiliaries

42. Auxiliaries include various categories of paramedics, multi-purpose and single purpose. The training of these workers will be modified to provide comprehensive health care. Therefore, during the Seventh Plan the training of various categories of paramedic workers will be integrated. Females will be trained in maternal and child health care while the males will be trained in the care of the aged. The annual output of such workers will be increased from 4,000 to 15,000 by the end of the plan. This will include one paramedic to be posted in each census village.

43. The training institutions under construction for paramedics will be completed. Shortages in equipment, libraries, hostels, transport, field laboratories, text books and trained teachers will be removed during the plan period. More schools will be opened to meet the plan targets. A school for technicians and training of paramedics will be set up in every medical college and all RHCs will be converted into training schools by providing faculty members and support facilities.

Decentralization Of The Health Bureaucracy

44. During the Seventh Plan administrative and financial powers will be delegated to various institutions. In the reasonably large institutions, administrative and financial powers will be further delegated to the heads of departments to minimize centralization. Details will be worked out by provinces according to their local conditions.

Pharmaceuticals

45. The total domestic demand for drugs and medicines in 1987-88 was Rs 6 billion. There are about 9,500 registered medical products of which 6,500 are formulated locally while 3,000 items are imported.

46. There is need to rationalize the vast array of drugs and concentrate on meeting the requirements of drugs for most common ailments. This can be achieved by eliminating irrational combination products, obsolete drugs, drugs banned in their country of origin, drugs having a placebo effect and formulating a separate drugs list for the public sector. The main aim of such rationalization will be (i) to minimize imitative products which add nothing to therapy; (ii) to eliminate combination products which are therapeutically harmful or ineffective; (iii) to eliminate drugs with unacceptably high levels of

toxicity; and (iv) to reduce commercial pressures by manufacturers to produce new and trivial drugs.

47. The prices of all drugs and medicines, other than life saving drugs, will be reviewed and decontrolled if considered necessary.

48. A drug schedule will be enforced for different types of health facilities viz. BHUs, RHCs, and hospitals in the public sector. Sale of drugs and medicines will not be allowed without prescription' of a registered medical practitioner. Licences for dealing in drugs and medicines will be restricted to persons possessing a degree or diploma in pharmacy.

49. The amount spent by pharmaceutical firms on promotional activities will be curtailed and the medical profession provided advertisement-free drug information.

50. A multi-directional effort on research & development (R&D) on medicinal plants will be undertaken to move towards self-sufficiency in herbs and herbal preparations. Suitable legislation will be enacted to control the manufacture, sale and quality of traditional medicines.

51. In each province, a standard quality control laboratory will be set up and adequate funds provided for them during the Seventh Plan. An independent drugs laboratory will be established at federal level.A laboratory to be designated the National Biological Evaluation Centre will be established at federal level to carry out research on drugs and medicines. This will be financed from the R&D funds provided for the pharmaceutical industry. A directorate of drugs control will be established in the long-run and food safety measures enforced.

Management Of Health System

52. The management of health services at the federal and provincial level is highly centralized.District Health Officers (DHOs) have responsibility, on paper, for overall health matters in the district. However, in practice, DHOs lack the authority needed to appoint, dispose and discipline staff, to manage budgets and to plan and coordinate the activities of their districts. Moreover, their remuneration and status compare unfavourably with those of medical superintendents, creating serious disincentives for preventive versus curative medical work.

53. Medical Superintendents have day-to-day control of hospitals and also medical responsibilities. Their basic interest and training is usually in the medical field rather than in administration. They are supported by departmental heads who do not have any management background.

54. The number of facilities in *tehsil/taluka* have increased significantly. Furthermore, the scope of these facilities have been enhanced and enlarged. For proper management, appropriate management skills will have to be made available at the *tehsil/taluka* which will be the main administrative health unit in the nationwide health care system. A *tehsil/taluka* health officer will be required who will be assisted by technical staff.

55. At the district level, a chief medical officer will be responsible for all facilities in a district including the district headquarters hospital. The district and teaching hospitals will have appropriate management systems operated by career health managers. A health services academy will be set up to train managers. This will be affiliated with the Quaid-i-Azam University, Islamabad and will run courses for M.Sc and Ph.D. degrees in health administration. Short courses will be organized for the senior staff and primary health care physicians.

Improvement Of Medical Emergency And Allied Services

56. The existing shortage of space, theatre facilities and beds in emergency departments of all teaching and district hospitals will be removed. Residences for essential staff required for emergency and casualty departments will be provided on the premises. A paging system will be introduced in all major hospitals, telephone exchanges improved and stand-by generators provided.

Mental Health

57. The mental health programme aims at prevention, treatment and rehabilitation of mental disorders. The programme also aims at reducing the harmful effects of rapid changes affecting the well being of individuals, families and communities. At the peripheral level this care will be provided by training an increasing the number of different categories of health personnel in basic mental health skills and by making it a component of primary health care. An adequate referral system will be developed.

58. Emphasis will be placed on undergraduate training in mental health, postgraduate training of psychiatrists, appropriate training of clinical psychologists, social workers and allied mental health workers. The programme takes into account the needs of the special groups like drug dependents, mentally handicapped, etc.

Programme For The Disabled

59. The performance of the Fifth and Sixth Plans indicates that expenditure has been low on programmes aimed at the welfare of the disabled. The main reason for delay in implementation of these programmes was that these were implemented by government agencies where procedural delays retarded the progress.

60. In the Seventh Plan, a departure will be made from the present institutional set up. The programmes of the disabled will be implemented by an autonomous body -- the National Trust for the Disabled -- which will have full powers for taking financial and administrative decisions. This agency will have effective links with all existing organizations and will be governed by an autonomous board of governors.

Drug Abuse

61. There are about 1.7 million drug abusers in the country who fall within the age group of 15 to 35 years. Heroin afflicts about 450,000 young males and females.

62. The drug detoxification programme will aim at strengthening and expanding the existing centres for treatment and rehabilitation of drug addicts; providing appropriate specialized personnel and supplies; developing, promoting and institutionalizing the preventive education for drug abuse; generating public awareness of the problem; and utilizing all avenues of social intervention in tackling the problem.

63. The responsibility for detoxification, rehabilitation and education will rest with the federal health ministry and the provincial health departments as an integral part of their health systems. The law enforcement agencies will interdict the supply of illicit drugs in the country.

64. An indoor detoxification centre will be established in each district headquarter hospital. Each district centre will have a close liaison with the other community centres established by Non-Government Organizations (NGOs).

65. During the Seventh Plan it is proposed that grass roots NGOs receive grant and funding through the health departments and the federal health ministry for drug control programmes. They will mobilize public opinion against drug abuse. They will also act as effective channels for the follow-up and the rehabilitation of treatment cases.

Traditional Medicine

66. The total number of registered *tabibs* is estimated at 36,881 while there are 539 *vaids*. Most of the practitioners of traditional medicine are in the private sector. There are 11 training institutions for *tibb*; the number of students qualifying each year in *tibb* is about 250. In the public sector, 84 *tibb* dispensaries in the Punjab and 21 in Sind were set up during the Sixth Plan.

67. The following actions will be taken during the Seventh Plan:

- the existing colleges will be affiliated with the boards for the award of diploma, and facilities will be established at the university level for degree courses;

- A new curriculum for graduate courses will be designed;
- The functions of the National Council for *Tibb* will be modified and amended;

- Credit facilities will be provided to practitioners for establishing private clinics;

- A drug act covering *unani* and *ayurvedic* medicines and drugs will be enacted to control the manufacture, sale, distribution, and quality of drugs used in the traditional medicine system; and

- An institute of medicinal botanics will be established.

Homeopathy

68. The total number of registered homeopaths is 15,786. There are 25 training institutions for homeopaths. There are two hospitals in the private sector at Karachi and Lahore besides a large number of practitioners, a small number of whom are in the public and corporate sector.

69. During the Seventh Plan, homeopathy will be allowed to progress in the private sector. The following actions will be taken during the Seventh Plan:

- The training institutions will be affiliated with boards/universities for award of diplomas and degrees;

- The course contents for various levels will be revised and updated while the National Council for Homeopathy will be made more effective;

- Credit facilities will be extended to practitioners of this system of medicine;

- A legislative act for homeopathy medicines and drugs will be enacted to control the manufacture, sale and distribution of homeopathic medicine; and

- Proper infrastructure will be set up at the federal and provincial government level.

Nutrition

70. The emphasis in this sub-sector will be to improve the nutritional status. This will be done, along with other measures through the following specific programmes:

- All inhabitants in the goitre endemic areas will be injected with iodized oil which will provide protection for 3-5 years. Simultaneously, iodized salt supply will be arranged for these areas;
- The nutritional status of expectant and lactating mothers will be given special emphasis. During ante-natal care, the nutritional status will be watched for degree of anaemia and weight gain which will be corrected by supplemental iron and additional food, particularly during the third trimester of pregnancy;

- Infant care will be provided through weight-monitoring, education on introduction of supplemental food at 4 month's age, full immunization, early treatment of diarrhoea and acute respiratory tract infections;

- Growth of pre-schoolers will be watched with necessary action at appropriate stages;

- A massive nutrition education campaign will be launched to motivate people about various techniques and methods for improving nutritional status;

- School feeding programme (supply of milk) on experimental basis will be introduced to watch the impact on nutrition, school enrolment and their academic performance.

71. The inclusion of appropriate lessons for healthy lifestyles and inclusion of hygiene and nutrition courses at various level of formal education will be vigorously pursued. In-service training of teachers in nutrition will be launched.

72. Incentives and education will be provided to farmers for producing légumes, pulses and oilseed crops besides production of fruits and vegetables.

Nutrition Surveillance System

73. This programme will have three aspects: prevention of first and second degree malnutrition cases from going into third degree; improvement of maternal nutrition to reduce the incidence of low birth weight babies; and rehabilitation of third degree malnourished cases through proper nutritional care. Nutrition surveillance will be introduced by regular monitoring of the weight of children below 4 years of age. The weighing will be done by *dais*.

74. Weight gain during pregnancy and anaemia will be monitored during antenatal checkups. Proper nutrition education to females of child-bearing age will be imparted.

75. Certain deficiency diseases can be effectively controlled through specific intervention. The following programmes will be strengthened or initiated during the Seventh Plan period:

Goitre Control

- A salt iodisation plant has been installed at Peshawar. Besides, an NGO is supplying 5,000 tons of iodized salt to Northern Areas;

- Another salt iodization plant is proposed to be installed at Rawalpindi/Khewra to cover a population of approximately 20 million; and

- In order to combat goitre on an emergency basis, a crash programme of lipoidal injection (iodine in oil) will be completed to be followed by salt iodization.

Anaemia

- Nutritional anaemia in all age groups is a problem which ranks next to energy-protein malnutrition in magnitude and severity. To combat anaemia in an economic and effective way, an iron/folate tablets distribution programme will be launched.

Medical Research

76. During the Seventh Plan emphasis will be given to health systems research to determine the health profile and an appropriate health information system, investigate aspects relating to management, manpower development, financing of health systems, behaviour-related problems, and ways and means of ensuring community participation.

77. During the plan, research will be carried out on health problems of national importance such as endemic tropical diseases, diarrhoeal diseases, parasitic diseases, nutritional disorders, problems of the elderly, drug addiction, accidents, demographic aspects, nuclear medicine, basic manufacture of drugs, medicines, equipment and bio medical engineering.

PRIVATE SECTOR HEALTH FACILITIES

78. The concessions allowed during the Sixth Plan were not conducive to promoting the development of the private sector as envisaged in the plan. The investment in hospital beds was 25 per cent of the target and only 6,000 hospital beds were added. Only 5,000 doctors set up private clinics during the plan (target 10,000), when credit facilities for clinics were liberalized during the end of the plan period.

79. It is estimated that Rs 5 billion was invested in the private sector. However, the operational expenditure on health in the private sector is estimated at Rs 40 billion. This includes expenditure on hospital beds, specialist fees, cost of drugs and medicines and profit/fees of private practitioners of modern and traditional medicine.

80. An estimate of the physical and financial outlays in the private sector during the Seventh Plan is shown in Table 31.1.

Table 31.1

SEVENTH PLAN PRIVATE SECTOR OUTLAY

(Million Rs)

Item	Annual Absorption/ output	Capital Expenditure	Operational Expenditure
Credit facilities	–	1000	
Doctors	1000	500	–
Specialist/diagnostic facilities	200	800	3600
Hospital beds	2000	5000	15184
Drugs	–	–	20000
Private clinics	1000	–	6300
Traditional medicine	–	–	10800
Total		7300	55884

81. This investment will only take place if further concessions are allowed. These may include:

- further accelerated depreciation of equipment and appliances;
- income as investment towards capital development be exempted from income tax;
- the government refrain from duplication of facilities where the private sector is forthcoming; and
- all essential items of medical equipment and essential supporting equipment be placed on the free list and imported without any restriction by registered doctors.

82. To regulate private sector activity, the government will implement a scheme for the registration of all private clinics and hospitals. These clinics and hospitals will be divided into various categories according to the level of medical care, facilities and services provided by them. All charges and fees will be regularised. A proper survey of private health establishments will be undertaken to categorise all private clinics and hospitals.

Non-Government Organizations (NGOs)

83. Requisite support will be provided to the NGOs to supplement the efforts of the government. Liberal tax exemptions will be allowed to philanthropists to facilitate donations on a generous scale to NGOs.

HEALTH INSURANCE

84. Health insurance provides a means of sharing the high cost of health care. To begin with, all citizens will be offered limited health insurance for critical illnesses. Health maintenance organizations based on the entrepreneurship of health professionals will be encouraged. Employees' social security will be extended to units employing a minimum of two persons instead of the existing 20 and to non-industrial labour.

SEVENTH PLAN OUTLAYS

85. The principal components of the health sector programme appear in Statistical Appendix Tables 31.10 to 31.18.

CONSTRAINTS IN PLAN IMPLEMENTATION

86. The main constraints in implementing the plan are as follows:

- The development allocation will be insufficient to rehabilitate and modernise the system during the plan period;
- It will be difficult to meet the maintenance expenditure out of the revenue budget. Supplementary measures will have to be introduced like health insurance, social security, users' charges, etc;
- The health network in the public sector has expanded substantially and remained inefficient without trained personnel; it will have to be managed by properly trained categories of health managers; and
- Doctors are reluctant to go to rural areas on a voluntary basis. Compulsory rural health service for a specified period for doctors may be inevitable.

CHAPTER

32

POPULATION WELFARE PROGRAMME

Population planning and policy have an important bearing on the socio-economic development of a country. There is a relationship between the large number of children born in low-income households and poverty. Often household income is insufficient to provide food, education, health and other basic necessities to the children in the family. Undernourished and unskilled persons are unable to make any meaningful contribution to Gross National Product (GNP).

2. A large population is not a problem by itself but may lead to a perpetuation of poverty. A large and growing population makes equally large demands on domestic resources for basic necessities and consequently detracts the same from productive investment. With resources scarce, often the choice becomes painful: whether to increase the expenditure on education per child enrolled or increase the number of enrolled children. On the other hand, a smaller number of children born to a mother require less resources for their maintenance.

3. Pakistan is the ninth most populous country in the world. The population growth rate of 3.1 per cent per year, which is one of the highest in the world, adds 3 million to the population each year. Between 1951 and 1981, the population of Pakistan increased by 50.3 million. Each family in Pakistan, on average, has six children. This places a great burden on the household and leads to the perpetuation of poverty of a large proportion of the population.

4. The crude birth rate (CBR) in 1987-88 was 42.6 per 1,000 live births whereas the crude death rate (CDR) was 11.3 per 1,000 live births. While better health practices have led to a reduction in the CDR, there has been no appreciable fall in the CBR. The result has been a high population growth rate. Furthermore, the age-sex data in the 1981 Census shows an uncommon age structure with 44.5 per cent of the population below 15 years of age and an equal number of females in the child-bearing age of 14-49 years. Unless emphasis is placed on family planning and welfare, the slow improvement in the level of female literacy and labour force participation will continue to force women to derive their social esteem from bearing a large number of children, particularly males.

5. An aggressive population planning policy will have to be adopted in the Seventh Plan to break the cycle of high fertility, low levels of health and poverty. A major breakthrough in the level of literacy, female employment, age at first marriage, child survival and the knowledge and use of contraceptives, if achieved, can be expected to reverse the trend in fertility.

SIXTH PLAN REVIEW

6. The Sixth Plan policy of population planning and welfare aimed at bringing about a behaviourial change in favour of a small family through concerted efforts of non-governmental organizations (NGOs), distribution of contraceptives by a commercial enterprise.

7. The major objectives included increasing the use of family planning methods from 5.6 per cent to 18 per cent, reducing the CBR from 40.3 to 36.2 per 1,000 and reducing the fertility rate from 6.0 to 5.4 thereby achieving a reduction in the rate of population growth from 2.9 to 2.6 per cent per year during the Sixth Plan period. Although some progress was made, these objectives could not be achieved.

8. The strategy during the Sixth Plan involved a

achieved.

8. The strategy during the Sixth Plan involved a shift from the uni-purpose family planning approach to a close inter-relationship between population, resources, environment and development. It thus followed a multi-sectoral and multi-dimensional approach. For better acceptance of family planning, participation of all relevant government departments, NGOs, the private sector and local leadership was encouraged. Greater emphasis was placed on training, motivation, community leadership, media and programme personnel. Concerned staff of demographic, bio-medical and social research activities was strengthened in order to improve their efforts towards a better acceptance of family planning services.

9. During the Sixth Plan period the family planning programme averted 1.3 million births which included 0.3 million births due to the carry over effects of IUD insertions and contraceptive surgery cases. The number of birth aversions which was 0.2 million in 1983-84 increased to 0.4 million in 1987-88 while the number of acceptors of various contraceptives increased from 0.9 million in 1983-84 to 1.8 million in 1987-88.

10. During the Sixth Plan period the gross allocation for population planning and welfare programme was Rs 2.3 billion and the net allocation Rs 2.2 billion. By the end of the Sixth Plan, it is estimated that the programme had utilized Rs 1.8 billion or 81.6 per cent of the allocation (Table 32.1).

Table 32.1

FINANCIAL ALLOCATIONS AND UTILIZATION DURING THE SIXTH PLAN

(Current million Rs)

	Allocation		Utilization	
	Plan	Actual	Rs	%
1983-84	273	273.1	202.2	74.0
1984-85	320	300.0	321.3	107.1
1985-86	475	456.3	388.4	85.1
1986-87	530	555.9	333.8	60.1
1987-88	702	571.0	513.2	89.9
Total	2300	2156.3	1758.9	81.6

SEVENTH PLAN OBJECTIVES AND STRATEGY

11. Realising the gravity of the population problem in the country, the government has given special attention to increasing the level of investment in the population welfare programme. The Seventh Plan programme emphasises better and wider birth control and delivery services and a more intensive and varied motivational programme.

12. The emphasis of the population welfare programme will be on lowering the population growth rate. Overall policy will attempt to bring about a behaviourial change in favour of small family norms through voluntary birth intervals, care of pregnancy and safe delivery. Fertility management will be the key development objective. A multi-sectoral approach will be followed by involving all ministries and departments in dealing with population-related issues and by incorporating population components in their activities. These ministries and departments are expected to play a vital role in contributing to the communication strategy, population education and service delivery. Simultaneously, the programme will also address itself to reducing morbidity and mortality among high-risk segments of the population, i.e. women in the reproductive age group and children under five years of age.

OBJECTIVES

13. The plan includes the following primary and demographic objectives:

- raising the level of current practice of family planning from an estimated 12.9 per cent in 1987-88 to 23.4 per cent by 1992-93;
- providing reproductive care services to mothers and child health care services for children under 5 years;
- reducing the CBR from 42.3 to 38.0 per 1,000; and
- preventing 3.1 million births.

14. These targets for reduction in CBR and rate of growth of population for each year of the plan are given in Table 32.2.

15. In order to achieve these targets, the population welfare programme will pursue the following supportive objectives:

- develop and strengthen field management through effective supervision and monitoring;
- expand clinical services through outreach and mobile units;

Table 32.2

SELECTED DEMOGRAPHIC INDICATORS FOR THE SEVENTH FIVE-YEAR PLAN

	1987-88 (Bench mark)	1988 -89	1989 -90	1990 -91	1991 -92	1992 -93
Mid-year Population (million)	105.7	109.0	112.4	115.9	119.4	123.0
Birth rate (per 1,000 population)	42.3	42.0	41.4	40.8	40.2	39.6
Death rate (per 1,000 population)	11.1	10.8	10.4	10.0	9.6	9.2
Rate of growth (%)	3.1	3.1	3.1	3.1	3.1	3.0
Number of women age group: 15-49(million)	22.5	23.3	24.1	24.9	25.7	26.5
Number of married women age group: 15-49(million)	16.9	17.5	18.1	18.7	19.3	19.9
Number of births to be averted(million)	0.3	0.4	0.5	0.6	0.8	0.9
Birth aversions as % of married women	2.0	2.4	2.7	3.3	3.9	4.6
Number of acceptors including carry over (million)	2.1	2.1	2.3	2.8	3.2	3.7
Acceptors as % of married women age group: 15-49	12.5	11.8	12.8	15.1	16.8	18.4

- lay greater emphasis on clinical methods;
- develop and strengthen multi-sectoral linkages;
- encourage and involve local community participation
- strengthen training activities for the programme;
- pursue a more effective communication strategy;
- expand involvement of NGOs;
- involve Traditional Birth Attendants (TBAs) in motivation and contraceptives distribution;
- involve and encourage private registered medical practitioners in family planning activities;
- expand social marketing of contraceptives
- undertake bio-medical and socio-demographic research for better understanding of various correlates of fertility decline; and
- evolve mechanisms for incentive schemes.

16. The important assumptions underlying these objectives are (a) political and socio-economic stability permitting uninterrupted programme operation; (b) visible government commitment and continued priority for the population sector; and (c) availability of foreign assistance.

STRATEGY

17. The strategy for the Seventh Plan will be based upon active support and participation of relevant government departments, public institutions and the private sector in providing services and promotional programmes. The main features of the population welfare programme are as follows

- Reinforcing the multi-sectoral approach for greater social acceptance of the small family norm and to cater to a growing demand for service through a well knit service delivery system;
- Giving recognition to the inter-relationship between population, resources, environment and development;
- Shifting to more effective contraceptive methods, such as contraceptive surgery, IUDs and injectables;
- Designing and implementing a more effective communication strategy directed towards clearly defined target groups to promote and accelerate family planning acceptance;
- Strengthening field supervision from the federal to the grass-root level; and
- Introducing special incentives to accelerate acceptance of small family norms.

18. The programme also envisages the provision of maternal and child health (MCH) services through the programme's own service outlets, in

addition to family planning services. This is expected to: (i) narrow the gap between the awareness and the actual use of contraceptives, (ii) increase breast feeding practices, (iii) improve the health of mothers through birth-spacing and (iv) decrease infant mortality.

19. The population welfare programme for 1988-93 is a rolling plan within the Perspective Plan. The plan comprises of the programmes of the four provinces and the federal government. The federal programme includes policy planning, setting of national targets, securing foreign assistance, contraceptive supplies, training, information education and communication (IEC), monitoring, research, evaluation, social marketing of contraceptives, involvement of Non-Government Organizations (NGOs), and extending family planning facilities and services in the federal district of Islamabad, Azad Jammu and Kashmir (AJK), Northern Areas, and to target group institutions. The provincial programmes include service delivery, field supervision, monitoring and responsibility for overall implementation of the programme in the provinces. These activities have been classified in two inter-related components of the programme which are briefly discussed below.

SERVICE DELIVERY

20. Overall service delivery of the programme will be improved and further expanded to cater to the unmet demand of fecund women as highlighted by the Pakistan Contraceptive Prevalence Survey (1984-85). These services will comprise of the following.

FAMILY WELFARE CENTRES (FWCs)

21. The FWCs are the main source of service delivery and will continue to offer a package of services including family planning, mother and child care, health education and preventive as well as elementary health care for women and children.

22. The number of FWCs will increase from 1,275 in 1988 to 1,347 by the end of the Seventh Plan period. In order to improve coverage and increase accessability some of the centres will be relocated to more suitable places.

MOBILE SERVICE UNITS (MSUs)

23. In order to improve clinical supervision and provide on-the-job training to the FWC staff, it is proposed to introduce MSUs at the tehsil level in the four provinces as an additional measure to meet the demand for family planning services. These units will be headed by a lady doctor or a senior paramedic (family welfare supervisor or technical supervisor), with supporting staff. The units will be attached to selected family welfare centres. A total of 158 MSUs will be established over the next five years.

REPRODUCTIVE HEALTH SERVICES (RHS)

24. The existing RHS system operates through three types of outlets of which those in the teaching hospitals are termed 'A' centres, those in various public and private hospitals as 'B' centres while the third outlet is the mobile extension service team. During the Seventh Plan the 'A' centres will be increased from 33 to 79; the construction of new RHSs will be undertaken in a phased manner. The performance of 125 existing 'B' centres will be reviewed and those judged to have performed satisfactorily will be upgraded to 'A' centres. It will be assured that all district headquarter hospitals have at least one 'A' centre. Four new extension teams will be added, 2 in NWFP, 1 in Baluchistan and 1 in the federal district of Islamabad so that there will be 11 teams by the end of the Seventh Plan period. Voluntary contraceptive surgery will be promoted amongst eligible couples with emphasis on the younger age groups.

SERVICE OUTLETS OF OTHER DEPARTMENTS

25. The performance of these outlets during the Sixth Plan was not satisfactory. It will be made more effective through intensive training, adequate supplies, increased collaboration and regular monitoring. Fertility control will become the central theme during the Seventh Plan. Such inputs as training, supplies and regular monitoring will be increased. The Basic Health Units (BHUs), RHCs and MCHs of the health department will offer family planning services. Training of personnel, contraceptive supplies and IEC material will be extended to the health department outlets. The number of health department outlets involved in service delivery during the Seventh Plan will be 5,029 of which 384 (224 new) outlets will participate in this programme from other departments.

TARGET GROUP INSTITUTIONS (TGIs)

26. The major focus of this programme will be

on increased involvement of semi-government and autonomous organizations such as Pakistan International Airlines (PIA), Railways, Armed Forces, Water & Power Development Authority (WAPDA), etc. in the service delivery system. Of the existing TGI outlets, those performing well (around 174) will be retained and further strengthened through training, supplies and monitoring. Moreover, in addition to the existing TGIs the possibility of involving other public sector organizations in the service delivery programme be explored.

NON-GOVERNMENTAL ORGANIZATIONS (NGOs)

27. The role of NGOs in the overall development process is well recognized. During the Sixth Plan 89 NGOs were involved in the service delivery programme for which technical, commodity and financial assistance was provided by the government through the NGO Coordinating Council (NGOCC) constituted in 1984. This financial assistance will continue in the Seventh Plan period. The activities of NGOCC will include family planning services and motivation in relevant areas and will be undertaken through 925 separate service outlets.

HAKIMS AND HOMEOPATHS

28. *Hakims* and homeopaths are practitioners of traditional medicine, who provide services through *matabs* or clinics located in the urban and rural areas. During the Sixth Plan 1,156 *hakims* were involved in the programme for distribution of conventional contraceptives but the overall impact was insignificant. In the Seventh Plan, therefore, adequate training and better service is emphasised in addition to increasing the number of *hakims* to 2,500. Services of 1,500 homeopaths will also be sought to broad base the family planning service delivery system.

TRADITIONAL BIRTH ATTENDANTS

29. While the role of TBAs is crucial, they did not receive full recognition during the Sixth Plan. Efforts will be made to link the trained TBAs with FWCs and mobile units to provide village-based contact. Additional TBAs will also be trained to expand out-reach services. Their specific role will be to motivate couples, provide conventional contraceptives and serve as referrers of cases of IUD and contraceptive surgery. A total of 9,012 TBAs will be involved during the Seventh Plan.

INVOLVEMENT OF REGISTERED MEDICAL PRACTITIONERS (RMPs)

30. The relationship between health and family planning is of fundamental importance. It is proposed that the participation of the medical sector in the programme be increased by involving 4,875 general medical practitioners in the delivery of family planning services.

SOCIAL MARKETING OF CONTRACEPTIVES

31. The Sixth Plan envisaged the active involvement of the private sector in supplementing the efforts of the government in the distribution of contraceptives. A Social Marketing of Contraceptives Programme was launched in September, 1986 by M/S. Woodward Limited with the objective of establishing 50,000 contraceptives distribution points by the end of the Sixth Five-Year Plan. The programme will be further expanded during the Seventh Plan period and the number of distribution points raised to 72,000.

MCH AND FAMILY PLANNING SERVICES IN AZAD JAMMU AND KASHMIR (AJK) AND NORTHERN AREAS

32. During the Sixth Plan period, MCH and family planning services were offered in AJK and Northern Areas through the existing health outlets. The performance, however, remained poor due to administrative and manpower constraints. During the Seventh Plan, the situation is expected to improve with the increased availability of lady doctors and extensive training of paramedics. The number of outlets is expected to increase from 50 to 90 in the Northern Areas. In AJK, the strategy will be to involve all existing health outlets for providing family planning services. All concerned personnel will be appropriately trained, and the number of family welfare centres increased from the existing 4 to 6.

SUPPORT COMPONENTS

CLINICAL TRAINING

33. Clinical training is provided through 12 existing Regional Training Institutes (RTIs). During the Seventh Plan period, these RTIs will continue with basic, refresher and on-the-job training to fulfil manpower requirements of clinical personnel for all service delivery outlets as well as improve the quality of needed skills. In addition, the RTIs will be actively involved in the training of trainers of clinical personnel of health and other depart-

ments, NGOs, TGIs, etc.

NON-CLINICAL TRAINING

34. Training plays a basic role as it aims to bring about an attitudinal change in the target groups. Three Population Welfare Training Institutes (PWTIs) were set up at Lahore, Karachi and Multan during the Sixth Plan period where training was imparted to programme and non-programme personnel, master trainers and second line trainers of other line departments, NGOs, community-based groups and elected representatives.

35. In the Seventh Five-Year Plan the scope of the training programme will be broadened to impart training to an increased number of programme and non-programme personnel, senior officers of other departments, trainers of other national training institutes, NGOs, AJK and Northern Areas through institutionalized training at PWTIs. In addition, seminars and workshops will also be arranged for personnel involved in communication, TGIs and line departments.

INFORMATION, EDUCATION AND COMMUNICATION

36. Mass media and inter-personal campaigns have constituted an integral part of the family planning programme since its inception. These activities have helped to raise awareness and knowledge about the programme but unfortunately could not effectively bridge the gap between the knowledge and practice of family planing. The communication component in the Seventh Plan will mainly aim at:

- replacing pro-fertility norms with small family norms;
- dispelling erroneous notions that a large family is necessarily an economic asset;
- removing misgivings about the programme and its services;
- minimizing the gap between knowledge and practice; and
- highlighting the gap between population and resources.

37. Mass media will be used to continue projecting six themes, viz. breast feeding, lactation and weaning, late marriage, responsible parenthood, status of women, health of mother and child and nutritional needs. The provincial IEC cells will publish addresses of FWCs and RHSs, prepare material in regional languages for display and circulation , long programmes in regional languages through radio, cinema, slides and audiovisual vans, and monitor field activities. The IEC staff will be given suitable training for updating their knowledge. At the federal level the programme will continue planning and preparing IEC material for radio, television and newspapers. It will develop communication strategy and provide linkages with the federal programme besides coordination and monitoring activities. Population education activities will be introduced to promote small family norms.

Population Study Centres

38. Two Population Study Centres, one each at the University of Karachi and the Agriculture University, Faisalabad, established during 1986-87 will continue to offer cources in the field of pupulation studies and undertake research in the field of population.

Construction

39. The on-going schemes of construction of the Central Warehouse and the Natiohnal Research Institute of Fertility Control (NRIFC) building at Karachi and the five regional training institutes in the provincial capitals will be completed. The construction of office accommodation for the federal and provincial head quarters will also be undertaken during the Plan period.

Monitoring and Statistics (M&S)

40. During the Sixth Plan the responsibilities of M&S have been bifurcated and cells at provincial levels have been created. To improve the efficiency of the programme, close monitoring at all levels will be undertaken. At the federal level the M&S unit will collect data and undertake monitoring of all aspects of the programme. It will also undertake mini-surveys to ascertain contraceptive use and prevalence in various parts of the country.

Research and Evaluation

41. Research and evaluation of the programme are federal responsibilities. The main aim of research is to examine factors affecting fertility in areas such as bio-medical, reproductive physiol-

ogy and demography. The three existing institutes, the NRIFC, the National Research Institute of Reproductive Physiology (NRIRP) and the National Institute of Population Studies (NIPS) will be strengthened.

42. The contraceptive mix proposed to be followed during the Seventh Plan will indicate birth aversions and the pattern of contraceptive delivery services. Contraceptive services for each province and major agency as well as achievements and the actual/projected acceleration are given in Statistical Appendix Tables 32.1 to 32.16.

FINANCIAL ALLOCATION

43. An allocation of Rs 3.5 billion has been made during the Seventh Plan. The annual phasing of the proposed outlay is given in Table 32.3.

Table 32.3

ANNUAL FINANCIAL OUTLAY DURING 1988-93

(Current million Rs)

Year	Allocation
1988-89	514.0
1989-90	675.0
1990-91	760.0
1991-92	785.0
1992-93	801.0
Total	3535.0

44. The component-wise alloctions for the federal and provincial programmes for the Seventh Five-Year Plan are given in Statistical Appendix Table 32.17 and 32.18.

CHAPTER

33

WOMEN'S DEVELOPMENT : A NATIONAL IMPERATIVE

Planning for the development and welfare of women has evolved gradually in Pakistan. In the initial stages of the planning process, efforts were directed towards an integrated development strategy in which an approach emphasising women's development was not considered necessary. However, over a period of time, the Government of Pakistan recognized that in spite of the religious, constitutional and legal rights of women, their position remained weak due to an ineffective framework for enforcing these provisions. It became clear that women's needs were not reflected adequately in development planning. As a result, the planning process remained unresponsive to the development aspirations and needs of women. However, selected social sectors like health, education, social welfare and population planning continued to give some recognition to women's needs. In the 1970s a more institutionalized strategy evolved for women's development through enhanced policy measures in the areas of primary education for girls and welfare assistance to distressed and handicapped women.

2. Toward the close of the 1970s, women's development issues were considered urgent, and the integration of women into the process of national development became one of the priority objectives of the government. In 1979 Women's Division was created at the federal level to articulate policies, to prepare projects and to act as a catalyst for women's development. As provinces were the implementing authorities, Women's Project Cells were created at the provincial level to help and monitor implementation.

3. Since its inception, the Women's Division has evolved strategies aimed at ensuring women's acceptance as a valuable human resource in national development. The Women's Division is not only pursuing and reinforcing policies for the betterment of women and their status, but also providing financial, technical and institutional assistance and guidance to the line departments in the provinces in order to help in the implementation of programmes for women's development. Efforts through the line departments are supplemented by federal projects. These are sponsored and executed by the Women's Division directly or through federal agencies.

4. Although Pakistan compares favourably with other countries of the region in terms of Gross National Product (GNP) and growth in per capita income, it compares poorly in terms of social indicators. Pakistan's population growth, infant/maternal mortality rates and dependency ratios are high, while labour force participation rates, literacy rates and health coverage are low.

5. Data on women are outdated and incomplete. However, available research confirms their low status on most counts. Gender disparities exist in the availability of food, education and employment. Women suffer additional constraints because their mobility is restricted, they have little control over resources, limited decision-making power, a low level of awareness of their civic rights, a poor self-concept, and limited aspirations.

6. Within the context of poverty, women are caught in a vicious cycle of ill-health. Lack of education for girls translates into a lack of aware-

ness of basic nutritional principles and hygienic practices. Early marriages, frequent pregnancies, malnutrition and lack of access to health care results in low-birth-weight infants with increased susceptibility to infections.

7. In education only 33 per cent of all girls were enrolled in primary school in 1983, and still fewer in the rural areas. The drop out rate for girls was over 50 per cent. Some of the reasons are infrastructural such as poor physical facilities, poor teaching, inappropriate curricula, etc. Moreover, the general perception of schooling for girls as a luxury, and the greater availability of facilities for boys than for girls, are powerful factors reducing girls' participation in education.

8. However, the impact of female education is now globally acknowledged. Female education, especially if complete up to the secondary level, leads to reduced fertility, improved child health, lower infant mortality, an increased awareness of environmental health, and improved productivity. Education, therefore, is the critical factor in improving the status of women, especially since literate mothers invariably support the education of their daughters.

9. A second factor which can have far reaching effects on social indicators is economic activity by women. Such activity can be crucial in regulating population growth. Moreover women usually spend their earnings on their children and homes, raising the overall quality of life.

REVIEW OF SIXTH PLAN

10. The Sixth Plan laid special emphasis on women. It provided for specially designed programmes in health, education, social welfare, population planning and employment in addition to the integration of women's concerns in all economic sectors. It adopted the principle of a faster pace of development for women than the overall national target. The plan called for a fundamental reordering of national priorities in favour of primary education for girls and non-formal literacy programmes.The sectoral achievements of the Sixth Plan are discussed below.

EDUCATION

11. The Sixth Plan fixed a target of increasing the female participation rate at the primary school level from 32 to 60 per cent and the female literacy rate from 13.7 to 47 per cent. These targets were to be achieved by opening 4,198 primary schools for girls and 40,000 mosque schools. It is estimated that by the end of the plan period the target for opening primary schools will have been surpassed. However, there will be a shortfall in the opening of mosque schools, as only 4,300 such schools are likely to be established. As a result, the enrolment targets for females will not be fully achieved. The reasons for low achievement are a shortfall in the opening of mosque schools and a low participation rate of girls in primary schools. The motivational campaign for encouraging parents to send their daughters was not entirely successful. The Sixth Plan aimed at covering 15 million people through adult literacy programmes of which the majority were rural women. These targets were not achieved.

HEALTH

12. For providing improved health coverage to women in the rural areas and in the urban slums, the Sixth Plan targets included provision of 5,649 hospital beds for female patients, 355 Rural Health Centres (RHCs) and 2,600 Basic Health Units (BHUs) and training of 7,000 female doctors, 5,000 nurses, 7,000 female paramedics and 30,000 Trained Birth Attendants (TBAs). Likely achievements during the Plan period are the creation of 2,384 additional hospital beds for women, 206 RHCs and 2,153 BHUs, and the training of 6,500 female doctors, 5,000 nurses, 5,750 female paramedics and 28,950 TBAs. Physical implementation in the health sector has been close to the target except in the case of additional hospital beds for women.

SOCIAL WELFARE

13. The Sixth Plan proposed that programmes designed for the welfare of women in various walks of life be strengthened; day care centres for children of working mothers be established in order to enhance female participation in the labour force; training be given to women in all professions; and research studies be undertaken on women's socio-economic development issues.

14. The social welfare programme envisaged a target of establishing 100 special education institutions, 35 social welfare service units, disbursement of grants-in-aid to 1,000 Non-Government Organisations (NGOs) and establishing 40 welfare units for women employees of the federal government. Likely achievements are the establishment of 100 special education institutions and 40 social welfare units, disbursement of grants to 1,000 NGOs and establishment of 39 welfare units for women employees of the federal government. In

the social welfare field also the physical achievements have been close to the targets.

EMPLOYMENT

15. The official labour force participation rate is about 30 per cent, of which only 4.8 per cent are females. This figure grossly underestimates the reality that the majority of women work hard and long hours in agriculture, in the informal sector in urban and rural areas, and within households. Their labour, however, goes unrecognized by society and unrecorded in statistics.

16. The highest percentage of recognized female labour force is in agriculture. Their work comprises mainly manual, unskilled labour with little access to new technology. Women also figure prominently in the health and education sectors, constituting 30 per cent of teachers and 25 per cent of doctors. Most nurses and a fair percentage of paramedics are also women. Urban women are entering many non-traditional professions, although in very small numbers.

17. The Sixth Plan laid special emphasis on encouraging female employment and on increasing female participation in the labour force. The plan reserved 10 to 15 per cent of jobs for women in all sectors, both public and private.

WOMEN'S DIVISION

18. For the Sixth Plan an amount of Rs 700 million was earmarked for Women's Division programmes against which an amount of Rs 411 million was allocated and Rs 401 million were spent. This allocation was made for new and innovative projects in order to accelerate women's socio-economic development and participation. But the major programmes to benefit women were integrated with the operational policies of each sector in the Sixth Plan. The allocation to the Women's Division was spent on providing additional training facilities in health, education, technical education; participation of women in small industries and agriculture, training of women in industrial, secretarial and income generating skills; and providing accommodation facilities for working women, community halls, day care centres, etc. (See Statistical Appendix Table 33.1).

POLICY AND STRATEGY IN THE SEVENTH PLAN

19. The first imperative for an effective over-all national development policy for women is to acknowledge that women have been neglected, and to affirm that the results of this neglect in terms of low productivity, illiteracy and poor health are an unacceptable cost, both morally and economically.

20. The next imperative is to pledge that, within an overall development context, special efforts will be made for the uplift of women, not through programmes based on a philosophy of 'separate but equal' but through the provision of full equality of opportunity in education, health, employment and all other spheres of national life. The aim of such efforts is the full integration of women into society and not their channelization into limited activities and roles.

21. A third imperative is to create an awareness among both policy makers and the public at large of the discrimination women suffer and its economic and social costs. Without such awareness, the measures to extend education, employment and other opportunities for women, to target them through special development and other programmes and to facilitate their integration into all fields of national activity through the extension of support services, might well fail due to a lack of credibility; people will not support what they do not believe in. A major effort must be made to convince people that the subjugation of women is not natural but a costly and reversible human choice.

SEVENTH PLAN PRIORITIES

22. The Seventh Plan will try to integrate women more fully into the development process by translating the above imperatives into specific goals and action plans as suggested in the following sectoral targets.

EDUCATION

23. In the education sector, the objectives are to make education for women a planned and sustained process; to replace the outmoded value system, based on inequality, with a new value system which emphasizes equality, mutual respect and dignity among members of both sexes; to remove disparities in the provision of educational facilities for women in different regions of the country; to develop a network of educational institutions and undertake planned programmes and activities for their proper development; and to provide them opportunities for studies in various branches of learning, including the physical and social sciences, as well as a wide range of vocational, technical and professional subjects, similar to the facilities available to men.

24. The following targets have been set to achieve the above objectives. The enrolment of girls in primary education will be increased from 2.9 million in 1987-88 to 5.9 million in 1992-93 which will result in an increase in the participation rate from 41 per cent in 1987-88 to 70 per cent in 1992-93. The enrolment of girls in Classes VI to VIII will be increased from 0.7 million to 1.4 million and that of girls in Classes IX and X from 0.2 million to 0.4 million.

HEALTH

25. In the health sector, the objectives are: first, to collect and make available vital information relevant to the health and welfare of women and children so that problems are viewed in a proper perspective; second, to launch an effective and continuous health education programme for mothers, families, and community leaders, as an essential pre-requisite for community action; third, to establish a network of health services for women's health so that in the next five years each rural and urban community in all parts of the country is covered with an efficient health service; and fourth to launch special continuing programmes to combat the major challenges of malnutrition and disease among those groups of women and children identified as most vulnerable.

26. The physical targets will be as follows: to protect 15 million expectant mothers with and another 8 million women of childbearing age with tetanus toxoid; to improve maternal care and provide assistance during delivery to all expectant mothers; to increase the number of doctors from 36,000 to 50,000 of whom 30 per cent will be females; to increase the number of nurses from 10,000 to 20,000 and the number of paramedics from 65,000 to 100,000 of whom 25 per cent will be females; and to increase the number of Trained Birth Attendants (TBAs) from 45,000 to 65,000. In girls' schools there will be courses on child care, dental care, nutrition, food preparation and preservation, and sanitation. Adequate and clean water facilities will be provided for drinking and washing within easy reach of clusters of households, particularly in the rural areas. A Maternity and Child Health (MCH) Centre will be established in each rural and urban community as a base-line health service for women and children to provide primary health care, prenatal and postnatal care, and treatment of simple ailments.

EMPLOYMENT

27. In the field of employment, the objectives will be to create social and cultural acceptance of the multiple role of women as home makers as well as economically productive and socially responsible individuals, and to expand employment opportunities for women in all sectors of the economy.

28. A sustained effort will be made during the Seventh Plan to enhance women's employable skills and increase their labour force participation rate. To this end, various steps will be taken during the plan period; increasing the number and capacity of polytechnic schools and vocational training centres; incentive schemes to increase hiring of women by public and private enterprises; instituting special credit programmes for women for establishing small businesses and extending special credit facilities for poor women without collateral; providing hostels for working women; and creating separate wings in the employment exchanges for women.

29. The number of polytechnic institutes for women will increase from 7 to 13 by the end of the Plan period. In addition to the existing centres which are operating in the provinces, 5 technical training centres will be established by the department of labour with a total training capacity of 3,160 by the end of the plan period. Women will be offered training in these institutes.

30. Serious efforts will be made to staff all primary schools for girls and boys with female teachers. As far as possible, these teachers will be recruited from nearby areas in order to minimize transportation, residential and other costs. During the plan period efforts will also be made to induct a large number of women into the health profession at all levels to attain a proportion of about 50 per cent women in this field over the next 20 years.

COOPERATIVES

31. Because of lack of women's education and knowledge in organizing cooperatives, out of the 61,000 cooperatives operating in the country only 1,600 are for women. However, during the Seventh Plan special funds will be earmarked for women's cooperatives to reinforce education and training programmes for them.

NON-GOVERNMENT ORGANIZATIONS (NGOS)

32. Women's NGOs are doing valuable work in national development. But lack of sufficient funds has impeded progress in the past. It is proposed to set up an autonomous national NGO council for women's development to facilitate the development work of all NGOs and in particular, to help NGOs in project formulation, implementation, management and supervision.

33. NGOs will be encouraged and enabled to assume a more dynamic role in the promotion of women's uplift, welfare and development. For this purpose the government will increase grants to women's NGOs. NGOs will be particularly useful in organizing community groups, cooperatives and legal aid societies.

LEGAL AID SOCIETIES

34. Provision of legal redress is extremely slow and dilatory, especially in family cases, where women suffer due to long delays. Legal aid societies will be formed as NGOs at the divisional and district levels. These societies will be provided grants with a definite mandate and considerable flexibility in operation. They will provide free legal aid to needy women.

WOMEN DEVELOPMENT WORKERS

35. To facilitate the implementation of women's development programmes at all levels, a cadre of women development workers are needed who will be organizers, educators and planners of women's activities in the rural and urban areas. These workers will work through existing institutions like the local government's cooperatives, NGOs and social welfare societies.

36. The successful performance of these workers will depend on how well they are trained. Hence it is proposed to first train 6,000 workers -- one for each of the 4,200 union councils and one for every unit of 25,000 population in 400 urban localities. They will be trained in community organization and development, public health, home economics and human ecology, adult education, industrial arts and agriculture.

37. In any master plan or annual plan made by the federal or the provincial governments the Women's Division will act as the main consultant for guidance and advice, as also the coordinator to avoid duplication.

38. Women's Division schemes are large in number (13,000 schemes) but small in size. In the Seventh Five-Year Plan efforts will be made to consolidate women's programmes. For this purpose the institutional machinery of the Women's Division will be strengthened in quality.

FINANCIAL ALLOCATIONS FOR WOMEN'S PROGRAMMES

39. The above targets will be achieved through projects and programmes of the Women's Division and the provincial governments as well as through the sectoral programmes for education, health, social welfare, population planning, labour and others. An amount of Rs 0.9 billion has been allocated for these special programmes for women during the Seventh Five-Year Plan as given in Table 33.1.

Table 33.1

SPECIAL DEVELOPMENT PROGRAMMES FOR WOMEN· FINANCIAL REQUIREMENTS

(Million Rs)

i) Support to line departments for the development of infrastructure and other programmes	369
ii) Grants to women NGOs	90
iii) NGO council	9
iv) Assistance to women cooperative societies	72
v) Legal aid societies	90
vi) Women development workers	270
Total	900

CHAPTER

34

CULTURE, SPORTS, TOURISM AND YOUTH AFFAIRS

The development of culture, sports and other related aspects is a reflection of the national image and helps in infusing a sense of national pride and identity. Recent years have witnessed greater awareness of the significance of Pakistan's historical and cultural centres. As a result attention has been focused on the maintenance and development of institutions concerned with cultural activities.

SIXTH PLAN REVIEW

2. The Sixth Plan for the first time in the history of planning, gave some priority to cultural development. The objective was to coordinate the activities of various federal and provincial agencies responsible for executing programmes in culture, sports, archaeology, arts and the preservation of Pakistan's cultural heritage.

3. The total capital outlay for cultural activities during the Sixth Plan was Rs 0.8 billion (at current prices) as against the allocation of Rs 1.7 billion. One reason for achieving only a 46 per cent utilization rate was the delay in the design, preparation and approval of the International Conference Hall and the Museum of Islamic Heritage.

4. In the sports sector, the construction of the Rs 720 million sports complex at Islamabad was completed, while construction and expansion of 6 sports stadium at district level remained in various stages of completion. Construction and expansion of two national stadiums - National Cricket Stadium at Karachi and Gaddafi Hockey Stadium at Lahore were completed.

5. In the archaeology and archives sector, preservation work on the Moenjodaro monuments remained in progress, although at a slow pace. Twenty six tubewells were completed to bring down the water level at the site which had posed a threat to the historical monuments. Five river protection spurs and embankments were completed to save the site from the onslaught of the Indus water floods. Expansion of National Museum, Karachi, was completed while renovation of the Quaid-e-Azam House was half completed.

6. In the tourism sector, tourist accommodation was expanded at 5 sites in Baluchistan, Northern Areas and along the Karakoram highway by adding 24 rooms against 50 rooms planned. Seven provincial tourism development schemes were supported on matching grant basis to provide for facilities of accommodation, recreation and transport to domestic travellers.

7. Under the youth affairs programme, non-governmental organizations (NGOs) were provided grants to improve and upgrade 11 existing youth hostels in the country. Besides, grants-in-aid were provided for the construction of youth hostels at Islamabad, Peshawar and Quetta. Funding was provided to the provinces for the establishment of 89 skill development training centres at *tehsil* level for imparting skill training to 6,500 youth annually in the rural areas. These skill centres will help in the promotion of self employment.

SEVENTH PLAN STRATEGY

8. The Seventh Plan will follow an integrated approach toward cultural development, covering all important dimensions like preservation of cultural heritage, historical and archaeological research,

cultural history, anthropology, arts and crafts, and architecture. New initiatives and policy packages in the area of culture, sports and tourism sub-sectors have been identified to strengthen the planning, implementation and operational base of the executing agencies on the one hand and increase the cost effectiveness of the various programmes on the other. Programmes outlined below have been designed to fulfil the minimum national requirements in line with the priorities.

CULTURE

9. Culture encompasses the values inherent in thought, expression, traditions and the way of life of the people. It combines a number of conditions necessary for the advancement of the individual and the community. It broadly covers languages and literature, arts and crafts, archaeology and architecture, religion and social vocations and the overall environment. It is evolved, commonly shared and lived by the people and represents a total way of life.

10. The cultural development programme has been expanded from purely institution building in the Sixth Plan to a wide range of activities which cover: (i) articulation of a policy framework within which the pattern of overall cultural development would unfold; (ii) identification of priority areas for action, (iii) delineation of the specific measures to promote national culture, arts and heritage; and (iv) promotion of the welfare of artists and artisans.

11. The programme includes identification of the following major elements of a national culture policy:

- consolidating the foundations of faith and revitalising Islamic values;

- preserving and consolidating the nation's heritage in general and its Islamic heritage in particular;

- strengthening the historical and cultural foundations of society and promoting Pakistan's solidarity and advancement in the comity of nations;

- re-generating cultural growth at the national level by recognizing the creative genius of the individual in all vocations - the scholar, the scientist, the poet, the singer, the dramatist, the artist, the engineer, the craftsman, etc;

- creating a society where indigenous sub-cultures are promoted and cultural integration takes place through natural growth and a national pride in such growth;

- promoting the artistic and creative talents of the people of Pakistan in all walks of life and at all levels, through democratic process of effective participation and equality of opportunity for all;

- contributing to the social and economic well-being of the people of Pakistan; and

- facilitating inter-cultural communication to promote international understanding.

12. Practical steps will be taken to strengthen the research base in such areas as history, Islamic culture, anthropology, literature, archaeology, arts and crafts etc. for effective projection at home and abroad. For this purpose the existing research institutes in the areas of social sciences and university departments will be strengthened to undertake new initiatives in research on cultural subjects and its publication. Setting up of two institutes, one for arts and architecture and another for Islamic anthropology, archaeology and linguistics has been proposed, besides award of foreign scholarships in Arabic, Persian and Islamic archaeology. The welfare of the artists and artisans will be looked after, to start with, by an endowment fund, established in 1987-88.

13. The hard-core programme of institution building includes construction of a national arts gallery at Islamabad in the cultural complex area, cultural heritage centres at Multan, Quetta, Peshawar, and Sehwan Sharif at a cost of Rs 90 million. Expansion of the *Lok Virsa* complex, Islamabad by adding 8 galleries and a media centre for the projection of cultural heritage through films and video-cassettes will be taken up.

INTERNATIONAL CONFERENCE HALL

14. Another important project included in the plan is the construction of the prestigious International Conference Hall which will provide seating capacity for 829 persons, including 755 delegates from 151 delegations and 74 observers, all equipped with simultaneous translation in 7 languages, six committee rooms with seating capacity ranging from 50 to 300 persons, exhibition hall/auditorium for 700 persons, cafeteria, 120 suites for use of delegates, chamber/lounges for VIPs and modern media facilities like close circuit television, press rooms and radio coverage arran-

gements. The tentative estimates for construction and furnishing are placed at Rs 680 million of which an allocation of Rs 185 million has been made for the Seventh Plan. When complete, this hall will provide a venue for holding international conferences and conventions and will serve as a forum for consolidating the foundation of faith and revitalising the Islamic values and the ideals of peace, justice, equality and brotherhood of mankind.

15. Cultural development is a long-term process. It covers a vast canvass of national life. Government agencies can provide leadership and set an example but their resources are not sufficient to achieve optimum development in all these directions. Cultural development, therefore, should aim at decentralization of structures and resources and enable local communities to take part in the preparation, implementation and management of cultural undertakings.

ALLOCATION

16. An allocation of Rs 489 million (at 1987-88 prices) has been made for cultural development. This includes Rs 293 million for federal programmes and Rs 196 million for provincial programmes

ARCHAEOLOGY AND ARCHIVES

17. Pakistan's rich archaeological and architectural heritage covers a broad spectrum of history from pre-historic age to the Islamic period. Similarly, the archival material is as important in the cultural heritage of a country as are monuments and works of art because these depict the life, culture and civilization of a nation. A systematic programme of exploration and excavation, conservation and preservation, recording, museology and projection through established media of publications, TV, holding of seminars and conferences at provincial, national and international levels, is normally carried out with the objective of serving as an instrument of education for the coming generations and a source of national pride in the wealth of cultural heritage.

18. The magnitude of the effort required in this direction is enormous. So far only about 300 ancient sites and monuments of historical and national significance have been identified. There are hundreds of other known but unlisted sites and a complete picture of archaeological wealth of Pakistan has yet to emerge. The pace of work related to excavation, conservation, preservation and maintenance of even the most significant monuments is slow mainly due to the nature of the technical work involved. Other reasons are the limited technical capacity of the archaeological agencies, centralization of effort and inadequate funds compared to requirements. Although international financial help has been available, particularly over the last 10 years, through United Nations Economic, Social and Cultural Organisation (UNESCO), Italy and Japan, for selected projects, there is much to be done in this sector during the Seventh Plan.

19. The Seventh Plan programme for the sector consists of 3 major components: (i) improvement and expansion of institutional support services, (ii) services in the areas of research, documentation and training, and (iii) a hard-core development programme.

INSTITUTIONAL SUPPORT SERVICES

20. Presently, there is only one major archaeology and archives agency at the federal level responsible for keeping records and carrying out excavation, preservation and conservation and museum work. Steps will be taken to associate the provincial governments, the national research institutions and the universities with the programme of the department. A national coordinating council will be established to integrate and facilitate their professional work in various areas of activity. The following measures will be taken:

- The provincial governments will establish proper institutional arrangements for sharing the responsibility of maintenance and museology work in the field of archaeology;

- Permanent premises will be made available for archival records in all four provinces and Azad Kashmir to provide an organised service in this area, open to use by the general public;

- The provincial governments will affect significant improvements in the maintenance of district record rooms *(mohafiz khanas)* in the interest of historical research at local level; and

- In order to ensure maximum utilisation of archival material and public records, the government will enact archival legislation so that access period is decided, indiscriminate destruction of records is checked, and effective coordination is developed between institutions dealing with federal, provincial, divisional and district records and institutions of higher learning.

SOFTWARE SERVICES

21.The professional capability of the archaeological agencies will be improved through a quicker mechanical system of preservation and conservation services, training facilities and availability of qualified manpower. Besides, emphasis will be placed on preparation of a comprehensive catalogue of national heritage, promotion of historical research and publicity with a view to increasing the tourist value of the archaeological attractions. In this connection, the following steps will be taken:

- An institute of training in various fields of archaeology will be established in collaboration with Italy and Japan;

- An institute of archives' administration will be set up at the federal level in the newly completed archives building to impart training in administration and research;

- Education and research in Islamic archaeology will be promoted at the university level to strengthen the research base and also to provide qualified personnel in these areas. The research institutions will be encouraged to undertake historical research;

- A nation-wide survey of (a) unlisted monuments and (b) public archival records and private collections will be sponsored during the plan period for location of the material, its state of preservation and for identifying measures to improve the system of recording and preservation; and

- A programme of collaboration with foreign research institutions will be developed to expand the scope of excavation of sites with particular reference to the Islamic period.

DEVELOPMENT PROGRAMME

22. During the Seventh Plan, the first phase of the master plan for the preservation of Moenjodaro historical monuments will be completed. This has saved the monuments from the menace of waterlogging. In addition, the second phase comprising construction of additional spurs for permanent river protection, conservation of structural remains and afforestation around the site will be taken up and will be completed upto 70 per cent by 1993. So far, UNESCO has provided financial support of Rs 84.55 million. Preservation of the Quaid-e-Azam house will also be completed, while the Quaid-e-Azam Academy will be constructed to promote research studies on the Pakistan Movement and the Quaid-e-Azam. It is planned to provide comprehensive conservation cover to 5 historical monuments in the Punjab, Sind and the North-West Frontier Province (NWFP) and construct 5 archaeological museums at Umerkot, Mansura, Multan, Dera Ismail Khan and Quetta.

23. The federal allocation for the archaeology and archives sector is Rs 265 million.

SPORTS

24. In the field of sports, the basic objective is to expand sports facilities for the benefit of the majority of the people. A sports foundation will be established for promoting the welfare of sportsmen. Incentives will be provided to educational institutions and the student community for producing a continued flow of good sportsmen. Private sector agencies and NGOs will be encouraged and supported to generate and contribute resources locally to increase public participation.

25. The Seventh Plan emphasises the promotion of national sports such as hockey, cricket and squash. Synthetic turf will be provided at Islamabad and Abbotabad. Athletic tracks will be laid at the National Sports Coaching and Training Centres in Karachi, Quetta, Lahore and Peshawar. A swimming pool complex will also be completed in Islamabad for holding swimming competitions sponsored by the South Asian Association for Regional Cooperation (SAARC).

DISTRICT STADIUMS

26. The development of sports facilities has remained confined to the developed urban centres and it was considered necessary to provide public funds for modest stadiums in the less developed areas of the provinces, particularly in small towns and districts. During the Sixth Plan period, 6 district sports stadium projects were implemented under a matching grant arrangement with the provincial governments. During the Seventh Plan, 16 units are proposed to be completed through the provincial agencies, including 6 ongoing stadium projects.

27. In addition, the following measures will be taken to ensure provision of sports facilities in future and provide for optimum utilisation of the existing stadiums in the country:

- All future housing schemes in the country will include adequate playing fields;
- Existing playing fields will be protected through effective legislation and encroachments will be checked; and
- Stadiums will be managed by the respective provincial sports board/divisional sports committees/district councils.

PLAYING FACILITIES IN SCHOOLS AND COLLEGES

28. In the past, schools and colleges have served as the main nurseries for producing good sportsmen. But success in various sports has been largely attributed to individual initiative while requisite institutional infrastructure and financial support have been lacking. A number of administrative, organisational and financial measures will be taken in the Seventh Plan to broaden the sports base in the country as well as to increase the output and standards in various games.

29. It will be appropriate to develop playing facilities at *tehsil* level which can be used by students in the colleges/schools situated in and around the *tehsil* headquarters as well as by the general public. There are 277 *tehsils* in the country. Of these, about 50 places have some playing facilities. Fifty *tehsil* headquarters will be provided with modest sports facilities at a cost of Rs 50 million. The following measures will also help to achieve the objective of encouraging sports activities through the education mainstream:

- A certain percentage of marks be assigned for participation/proficiency in games in all public examinations on the pattern of the National Cadet Corps for which 20 marks have been set aside at national level;
- There should be at least one Physical Training Instructor (PTI) for every school and one Director of Physical Education (DPE) in each college;
- Incentives in the shape of President's Medals for students for outstanding performance in sports, scholarships and special consideration for entry in government service (civil and military) be given to outstanding sportsmen. Preference should be accorded to prominent sportsmen for admission to prestigious institutions, including the professional colleges, provided they meet minimum academic requirements;
- Provincial education departments will develop projects for the provision of sports materials in primary, middle and secondary schools and colleges, indicating the financial requirements. The federal government will provide matching grants to meet the deficiencies;
- The colleges and institutes of physical education will be improved and up-graded. The syllabi for physical education will be revised to include specialization in athletics, one major game and two minor games;
- Facilities available in the Institute of Physical Education at Islamabad will be used for training of master coaches and trainers;
- Provision of playgrounds should be made a pre-requisite for the new schools and colleges, wherever feasible; and
- Provincial directorates of education will be strengthened by creating sports cells which will be responsible for promoting physical education, and sports in the provinces. The cells, which will be established to serve as an advisory body to promote physical education and sports in the respective provinces, will work in coordination with provincial committees for the promotion of sports in educational institutions.

30. At the national level, one sports stadium at Rawalpindi for selected games is also planned to be taken up for execution.

ENDOWMENT FOR SPORTSMEN

31. There is at present no organized system to look after the welfare of sportsmen. A sports endowment fund will be established with an initial grant of Rs 20 million. Private sector donations will be sought and funds so generated will be invested in physical assets. The fund will be managed and controlled by an NGO body while the income earned will be utilized for the welfare of sportsmen.

FINANCIAL ALLOCATION

32. The total programme in the sector is Rs 284 million, including Rs 160 million provincial share and Rs 124 million for the programme to be implemented by the federal government.

ROLE OF THE PRIVATE SECTOR

33. It is not possible to meet the entire national demand for sports facilities through public funds. It is, therefore, necessary to encourage the private sector to invest in sports. The available sports facilities could then be run on commercial lines to generate funds to meet the growing demand.

34. To attract private investment as well as to enable the available sports facilities to generate funds, the National Sports Federations will be encouraged to have their own stadiums with possible matching investment from the private sector. Measures like income tax exemption for the investment made for such sports complexes and acquisition of land on concessional terms will be considered.

35. Industrial and commercial concerns in both the public and private sector will sponsor games and extend patronage of the divisional and district sports associations and organise tournaments for regional/district teams regularly.

36. Industrial and commercial concerns, including those in the public sector, employing 500 or more persons will be encouraged to raise at least one sports team.

STREAMLINING SPORTS ADMINISTRATION

37. The sports organisational structure has to evolve from grass roots with proper linkages at the national level. The constitution, organisational structure and functions of the Pakistan sports board, provincial sports boards as well as NGOs like national sports federations and other agencies concerned with sports will be reviewed to broaden their base, improve their efficiency, and ensure effective coordination.

ROLE OF DEFENCE SERVICES

38. The armed forces of Pakistan have been traditional suppliers of good sportsmen. The defence services have a large number of organised youth and it should not be difficult to produce a substantial number of good players. The defence authorities will endeavour to revitalise efforts to promote sports and undertake a comprehensive training and coaching programme for players associated with the services.

SPORTS GOODS/PUBLICATIONS

39. Availability of standard sports equipment at prices within the reach of the general public will help to popularise games. Manufacturers of sports gear may be persuaded to keep prices at reasonable level through incentives/concessions. The sports gear in the country will be standardised and its quality improved. Import of sports equipment for international competitions will be allowed through the Pakistan Sports Board. Suitable concessions in duty on the import of sports magazines, newspapers and books will be considered.

TOURISM

40. Tourism is emerging as an important economic activity which employs about 0.2 million persons. Public revenues generated from the tourist industry during 1986-87 amounted to Rs 6.87 billion, while foreign exchange earned was $ 180 million. Nearly 90 per cent of the tourist industry, mainly the hotels, transport, travel operations and marketing is run and operated by the private sector. Encouragement of the private sector through incentives, de-regulation measures and institution building will contribute to faster growth of tourism.

41. The public sector agencies have a dual role to play in the promotion of tourism by (i) creating tourist facilities in areas where private sector is less than forthcoming, and (ii) by facilitating the expansion of tourism related activities in the private sector through incentives and improved coordination among various federal and provincial agencies.

42. The Seventh Plan recognises these parameters of growth. It will provide a policy framework within which the public and the private sectors should operate in the best national interest. The public sector investment will be directed towards (i) in-expensive tourist accommodation in the northern areas, particularly, on the silk route and all along the national highway for foreign and domestic travellers and youth; (ii) national parks and tourist sites will be developed on matching grant basis throughout the provinces; and (iii) in-service training will be encouraged for the hotel industry staff through joint efforts of the public and

private sectors; and (iv) a hotel training institution will be established to take care of the training requirements of the hotel industry.

43. The priority attached to the development of tourism is reflected by the appointment of a cabinet committee for putting up concrete recommendations for a long-term policy package. The major policy elements cover the following areas:

- A system of fiscal and monetary concessions and incentives for tourism-related projects and their graded flows;
- Availability of inputs to tourism as an industry following its declaration as such;
- Adoption of one-window operations for promotion of tourism in the Northern Areas, along with the organisational framework;
- A national land allocation policy for tourism related projects;
- Projection Plan of Pakistan and its cultural/tourist attractions; and
- National coordination forum to ensure implementation of policy guidelines and overcome operational difficulties in tourism related projects both in the public and private sectors.

PHYSICAL PROGRAMMES

44. The following paragraphs give the programmes in the public and private sectors.

PUBLIC SECTOR

45. It is proposed to construct 165-bed motel-type tourist accommodations along the Karakorum Highway and in the Northern Areas and Azad Kashmir through the Pakistan Tourism Development Corporation (PTDC) and the provincial governments. In addition, 15 units of tourist facilities will be established along the national highway, each located within a convenient travelling distance. Moreover, the Punjab Tourism Development Corporation will establish 6 units of road-side facilities under a separate programme. The first ever skiing facility and summer resort will be completed in the Swat Valley.

46. The private sector will be associated with the operation and maintenance of these facilities and they will involve local communities in tourism projects. In the northern areas, the PTDC will help the private sector in acquisition of suitable hotel sites.

47. The Regional Development Finance Corporation (RDFC) has shown considerable interest in investment in the hotel industry in the Northern Areas. So far Rs 12 million have been advanced to 11 units for the creation of 2-3 star hotel establishments in these areas. The RDFC will establish an equity fund for northern area projects and another fund to subsidise loan operations.

48. Development grants of Rs 34 million, which represent 50 per cent of provincial tourism development schemes, will be provided by the federal government in order to augment their resources for speedy sports development.

49. An allocation of Rs 209 million has been provided for the development of tourism through the public sector. At the federal level, the size of the programme is Rs 150 million and at the provincial level Rs 59 million.

PRIVATE SECTOR INVESTMENT

50. The level of private investment expected in the hotel, transport and travel industry is expected to be Rs 5.4 billion during the Seventh Plan. This includes investment in transport (Rs 400 million) and construction of 6,600 additional hotel rooms at a cost of Rs 5 billion. 30 per cent of this investment will be met from retained earnings while the balance will be borrowed from financial institutions.

YOUTH DEVELOPMENT

51. By youth, the plan refers to persons between the ages of 15 and 29 years. According to recent estimates, for the year 1986-87, the number of youth was 26.2 million or 26.2 per cent of the total population. Over 67 per cent of the youth live in the rural areas. Of this, unfortunately, 87 per cent are illiterate.

52. Most of this population is energetic and has innovative ideas, drive and initiative. They can make a tremendous impact on economic development as active partners if a joint and organised effort is made to utilise their potential.

53. Unfortunately, such an effort has not been made in the past. For the first time, during the Sixth Plan, a modest programme was introduced, based on funding support to NGOs; however, in

view of the absence of an organised youth NGO federation, the response was poor. A youth NGO was supported for improvement and repair of 11 and construction of 3 youth hostels in the country. Under the skill development programme, funds were provided to the provincial governments for setting up 89 modest skill training centres located at district and tehsil level. Ten small playing ground projects implemented through the provincial governments were also supported. Buses were provided to the provinces for use by youth groups on recreation trips on concessional terms.

STRATEGY FOR YOUTH DEVELOPMENT

54. The strategy for youth development during the Seventh Plan will emphasise involvement of NGOs in promoting non-formal education, skill development, cooperatives, recreation and community services. Active participation from youth organizations will be promoted. Guidance and active support will be provided by the government to NGO-based programmes. To achieve this objective a policy framework has been adopted during the Seventh plan period as follows:

- Well organised youth NGOs with trained and motivated cadres will be created along with necessary legal and regulatory measures for proper conduct and accountability. A resource development system will be introduced to assist with research and planning to gradually translate work experience into training programmes and training materials;

- A proper technical and administrative structure will be evolved to guide and assist the NGOs in the operation of their programmes; and

- A 3-tier coordination framework will be provided at the national, provincial and district levels both by the NGOs and the government. The coordination structure will provide effective guidance for community participation, programming and funding.

55. The dimensions of the operational plan are as follows:

- *Non-formal Education*: The services of youth NGOs will be utilised for non-formal education programmes for out-of-school illiterate youth. For this purpose the voluntary services will be utilised by Literacy and Mass Education Commission (LAMEC) and other public sector institutions subject to the approval of such projects by the national coordination council;

- *Skill Development and Cooperatives:* The skill development and cooperatives support programme is linked with the generation of employment opportunities for the youth. Funding was provided during the Sixth Plan to the provincial governments for establishment of 89 skill youth training centres, 45 for male, and 44 for female, youth. These small units, housed in rented accommodation, trained 6,500 persons in such marketable trades as electricians, welders, tractor drivers, knitters, embroidery and leather workers, etc. These centres will be supported during the Seventh Plan for improvement of skills among the youth at *tehsil* level; and

- Financial support and public sector commitment will be encouraged to back NGO based programmes on a matching grant basis. Presently a token allocation of Rs 10 million has been provided.

56. A Youth Investment Promotion Society (YIPS) has been established in 1987 to provide concessional finance and technical advice to youth cooperatives. The National Development Finance Corporation (NDFC), Federal Bank for Cooperatives (FBC) and Small Business Finance Corporation (SBFC) as co-financers will advance Rs 200 million in loans each year for generating youth employment prospects for 20,000 to 25,000 persons per year. The operation of this cooperative venture will be extended during the Seventh Plan with a view to generating employment opportunities for an additional 10,000 persons by 1993. The national employment fund created with a capital of Rs 2 billion will also provide substantial support in increasing job opportunities for 700,000 youth.

RECREATION

57. The ongoing programme for support to NGOs in the construction of youth hostels will continue during the Seventh Plan. A sum of Rs 31 million has been provided for the construction of 7 youth hostels, located at Karachi, Quetta, Murree and Muzaffarabad and other places, on a grant basis. Seven modest *tehsil* level playing fields will be completed at Kandkot, Mirpurkhas, Shakargarh, Mandi Bahauddin, Alipur, Gojra, and Nakyal. These projects are being implemented

through district councils. Fifty playing fields will also be provided under sports programme at selected *tehsil* headquarters.

TRAINING PROGRAMME

58. Under the programme of resource development nearly 1,140 key NGO personnel will be trained in the techniques of planning, organising community services and implementing small youth-related projects on self-help basis, with essential inputs from the government. Rural-based NGOs will be given priority in training. Seminars and workshops will be organised to promote innovative ideas and exchange of information and experience among the NGOs from all over the country.

ALLOCATION

59. An allocation of Rs 73 million has been provided for the youth development programme (Rs 32 million for federal programme and Rs 41million for provincial programme). In addition, credit requirements of Rs 1 billion will be generated by NDFC/FBC and SBFC for promotion of the youth cooperative investment.

OVERALL SECTORAL ALLOCATION

60.The financial allocation for the Seventh Plan is placed at Rs 1.32 billion in the public sector and Rs 6.44 billion in the private sector.

PROVINCIAL PROGRAMMES

61.The total provincial programmes amount to Rs 456 million. Of this Rs 190 million will be provided by the provincial governments whereas Rs 266 millon will be in the form of matching grants from the Federal Government.

CHAPTER 35

MASS MEDIA

Active participation and support of the people is imperative for the success of any development effort. Mass media play a vital role in persuading the people to participate in and contribute to the process of economic development. Mass media in Pakistan have to play an active and determined role in all sectors of the economy, especially population planning, literacy and institution building.

2. The Seventh Plan aims to provide the means for the development of the mass media particularly radio and television. Press and publication fall essentially in the private sector for which a climate will be provided which will be conducive to intellectual, professional and technological development.

3. In the last four decades mass media, particularly radio and television, have made progress which compares favourably with other countries of South Asia. Television today reaches 87 per cent of the total population in the country covering 47 per cent of the area. Radio covers 96 per cent of the population and 88 per cent of the area. However, both still operate through single channel systems except for the main towns where the radio has a two-channel network. Areas which are outside the television and radio network are either in the difficult mountainous terrain or are in the far flung sparsely populated and border regions of the country where basic infrastructure of roads and electricity is not available.

4. In the last decade or so there has been a technological explosion, both in the electronic and the print media. Satellite broadcasting and high-powered radio transmitters of the superpowers and neighboring countries have posed new challenges to radio and television. There is a need for computerised Urdu and English composing, photographic page making and colour printing which has to be met by the print media.

5. In addition to increasing coverage, radio and television will have to enter the arena of satellite broadcasting and obtain more modern and powerful equipment and transmitters. Similarly, the print media will have to adopt the latest print technology and production techniques.

SIXTH PLAN REVIEW

6. The main objectives of the Sixth Plan were to expand the coverage of radio and television to the majority of the population, especially in the North-West Frontier Province (NWFP) and Baluchistan. Television coverage was expected to increase from 80 to 90 per cent of the population (covering 52 per cent of the area). The television set count was projected to increase by an average of 10,000 sets per year, raising it from 1.5 million at the end of the Fifth Plan to a total of 2 million sets at the end of Sixth Plan period.

7. A total outlay of Rs 1.2 billion (at current prices) for television which included an amount of Rs 0.5 billion to initiate work on the establishment of a second channel for educational purposes was made. During the plan period, television centres at Quetta and Islamabad were commissioned and technical and production facilities at television centres at Karachi, Lahore and Peshawar have been completed.

8. Rebroadcast centres at Malakand and Swat were re-designed and commissioned to provide better quality signal to the majority of the popula-

tion of the Malakand Division by establishing five boosters at Mingora, Morasar, Chitral, Matta and Bat Khela. Similarly pilot phase of Tando Allahyar Rebroadcast Centre was initiated. By the end of the Sixth Plan, five main television centres, twenty two rebroadcast centres including centres at Gilgit and Parachinar and seven super-high- frequency (SHF) links became operational. Three out-broadcast (OB) vans with 6 color cameras were also added.

9. However, two rebroadcast centres which were planned to be set up at Bhawalnagar and Leiah and two translator centres for Kohlu and Maiwand could not be undertaken during the Sixth Plan. This resulted in a shortfall in the achievement of targets.Work on the second television channel also could not be initiated.

10. During the Sixth Plan period, radio signals were to be expanded to 97 per cent of the population and 89 per cent of the area. An allocation of Rs 0.4 billion was made to the Pakistan Broadcasting Corporation (PBC) to achieve this objective. The PBC was to complete the broadcasting houses at Islamabad, Khairpur and Khuzdar, install transmitters at Peshawar and Karachi and provide for the balancing and modernisation of the PBC's equipment. Two new schemes for replacement of damaged aerial system at Rewat and modification of the Russian transmitters were to be undertaken.

11. However, due to financial constraints, the PBC could not achieve these targets. The Corporation completed the broadcasting houses at Peshawar and Khairpur, installed a transmitter at Khuzdar, replaced the damaged aerials at Rewat and carried out the modification of the Russian transmitters.

12. Radio coverage at the end of the Sixth Plan is estimated at 88 per cent of the area and 96 per cent of the population. The main reason for the shortfall in area and population coverage was that the 10 kilowatt (KW) medium-wave (MW) stations at Loralai and Zhob could not become operational during the Sixth Plan.

13. Modernisation of the Associated Press of Pakistan (APP) and the establishment of a colour film processing laboratory for the Directorate of Films and Publications were also included in the Sixth Plan. The APP was provided a sum of Rs 8.3 million for the construction of headquarters and replacement of obsolete teleprinters. The Directorate of Films and Publication was provided Rs 1 million. However, due to delays in project preparation these schemes were not implemented.

14. The Sixth Plan placed emphasis on the private sector for production of video cassettes of selected movies. The Ministry of Culture was to produce 10 films, with Arabic dubbing for the Middle East, and funds amounting to Rs 12 million were to be arranged for the purpose. The project made no progress.

15. For the projection of the Sixth Plan, an amount of Rs 50 million was allocated. Actual expenditure on the plan and development publicity, however, was estimated at Rs 17.3 million for the projection of the Prime Minister's Five-Point Programme.

SEVENTH PLAN

16. The major objectives of the Seventh Plan in the mass media sector are: (i) to extend radio and television coverage to the entire population so as to contribute to the development efforts, especially in agriculture, health, nutrition, family welfare and education; and (ii) meet the requirements of the electronic media, as far as possible, for satellite broadcasting and assist the print media in adopting modern technology and come upto international standards in production and content.

17. To help attain these objectives, the Seventh Five-Year Plan will aim at achieving the following physical targets in the mass media sector:-

- Providing a wide information network of electronic media;
- Switching over to satellite television transmission for optimum coverage of the country;
- Establishing a second television channel mainly for mass education and instruction;
- Increasing television transmission hours by enhancing programme production capacity of Pakistan television;
- Encouraging the private sector to produce television programmes, by treating television programme production in the private sector as an industry;
- Modernising the PBC studios and strengthening its transmitters;
- Establishing a National Press Club to

provide an independent forum for discussion and airing of national and international issues by representatives of media and national and international figures;

- Establishing a scientific audience research and feedback system under an independent organisation; and

- Augmenting training facilities for the mass media through expansion of the training facilities of radio, television and the Information Service Academy.

FINANCIAL OUTLAYS

18. A total of Rs 2.9 billion (at 1987-88 prices) has been allocated for the mass media sector (Statistical Appendix Table 35.1). The Pakistan Television Corporation (PTC), being a revenue-earning and profit-making organisation, will be expected to meet the major portion of its development expenditure through self-financing. The government, however, will provide funds for highly capital-intensive projects from the Public Sector Development Programme (PSDP). The physical targets are given in Statistical Appendix Table 35.2.

TELEVISION

19. Out of a total of Rs 2.9 billion for the mass media sector, about Rs 2 billion has been earmarked for PTV including Rs 0.8 billion for the second channel. As this is estimated to cost Rs 1.8 billion, the remaining amount of Rs 1 billion will be generated by PTV through self-financing.

20. For general purpose television an amount of Rs 0.3 billion has been allocated. These allocations will also be supplemented by PTV through self-financing.

21. The major objectives of PTV during the Seventh Plan will be to carry television signals to all parts of the country including Azad Jammu & Kashmir (AJK) and Tribal Areas, switch over to satellite transmission, develop greater efficiency and better signal quality and enhance its production capacity.

22. As a matter of policy, it has been decided that no new television centres will be established in the country except one in Azad Kashmir. PTV will install two transponders under domestic satellite system along with five satellite up-links and as many TV Receive Only (TVRO) terminals as the number of boosters on the ground. Establishment of 10 boosters in remote areas of the country has also been targeted during the plan period. Five more (OB) vans with electronic news gathering (ENG) cameras will be fabricated by PTV engineers at an estimated cost of Rs 130 million. PTV will further augment its production facilities, replace outdated transmitters at Lahore and Karachi and establish an assembly and fabrication cell at Islamabad. All these projects will be self-financed by PTV.

23. The private sector will be encouraged to contribute in the production of entertainment programmes in conformity with the existing policies and code of ethics. The area of video production will be declared an industry to encourage the private sector.

24. An amount of Rs 1.3 billion has been allocated for ongoing schemes of the Sixth Plan which include establishment of the second channel, rebroadcast centres at Chitral-Landikotal, Bhawalnagar and Leiah, transmitter centres at Kohlu and Maiwand and the Quetta-Loralai (SHF) Link.

RADIO

25. The Seventh Plan focuses on extending first class medium wave coverage to the entire population of the country through replacement of old 10 kilowatt (KW) medium wave (MW) transmitters by 100 KW MW transmitters at Rawalpindi and Quetta for the second channel operation.

26. The development programme for PBC has been estimated to cost Rs 0.6 billion. Of this, about one-third will be spent on completing the ongoing schemes of the Sixth Plan which will include completion of the broadcasting houses at Islamabad, Karachi and Khuzdar and installation of a 300 KW MW transmitter in Khuzdar.

27. During the Seventh Plan, 4 village broadcasters will be established at Rahimyar Khan, Sargodha, Mirpur Khas and Dera Ghazi Khan. Phase-IV of balancing and modernisation of equipment will be completed during the plan period. The 10 KW MW transmitter at Quetta will be replaced by a 100 KW MW transmitter at a cost of Rs 37 million. The improvement of studio facilities, replacement and modification of old studios and transmitting equipment at the existing units will also be undertaken during the Seventh Plan period.

OTHER PROJECTS

28. In the absence of a National Press Club, Pakistan has lacked a national forum for discussion of national and international issues by representatives of media. Since the representatives of the media lack the means to set up a club of international standard, an amount of Rs 20 million has been provided in the Seventh Plan for the establishment of the National Press Club as an independent body in line with international practice.

CHAPTER

36

SOCIAL WELFARE

The beneficiaries of social welfare services are individuals who are socially, economically and physically disadvantaged, and groups and communities who need intervention by government or non-government organisations. Thus, the function of social welfare is characterized by humanitarian goals for the society which it seeks to attain.

2. As defined by the World Health Organization (WHO), impairment, disability and handicap are complex bio-social-products as they involve inextricably physical, mental, economic, social and environmental factors. The programme for special groups of the disabled, therefore, has to be specified and distributed on the basis of actual data about their cross-sectoral characteristics.

3. Preventive and medical rehabilitation services are provided mostly through a network of government hospitals and clinics. The social welfare sector committed to provide special schooling and a package of integrated and comprehensive rehabilitation services has yet to make a beginning. A package programme always involves the difficult task of cross-sectoral dealings through a variety of organisations and institutions. Existing facilities for special education and rehabilitation services are few and inadequate. There are only 155 government institutions and 100 non-governmental institutions which provide special education and rehabilitation services. Each of these institutions is equipped with at least three units of services i.e. (i) special schooling, (ii) vocational training and (iii) job-placement services. Some of them provide assessment, diagnostic and preliminary treatment services.

4. There has been an extraordinary increase in the population of the disabled due to traffic and industrial accidents, ethnic riots, bomb explosions, and debilitating diseases. According to WHO estimates, 10 per cent of the present population of Pakistan may have some kind of disability. A large majority of them, particularly children, require special schooling and rehabilitation services.

5. The prevalence of beggary is a serious problem which confronts most of the urban centres. It is a social as well as an economic problem. While poverty, deprivation and disability remain the main causes of beggary, it is also a by-product of exploitation of children and women and rapid socio-economic changes.

6. With the introduction of *zakat* and *ushr* there is no justification for prevalence of beggary in the country. A planned and determined course of action is needed to strike at the root causes of this social problem.

7. The Seventh Plan has devised a number of policy objectives and programmes covering all the social sectors. This basic approach calls for the identification of distinct social welfare services. The task of social welfare during the Seventh Plan, therefore, will be both a challenge and a reward.

SIXTH PLAN REVIEW

8. During the Sixth Plan, the social welfare programme concentrated on strengthening existing institutions of social welfare and special education. In both government and non-government institutions, social services and welfare facilities were developed, enlarged and standardised.

9. Priority was given to the special education and

the rehabilitation programmes. However, funding for projects in the Public Sector Development Programme (PSDP) was less than adequate. Despite this, voluntary social welfare agencies continued to mobilise private contributions, investment and *zakat* funds for expansion and improvement of voluntary social welfare services.

10. In the beginning there were some organisational set-backs in special education. Remedial measures were taken in 1985 and a Federal Directorate-General of Special Education with provincial counterparts was set up. The objective was to coordinate and cooperate with the concerned provincial departments to accelerate the special education and rehabilitation programme of the disabled. As a result, new development projects for special education and rehabilitation of the disabled were initiated.

11. During the Sixth Plan, the provincial agencies were constrained by insufficient budgetary provisions. Other reasons which slowed down progress during the Sixth Plan were the lack of trained personnel and training facilities for professional and technical manpower, and shortage of institutions, service centres, equipment, tools and appliances.

12. The Sixth Plan made an allocation of Rs 0.6 billion (at current prices) for the social welfare sector of which Rs 0.3 billion was allocated to the federal government. By the end of the Sixth Plan, financial utilization is expected to be 95 per cent as given in Statistical Appendix Table 36.1.

SEVENTH PLAN

13. The Seventh Plan objectives for social welfare are discussed below.

OBJECTIVES

14. The objectives of the Seventh Plan in the field of special education and social welfare are the following:

- to develop institutional facilities for special education and vocational training in order to build an overall programme of rehabilitation services to enhance economic and social functioning of the disabled, particularly, disabled children;

- to develop and strengthen the programme of existing social welfare centres through community organization and mobilization of local resources including funds from the local *zakat* committees;

- to evaluate, standardise and further promote the programme of voluntary welfare agencies through financial and technical assistance and other appropriate measures;

- to initiate and develop welfare programmes for senior citizens which are beneficial and profitable for them and the community; and

- to undertake a re-organisation of the social welfare and *zakat* administration at federal, provincial and local levels to ensure proper utilization of *zakat* funds for the provision of social services and the revision of Vagarancy Ordinance 1958 for control of beggary.

15. The welfare programme will give priority to distressed and handicapped children, women and their families as a whole, in that order.

PROGRAMME

16. The social welfare programme for the Seventh Plan period is discussed below.

Special Education And Rehabilitation Services

17. *Training Of Special Education Teachers*: The Seventh Plan proposes to establish 114 additional institutions for special education and rehabilitation services. The major programmes are as follows.

18. No progress can be made without trained special education teachers and skilled rehabilitation workers for the disabled. A training programme for special education teachers and rehabilitation workers will be designed. The estimated requirement of trained teachers during the Seventh Plan period is 6,000 for special schools and 10,000 for integrated ordinary schools. Each provincial government will establish at least one training and one in-service institute. The federal government will strengthen and upgrade the existing National Institute of Special Education (NISE) with foreign technical assistance to train principals of special schools, heads of institutions for the disabled and master trainers. The proposed institute will also provide re-orientation training to special education teachers through multi-professional workshops, seminars and conferences and will carry out research studies for the improvement of teaching methods. A sequence of special educa-

tion will be started in Universities of the Punjab and Karachi.

19. *Special Schooling*: At least one model special education school for each category of the disabled will be established in each district. The model special school will include facilities for special education, vocational training, medical diagnosis, referral treatment and rehabilitation aids and appliances. NGOs will be encouraged by the federal and the provincial governments to establish such schools through provision of technical, financial and equipment assistance.

20. *Integrated Education*: Integrated education will be introduced in selected ordinary schools in each province. These ordinary schools will have the provision of necessary infrastructure in the form of special education teachers, equipment, books, a visiting doctor for assessment, diagnosis and treatment and an administrative mechanism for implementation of an integrated education programme. Special education through ordinary schools, if successful, will be introduced in each district of Pakistan.

21. *Rehabilitation Aids*: Provincial special education and social welfare organisations will establish administrative cells in their respective divisional and district offices to provide rehabilitation aids to the disabled. The proposed cells will operate in close coordination with divisional and district hospitals. *Zakat* organisations will be involved for supportive assistance to this programme.

Promotion Of Voluntary Social Welfare Agencies & Services

22. Voluntary social work and social welfare agencies have played a major role in the development and provision of social services to the needy. During the last four decades, the number of voluntary agencies has appreciably increased. During the Seventh Plan period 1,550 new NGOs will be given financial, technical and professional assistance.

Child Welfare

23. The child welfare programme will have a prominent place in the Seventh Plan. Needy working as well as school-going children from indigent families will be helped through *zakat* and rehabilitative measures under the child welfare programme. Seven types of child welfare programmes are proposed, namely: (i) model orphanages, (ii) day care centres for children of working mothers, (iii) social service centres for lost and kidnapped children, (iv) baby homes for new-born babies who are found unclaimed and uncared for, (v) mother and child homes to provide vocational training and child-care services for indigent mothers with children, (vi) school social work units in selected schools with predominance of children from the low income groups.

24. At present, there is no programme to provide protection, care and social services for working children. The federal and the provincial departments of social welfare in cooperation with the central and the provincial *zakat* organisations will initiate and formulate necessary support programmes including security assistance to working children after they have been registered. The existing legislation relating to child labour will be reviewed and amendments made to ensure that working children are not exploited by their employers.

Medical Social Work

25. Medical social work units will be established in all district and *tehsil/taluka* level hospitals to provide social care and after-convalescence services to the needy and the poor patients in order to reduce hospital expenses, prevent the spread of disease and break-downs in the family and make medical treatment more effective. *Zakat* assistance will be given to deserving and eligible patients through formation and operation of patients welfare societies under the auspices of medical social work units.

Women Welfare

26. The ongoing programmes of ladies industrial homes, socio-economic centres for women and *Darul Amans* will be further enlarged and strengthened with financial assistance from the Women's Division. These programmes aim at maintaining economic self-sufficiency of widows and destitute women as well as prevention of dependency, abuse and exploitation of women without support.

Urban Community Development

27. Urban community development (UCD) projects will be established in growing cities, particularly in *katchi abadis* (slum areas). The UCD projects besides providing various social services through local resources will also seek to make use of lectures and seminars for the promotion of so-

cial change at the community level.

Staff Welfare Services

28. The provision of welfare services and facilities to employees in any organisation plays a vital role in reinforcing efficiency and effectiveness in job performance. The government being the largest employer in the country has to provide a model to industrial and commercial employers by providing adequate and sufficient staff welfare services to its employees. The staff welfare programme, during the Seventh Plan, will seek to:

- Provide vocational training, skill development and income-earning opportunities for family members of government servants;
- create facilities which can be helpful to their female members to participate in employment;
- undertake schemes to provide recreation, rest and leisure-time activities;
- establish multi-purpose community centres to organise community welfare activities through organisation and mobilisation of local resources, initiatives and leadership in the residential areas of government employees;
- provide board and lodging facilities to employees, particularly female employees who do not have residential quarters;
- establish day-care centres for retirees to keep them busy and utilise their talent and experience for the benefit of their family;
- initiate low-cost housing schemes for government employees;
- provide stipends and scholarships to school, college, and university-going children of government employees; and
- initiate other appropriate programmes for the welfare of government employees and retirees.

Welfare Of Senior Citizens

29. There was no specific programme for senior citizens in the previous plans. There has been a gradual increase in survivor's rate due to better health facilities, medical advancement and improved nutritional status. The population in the age group 60-64 and 65+ years is around 6.9 per cent, being 5.82 million of the total population of 84.25 million according to the 1981 census. The senior citizens also face numerous problems resulting from rapid socio-economic changes adversely affecting the family structure. During the Seventh Plan, the following programmes will be started:

- Day-care centres for senior citizens will be established in major cities. The primary objective of these day-care centres will be to provide facilities to elderly persons in order to keep them busy in activities which ensure the utilization of their talents, skills and experience and at the same time are beneficial and profitable both for the aged and the community;
- The ongoing pilot project of 'Homes for the Aged' in the Punjab will be replicated by all provinces, federal agencies concerned and NGOs. The main objective of such homes will be to provide institutional care and facilities for such senior citizens as are shelterless, homeless and without family support;
- The Union Councils and Town Committees will register and maintain a record of senior citizens with regard to their problems, needs and potentialities. The local *zakat* committees, in cooperation with Union Councils/Town Committees, will sanction monthly *zakat* assistance and a one-time *zakat* grant for the poverty-stricken aged. While the primary objective of monthly *zakat* assistance will be to ensure economic security of elderly persons within their family structure, the purpose of the grant will be to utilize their talents and skills to become self-supporting;
- Concessional travel in buses and trains will be made available for senior citizens on production of identity cards as in case of students and journalists; and
- Social welfare departments will initiate programme in cooperation with concerned departments for the employment of suitably qualified senior citizens in "mass literacy" and other such programmes where their talents, skills and experience can be utilised.

Control Of Beggary

30. During the Seventh Plan three types of programmes are proposed to be undertaken to control beggary:

- Local bodies in collaboration with - and assistance of -- local *zakat, auqaf,* social welfare and *thana* organisations will register beggars through a prescribed proforma whereby their problems and needs will be assessed and determined. Beggary will be declared unlawful. However, registered beggars will be put on the payroll of *zakat* and skill training assistance provided at community level. The *zakat* organisation with the cooperation of social welfare and other concerned departments will be responsible for initiation and organisation of the proposed programme throughout the country;

- Beggars who are shelterless, homeless and without family support will be admitted into *Darul Kifala* wherein they will be provided full board and lodging in addition to training facilities in skills. Efforts will be made to make such beggars self-supporting and productive members of the society; and

- Encourage organised charity at community level through the formation of *Bait-ul-Mal.* It is proposed to establish community *Bait-ul-Mal* committees in selected mohallah mosques for the collection and mobilization of individual alms and charities. The community *Bait-ul-mal* committees will supplement *zakat* for beggars at community level.

Rehabilitation Centres For Drug Addicts

31. Detoxification programme without rehabilitation services has very few success stories; relapse rate is very high. The new approach which has better chances of the rehabilitation of the drug addicts and reducing relapse rate is to provide vocational training and job-placement facilities along with detoxification services. The social welfare departments will establish day care centres for vocational rehabilitation of drug addicts.

32. Details of benchmark and physical targets are given in Statistical Appendix Table 36.2.

Future Policy Reforms

33. One of the basic objectives of the Seventh Plan is the re-organiszation of social welfare and *zakat* organisations at the federal, provincial and local levels. Future policy will ensure that financial organisations at the federal and provincial levels confine their role to the collection of *zakat* only. Disbursement of *zakat* assistance to deserving beneficiaries and the operation of welfare programmes under the *zakat* fund will rest with the federal and provincial social welfare departments.

34. The Central Zakat Administration and National Zakat Foundation which are under the Ministry of Finance may be placed under the Ministry of Health, Special Education and Social Welfare to ensure effective and adequate utilization of *zakat* funds for the welfare of the poor. The social welfare departments will ensure that *zakat/ushr* assistance goes through institutional and organised modalities with appropriate auditing. These government departments will undertake appropriate measures for identification of the disadvantaged groups in rural and urban areas prior to the delivery of the welfare inputs under *zakat/ushr* funds.

35. At present, a number of government agencies such as National and Provincial Councils of Social Welfare, Literacy and Mass Education Commission, Narcotics Control Board, National Zakat Foundation, Central and Provincial Zakat Administration, Local Zakat Committees, Provincial Auqaf Departments and Federal Women's Division are providing financial and other assistance to NGOs in a piecemeal fashion. Unlike the National and Provincial Councils of Social Welfare (which are composed of elected representatives, prominent community leaders, office-bearers of NGOs and concerned government functionaries) the other government organisations do not involve NGOs in decision-making. In most cases they provide financial grants without registration of NGOs by social welfare departments. As a result of this practice, a number of bogus NGOs have emerged. Since these NGOs are not registered they seasonally appear and disappear after receipt of financial grants. The initiative of genuine and registered NGOs is retarded when such bogus NGOs are given equal or preferential treatment. Therefore, there is need for a central coordinating body to monitor NGO programmes and avoid problems of overlapping, duplication and sub-standard organisation and delivery of social services. The government will also evolve a uniform system and lay down standards for NGOs to receive foreign aid from international sources.

36. One cause of serious delay in the development of special education and rehabilitation services for the disabled during the Sixth Plan was the lack of an appropriate and effective administrative set up at national level. The federal government, therefore, will establish and develop a central administrative framework capable of initiating

programmes for special education and rehabilitation of the disabled. The re-organisation will be in the form of an independent and autonomous 'National Trust for the Disabled' which will have the powers to initiate, approve and execute all programmes for social welfare. The federal government will provide seed money for the trust fund which will be annually supported by the Central Zakat Administration and other financial contributions from government, non-government and international donors.

Financial Outlay

37. The Seventh Plan allocation for social welfare sector is Rs 1 billion. Statistical Appendix Table 36.3 presents details of allocations by sub-sector and administrative agencies. In addition to the Seventh Plan allocations, actual financial expenditure in the sector will depend on adequate and effective utilization of *zakat* funds through social welfare institutions and service centres for rehabilitation of the needy and the poor.

PART III. SEVENTH FIVE YEAR PLAN (1988-93)
G. STATISTICAL APPENDIX

CONTENTS

Table 1.1

GROSS DOMESTIC PRODUCT

(Annual compound growth rate)

	FIFTH PLAN		SIXTH PLAN		Seventh Plan Target
	Target	Actual	Target	Actual	
1. AGRICULTURE	6.0	4.1	4.9	3.8	4.7
Major Crops	7.0	4.7	3.6	2.3	4.0
Minor Crops	6.8	2.8	7.0	3.6	5.5
Others	3.7	3.7	6.0	6.2	5.2
2. MANUFACTURING	10.0	9.9	9.3	7.7	8.1
Large Scale	12.0	10.5	10.0	7.5	8.0
Small Scale	3.0	8.4	7.3	8.4	8.4
3. CONSTRUCTION	8.4	7.1	8.5	8.7	8.0
4. TRADE AND TRANSPORT	8.1	7.5	7.6	7.1	6.7
5. OTHERS	4.9	6.5	5.1	7.6	6.3
GDP (fc)	7.0	6.6	6.5	6.6	6.5

Table 1.2

TARGETS AND ACHIEVEMENTS

(Agriculture)

	Units	SIXTH PLAN Targets	SIXTH PLAN Achievements	Achievements (%)
1. Wheat	000 Tonnes	15,500	12,600	81
2. Gram	000 Tonnes	582	367	63
3. Oilseeds (Traditional)	000 Tonnes	437	300	69
4. Fruits	000 Tonnes	3,585	3,520	98
5. Vegetables & Spices	000 Tonnes	5,106	3,620	71
6. Milk	000 Tonnes	12,900	12,900	100
8. Cotton	Mln Bales	6.07	8.90	147
9. Fertilizer Offtake	000 N.Tonnes	1,828	1,750	96
10. Improved Seed	000 Tonnes	186	133	72
11. Agricultural Credit Disbursement	Billion Rs	18	18	100
12. Improvement of Water Courses	Numbers	9,700	9,559	98
13. Growth Rate	% per year	4.9	3.8	
Major Crops	% per year	3.6	2.3	
Minor Crops	% per year	7.0	3.6	
Others	% per year	6.0	6.2	

Table 1.3

SIXTH PLAN TARGETS AND ACHIEVEMENTS

(Industry & Minerals)

	UNIT	SIXTH PLAN Targets	SIXTH PLAN Achievements	Achievements %
MANUFACTURING				
GROWTH RATE	Per cent	9.3	7.7	-
a) Large Scale	Per cent	10.0	7.5	-
b) Small Scale	Per cent	7.3	8.4	-
TOTAL PRIVATE INVESTMENT	(Bln Rs)	62.0	63.4 *	102.0
a) Basic Metals	"	10.9	7.3	67.0
b) Small and Rural Industries	"	13.4	24.4	182.0
c) Textiles	"	12.8	13.8	108.0
d) Petro-Chemicals	"	5.3	0.3	5.0
e) Fertilizer	"	4.1	0.1	2.0
f) Non-Metallic Mineral Products	"	4.3	6.1	142.0
g) Chemicals and Pharmaceuticals	"	5.3	6.0	113.0
h) Rubber Products and other miscellaneous	"	6.0	5.5	92.0

The assessment is based on the work of the Industrial Commission's draft report. The estimates of private investment given in the report are higher for all years of the Sixth Plan than those of the Federal Bureau of Statistics (FBS) as contained in Chapter 10

Table 1.4

SIXTH PLAN TARGETS AND ACHIEVEMENTS

(Energy)

	Units	SIXTH PLAN Targets	SIXTH PLAN Achievements	Achievements (%)
1. Commercial Supply	MTOE	25.82	24.6	95
2. Non-Commercial Supply	"	-	11.5	-
3. Gross Total Supply	"	-	36.1	-
4. Oil Production	Barrels	21,000	43,000	205
5. Wells Drilled By:				
i) OGDC	Nos	96	100	104
ii) Private Sector	Nos	154	184	119
6. Gas Production	MMCFD	1204	1264	105
7. Additional Production	Mln Nos	3.15	2.32	74
8. Addition In WAPDA and KESC System	MW	3795	2018	53
9. Per Capita Electricity Delivered	KWH	253	233	92
10. Coal Production	MTOE	1.16	2.3	198

Table 1.5

SIXTH PLAN TARGETS AND ACHIEVEMENTS

(Transport & Communications)

	Unit	SIXTH PLAN Targets	SIXTH PLAN Achievements	Achievements (%)
1. TELEPHONE LINES	Numbers	520,000	316,000	61.0
2. RAILWAYS	(Mln Passenger			
Passenger Traffic	Kms)	21,000	17,000	81.0
Goods Traffic	(Mln Tonnes Kms)	11,100	7,800	70.0
3. ROADS				
Passengers	(Mln Passenger Kms)	106,885	110,736	104.0
Freight	(Mln Tonnes Kms)	29,294	31,697	108.0
4. PAKISTAN INTERNATIONAL AIRLINES CORPORATION				
PASSENGERS				
International	(Million RPKS)	6,397	6,229	97.4
Domestic	(Million RPKS)	2,040	2,088	102.4
FREIGHT				
International	(Million FTKS)	376	323	85.9
Domestic	(Million FTKS)	28.8	26	90.3

Table 1.6

SIXTH PLAN TARGETS AND ACHIEVEMENTS

(Irrigation Water)

	Unit	SIXTH PLAN Targets	SIXTH PLAN Achievements	Achievements (%)
1. Water availability	(MAF)	112.5	112.22	99.7
2. New area cropped	(Million Acres)	3.236	3.136	97.0
3. On-Farm Management	(Mln Rs)	0.928	1.259	135.7
4. Disaster area protected	(Million Acres)	2.8	3.37	120.4
5. Tubewells				
i) Private	Numbers	25,000	25,000	100.0
ii) Public	Numbers	744	719	97.0

Table 1.7

SIXTH PLAN TARGETS AND ACHIEVEMENTS

(Quality of Life Indices)

	SIXTH PLAN		Achievement
	Targets	Achievements	%
1. LITERACY			
- Number (Million)	32.7	21.3	65.0
- Percent of total Population	48.0	30.0	63.0
2. PRIMARY EDUCATION			
- Number Enrolled (Million)	12.3	9.3	75.0
Boys (Million)	7.7	6.1	79.0
Girls (Million)	4.6	3.2	70.0
- % of primary age population	75.0	63.5	85.0
Boys	90.0	79.5	88.0
Girls	60.0	45.7	76.0
3. INFANT MORTALITY (AGE 0-1)			
- per thousand	60.0	80.0	75.0
4. LIFE EXPECTANCY			
- number or years	60.0	61.0	101.7
5. ACCESS TO CLEAN WATER			
- % of total population	60.0	53.0	88.0
- % of rural population	45.0	45.0	100.0
- % of urban population	90.0	80.0	89.0
6. ACCESS TO SEWERAGE FACILITIES			
- % of total population	26.0	23.0	88.0
- % of rural population	10.0	10.0	100.0
- % of urban population	60.0	52.0	87.0
7. AVAILABILITY OF ELECTRICITY			
- Number (Million)	52.9	36.5	69.0
- % of total population	53.3	35.2	66.0
8. AVAILABILITY OF TELEPHONES			
- Connections (Million Nos)	0.9	0.7	78.0
- % of total population	9.0	6.7	74.0

Table 1.8

SIXTH PLAN TARGETS AND ACHIEVEMENTS

(Education)

	Unit	SIXTH PLAN Targets	SIXTH PLAN Achievements	Achievement (%)
Literacy Rate	Per cent	48	30	63
Participation Rate at Primary level	Per cent	75	64	85
New Primary schools	Number	4,198	12,164	290
Mosque Schools	Number	40,000	17,193	43
Enrolment in Class I-V	(000 Nos)	12,354	9,310	75

Table 1.9

SIXTH PLAN TARGETS AND ACHIEVEMENTS

(Health)

	Unit	SIXTH PLAN Targets	SIXTH PLAN Achievements	Achievement %
Basic Health Units	Number	2,600	1,803	69
Rural Health Centres	Number	355	194	55
Traditional Birth Attendants	Number	30,000	30,000	100
Doctors Residence at BHU	Number	1,715	1,715	100
District and Tehsil Headquarter Hospitals	Number	4,700	5,149	110
Immunization	Million	24	24	102
DDC/ORS	Million	25	49	196
Teaching beds	Number	3,500	3,500	100

Table 4.1

BASIC MACROECONOMIC FRAMEWORK OF THE PERSPECTIVE PLAN

(1988-2003)

(Rs. billion 1987-88 Prices)

Fiscal Years Ending June 30th	1988	1993	1998	2003	Annual Compound Growth Rate 7th Plan	8th Plan	9th Plan
Key Magnitudes							
GDP (FC)	618.1	846.8	1157.8	1588.7	6.5	6.5	6.5
GDP (MP)	687.1	949.8	1308.3	1811.1	6.7	6.6	6.7
GNP (MP)	709.1	963.6	1319.1	1820.1	6.3	6.5	6.7
Gross Investment	112.2	168.2	237.3	335.2	8.4	7.1	7.2
Fixed Investment	101.8	157.0	221.1	312.6	9.1	7.1	7.2
Public	59.0	86.5	115.8	148.9	7.9	6.0	5.2
Private	42.8	70.5	105.3	163.7	10.5	8.4	9.2
						8.0	7.6
Gross National Savings	92.0	149.9	220.5	318.5	10.3	9.0	8.1
Gross Domestic Savings	70.1	136.0	209.7	309.5	14.2	-1.7	-0.1
External Resources	20.2	18.3	16.8	16.7	-2.0		
As % of GNP							
Gross Investment	15.8	17.5	18.0	18.4			
Gross N.Savings	13.0	15.6	16.7	17.5			
Gross D.Savings/GDP	10.2	14.3	16.0	17.1			
External Resources	2.8	1.9	1.3	0.9			
Key Assumptions							
Marginal Rate of Savings (%)							
National	8.4	22.5	19.9	19.6			
Domestic	19.3	25.2	20.6	19.8			
Capital Output Ratio* (Gross)	2.6	2.6	2.9	3.0			
Marginal Propensity to import		10.3	9.9	8.9			

Plan Average; incremental (ICOR)

Table 4.2

STRUCTURAL CHANGES IN OUTPUT AND EMPLOYMENT

(Percentage Shares)

	1987-88	1992-93	1997-98	2002-03
A. OUTPUT				
Agriculture	23.3	21.4	19.4	17.6
Manufacturing	17.5	18.8	20.6	22.3
Mining	2.4	2.6	2.9	3.2
Construction	6.4	6.8	6.9	7.1
Electricity & Gas	2.3	2.5	2.8	3.1
Commodity Sub-Total:	51.8	52.1	52.6	53.2
Services	48.2	47.9	47.4	46.8
Total:	100.0	100.0	100.0	100.0
B. EMPLOYMENT				
Agriculture	48.8	47.1	45.1	43.2
Manufacturing & Mining	14.3	15.7	17.3	18.8
Construction	6.1	6.4	6.5	6.7
Electricity & Gas	1.1	1.1	1.0	1.0
Transport & Communication	5.3	5.4	5.6	5.8
Trade	12.0	12.5	12.9	13.4
Banking & Insurance	0.8	0.7	0.7	0.6
Others	11.6	11.2	10.9	10.5
Total:	100.0	100.0	100.0	100.0

Table 4.3

BALANCE OF PAYMENT PROJECTIONS FOR PERSPECTIVE PLAN

(At 1987-88 million $)

	1987-88	1992-93	1997-98	2002-03
RECEIPTS				
1. Goods & Services	7,433	9,517	12,096	16,313
a) Goods	4,200	6,492	9,408	13,823
Primary	1,092	1,272	1,630	2,145
Semi Manufactured	840	1,234	1,690	2,372
Manufactued	2,268	3,897	6,088	9,306
b) Invisibles	3,233	3,025	2,688	2,490
(Factor Income)	2,128	1,809	1,730	1,700
PAYMENTS				
2. Goods & Services	8,580	10,556	13,048	17,260
a) Goods	6,500	8,100	10,068	12,600
Consumer Goods	1,200	1,385	1,430	1,460
Raw material for Consumer Goods	2,598	3,150	3,300	3,520
Capital Goods	2,100	2,680	4,238	5,930
Raw material for Capital Goods	602	825	1,100	1,690
b) Invisibles	2,080	2,456	1,115	4,660
(Factor Income)	881	1,025	-	1,190
c) Current Account Deficit	1,147	1,039	952	947
Exchange Rate	18	18	18	18
Million Rs.	20,187	18,286	16,755	16,667

Table 6.1

QUALITY OF LIFE INDICATORS

	1982-83	1987-88	1992-93
1 Literacy			
Number (Million)	16.1	21.3	33.8
Per cent	27.0	30.0	40.0
2 Primary Enrolment (Million)	6.8	9.3	13.9
Boys	4.6	6.1	8.0
Girls	2.2	3.2	5.9
% of primary-age population	52.5	63.5	80.0
Boys	68.5	79.5	89.0
Girls	35.5	45.7	70.0
3 Infant Mortality (age 0-1)			
Per thousand	98.5	80.0	60.0
4 Life Expectancy:			
(Years)	58.6	61.0	63.0
5 Access to clean water			
% of total populaltion	38.0	53.0	82.0
% of rural populaltion	22.0	40.0	75.0
% of urban population	77.0	80.0	95.0
6 Access to Sewerage Facilities			
% of total populaltion	16.0	23.0	44.0
% of rural populaltion	4.0	10.0	30.0
% of urban population	48.0	52.0	70.0
7 Availability of Electricity			
(% of total populaltion)	27.2	35.0	47.0
8 Availability of Telephones	0.4	0.7	1.3
(Million Numbers)			
% of total populaltion	4.1	6.7	13.6
% of rural populaltion	3.2	5.2	10.8
% of urban population	0.9	1.5	2.8

Table 6.2

RURAL SHARE IN BENEFITS OF DEVELOPMENT

	1982-83	1987-88	1992-93
1 Literacy Rate			
Urban	42.6	49.9	52.4
Rural	15.0	21.5	32.0
Share of rural in total	46.0	53.4	58.5
2 Primary Enrolment (Million)			
Urban	2.7	3.1	4.2
Rural	4.3	6.2	9.7
Share of rural in total (%)	61.4	66.6	69.8
3 Availability of Doctors (Numbers)			
Urban	18,800	28,000	36,700
Rural	1,200	8,000	15,000
Share of rural in total (%)	6.0	22.0	36.0
4 Health Facilities (Numbers)			
Rural Health Centres	298	492	625
Basic Health Units	1,693	3,496	5,409
5 Electricity			
Number of villages electrified	NA	16,525	26,861
% of total villages	NA	33.7	54.8
6 Rural Roads (km)	46,000	60,957	69,457
7 Access to clean water			
Number of Rural people served (Million)	13.7	28.6	58.9
% of total rural population	22	40	75
8 Access to Sewerage facilities			
Number of Rural people served (Million)	2.5	7.1	23.6
% of total rural population	4.0	10.0	30.0

Table 6.3

GDP AT 1987-88 PRICES

(Million Rs)

	1982-83	1987-88	1992-93	Annual Growth Rate	
				6th Plan	7th Plan
Agriculture	119,193	143,917	181,350	3.8	4.7
Major Crops	58,304	65,275	79,417	2.3	4.0
Minor Crops	22,263	26,586	34,747	3.6	5.5
Livestock	35,023	47,393	61,356	6.2	5.3
Fishing	3,181	3,958	5,028	4.5	4.9
Forestry	422	705	802	10.8	2.6
Mining & Quarrying	8,596	14,767	21,698	11.4	8.0
Manufacturing	74,492	108,060	159,558	7.7	8.1
Large Scale	55,408	79,495	116,804	7.5	8.0
Small Scale	19,084	28,565	42,754	8.4	8.4
Construction	25,849	39,242	57,659	8.7	8.0
Electricity & Gas	9,147	13,974	21,012	8.8	8.5
Commodities Sub-Total:	237,277	319,960	441,277	6.2	6.6
Transport & Communication	33,419	48,504	67,396	7.7	6.8
Trade	71,227	98,611	136,379	6.7	6.7
Banking & Insurance	12,279	17,476	22,840	7.3	5.5
Ownership of Dwelling	15,592	22,997	29,772	8.1	5.3
Public Admn & Defence	41,458	58,565	77,637	7.2	5.8
Services	37,727	51,923	71,474	6.6	6.6
Services Sub-Total:	211,702	298,076	405,498	7.1	6.3
GDP (fc)	448,979	618,036	846,775	6.6	6.5

Table 6.4

CROP PRODUCTION TARGETS

(000 Tonnes)

	1982-83	1987-88	1992-93
Rice	3,445	3,300	4,220
Basmati	1,010	904	1,290
Others	2,435	2,396	2,930
Wheat	12,415	12,926	16,380
Barley	185	124	156
Jowar	222	187	273
Bajra	220	136	271
Maize	1,005	1,156	1,470
Gram	491	367	650
Rape & Mustard	246	213	340
Sesamum	11	11	14
Tobacco	65	69	93
Sugarcane	32,534	31,239	40,320
Cotton	823	1,513	1,649
(Million Bales)	5	9	10
Minor Crops			
Pulses	203	241	250
Potato	518	620	750
Onion	475	550	750
Fruits	3,170	3,785	5,000
Vegetables	1,907	2,458	3,175
Groundnuts	84	95	110
Non-Traditional Oilseeds	12	60	321

Table 6.5

LIVESTOCK

(000 Tonnes)

	1982-83	1987-88	1992-93
Milk	9,662	12,900	16,470
Beef	464	595	701
Mutton	408	570	734
Poultry Meat	75	134	265
Wool	43	55	61
Hair	6	8	9
Bones	20	229	260
Fats	75	101	129
Blood	75	33	44
Eggs (Million) *	3,200	4,140	6,085
Hides *	5	6	7
Skins *	29	34	39

Million Numbers

Table 6.6

INDUSTRIAL PRODUCTION TARGETS

(Large-Scale)

Items	Units	Production '000' 1987-88	1992-93	Annual Growth Rate
Food, Drink & Tobacco				6.0
Sugar	M.T.	1,700	2,150	4.8
Veg.Ghee & Oil	M.T.	750	1,010	6.1
Tea Blended	M.T.	53	66	4.5
Wheat Milling	M.T.	12,926	15,650	4.2
Beverage (Million)	Bottles	910	1,350	8.2
Cigarettes (Million)	Numbers	43,740	51,420	3.3
Textiles				5.2
Cotton Yarn (Mill.)	Kg	670	995	8.2
Cotton Cloth (Mill.)	Sq.Mtrs	243	300	4.3
Woollen Blankets	Numbers	510	625	4.2
Woollen Carpets & Rugs	Sq.Mtrs	530	680	5.1
Jute Goods	M.T.	115	158	6.5
Paper & Board				13.5
Paper	M.T.	60	138	17.2
Boards	M.T.	110	173	9.5
Chemicals				5.7
Fertilizer (N)	M.T.	1,520	1,750	2.9
Soda Ash	M.T.	134	176	5.3
Caustic Soda	M.T.	58	80	6.4
Paints & Varnish (Solid)	M.T.	13	18	6.8
Paints & Varnish (Liquid)	Mln.Ltrs	15	22	8.0
Matches (Million)	Boxes	2,150	2,680	4.5
Cement	M.T.	6,800	10,000	8.0
Petroleum Products (Mill.	Mln.Ltrs	6,840	8,520	4.5
Pharamaceuticals				6.1
Tablets (Million)	Numbers	7,850	10,450	5.9
Syrups	Ltrs	18,750	25,500	6.3
Transport Equipments				11.6
Motor Cycles	Numbers	45	75	10.8
Bicycles	Numbers	595	830	6.9
Trucks/Buses	Numbers	2	4	14.6
Motor Car/LCVs/Jeeps	Numbers	28	46	10.3
Tractors	Numbers	25	38	8.7
Locomotive Engines	Numbers	-	16	-

Contd ..

Items	Units	Production '000' 1987-88	1992-93	Annual Growth Rate
Engineering Goods	Numbers	9.0		
Electric Fans	Numbers	226	387	11.4
T.V.Sets	Numbers	300	500	10.8
Air Conditioners	Numbers	10	40	33.6
Refrigerators	Numbers	35	140	32.0
Electric Meters	Numbers	370	590	10.0
Electric Motors	Numbers	5	7	9.5
Diesel Engines	Numbers	4	5	7.4
Heavy Electrical Complex	Mln Rs *	-	135	-
Heavy Mechnical Complex	Mln Rs *	120	170	7.2
Heavy Foundry & Forge	Mln Rs *	50	70	7.0
Pakistan Machine Tools	Mln Rs *	145	203	7.0
Mild Steel Products	M.T.	825	1,130	6.5
Billets	M.T.	280	870	25.5
Rolled Sheets	M.T.	720	900	4.6
Tyres	& Tubes	7.7		
Motors Tyres	Numbers	520	700	6.1
Motor Tubes	Numbers	250	360	7.6
Cycle Tyres	Numbers	1,650	7,550	10.3
Cycles Tubes	Numbers	6,580	8,805	5.9
Cotton Ginning	Mln Bales	8	9	2.8

° At 1987-88 prices

Table 6.7

MACROECONOMIC FRAMEWORK

(At 19878-88 billion Rs)

	1982-83	1987-88	1992-93	Five Years Total 6th Plan	Five Years Total 7th Plan	Annual Growth Rate 6th Plan	Annual Growth Rate 7th Plan
GDP (FC)	449.0	618.0	846.8	2,744.1	3,746.5	6.6	6.5
Indirect Taxes (Net)	49.6	69.1	103.0	313.0	452.7	6.8	8.3
GDP (MP)	498.6	687.1	949.8	3,057.1	4,199.2	6.6	6.7
Net Factor Income	45.1	22.0	13.80	176.1	86.8	-13.4	-8.9
GNP (MP)	543.7	709.1	963.6	3,233.2	4,286.0	5.5	6.3
Net Foreign Resources	7.0	20.2	18.3	109.7	95.3	23.7	-2.0
Total Resources	550.7	729.3	981.8	3,342.9	4,381.3	5.8	6.1
Consumption	465.0	617.0	813.60	2,830.0	3,670.9	5.8	5.7
Private	406.4	526.3	701.7	2,444.4	3,163.1	5.3	5.9
General Govt.	58.6	90.8	111.9	385.5	507.8	9.1	4.3
Investment	85.70	112.2	168.2	513.0	710.4	5.5	8.4
Fixed	76.4	101.8	157.0	462.1	660.2	5.9	9.1
Public	47.1	59.0	86.5	271.9	367.8	4.6	7.9
Private	29.3	42.8	70.6	190.2	292.4	7.9	10.5
Changes in Stocks	9.3	10.40	11.2	50.90	50.1	-	-
Total Uses:	550.7	729.3	981.8	3,342.9	4,381.3	5.8	6.1
As % of GNP							
Total Investment	15.8	15.8	17.5	15.9	16.6		
Fixed Investment	14.0	14.4	16.3	14.3	15.4		
Net Foreign Inflow	1.3	2.8	1.9	3.4	2.2		
National Savings	14.5	13.0	15.6	12.5	14.4		
Domestic Savings/GDP	6.7	10.2	14.3	7.4	12.6		
Marginal Rate of Savings							
National		8.4	22.5	1.9	20.9		
Domestic		19.3	25.2	10.5	23.2		

Table 6.8

SAVINGS AND INVESTMENT

(At 1987-88 million Rs)

	6th Plan	7th Plan	Percent increas Over 6th Plan
Plan Size –	467.21	642.43	37.5
i) Public Sector, implemented by:	277.00	350.00	26.4
a) Government.*	212.00	177.00	-16.5
b) Corporation of which:	65.00	173.00	166.2
(Budget Financed)	(65.00)	(43.00)	-33.8
ii) Private Sector	190.21	292.43	53.7
Total Investment	512.96	710.36	38.5
i) Fixed Investment	462.06	660.22	42.9
Public	271.85	367.79	35.3
Private	190.21	292.43	53.7
ii) Stocks	50.90	50.14	-
Total Resources	512.96	710.36	38.5
i) National Savings	403.26	615.02	52.5
ii) Domestic Savings	227.20	528.21	132.5
iii) External Resources	109.70	95.34	-13.1

Federal and Provincial Governments.

Table 7.1

PUBLIC SECTOR DEVELOPMENT PROGRAMME FOR THE SEVENTH PLAN (1988-93)

(At 1987-88 million Rs)

PUBLIC CORPORATIONS	TOTAL	BUDGET incl. F/AID	SELF FINAN-CING	DOMESTIC EQUITY/ MKT.LOAN	BANK BORROW-ING	FOREIGN LOAN/ EQUITY
A. FEDERAL GOVERNMENT						
AGRICULTURE	264	0	264	0	0	0
i) NLC	264	0	264	0	0	0
POWER	87,367	36,250	29,434	12,256	4,242	5,185
i) WAPDA	76,894	36,250	28,388	12,256	0	0
ii) KESC	10,474	0	1,046	0	4,242	5,185
FUELS	28,717	3,583	5,638	6,147	5,902	7,448
i) OGDC	15,768	3,583	2,828	3,168	2,607	3,583
ii) OTHER CORPORATIONS	12,950	0	2,810	2,979	3,295	3,865
INDUSTRY	6,695	0	224	1,993	1,309	3,168
i) SEC	816	0	0	223	195	398
ii) NFC	2,870	0	0	956	405	1,508
iii) PACO	638	0	0	216	163	259
iv) PASMIC	112	0	36	0	21	55
v) SCCP	2,227	0	189	566	525	947
vi) OTHER CORPORATIONS	32	0	0	32	0	0
MINERALS	3,271	0	0	377	1,186	1,708
i) RDC (SAINDAK)	2,517	0	0	0	1,074	1,443
ii) GEMSTONE CORP.	83	0	0	0	46	37
iii) NOKUNDI IRON ORE	547	0	0	377	0	170
iv) AKMIDC	67	0	0	0	37	30
v) FATADC	57	0	0	0	29	28
TRANSPORT & COMMUNICATIONS.	30,451	0	20,341	0	615	9,495
i) T&T	21,637	0	16,970	0	0	4,667
ii) CAA	4,242	0	2,828	0	0	1,414
iii) PNSC	2,057	0	0	0	615	1,442
iv) PIAC	952	0	104	0	0	848
v) KPT	1,188	0	364	0	0	824
vi NTC	375	0	75	0	0	300

Continued--

PUBLIC CORPORATIONS	TOTAL	BUDGET Incl. F. AID	SELF FINAN-CING	DOMESTIC EQUITY/ MKT.LOAN	BANK BORROW-ING	FOREIGN LOAN/ EQUITY
MISCELLANEOUS(PTDC & others)	94	0	94	0	0	0
TOTAL FEDERAL CORP.	156,860	39,832	55,996	20,774	13,255	27,004
II. FEDERAL GOVT. DEPTTS.	91,437	91,436	0	0	0	0
Total (Federal)	248,297	131,268	55,996	20,774	13,255	27,004
B.PROVINCIAL CORPORATIONS						
INDUSTRY	1,461	0	141	424	302	594
MINERALS	622	0	0	0	127	495
TRANSPORT AND COMMUNICATIONS	2,282	0	660	0	311	1,310
PHYSICAL PLANNING AND HOUSING	1,886	0	1,886	0	0	0
MISCELLANEOUS	189	0	0	0	115	74
Total (Prov.Corps.)	6,439	0	2,687	424	855	2,473
II. PROVINCIAL DEPARTMENTS	95,264	95,264	0	0	0	0
Total (Provinces)	101,703	95,264	2,687	424	855	2,473
Total (PSDP)	350,000	226,532	58,683	21,198	14,110	29,477

Table 7.2

SECTORAL DISTRIBUTION OF PUBLIC SECTOR DEVELOPMENT PROGRAMME

(Billion Rs)

Sector	SIXTH PLAN *				SEVENTH PLAN	
	Allocation		Estimated Actual		Allocation	
	Amount	Share %	Amount	Share %	Amount	Share %
Agriculture	10.9	3.8	8.5	3.4	12.3	3.5
Fertilizer Subsidy	2.6	0.9	9.2	3.7	3.3	1.0
Industry	19.4	6.7	14.3	5.8	9.0	2.6
Minerals	5.4	1.9	1.2	0.5	7.0	2.0
Water	28.1	9.7	23.3	9.4	28.4	8.1
Power	78.8	27.2	54.3	21.8	90.2	25.8
Fuels	26.9	9.3	24.6	9.9	34.1	9.7
Transport & Communications	50.6	17.4	46.2	18.6	61.5	17.6
Physical Planning & Housing	13.7	4.7	24.8	10.0	20.0	5.7
Mass Media	1.6	0.6	0.7	0.3	1.8	0.5
Rural Roads	1.8	0.6	4.1	1.6	5.1	1.5
Science & Technology	0.9	0.3	0.7	0.3	2.8	0.8
Education	16.5	5.7	14.5	5.8	23.1	6.6
Health	11.4	3.9	10.6	4.3	13.3	3.8
Manpower	0.9	0.3	1.0	0.4	2.6	0.7
Culture Sports & Tourism	2.0	0.7	0.8	0.3	1.3	0.4
Population Welfare	2.0	0.7	2.1	0.8	3.5	1.0
Womens Development	0.7	0.2	0.4	0.2	0.9	0.3
Social Welfare	0.5	0.2	0.5	0.2	0.9	0.3
Research Statistics & Planning	0.3	0.1	3.0	1.2	1.0	0.3
NGo's Programme	0.0	0.0	0.0	0.0	0.5	0.1
Employment Fund	0.0	0.0	0.0	0.0	2.0	0.6
Special Development Programme	15.0	5.2	3.8	1.5	25.3	7.2
Total	290.0	100.0	248.6	100.0	350.0	100.0

At current prices

Table 7.3

SECTORAL DISTRIBUTION OF PUBLIC SECTOR DEVELOPMENT PROGRAMME (PROVINCIAL)

(Billion Rs.)

Sector	SIXTH PLAN *				SEVENTH PLAN	
	Allocation		Estimated Actual		Allocation	
	Amount	Share %	Amount	Share %	Amount	Share %
Agriculture	5.17	7.8	3.49	5.9	6.13	6.0
Fertilizer Subsidy	0.00	0.0	0.00	0.0	0.00	0.0
Industry	4.12	6.2	1.20	2.0	1.70	1.7
Minerals	0.74	1.1	0.29	0.5	1.79	1.8
Water	7.00	10.5	5.23	8.8	9.20	9.0
Power	0.46	0.7	0.24	0.4	0.85	0.8
Fuels	0.00	0.0	0.00	0.0	0.00	0.0
Transport & Communications	7.05	10.6	7.03	11.8	9.43	9.3
Physical Plnning & Housing	9.05	13.6	17.18	28.9	17.31	17.0
Mass Media	0.00	0.0	0.00	0.0	0.00	0.0
Rural Roads	1.84	2.8	3.20	5.4	3.30	3.2
Science & Technology	0.00	0.0	0.00	0.0	0.00	0.0
Education	7.90	11.9	9.23	15.5	14.71	14.5
Health	7.28	11.0	6.28	10.6	10.28	10.1
Manpower	0.32	0.5	0.35	0.6	0.80	0.8
Culture Sports & Tourism	0.00	0.0	0.16	0.3	0.45	0.4
Population Welfare	0.00	0.0	0.00	0.0	0.00	0.0
Women's Development	0.00	0.0	0.00	0.0	0.00	0.0
Social Welfare	0.22	0.3	0.27	0.5	0.52	0.5
Research Statistics & Planning	0.26	0.4	1.46	2.5	0.45	0.4
NGO's Programme	0.00	0.0	0.00	0.0	0.00	0.0
Special Development Programme	15.00	22.6	3.82	6.4	24.79	24.4
Total	66.41	100.0	59.43	100.0	101.70	100.0

* At current prices

Note: Sectoral allocations are tentative and may be modified by the provinces to meet their specific requirements.

Table 8.1

DOMESTIC BORROWING & INTEREST LIABILITY ON DOMESTIC DEBT

(Billion Rs)

	1977-78	1982-83	1986-87	1987-88	Annual Growth Rate	
					Fifth	Sixth
	Actual	Actual	Revised	Estimated	Plan	Plan
BORROWING						
Non-Bank Borrowing	2.5	7.9	28.2	31.0	25.9	31.4
Bank Borrowing	5.2	6.7	11.8	12.0	5.2	12.4
Domestic Borrowing	7.7	14.6	40.0	43.0	13.7	24.1
Outstanding Domestic Debt *	40.0	111.0	237.0	271.3	22.6	19.6
Interest Payments	1.5	6.2	15.3	18.4	32.8	24.3
Memo:						
As per cent of GDP						
a) Non-Bank Borrowing	1.4	2.2	4.6	4.5		
b) Bank Borrowing	2.9	1.8	1.9	1.7		
c) Domestic Borrowing	4.4	4.0	6.6	6.3		
d) Outstanding Domestic Debt	22.7	30.6	39.0	39.5		
e) Interest Payments	0.9	1.7	2.5	2.7		
f) Per Capita Income (Rs)	2245.0	4121.0	5783.0	5252.0		
g) Outstanding Per Capita Debt(Rs)	522.2	1245.5	2368.3	2613.7		
h) g as % of f.	23.3	30.2	41.0	41.8		

Including permanent debt, unfunded debt and floating debt.

Table 8.2

CONSOLIDATED BUDGET

(At constant 1987-88 billion Rs)

	1987-88	1992-93	Total	Growth Rate
REVENUE RECEIPTS	118.0	149.4	671.5	4.8
TAX RECEIPTS	90.0	114.2	521.9	4.9
Direct Taxes	14.0	18.3	83.8	5.4
Income Tax	12.0	16.0	73.0	5.9
Others	2.0	2.3	10.8	2.4
Indirect Taxes	76.0	96.0	438.1	4.8
Import Duty	35.0	46.0	209.4	5.6
Export Duty	3.0	2.0	10.0	-7.8
Excise Duty	16.0	19.0	89.0	3.5
Sales Tax	8.0	10.8	48.6	6.2
Surcharges	10.8	14.3	63.3	5.8
Others (Resdl)	3.2	3.9	17.9	4.0
NON-TAX RECEIPTS	28.0	35.2	149.6	4.7
T&T & PO Profits	5.0	0.0	0.0	-100.0
Interest & Dividends	8.0	16.4	65.0	15.4
Others (Resdl)	15.0	18.8	84.6	4.6
CURRENT NON-DEVELOPMENT				
EXPENDITURE	132.0	180.6	804.4	6.5
Govt Adminstration	14.0	17.0	78.9	4.0
Defence	44.0	53.5	247.9	4.0
Community Services	5.0	8.1	33.6	10.0
Social Services	20.0	32.2	134.3	10.0
Education	13.0	20.9	87.3	10.0
Health	4.0	6.4	26.9	10.0
Others	3.0	4.8	20.1	10.0
Economic Services	7.0	10.3	44.4	8.0
Irrigation	3.0	4.4	19.0	8.0
Others	4.0	5.9	25.3	8.0
Subsidies	8.0	7.5	43.0	-1.3
Debt Servicing	27.0	42.7	175.6	9.6
Interest				
Domestic	19.0	34.2	139.1	12.5
Foreign	8.0	8.5	36.5	1.3
Grants to Local Bodies	1.5	1.0	9.0	-7.8
Others (Resdl)	5.5	8.3	37.8	8.5

Continued--

	1987-88	1992-93	Total	Growth Rate
REVENUE SURPLUS	-14.0	-31.2	-132.9	0.0
SELF-FINANCING BY AUTONOMOUS BODIES	5.0	1.0	5.0	-27.5
NON-BANK BORROWING	31.0	49.8	217.1	9.9
BANK BORROWING	12.0	14.0	62.1	3.1
DOMESTIC RESOURCES	34.0	33.6	151.2	0.2
EXTERNAL RESOURCES (Net)	14.0	15.1	74.8	1.5
TOTAL RESOURCES	48.0	48.7	226.0	0.3
BUDGETARY DEVELOPMENT PROGRAMME	48.0	48.7	226.0	0.3
RESOURCE GAP	0.0	0.0	0.0	0.0

Table 8.3

CONSOLIDATED BUDGET

(At constant 1987-88 billion Rs)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Total	Growth Rate (%)
REVENUE RECEIPTS	118.0	130.2	138.1	147.1	157.7	169.9	743.0	7.6
TAX RECEIPTS	90.0	104.1	109.9	116.9	122.8	131.7	585.4	7.9
Direct Taxes	14.0	16.6	18.6	20.9	22.0	24.3	102.3	11.6
Income Tax	12.0	14.0	16.0	18.0	19.0	21.0	88.0	11.8
Others	2.0	2.6	2.6	2.9	3.0	3.3	14.3	10.2
Indirect Taxes	76.0	87.5	91.3	96.0	100.8	107.5	483.1	7.2
Import Duty	35.0	38.1	39.7	41.5	44.1	46.0	209.4	5.6
Export Duty	3.0	2.0	2.0	2.0	2.0	2.0	10.0	-7.8
Excise Duty	16.0	17.0	17.0	18.0	18.0	19.0	89.0	3.5
Sales Tax	8.0	15.1	17.2	18.5	20.6	22.3	93.6	22.8
Surcharges	10.8	12.0	12.0	12.5	12.5	14.3	63.3	5.8
Others (Resdl)	3.2	3.3	3.4	3.6	3.7	3.9	17.9	4.0
NON-TAX RECEIPTS	28.0	26.1	28.2	30.2	34.9	38.2	157.6	6.4
T&T & PO Profits	5.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0
Interest & Dividends	8.0	9.6	11.2	12.7	15.1	16.4	65.0	15.4
Others (Resdl)	15.0	16.5	17.0	17.5	19.8	21.8	92.6	7.8
CURRENT NON-DEVELOPMENT EXPENDITURE	129.5	135.2	142.0	146.5	152.7	158.4	734.9	4.1
Govt Administration	14.0	14.4	14.9	15.3	15.8	16.2	76.6	3.0
Defence	44.0	45.3	46.7	48.1	49.5	51.0	240.6	3.0
Community Services	5.0	5.4	5.8	6.3	6.8	7.4	31.7	8.0
Social Services	17.6	19.0	20.5	22.2	23.9	25.9	111.5	8.0
Education	11.0	11.9	12.8	13.9	15.0	16.2	69.7	8.0
Health	3.7	4.0	4.3	4.7	5.0	5.4	23.4	8.0
Others	2.9	3.1	3.4	3.7	3.9	4.3	18.4	8.0
Economic Services	6.9	7.3	7.8	8.2	8.7	9.2	41.2	6.0
Irrigation	3.0	3.2	3.4	3.6	3.8	4.0	17.9	6.0
Others	3.9	4.1	4.4	4.6	4.9	5.2	23.3	6.0

Continued--

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Total	Growth Rate (%)
Subsidies	8.0	8.5	8.5	6.5	6.0	5.5	35.0	-7.2
Debt Servicing	27.0	27.3	29.5	31.0	32.6	34.1	154.5	4.8
Interest								
Domestic	19.0	21.2	22.6	23.8	24.8	25.6	118.0	6.1
Foreign	8.0	6.1	6.9	7.2	7.8	8.5	36.5	1.3
Grants to Local Bodies	1.5	2.0	2.0	2.0	2.0	1.0	9.0	-7.8
Others (Resdl)	5.5	5.9	6.4	6.9	7.4	8.1	34.8	7.9
REVENUE SURPLUS	-11.5	-5.0	-3.9	0.6	4.9	11.6	8.1	0.0
SELF-FIN BY ABs	5.0	1.0	1.0	1.0	1.0	1.0	5.0	-27.5
NONBANK BORROWING	31.0	23.8	23.5	20.5	16.4	11.5	95.6	-18.0
BANK BORROWING	9.5	7.5	8.0	8.5	9.0	9.5	42.5	0.0
DOMESTIC RESOURCES	34.0	27.2	28.5	30.5	31.3	33.6	151.2	-0.2
EXTERNAL RESOURCES (Net)	14.0	14.4	15.1	14.7	15.6	15.1	74.8	1.5
TOTAL RESOURCES	48.0	41.6	43.6	45.2	46.9	48.7	226.0	0.3
BUDGETARY DEVELOPMENT PROGRAMME	48.0	41.6	43.6	45.2	46.9	48.7	226.0	0.3
RESOURCE GAP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memo:								
RESOURCE SHARE(NET)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	0.0
Internal(IUG)	70.8	65.5	65.4	67.6	66.8	69.0	66.9	-0.5
External	29.2	34.5	34.6	32.4	33.3	31.0	33.1	1.2
BORROWING AS % OF ADP(NET)	113.5	109.7	106.7	96.5	87.3	74.2	94.2	-8.2
Domestic	84.4	75.2	72.2	64.0	54.1	43.2	61.1	-12.5
External	29.2	34.5	34.6	32.4	33.3	31.0	33.1	1.2
AS % of GDP:								
BORROWING(NET)	7.9	6.2	5.9	5.2	4.6	3.8	5.1	-13.7
Domestic	5.9	4.2	4.0	3.5	2.8	2.2	3.3	-17.8
External	2.0	1.9	1.9	1.8	1.8	1.6	1.8	-4.9
DEBT SERVICING								
-Int.on Dom.Debt	2.8	2.9	2.9	2.8	2.8	2.7	2.8	-0.5
-Int.on Foreign Debt	1.2	0.8	0.9	0.9	0.9	0.9	0.9	-5.1
-OverallDeficit(Net)	7.9	6.2	5.9	5.2	4.6	3.8	5.1	-13.7
(Rs Billion)	54.5	45.6	46.5	43.6	41.0	36.1	212.9	-7.9

Table 8.4

EXTERNAL RESOURCES

(At constant 1987-88 billion Rs)

	1987-88 Benchmark	Seventh Plan Projections 1992-93	Total
Project Aid	16.3	18.3	87.5
Commodity Aid	5.2	4.5	24.1
Food Aid	0.9	1.2	9.9
Other Aid	4.6	0.0	0.0
External Resources (Gross)	27.0	24.0	121.5
- Repayment of foreign loans.	13.0	8.9	46.7
External Resources (Net)	14.0	15.1	74.8

- Balance of payment projection.

Table 8.5

PROJECTED CREDIT PLAN

(At current billion Rs and Exchange Rate)

	Credit Plan 1987-88	Seventh Plan Projections 1988-89	1989-90	1990-91	1991-92	1992-93	Total
A. DOMESTIC CREDIT EXPANSION (NET)	27.4	27.2	31.2	35.8	39.7	46.0	179.9
(Domestic Credit Growth %)	(10.7)	(9.6)	(10.0)	(10.5)	(10.5)	(11.0)	(10.3)
a. Public Sector	13.0	10.5	11.5	12.7	14.0	15.5	64.2
– Budgetary Support	8.0	8.0	9.0	10.2	11.5	13.0	51.7
– Commodity Operation	5.0	2.5	2.5	2.5	2.5	2.5	12.5
b. Private Sector	15.4	16.2	19.1	22.5	26.4	31.0	115.2
c. Public Sector Enterprises	2.0	3.8	4.2	4.6	3.7	4.3	20.6
d. Other Items	-3.0	-3.3	-3.6	-4.0	-4.4	-4.8	-20.1
FOREIGN ASSETS (NET)	0.0	5.3	6.7	6.5	8.2	7.9	34.6
MONETARY EXPANSION	27.4	32.5	37.9	42.3	47.9	53.9	214.5
(% GROWTH)	11.4	12.1	12.6	12.5	12.6	12.6	12.5
(END YEAR STOCK)	267.8	300.3	338.2	380.5	428.4	482.3	

Table 9.1

SIXTH PLAN EXPORT PERFORMANCE, 1984-88

Total Exports

($ Million)

Items	Current Prices			Constant Prices		
	Target	Estimated Achievement	Per cent Achievement	Target	Estimated Achievement	Per cent Achievement
Rice	1,997	1,613	80.8	1,673	1,742	104.1
Basmati	1,098	853	77.7	919	804	87.5
Other	899	760	84.5	754	938	124.4
Raw Cotton	1,962	2,030	103.5	1,619	2,885	178.2
Yarn	1,566	1,723	110.0	1,312	1,679	128.0
Cotton Fabrics	1,658	1,651	99.6	1,451	1,626	112.1
Garments	1,128	1,345	119.2	930	1,143	122.9
Tanned Leather	825	947	114.8	541	762	140.9
Carpets	903	841	93.1	755	827	109.5
Fish	678	482	71.1	553	752	136.0
Others	9,124	5,556	60.9	7,617	5,752	75.5
Total Exports(c&f)	19,841	16,188	81.6	16,451	17,168	104.4
Total Exports(fob)	19,414	15,732	81.0	16,097	16,688	103.7

Note:

1) for individual commodities their own export unit price indices used as deflator

2) for Total Exports, the FBS overall export unit price index is used as deflator

3) 'Others' are deflated as a residual

Table 9.2

PERFORMANCE OF OTHER EXPORTS, FY 1984-88

($ Million)

	Targets	Estimated Achievements	% Achievements
Sports Goods	210.0	252.0	120.0
Steel Mill Products	250.0	118.0	47.0
Fruits, Vegetables, Poultry etc.	833.0	212.0	25.5
Engineering Goods	238.0	124.0	52.0
Tarpulin, Tents & Canvas	625.0	199.0	31.8
Surgical Goods	150.0	230.0	153.0
POL	400.0	164.0	41.0
Other Misc: Exports	6,418	4,417	68.8
Total Other Exports	9,124	5,446	60.0

Table 9.3
SIXTH PLAN IMPORT PERFORMANCE, 1984-88

($ Million)

Items	Total Imports					
	Current Prices			Constant Prices		
	Target	Estimated Achievement	Percent Achievement	Target	Estimated Achievement	Percent Achievement
Milk & Dairy Products	381	175	45.9	352	159	45.2
Edible Oils	1,620	1,776	109.6	1,307	1,561	119.4
Fertilizer	1,239	743	60.0	1,029	789	76.7
POL	10,763	5,746	53.4	9,158	8,470	92.5
Capital Goods	12,456	10,452	83.9	10,734	11,766	109.6
Others	17,227	13,998	81.3	13,573	14,077	103.7
Total Imports(cif)	43,686	32,890	75.3	36,153	36,822	101.9
Total Imports(fob)	40,038	30,188	75.4	33,131	34,334	103.6

Note:

1) for individual commodities their own export unit price indices used as deflator

2) for Total Imports, the FBS overall export unit price index is used as deflator

3) 'Others' are deflated as a residual

Table 9.4

TERMS OF TRADE AND EFFECTS

	1982-83	1983-84	1984-85	1985-86	1986-87 (Prov/Act)	1987-88 (Proj)
Export Price Index	100.0	105.4	98.1	88.0	90.4	94.0
Import Price Index	100.0	98.8	93.3	87.2	82.7	85.2
Terms of Trade	100.0	106.7	105.1	100.9	109.3	110.3
Real Exports Index	100.0	96.4	95.0	127.2	149.0	167.0
Capacity to Import Index 1/	100.0	102.7	100.0	128.1	162.7	184.0
Memo Items:						
Value at 1983 Constant Prices						
Real Exports ($ Billion)	2.63	2.53	2.51	3.34	3.91	4.38
Capacity to Import ($ Billion)	2.63	2.70	2.63	3.37	4.28	4.84
Terms of Trade Effect ($ Million)	0.00	169.00	128.00	31.00	370.00	460.00

1/Capacity to Import' refers to nominal export earnings adjusted for changes in imports prices, thereby capturing effects of changes in a country's terms of trade and measuring the purchasing power (in terms of imports) of export earnings.

Table 9.5

SIXTH PLAN'S INVISIBLES BALANCE

($ Million)

	1982-83 (Benchmark)	1983-84	1984-85	1985-86	1986-87	1987-88	Total 1984-88	Growth (% p.a)
	TARGETS							
Invisible Balance	2,219	2,439	2,658	2,901	3,169	3,453	14,620	9.2
Payments	-1,957	-2,149	-2,384	-2,639	-2,918	-3,235	-13,325	10.6
(of which : interest)	(-469)	(-506)	(-546)	(-590)	(-636)	(-686)	(-2964)	7.9
Receipts	4,176	4,588	5,042	5,540	6,087	6,688	27,945	9.9
(of which : remittances)	(2,621)	(2,883)	(3,171)	(3,448)	(3,837)	(4,221)	(17,560)	10.0
	ACTUALS				Estimate	Projection	Total 1984-88	
Invisible Balance	2,219	2,293	1,867	1,808	1,544	1,188	8,700	-11.7
Payments	-1,957	-1,779	-1,783	-2,003	-2,015	-2,150	-9,730	1.9
(of which : interest)	(-469)	(-471)	(-462)	(-477)	(-513)	(-508)	(-2,431)	1.6
Receipts	4,176	4,072	3,650	3,811	3,559	3,338	18,430	-4.4
(of which : remittances)	(2,621)	(2,737)	(2,446)	(2,595)	(2,300)	(2,070)	(12,148)	-4.5

Table 9.6

SIXTH PLAN'S AID INFLOWS

($ Million)

	1982-83 (Benchmark)	1983-84	1984-85	1985-86	1986-87	1987-88	Total 1984-88	Growth (% p.a)
	TARGETS							
Gross Aid Inflows	1,296	1,489	1,584	1,681	1,789	1,911	8,454	8.1
(Refugee Assistance)	(276)	(275)	(258)	(233)	(208)	(183)	(1,157)	(-7.9)
Gross Aid Inflows excluding Refugee Assistance	1,020	1,214	1,326	1,448	1,581	1,728	7,297	11.1
Amortisation	(-448)	(-475)	(-513)	(-554)	(-598)	(-646)	(-2,786)	(7.6)
Net Aid Inflows	572	739	813	894	983	1,082	4,511	13.6
Memo:								
Real Net Aid Inflows	572	694	717	740	764	790	3,705	6.7
	ACTUALS						Total 1984-88	
Gross Aid Inflows	1,296	1,176	1,256	1,528	1,466	1,585	7,011	4.1
(Refugee Assistance)	(276)	(155)	(150)	(135)	(190)	(190)	(820)	(-7.2)
Gross Aid Inflows excluding Refugee Assistance	1,020	1,021	1,106	1,393	1,276	1,395	6,191	6.5
Amortisation	(-448)	(-520)	(-537)	(-679)	(-711)	(-750)	(-3,197)	(10.9)
Net Aid Inflows	572	501	569	714	565	645	2,994	2.4
Memo:								
Real Net Aid Inflows	572	477	581	811	628	686	3,183	3.7

Table 9.7
SIXTH PLAN BALANCE OF PAYMENTS

($ Million)

	1983-84	1984-85	1985-86	1986-87	1987-88	Total 1984-88		
TARGETS								
TRADE BALANCE	-3,423	-3,747	-4,097	-4,475	-4,881	-20,623		
Exports(fob)	2,879	3,311	3,808	4,379	5,036	19,413		
Imports (fob)	-6,302	-7,058	-7,905	-8,854	-9,917	-40,036		
INVISIBLE BALANCE	2,439	2,658	2,901	3,169	3,453	14,620		
Of which: remittances	2,883	3,171	3,488	3,837	4,221	17,600		
CURRENT ACCOUNT BALANCE	-984	-1089	-1196	-1306	-1428	-6003		
CAPITAL ACCOUNT (NET)	1,153	1,452	1,735	1,935	2,025	8,300		
Gross Aid Inflows	1,489	1,584	1,681	1,789	1,911	8,454		
Amortisation	-475	-513	-554	-598	-646	-2,786		
Other(net)	139	381	608	744	760	2,632		
IMF (Net)	155	-113	-289	-379	-347	-973		
Reserves(- = increase)	-324	-250	-250	-250	-250	-1,324		
	1983-84	1984-85	1985-86	1986-87 Esti.	1987-88 Proj	Total 1984-88	Achievements Absolute	Percent
ACTUALS								
TRADE BALANCE	-3,324	-3,552	-3,042	-2,293	-2,245	-14,456	-6,617	70.1
Exports(fob)	2,669	2,457	2,942	3,539	4,125	15,732	-3,681	81.0
Imports (fob)	-5,993	-6,009	-5,984	-5,832	-6,370	-30,188	-9,848	75.4
INVISIBLE BALANCE	2,293	1,867	1,808	1,544	1,188	8,700	-5,920	59.5
Of which: remittances	2,737	2,446	2,595	2,300	2,070	12,148	-5,452	69.0
CURRENT ACCOUNT BALANCE	-1031	-1685	-1234	-749	-1057	-5756	-247	95.9
CAPITAL ACCOUNT (NET)	945	668	1,668	1,061	939	5,281	-3,019	63.6
Gross Aid Inflows	1,176	1,256	1,528	1,466	1,585	7,011	-1,443	82.9
Amortisation	-520	-537	-679	-711	-750	-3,197	411	114.8
Other(net)	289	-51	819	306	104	1,467	-1,165	55.7
IMF (Net)	-46	-82	-250	-349	-292	-1,019	46	104.7
Reserves(- = increase)	132	1,099	-184	37	410	1,494	--	--

Table 9.8

THE EXTERNAL ENVIRONMENT, 1985-95

	1985 (Actual)	1986 (Actual)	1987-91	1991-95
Growth and Trade (% p.a.)				
Industrial Countries' GDP	2.8	2.5	2.5	3.7
Developing Countries' GDP	4.8	4.2	3.5	6.0
World Trade	3.6	4.0	5.5	6.0
Manafactured Exports from Developing Countries	1.1	3.1	6.5	8.0
Prices *				
Index of 33 Non-fuel Commodities (1985=100)	100.0	101.0	113.9	137.9
Index of Manafactures' Unit Value (1985=100)	100.0	118.9	129.4	144.4
International Oil Prices ($/bbl)	26.7	14.0	23.0	25.0

* Terminal Year Value

Table 9.9

SEVENTH PLAN EXPORT PROJECTION

(Current million $)

	1987-88 (Benchmark)	1988-89	1989-90	1990-91	1991-92	1992-93	Growth Rate (% p.a.)
Raw Cotton							
Volume (Million Bales)	3.4	3.5	3.6	3.7	3.7	3.8	2.4
Value ($ Million)	765.0	803.3	842.8	883.6	901.0	943.9	4.3
Price ($/Bale)	225.0	229.5	234.1	238.8	243.5	248.4	2.0
Rice (Total)							
Volume (000 MT)	1250.0	1282.5	1315.9	1350.1	1385.2	1421.2	2.6
Value ($ Million)	341.3	358.5	376.7	395.7	415.8	436.8	5.1
Price ($/MT)	273.0	279.5	286.3	293.1	300.1	307.3	2.4
Rice (Basmati)							
Volume (000 MT)	250.0	257.5	265.2	273.2	281.4	289.8	3.0
Value ($ Million)	181.3	190.4	200.1	210.2	220.8	232.0	5.1
Price ($/MT)	725.0	739.5	754.3	769.4	784.8	800.5	2.0
Rice (Other)							
Volume (000 MT)	1000.0	1025.0	1050.6	1076.9	1103.8	1131.4	2.5
Value ($ Million)	160.0	168.1	176.6	185.6	194.9	204.8	5.1
Price ($/MT)	160.0	164.0	168.1	172.3	176.6	181.0	2.5
Cotton Yarn							
Volume (Million Kgs)	260.0	273.0	286.7	301.0	316.0	331.8	5.0
Value ($ Million)	501.8	548.0	598.4	653.4	713.5	779.2	9.2
Price ($/kg)	1.9	2.0	2.1	2.2	2.3	2.3	4.0
Cotton Cloth							
Volume (Million Sq. Mtr)	780.0	822.9	868.2	915.9	966.3	1019.4	5.5
Value ($ Million)	413.4	457.9	507.3	561.9	622.5	689.6	10.8
Price ($/Sq. Mtr)	0.53	0.56	0.58	0.61	0.64	0.68	5.0
Tanned Leather							
Volume (Million Sq. Mtr)	20.0	21.4	22.9	24.5	26.2	28.1	7.0
Value ($ Million)	250.0	280.9	315.6	354.5	398.3	447.5	12.4
Price ($/Sq. Mtr)	12.5	13.1	13.8	14.5	15.2	16.0	5.0
Carpets							
Volume (Million Sq. Mtr)	2.7	2.8	2.9	3.0	3.1	3.2	3.5
Value ($ Million)	210.6	226.7	244.0	262.7	282.7	303.7	7.6
Price ($/Sq. Mtr.)	78.0	81.1	84.4	87.7	91.2	94.9	4.0
Readymade Garments							
Volume (Million Dozens)	16.0	19.2	23.0	27.6	33.2	39.8	20.0
Value ($ Million)	352.0	445.6	564.2	714.2	904.2	1144.8	26.6
Price ($/Dozen)	22.0	23.2	24.5	25.8	27.3	28.8	5.5
Textile Madeups							
Value ($ Million)	285.0	356.3	445.3	556.6	695.8	869.8	25.0
Towels							
Volume (Million Kgs)	17.3	19.4	21.7	24.3	27.2	30.5	12.0
Value ($ Million)	65.7	76.6	89.2	103.9	121.0	141.0	16.5
Price ($/Kg.)	3.8	4.0	4.1	4.3	4.4	4.6	4.0

	1987-88 (Benchmark)	1988-89	1989-90	1990-91	1991-92	1992-93	Growth Rate (% p.a.)
Fish & Fish Preps.							
Volume (000 MT)	40.0	44.4	49.3	54.7	60.7	67.4	11.0
Value ($ Million)	120.0	139.9	163.0	190.0	221.4	258.1	16.6
Price ($/MT)	3.0	3.2	3.3	3.5	3.6	3.8	4.8
Surgical Instruments							
Value ($ Million)	70.0	80.5	92.6	106.5	122.4	140.8	15.0
Sports Goods							
Value ($ Million)	80.0	89.6	100.4	112.4	125.9	141.0	12.0
Others							
Value ($ Million)	837.6	969.4	1102.7	1232.7	1375.6	1473.3	12.0
TOTAL EXPORTS (C&F)	4292.4	4833.2	5442.2	6128.0	6900.1	7769.5	12.6
TOTAL EXPORTS (FOB)	4200.0	4729.2	5325.1	5996.0	6751.5	7602.2	12.6

Table 9.10

SEVENTH PLAN IMPORT PROJECTION

(Current million $)

	1987-88 (Benchmark)	1988-89	1989-90	1990-91	1991-92	1992-93	Growth Rate (% p.a.)
Tea							
Volume (000 MT)	89.7	91.5	93.3	95.2	97.1	99.0	2.0
Value ($ Million)	134.6	142.7	151.4	160.6	170.4	180.7	6.1
Price ($/MT)	1500.0	1560.0	1622.4	1687.3	1754.8	1825.0	4.0
Edible Oils							
Volume (000 MT)	800.0	840.0	882.0	926.1	972.4	1021.0	5.0
Value ($ Million)	280.0	311.6	346.9	386.1	429.7	478.2	11.3
Price ($/MT)	350.0	371.0	393.3	416.9	441.9	468.4	6.0
Fertilizer							
Volume (000 MT)	1150.0	1253.5	1366.3	1489.3	1623.3	1769.4	9.0
Value ($ Million)	207.0	239.2	276.3	319.3	368.9	426.2	15.5
Price ($/MT)	180.0	190.8	202.2	214.4	227.2	240.9	6.0
Crude Oil							
Volume (000 MT)	3480.0	3340.0	3250.0	3820.0	3850.0	4320.0	4.4
Value ($ Million)	462.8	466.9	477.8	589.0	629.1	738.7	9.8
Price ($/MT)	133.0	139.8	147.0	154.2	163.4	171.0	5.2
POL Products							
Volume (000 MT)	3870.0	4140.0	5360.0	5080.0	6360.0	6330.0	10.3
Value ($ Million)	531.0	602.0	779.9	784.9	982.0	1019.1	13.9
Price ($/MT)	137.2	145.4	145.5	154.5	154.4	161.0	3.3
Chemicals							
Value ($ Million)	475.0	498.8	523.7	549.9	577.4	606.2	5.0
Drugs & Medicines							
Value ($ Million)	120.0	127.2	134.8	142.9	151.5	160.6	6.0
Capital Goods							
Value ($ Million)	2100.0	2289.0	2495.0	2719.6	2964.3	3231.1	9.0
Others							
Value ($ Million)	2764.6	2963.6	3066.5	3260.3	3352.2	3554.7	5.2
TOTAL IMPORTS (C&F)	7075.0	7641.0	8252.3	8912.5	9625.5	10395.5	8.0
TOTAL IMPORTS (FOB)	6500.0	7020.0	7581.6	8188.1	8843.2	9550.6	8.0

Table 9.11

SEVENTH PLAN BALANCE OF PAYMENTS

(Current million $)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
TRADE BALANCE	-2300.0	-2290.8	-2256.5	-2192.1	-2091.7	-1948.4
Exports (fob)	4200.0	4729.2	5325.1	5996.0	6751.5	7602.2
Imports (fob)	-6500.0	-7020.0	-7581.6	-8188.1	-8843.2	-9550.6
INVISIBLES (NET)	1152.6	1119.5	1071.1	991.9	878.8	714.3
Net Non-Factor Income	-299.4	-310.3	-261.8	-286.5	-325.8	-400.0
Receipts	900.0	958.0	1055.2	1117.7	1203.0	1264.0
Payments	-1199.4	-1268.3	-1317.0	-1404.2	-1528.8	-1664.0
Net Factor Income	1247.0	1234.1	1147.5	1098.3	1027.3	931.4
Receipts	2128.0	2131.8	2135.8	2139.9	2144.1	2148.4
Inv Income	128.0	131.8	135.8	139.9	144.1	148.4
Remittances	2000.0	2000.0	2000.0	2000.0	2000.0	2000.0
Payments	-881.0	-894.2	-984.1	-1036.7	-1111.0	-1210.2
Interest	-543.0	-541.0	-615.0	-651.0	-708.0	-789.0
MLT Interest	-429.0	-450.0	-523.0	-569.0	-634.0	-719.0
IMF Interest	-62.0	-42.0	-24.0	-12.0	-5.0	-1.0
ST Interest	-52.0	-49.0	-68.0	-70.0	-69.0	-69.0
Other Payments	-338.0	-353.2	-369.1	-385.7	-403.0	-421.2
Interest on Gap	0.0	-3.5	-4.2	-4.9	-5.8	-6.8
Net Unrequited Transfers	205.0	195.7	185.4	180.1	177.4	182.9
CURRENT ACCOUNT BALANCE	-1147.4	-1171.3	-1185.4	-1200.2	-1212.8	-1234.1
NET LONG TERM CAPITAL	903.0	1276.0	1386.0	1383.0	1504.0	1510.0
Gross Disbursment	1572.0	1920.0	2045.0	1971.0	2098.0	2137.0
Project Aid	1034.0	1242.0	1450.0	1435.0	1600.0	1645.0
Commodity Aid	171.0	218.0	365.0	326.0	308.0	302.0
Food Aid	177.0	290.0	80.0	80.0	80.0	80.0
Refugee Asst	190.0	170.0	150.0	130.0	110.0	110.0
Amortization	-754.0	-744.0	-769.0	-698.0	-714.0	-747.0
Pvt LT Cap (net)	85.0	100.0	110.0	110.0	120.0	120.0
GAP TO FILL	77.0	0.0	0.0	0.0	0.0	0.0
ADDL M&LT (ODA)	0.0	0.0	0.0	0.0	0.0	0.0
Disbursement	0.0	0.0	0.0	0.0	0.0	0.0
Amortization						
MEDIUM-TERM	77.0	0.0	0.0	0.0	0.0	0.0
Disbursement	77.0	10.0	12.0	14.4	17.3	20.2
Amortization	0.0	-10.0	-12.0	-14.4	-17.3	-20.2
BASIC BALANCE	-167.4	104.7	200.6	182.8	291.2	275.9
OFF ASST & DEBT RELIEF	219.0	187.6	166.2	164.8	138.5	132.1
Debt Relief	9.0	9.0	9.0	9.0	9.0	9.0
Net ST Capital	110.0	108.6	107.2	105.8	104.5	103.1
Disbursement	320.0	315.9	311.8	307.8	303.9	300.0
- Amortization	-210.0	-207.3	-204.6	-202.0	-199.4	-196.9

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
F.E.B.C.	100.0	70.0	50.0	50.0	25.0	20.0
OVERALL BALANCE	51.6	292.3	366.8	347.6	429.7	408.0
NET FOREIGN ASSETS						
(- = increase)	-51.6	-292.3	-366.8	-347.6	-429.7	-408.0
Net IMF	-318.0	-228.0	-168.0	-115.0	-72.0	-32.0
Repayments (Zakat Deposits)	-90.0	-40.0	0.0	0.0	0.0	0.0
FCA (net)	0.0	0.0	0.0	0.0	0.0	0.0
Net Change in Reserves (-=increase)	356.4	-24.3	-198.8	-232.6	-357.7	-376.0
MEMO:						
Gross Reserves Level ($ Mill)	546.0	570.3	769.1	1001.7	1358.4	1735.4
Reserves as weeks of imports	4.4	4.2	5.3	6.4	8.0	9.4
CAD/GNP(mp) [Con. Prices] *	-2.9	-2.6	-2.4	-2.2	-2.1	-1.9
CAD/GNP(mp) [Cur. Prices] *	-2.9	-2.6	-2.4	-2.2	-2.0	-1.8

Table 10.1

SIXTH PLAN PRIVATE INVESTMENT

(At Current billion Rs)

Sector	1982-83	1987-88 (Revised)	Total Sixth Plan	Annual Growth Rate(%)
1. Agriculture	5.49	8.66	37.09	9.5
2. Manufacturing	5.41	14.74	56.06	22.2
Large Scale	(4.07)	(12.20)	(46.55)	(24.5)
Small Scale	(1.34)	(2.54)	(9.51)	(13.6)
3. Transport & Communications	1.94	5.52	19.72	23.3
4. Ownership of Dwellings	5.90	9.44	38.57	9.9
5. Services/Others	3.00	4.47	18.23	8.3
TOTAL:	21.74	42.83	169.67	14.5

Table 10.2

PRIVATE INVESTMENT

(Billion Rupees at 1987-88 prices)

Sector	Sixth Plan Actual	Seventh Plan Targets	Relative Share Sixth Plan	Relative Share Seventh Plan
1. Agriculture	41.9	50.4	22.0	17.2
2. Manufacturing	62.5	87.5	32.9	29.9
Large Scale	(51.9)	(65.8)	(27.3)	(22.5)
Small Scale	(10.7)	(21.7)	(5.6)	(7.4)
3. Energy	-	32.2 *	-	11.0
4. Transport & Communications	21.9	33.7	11.5	11.5
5. Ownership of Dwellings	43.4	63.7	22.8	21.8
6. Services/Others	20.5	25.0	10.8	8.6
TOTAL:	190.2	292.4	100.0	100.0

* Excludes Rs 0.3 billion allocated to public sector oil refinery

Table 10.3

SEVENTH PLAN PRIVATE INVESTMENT PROJECTIONS

(At 1987-88 billion Rs)

Sector	1982-83	1987-88	1992-93	Annual Growth Rate Sixth Plan	Annual Growth Rate Seventh Plan
1. Agriculture	7.4	8.7	10.6	3.2	4.0
2. Manufacturing	7.3	14.7	20.2	15.1	6.5
Large Scale	(5.5)	(12.2)	(14.2)	(17.4)	(3.1)
Small Scale	(1.8)	(2.5)	(6.0)	(7.0)	(18.8)
3. Energy	-	-	11.4	-	-
4. Transport & Communications	2.6	5.5	8.1	16.2	8.0
5. Ownership of Dwellings	8.0	9.4	15.2	3.5	9.9
6. Services/Others	4.0	4.5	5.2	2.0	3.0
TOTAL:	29.3	42.8	70.6	7.9	10.5

Table 10.4

SEVENTH PLAN PRIVATE INVESTMENT PROJECTIONS

(At Current billion Rs)

Sector	1987-88	1992-93	Total Seventh Plan	Annual Growth Rate (%)
1. Agriculture	8.7	12.0	56.1	6.7
2. Manufacturing	14.7	23.0	97.5	9.3
Large Scale	(12.2)	(16.1)	(73.3)	(5.7)
Small Scale	(2.5)	(6.8)	(24.2)	(21.8)
3. Energy	-	12.9	36.2	-
4. Transport & Communications	5.5	9.2	37.6	10.8
5. Ownership of Dwellings	9.4	17.2	71.1	12.8
6. Services/ Others	4.5	5.9	27.8	5.7
TOTAL:	42.8	80.2	326.3	13.4

Table 10.5

FINANCING OF SEVENTH PLAN PRIVATE INVESTMENT

(At 1987-88 billion Rs)

Sector	Total Investment	Foreign Loan / Equity	Domestic Resources Total	Domestic Resources Institutional Credit	Domestic Resources Non-Inst./ Corporate/ Household Savings
1. Agriculture	50.4	5.0	45.3	17.6	27.7
2. Manufacturing	87.5	25.7	61.8	43.3	18.5
Large Scale	(65.8)	(23.0)	(42.8)	(30.0)	(12.8)
Small Scale	(21.7)	(2.7)	(19.0)	(13.3)	(5.7)
3. Energy	32.2	29.0	3.2	3.2	-
4. Transport and Communications	33.7	1.7	32.0	4.1	28.0
5. Ownership of Dwellings	63.7	0.5	63.2	20.9	42.4
6. Services/Others	25.0	1.0	24.0	2.0	22.0
TOTAL:	292.4	62.9	229.5	91.0	138.5
As percent of Total	100.0	21.5	78.5	31.1	47.4

Table 14.1

CHANGE IN PER CAPITA AVAILABILITY OF ESSENTIAL COMMODITIES

(Kg /year)

	1982-83	1987-88 (Bench-mark)	1992-93 (Target)	% change 1987-88/ 1982-83	% change 1992-93/ 1987-88
1.Cereals	152.2	147.0	156.9	-3.4	6.7
i) Wheat	116.0	117.6	122.6	1.4	4.2
ii) Rice	22.5	18.3	21.3	-18.8	16.6
iii) Maize	7.8	7.6	8.5	-2.4	11.9
iv) Other grains	5.9	3.6	4.6	-39.4	27.1
2.Pulses	5.8	4.3	5.5	-25.7	27.7
3.Milk & Milk Products	48.3	56.3	62.7	16.7	11.3
4.Fats and Oils	8.6	9.7	11.4	12.4	17.5
5.Meat, fish and poultry	14.3	16.7	18.4	16.8	9.9
i) Beef	5.2	5.80	6.1	11.1	4.3
ii) Mutton	4.6	5.6	6.3	21.7	13.8
iii) Poultry meat	0.8	1.4	1.7	63.1	24.1
iv) Fish	3.7	4.0	4.3	8.2	7.8
6.Poultry Eggs	36.0	57.0	73.0	58.3	28.1
(kg)	(1.872)	(2.964)	(3.796)		
7.Fruits & Vegetables	66.1	67.4	77.0	1.2	14.3
i) Fruits	35.5	34.3	41.9	-3.3	21.9
ii) Vegetables	30.6	33.0	35.1	7.9	6.4
8.Sugar	28.9	34.2	30.3	18.5	-11.2
i) Refined	12.7	21.7	20.4	71.1	-5.6
ii) Raw	16.2	12.5	9.9	-22.6	-20.9
9.Tea	0.9	0.9	0.8	-3.3	-4.6
Average (9 items)				-4.0	7.6
10.Cotton cloth(Sq.M/year)	11.3	12.3	17.1	8.6	-39.0

Table 14.2

PRIVATE CONSUMPTION EXPENDITURE
(At 1987-88 Billion Rupees)

	1987-88	1992-93	Relative Share 1987-88	Relative Share 1992-93
1. Food, Beverage and Tobacco	236.17	295.41	44.88	42.10
Cereals	53.56	63.33	10.18	9.02
Pulses	8.67	10.34	1.65	1.47
Milk & Milk Products	56.87	73.42	10.80	10.46
Fat and Oil	15.05	19.36	2.86	2.78
Meat, Fish & Poultry	25.00	32.91	4.75	4.69
Fruits & Vegetables	22.95	29.59	4.36	4.21
Gur, Sugar etc.	17.34	20.43	3.30	2.91
Tobacco Products	9.44	10.97	1.79	1.56
Others	27.29	35.06	5.19	5.00
2. Apparel, Textile & Footwear	37.49	55.85	7.12	7.95
Textile	20.91	33.24	3.97	4.73
Others	16.58	22.61	3.15	3.22
3. Transport & Communication	24.23	34.46	4.60	4.91
4. Housing	95.02	125.24	18.06	17.85
Rent	56.31	72.90	10.70	10.39
Fuel and Lighting	28.31	38.12	5.38	5.43
Others	10.40	14.22	1.98	2.03
5. Others	133.36	190.78	25.34	27.19
Total	526.27	701.74	100.00	100.00

Table 14.3

PER CAPITA AVAILABILITY OF ESSENTIAL COMMODITIES

(Per Year)

	1982-83			1987-88 (Benchmark)			1992-93 (Target)		
	Quantity (Kg)	Protein (gm)	Calories (Kg)	Quantity (gm)	Protein (Kg)	Calories (gm)	Quantity	Protein	Calories
1.Cereals	152	15,167	539,588	147	14,778	521,198	157	15,707	556,362
Wheat	116.00	12,180	410,640	118	12,347	416,269	123	12,871	433,933
Rice	22.49	1,687	79,390	18	1,370	64,493	21	1,598	75,224
Maize	7.78	739	28,164	8	721	27,476	8	806	30,734
Other grains	5.91	561	21,394	4	340	12,960	5	432	16,471
2.Pulses	5.83	1,224	20,930	4	909	15,545	6	1,161	19,853
3.Suger	28.83	-	106,671	34	-	127,730	30	-	113,813
Refined	12.65	-	48,955	22	-	83,785	20	-	79,064
Raw	16.18	-	56,792	13	-	43,945	9.90	-	34,749
4.Vegetable ghee	8.60	-	77,400	10	-	87,030	11	-	102,240
5.Milk	48.27	1,861	38,616	56	2,172	45,064	62.69	2,417	50,152
6.Meat	10.63	1,913	21,260	13	2,291	25,460	14	2,534	28,160
7.Poultry eggs	1.87	239	2,973	3	379	4,713	4	486	6,036
Numbers	(36)	(57)	(73)						
8.Fish	3.66	695	5,453	4	752	5,900	4	811	6,362
9.Vegetables	30.60	428	15,300	33	462	16,510	35	492	15,760
10.Fruit	35.50	213	24,850	34	206	24,031	42	251	29,302
11.Tea	0.90	193	2,639	1	184	2,523	1	176	2,407
Total	326.87	21,933	855,680	339.40	22,133	875,704	366.80	24,035	930,447
Per day	0.89	60.10	2,344	1	61	2,399	1.00	66	2,549

Table 14.4

REQUIREMENT AND AVAILABILITY OF CEREALS

(000 Metric Tons)

	1982-83	1987-88 (Bench-mark)	1992-93 (Target)
A.WHEAT (MAY-APRIL)			
-Opening stocks	830	2,525	2,900
-Production *	12,415	12,926	16,380
-Deduction for seed, feed and wastage @ 10%	1,241	1,293	1,638
-Imports	396	-	-
-Government Procurement	3,131	-	-
-Off-take from Govt. stocks	3,115	-	-
-Closing stocks	2,062	2,100	3,000
-Available with private sector	-	-	
-Total domestic consumption	10,338	12,058	14,642
-Population (Million)	89	103	119
-Per capita availability (Kg per year)	116.0	118	123
-Per capita availability (gms per day)	318	322	336
B. RICE (July-June)			
-Opening stocks	596	952	952
-Local Production	3,445	3,270	4,220
-Deduction for feed and wastage @ 10%	207	196	253
-Exports/procurement by the Government for export	905	1,200	1,421
-Closing stocks	925	952	952
-Net availability	2,004	1,874	2,546
-Per capita availability (Kg per year)	22	18	21
-Per capita availability (gms per day)	62	50.00	58.40
C. MAIZE			
-Production	1,005	1,128	1,470
-Deduction for seed, feed and wastage @ 31%	312	350	456
-Net availability	693	778	1,014
-Per capita availability (Kg per year)	8	8	8
D. OTHER GRAINS			
-Production	627	437	648
-Deduction for seed, feed and wastage @ 31%	100	70	104
-Net availability	527	367	544
-Per capita availability (Kg per year)	6	4	5

* A one-year lag has been taken between production and consumption

Table 14.5

REQUIREMENT AND AVAILABILITY OF PULSES

(000 Tonnes)

	1982-83	1987-88 (Bench mark)	1992-93 (Target)
1. PRODUCTION			
-Gram *	491	367	695
-Other pulses	203	215	205
2. DEDUCTION OF SEED, FEED AND WASTAGE			
-Gram @ 31%	152	114	215
-Other pulses @ 11%	22	24	23
-Net availability of gram and other pulses	520	444	662
-Per capita availability (Kgs per year)	5.83	4.33	5.54

* A one-year lag has been taken between productionand consumption

Table 14.6

REQUIREMENT AND AVAILABILITY OF VEGETABLE GHEE AND EDIBLE OILS (July-June)

(000 Tonnes)

	1982-83	1987-88 (Bench mark)	1992-93 (Target)
A. EDIBLE OIL AVAILABILITY			
-Opening stocks	-	-	-
-Local production (Net)	243	347	542
From cotton seed	168	260	362
From other seeds	75	87	180
-Imports	656	800	1021
-Total availability	899	1147	1563
B. USES			
-Industrial use	90	115	156
-Other non-consumption uses	37	40	50
-Net available for consumption as ghee and oil	772	992	1357
-Per capita availability (Kgs per	8.60	9.67	11.36

Table 14.7

REQUIREMENT AND AVAILABILITY OF SUGAR

(December-November)

(000 Tonnes)

	1982-83	1987-88 (Bench-mark)	1992-93 (Target)
A. SUGARCANE			
-Production	32,534	33,500	40,320
-Deduction for seed, feed and wastage @10%	3,253	3,350	4,032
-Crushed	13,259	15,882	22,824
-Available for raw sugar Production	16,022	14,268	13,138
B. REFINED SUGAR			
-Opening stocks		270	-
-Local production	1,127	1,700	2,150
-Imports	-	250	290
-Closing stocks	-	-	-
-Net availability	1,127	2,220	2,440
-Per capita availability (Kgs per year)	13	22	20
C. RAW SUGAR			
-Production @ 10% recovery	1,602	1,427	1,314
-Deduction for animal feed 10%	160	143	131
-Net availability	1,442	1,284	1,183
-Per capita availability (Kgs per year)	16.18	12.52	9.90
D. Total per capita availability (Refined + Raw sugar) (Kgs per year)	28.83	34.17	30.33

Table 14.8

REQUIREMENT AND AVAILABILITY OF MEAT AND MEAT PRODUCTS

	Unit	1982-83	1987-88 (Bench mark)	1992-93 (Target)
A. MEAT				
1. Beef				
-Production	000 MT	464	595	723
-Per capita availability	Kgs per year	5.22	5.80	6.05
2. Mutton				
-Production	000 MT	408	570	756
-Per capita availability	Kgs per year	5	6	6
3. Poultry Meat				
-Production	000 MT	75	140	203
-Per capita availability	Kgs per year	1	1	2
4. Total Meat				
-Production	000 MT	947	1,305	1,682
-Per capita availability	Kgs per year	11	13	14
B. FISH				
-Production	000 MT	343	448	570
-Export	000 MT	17	42	60
-Net availability	000 MT	326	406	510
-Per capita availability	Kgs per year	4	4	4
C. EGGS				
-Total production	Mln Nos	3,200	5,900	8,670
-Per capita availability	No. per year	36	57	73

Table 14.9

REQUIREMENT AND AVAILABILITY OF LIQUID MILK

(000 Tonnes)

	1982-83	1987-88 (Bench-mark)	1992-93 (Target)
1. Production	7,730	10,320	13,323
2. Per capita production (Kgs per year)	87	98	108
3. 55% consumed as milk	4,252	5,676	7,328
4. Dry milk imported and converted into liquid milk *	50	100	160
5. Net availability	4,302	5,776	7,488
6. Per capita availability (Kgs per year)	48	56	63

* One ton of dry milk is equal to 4 tons of liquid milk.

Table 14.10

REQUIREMENT AND AVAILABILITY OF FRUITS AND VEGETABLES

(000 Tonnes)

	1982-83	1987-88 (Bench-mark)	1992-93 (Target)
A. FRUITS			
Total availability	3,170	3,520	5,000
Per capita availability (Kgs per year)	35.50	34.33	41.86
B. VEGETABLES			
Production	2,797	3,620	4,675
Export	70	234	480
Total availability	2,727	3,386	4,195
Per capita availability (Kgs per year)	30.60	33.02	35.1

Table 14.10

REQUIREMENT AND AVAILABILITY OF FRUITS AND VEGETABLES

(000 Tonnes)

	1982-83	1987-88 (Bench-mark)	1992-93 (Target)
A. FRUITS			
Total availability	3,170	3,520	5,000
Per capita availability (Kgs per year)	35.50	34.33	41.86
B. VEGETABLES			
Production	2,797	3,620	4,675
Export	70	234	480
Total availability	2,727	3,386	4,195
Per capita availability (Kgs per year)	30.60	33.02	35.12

Table 14.11

REQUIREMENT AND AVAILABILITY OF TEA

(July-June)

(Million Kg)

	1982-83	1987-88 (Bench-mark)	1992-93 (Target)
1.Imports	81.20	89.70	99.00
2 Per capita availability (Kg per year)	0.90	0.87	0.83

Table 14.12

REQUIREMENT AND AVAILABILITY OF COTTON CLOTH

(Million Sq Meters)

	1982-83	1987-88 (Bench-mark)	1992-93 (Target)
1.Production	N.A.	2033	3050
2 Export	N.A.	775	1012
3 Total Availability	N.A.	1258	2038
4 Per capita availability (Sq meter/year)	11.3	12.27	17.06

Table 14.12

REQUIREMENT AND AVAILABILITY OF COTTON CLOTH

(Million Sq Meters)

	1982-83	1987-88 (Bench-mark)	1992-93 (Target)
1.Production	N.A.	2,033	3,050
2.Export	N.A.	775	1,012
3.Total Availability	N.A.	1,258	2,038
4.Per capita availability (Sq meter/year)	11	12	17

Table 16.1

FINANCIAL ALLOCATION FOR RURAL DEVELOPMENT DURING SEVENTH PLAN (1988-93)

(Rs Million)

Sector/Sub-Sector	Reflected in Sector	1988-89	1989-90	1990-91	1991-92	1992-93	TOTAL
Rural Education (Development Expenditure)	EDUCATION	1,670	1,690	1,380	1,360	1,170	7,270
Rural Health	HEALTH	1,367	1,337	1,047	957	947	5,655
Rural Water Supply and Sanitation	PP&H	980	1,070	1,350	1,480	1,620	6,500
Rural Roads.	RURAL DEV.	780	790	780	780	780	3,910
Village Electrification	ENERGY	1,388	1,966	2,284	2,220	2,228	10,086
Anti Water Logging & Salinity-Accelerated Prog.	WATER	1,933	2,457	2,536	2,648	3,020	12,594
Seven Marla Scheme	PP&H	320	350	400	440	490	2,000
Mass Literacy Scheme	EDUCATION	60	60	60	60	60	300
Multi Purpose Local Development Scheme	T&C and RD	40	40	40	40	40	200
Development of Model Villages	RURAL DEVELOPMENT	23	71	71	71	74	310
Rural Industrialisation & Employment Generation	INDUSTRY	60	60	60	60	60	300
Rural Development Line Department	RD, PP&H, ENERGY	648	710	782	923	1,134	4,197
Food and Agriculture	AGRI	---	---	---	---	---	12,310
Subsidy on Fertilizer	AGRI	---	---	---	---	---	3,274
Water Resources (Other than Accelerated Programme for Anti Water Logging and Salinity)	WATER	2,956	3,291	3,413	3,455	2,722	15,836
Other programme (Women's welfare in rural areas, T&T services & etc.)							1,316
TOTAL							86,058
Recurring expenditure on education							26,186
GRAND TOTAL							112,244

Table 16.2

PHYSICAL TARGETS OF SEVENTH PLANFOR SELECTED SECTORS OF RURAL DEVELOPMENT

Sector	Unit	1988-89	1989-90	1990-91	1991-92	1992-93	Total
1. RURAL EDUCATION							
i) Mosque Schools	Nos	4,000	4,000	4,000	4,000	4,000	20,000
ii) Primary Schools	Nos	5,000	5,000	5,500	6,000	5,113	26,613
iii) Upgradation from							
Primary to Middle	Nos	732	775	600	400	300	2,807
Middle to High	Nos	533	551	200	200	200	1,684
2. RURAL HEALTH							
i) Basic Health Units	Nos	398	336	375	352	452	1,913
ii) Rural Health Centres	Nos	28	27	27	25	26	133
3. RURAL ROADS							
i) Construction of Rural/ Farm to Market Roads	Km	1,510	1,520	1,806	1,824	1,840	8,500
4. RURAL WATER SUPPLY AND SANITATION							
i) Rural Water Supply served in	Addl. Pop served in	5	5	7	7	8	31
ii) Rural Sanitation	Millions	3	3	4	4	4	17
5. VILLAGE ELECTRIFICATION	Nos	1,718	2,242	2,242	2,067	2,067	10,336
6. ANTI-WATER LOGGING AND SALINITY							
i) New Area Protected	M.A						3
ii) Remodelling of surface drains.	Km						309
iii) New Surface Drains	Km						3,640
iv) Tile Drains	Acres						295,799
v) Tubewells	Nos						2,951
vi) Water Availability	MAF	--	--	--	--	--	125

Table 16.3

TARGETS FOR SEVENTH PLAN

(Rs Million)

	Total Cost	Bench mark 1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	Total
1. FEDERAL								
a. Ministry of LGRD (Ongoing & new schemes)	294.50	2.61	9.80	9.03	5.27	52.40	192.00	268.50
b. Ministry of Interior (Ongoing & new schemes)	124.91	0.85	12.80	17.52	20.70	35.80	27.33	114.15
2. PROVINCIAL								
c. Punjab		234.59	257.51	284.40	310.87	342.67	376.31	1571.76
d. Sind		68.81	75.45	80.66	94.26	103.69	113.11	467.17
e. NWFP		117.83	129.61	142.35	156.50	172.50	189.02	789.98
f. Baluchistan		88.36	96.62	103.26	114.06	127.14	141.34	582.42
3. SPECIAL AREAS								
g. NA, FATA, AJK (Block allocaton)		61.13	65.98	73.05	80.12	87.19	97.26	403.60
Total		574.18	647.77	710.27	781.78	921.39	1136.37	4197.58

Table 18.1

SECTOR-WISE ANNUAL DEVELOPMENT PROGRAMME ALLOCATIONS AND UTILIZATIONS DURING THE SIXTH PLAN FOR NWFP

(Rs Million)

Sector	Allocation	Utilization	% Utilization
1. Agriculture	561	566	101
2. Industry	220	199	90
3. Minerals	190	184	97
4. Power	974	901	93
5. Water	28	26	93
6. Transport & Communiction	1,099	1,081	98
7. Physical Planning & Housing	1,548	1,541	100
8. Rural Development	645	626	97
9. Education and Training	1,845	1,889	102
10. Health and Nutrition	1,232	1,231	100
11. Culture, Sports & Tourism	4	2	50
12. Manpower Employment	22	22	100
13. Social Welfare	60	55	92
14. Miscellaneous	20	11	55
Total	8,448	8,334	99

Table 18.2

SEVENTH FIVE YEAR ALLOCATIONS - NWFP

(Rs Million)

Sector	Allocation
A. NORMAL PROGRAMME	
1. Agriculture	1,045
2. Industry	289
3. Minerals	305
4. Power	144
5. Water	1,569
6. Transport & Communiction	1,607
7. Physical Planning & Housing	2,952
8. Rural Roads	563
9. Education and Training	2,508
10. Health and Nutrition	1,752
11. Culture, Sports & Tourism	77
12. Manpower Employment	137
13. Social Welfare	89
14. Research, Statistics and Planning	77
B. SPECIAL DEVELOPMENT PROGRAMME	4,274
Total	17,388

Table 18.3

PHYSICAL TARGETS - NWFP (1988-93)

Programmes	Number
A. PRIMARY EDUCATION	
1. Opening of new Mosque Schools	2,000
2. Opening of new rural Primary schools (including 5000 private schools)	3,600
3. Opening of new urban schools including 1000 private schools	104
4. Reconstruction of buildings of existing dilapidated schools/shelterless schools.	800
5. Addition of class rooms in existing schools.	2,000
6. Consolidation and improvement of existing Primary Schools	4,700
B. SECONDARY EDUCATION	
7. Upgradation of primary schools	780
8. Consolidation and improvement of middle schools	520
9. Construction of building of middle and high schools.	6
10. Addition of class rooms in middle schools.	250
11. Introduction of Agro. Tech. in high schools.	150
12. Upgradation of middle schools to high level.	410
13. Establishment of new high schools.	16
14. Addition of classes XI-XII in high schools	8
15. Consolidation & improvement of existing high schools.	230
16. Addition of class rooms in high schools.	125
17. Upgradation of existing high schools to model schools at District Headquarter.	6

Table 22.1

PRODUCTION OF CROPS AND LIVESTOCK PRODUCTS DURING THE SIXTH PLAN

(000 tonnes)

	Estimated Achievements					Sixth Plan Target 1983-88	% Achievement
	1983-84	1984-85	1985-86	1986-87	1987-88		
Foodgrain							
Wheat	10,882	11,703	13,914	12,900	12,600	15,500	81
Rice	3,340	3,315	2,919	3,562	3,300	4,200	79
Basmati	965	958	883	791	904		
Irri	2,375	2,357	2,036	2,771	2,396		
Maize	1,014	1,028	1,010	1,110	1,156	1,380	84
Others	618	646	611	589	447	715	63
Cash Crops							
Cotton (Lint)	(2.9)	(5.9)	(7.2)	(7.64)	(8.9)	(6.072)	147
Sugarcane	34,287	32,140	27,856	30,000	31,239	40,935	76
Tobacco	80	87	78	78	69	100	69
Pulses							
Gram	522	524	586	584	367	582	63
Other	188	202	210	210	241	213	113
Oilseeds							
ii)Traditional							
Cottonseed	987	2,008	2,451	2,600	3,030	2,066	147
Rape & Mustard	217.0	234.8	247.2	216.9	213.0	437	69
Other	96.8	82.6	77.9	79.0	87.4		
ii) Non-Traditional	11.3	12.7	26.0	44.5	60.0	350	17
Sunflower	6.8	7.8	25.3	37.8	52.0		
Safflower	3.1	3.1	0.6	1.7	6.0		
Soyabean	1.4	1.8	0.1	5.0	2.0		
Vegetables							
Potato	510	543	606	599	620	850	73
Onion	503	515	525	571.4	550	800	69
Other Vegetables	2,014	2,002	2,052	2,103	2,458	3,455	71
Fruits	3,269	3,444	3,609	3,640	3,758	3,585	106
LIVESTOCK							
Meat Production	1,010	1,079	1,153	1,057	1,299	1,305	100
Milk Production	10,242	10,856	11,500	12,200	12,897	12,900	100
Eggs Production (Million Nos.)	3,619	4,093	4,630	4,954	4,140	5,900	70

Figures in parentheses indicate cotton production in million balesof 375 lbs each..

Table 22.2

FINANCIAL ALLOCATION

(Rs. Million)

Sub-sector	6th Plan Allocation	6th Plan Utilization	6th Plan % Utilization	7th Plan Allocation On-going Projects	7th Plan Allocation New Projects	7th Plan Allocation Total	Percent share in sectoral Total
1.	2	3	4	5	6	7	8
Government Storages	3650	895	24	133	327	460	3.7
Agriculture Education	325	458	141	443	150	593	4.8
Agriculture Extension	600	1091	182	1337	88	1425	11.6
Oilseed Maximization	400	46	12	43	528	571	4.6
Agriculture Research	1560	1726	111	695	744	1439	11.7
Agriculture Marketing	43	7	15	52	48	100	0.8
Cooperatives	64	37	58	3	37	40	0.3
Agriculture Economics and Statistics	51	194	380	132	50	182	1.5
Improved Seed	477	224	47	44	57	101	0.8
Horticulture	-	-	-	-	400	400	3.3
Soils Fertilizer & Gypsum Promotion	148	75	51	163	50	213	1.7
Plant Protection	100	40	40	6	16	22	0.2
Agriculture Mechanization	545	213	39	81	238	319	2.6
Soil Conservation	401	137	34	77	100	177	1.4
Livestock & Poultry development	1145	808	70	583	554	1137	9.2
Forestry and Wildlife	1145	641	56	769	681	1450	11.8
Watershed, Arid zone & Riverian Areas	182	99	54	250	171	421	3.4
Barani Areas	-	-	-	-	450	450	3.7
Range Management	44	33	75	6	50	56	0.5
Fisheries	759	422	56	600	300	900	7.3
Miscellaneous	-	41	-	-	-	-	-
Special Areas	460	734	159	490	100	590	4.8
Public Corporation	-	-	-	-	264	264	2.2
Block allocation for implementing NCA'S recommendations	-	-	-	-	1000	1000	8.1
Agriculture	12100	7920	65	5907	6403	12310 *	100
Subsidy on Fertilizer	3000	9169	306	-	-	3330	-

The Sixth Plan allocation and Utilisation are at current prices as against the Seventh Plan allocations which are at 1987-88 prices

TABLE 22.3

ACTUAL AND PROJECTED TARGETS FOR CROPS PRODUCTION

(000 Tonnes)

Crops/Items	1982-83 Actual	1987-88 Estimates	Benchmark 7th Plan 1987-88	1992-93 Targets	Annual Growth Rates	
					6th Plan	7th Plan*
GRAINS	17491	17829	18380	22770	0.4	4.4
Wheat	12414	12926	13500	16380	0.8	3.9
Rice	3445	3300	3290	4220	-0.9	5.1
Basmati	1010	904	840	1290	-2.2	9.0
Others	2435	2396	2450	2930	-0.3	3.6
Maize	1005	1156	1100	1470	2.8	6.0
Others	627	447	490	700	-6.5	7.4
CASH CROPS	33422	32823	33630	42063	-0.4	4.6
Cotton (Lint)	823	1515	1310	1650	13.0	4.7
(Million Bales)	4843	8900	7700	9700		
Sugarcane	32534	31239	32240	40320	-0.8	4.6
Tobacco	65	69	80	93	1.2	3.1
OILSEEDS	2006	3394	2965	3806	11.1	5.1
Cottonseed	1648	3030	2540	3040	13.0	3.7
Rape & Mustard	246	213	275	340	-2.8	4.3
Other traditional Oilseeds	100	91	90	105	-1.9	3.1
Non-traditional Oilseeds	12	60	60	321	38.0	39.9
PULSES	694	608	740	900	-2.6	4.0
Gram	491	367	550	650	-5.7	3.4
Others	203	241	190	250	3.5	5.6
VEGETABLES	2900	3628	3650	4675	4.6	5.1
Onion	475	550	540	750	3.0	6.8
Potatoes	518	620	570	750	3.7	5.6
Other vegetables	1907	2458	2540	3175	5.2	4.6
FRUITS	3171	3785	3500	5000	3.6	7.4

* over the benchmark

Table 22.4

ACTUAL AND PROJECTED TARGETS FOR OTHER THAN CROP SECTOR

Major Programmes	Unit	1982-83 Actuals	1987-88 Estimates	1992-93 Targets	Annual Growth Rate 1983-88	Annual Growth Rate 1988-93
Fertilizer Offtake	000/N Tonnes	1,244	1,750	2,550	7.1	7.8
Improved seed Distribution	000 Tonnes	70	133	249	13.7	13.4
Operational Tractors (Cumulative)	Numbers	152,668	221,300	297,200	7.7	6.1
Government Storage availability	Mln Tonnes	4.23	5.58	6.02	5.7	1.5
Livestock Products						
i) Meat	000 Tonnes	947	1,299	1,700	6.5	5.5
ii) Milk	000 Tonnes	9,662	12,900	16,470	6.0	5.0
iii) Eggs	Million Nos	3,200	4,140	6,085	5.3	8.0
iv) Hide	Million Nos	5.15	5.66	6.56	1.9	3.0
v) Skin	Million Nos	28.81	34.04	39.46	3.4	3.0
vi) Wool	000 Tonnes	42.7	55.0	61.3	5.2	2.2
Forestry Products	000 cubic mtrs	686	1,055	1,200	9.0	2.6
i) Timber	000 cubic mtrs	(210)	(410)	(455)	(14.3)	(2.1)
ii) Fire wood	000 cubic mtrs	(476)	(645)	(745)	6.3	(2.9)
Fish Production	000 Tonnes	343	425	493	(4.4)	(3.0)
i) Inland	000 Tonnes	(60)	(80)	(90)	(5.9)	(2.4)
ii) Marine	000 Tonnes	(283)	(345)	(403)	(4.0)	(3.2)

Table 23.1

REVIEW OF SIXTH PLAN (1983-88)
PUBLIC SECTOR MANUFACTURING INVESTMENT

(At Current Prices)

(Rs Million)

Sector	Actuals					1987-88	Total	Sixth	%
	1982-83	1983-84	1984-85	1985-86	1986-87	Allocation-	Estimated (1983-88)	Plan Target	Implemen tation
INDUSTRY	5,144	5,700	3,871	4,623	1,712	2,020	17,926	20,500	87
Large Scale	5,177	5,685	3,817	4,566	1,677	1,955	17,700	18,019	98
Small Scale	27	15	54	57	35	65	226	2,481	9

Source: (i) Federal Bureau of Statistics
(ii) Allocation for 1987-88 (Planning Commission)

Table 23.2

REVIEW OF SIXTH PLAN (1983-88)
PRIVATE SECTOR MANUFACTURING INVESTMENT

(At Current Prices)

(Rs Million)

Sector	Actuals 1982-83	1983-84	1984-85	1985-86	1986-87	1987-88 Allocation	Total Estimated (1983-88)	Sixth Plan Target	% Implementation
INDUSTRY	5,410	8,599	11,053	13,912	15,603	14,260	63,427	62,000	102
Large Scale	4,070	6,818	9,099	11,702	13,279	11,790	52,688	51,000	103
Small Scale	1,340	1,781	1,954	2,210	2,324	2,470	10,739	11,000	98

Source:

i) Industrial Commission's Report

ii) Allocation for 1987-88 (Planning Commission)

* The amount of Rs. 63.427 billion is based on draft Industrial Commission Report. The estimates of private investment are higher for all years of Sixth Plan then those of FBS's estimates of Rs. 55.80 billionas contained in Chapter 7 & 8

Table 23.3

REVIEW OF SIXTH PLAN 1983-88)
GROUP-WISE INVESTMENT IN PRIVATE MANUFACTURING
BOTH LARGE SCALE AND SMALL SCALE

(Rs. Million)

Sectors / Sub-Sector	Sixth Plan Invsetment Target	Actual Investment During					Total	Achieve ement of Target (%)
		1983-84	1984-85	1985-86	1986-87	1987-88	1983-88	
Basic Metals & Other Engineering Industries	10,870	1,012	917	1,654	2,079	1,640	7,302	67
Agro Small & Rural Industries	13,400	3,267	4,280	5,217	6,116	5,490	24,370	182
Textiles	12,790	1,847	2,450	2,686	3,733	3,109	13,825	108
Petro-chemicals	5,260	76	4	61	89	57	287	5
Non-Metalic Mineral Products	4,290	820	1,213	1,485	1,202	1,383	6,103	142
Fertilizers	4,100	0	42	4	3	14	63	2
Chemicals & Pharmaceuticals	5,285	640	1,086	1,603	1,258	1,383	5,970	113
Rubber Products & other Misc: Industr	6,005	937	1,061	1,202	1,123	1,184	5,507	92
TOTAL	62,000	8,599	11,053	13,912	15,603	14,260	63,427*	102

Source::
i) Industrial Commission Report (Draft)
ii) Projections for 1987-88 - Planning Commission

* Refer to footnote at SA-23.2

Table 23.4

PUBLIC SECTOR FINANCIAL OUTLAYS BY AGENCIES

(Rs Million)

Executing Agency	Budgetary Allocation	Public Corporations	Total
A FEDERAL	585	6,697	7,282
1. Ministry of Production	157	6,370	6,527
2. Ministry of Industries	123	123	246
3. Ministry of State and Frontier Regions (FATADC)	28	--	28
4. Kashmir Affairs Division (AJKIDC Project NA)	71	--	71
5. Finance Division (P.S.P.C.)	66	127	193
6. Cabinet Division	19	--	19
7. Commerce Division	15	--	15
8. Planning & Development Division	106	--	106
B. PROVINCIAL	236	1,462	1,698
1 Punjab/PIDB Projects	66	849	915
2 Sind	47	94	141
3 NWFP/SDA Projects	82	283	365
4 Baluchistan/BDA Projects	41	236	277
Total Federal and Provincial	821	8,159	8,980

Table 23.5

PROVISIONAL SOURCES OF FINANCING THROUGH GOVERNMENT BUDGET AND PUBLIC CORPORATIONS (1988-93)

(Rs. Million)

Agency	Budgetry Allocation	Public Corporations			
		Total	Bank Credit	Self Financing	Foreign Loan/ Equity
A. Production Division					
1. SEC	117	761	140	223	398
2. FCCCL	35	--	--	--	--
3. NFC	--	2,862	851	1,011	1,000
4. PACO	--	71	47	24	--
5. PASMIC	--	119	28	36	55
6. PIDC	5	--	--	--	--
7. SCCP	--	2,557	437	767	1,353
TOTAL PRODUCTION DIV.	157	6,370	1,503	2,061	2,806
B. Finance Division	66	204	204	--	--
C. Industries Division	123	123	57	66	--
D. State and Frontier Division	28	--	--	--	--
E. Kashmir Affairs & NA Division	71	--	--	--	--
F. Cabinet Division	19	--	--	--	--
G. Commerce Division	15	--	--	--	--
H. Planning & Development Division	106	--	--	--	--
TOTAL FEDERAL	585	6,697	1,764	2,127	2,806
TOTAL PROVINCIAL	236	1,462	330	1,132	--
GRAND TOTAL	821	8,159	2,094	3,259	2,806

Table 23.6

SEVENTH PLAN PRIVATE SECTOR INDUSTRIAL INVESTMENT

(At 1987-88 Prices)

(Rs. Million)

	Large Scale	Small Scale	Total
1987-88 (Benchmark)	12,200	2,540	14,740
1988-89	12,220	2,950	15,170
1989-90	12,660	3,520	16,180
1990-91	13,120	4,200	17,320
1991-92	13,620	5,010	18,630
1992-93	14,190	6,000	20,190
Total (Seventh Plan)	65,810	21,680	87,490
Annual Growth Rate	3.07	18.76	6.49

Table 23.7

INDUSTRIAL PRODUCTION TARGETS

Items	Unit (000)	1987-88 (Estimates)	1992-93 Targets	Annual Growth Rate
1. Billets	Tonnes	280	870	25.5
2. H.R.Sheets/coils	Tonnes	523	600	2.8
3. C.R.Sheet/coils	Tonnes	147	200	6.4
4. Galvanised Sheet	Tonnes	50	100	14.9
5. Pig Iron	Tonnes	1,021	1,230	3.8
6. T.v. Sets	Nos.	300	500	10.8
7. Air Conditioners	Nos.	10	40	33.6
8. Refrigerators	Nos.	35	140	32.0
9. Deepfreezers	Nos.	Na	16,000	--
10. Cars/l.c.v.s/jeeps	Nos.	28	46	10.3
11. Buses/trucks	Nos.	1.82	3.60	14.6
12. Tractors	Nos.	25	38	8.7
13. Bycycles	Nos.	595	830	6.9
14. Motor Tyres	Nos.	520	700	6.1
15. Motor Tubes	Nos.	250	360	7.6
16. Cement	Tonnes	6,800	10,000	8.0
17. Fertilizers (n)				
Nitrogenous	Tonnes	1,430	1,650	2.9
Phosphatic	Tonnes	90	100	2.1
18. Soda Ash	Tonnes	134	176	5.3.
19. Caustic Soda	Tonnes	58	80	6.6
20. Cotton Yarn	Mln Kg	670	995	8.2
21. Cotton Cloth (mill-Sector)	Mln Sqm	243	300	4.3
22. Sugar	Tonnes	1,700	2,150	4.8
23. Vegetable Ghee / Oil	Tonnes	750	1,010	6.1

Source:
a) Federal Bureau of Statistics
b) Expert Working Group Report on Engineering Goods 1988-93
c) PASMIC
d) NFDC

Table 24.1
FINANCIAL ALLOCATIONS (1988-93)

(Rs. Million)

Agency	Budgetary Allocation	Public Corporations	Total Public Sector
A.FEDERAL			
1.Ministry of Petroleum and Natural Resources	2,063	2,880	4,943
2.Ministry of Production	--	245	245
3.Ministry of State and Frontier Regions	37	72	109
4.Ministry of Kashmir Affairs and Northern Areas	41	84	125
5.Planning & Development Division	9	--	9
Sub-Total (Federal)	2,150	3,281	5,431
B.PROVINCIAL			
1.NWFP	462	260	722
2.Sind	98	103	201
3.Baluchistan	359	171	530
4.Punjab	61	75	136
Sub-Total (Provincial)	980	609	1,589
Total (Federal & Provincial)	3,130	3,890	7,020

Table 24.2

PRODUCTION TARGETS

(000 Tonnes)

Items	1987-88 (Estimates)	1992-93 Targets
1. Copper	--	18.6
2. Gold	--	0.02
3. Silver	--	0.02
4. Molybdenum Concentrate	--	0,40
5. Irone Ore	--	800
6. Nephyline Syenite	--	30
7. Chromite	8.00	15
8. Gemstone	0.40	0.65
9. Rock Salt	670	1,000
10. Gypsum	580	2,000
11. Limestone	6,525	10,000
12. Marble	230	440
13. Rock Phosphate	80	150
14. China Clay	25	85
15. Dolomite	150	325
16. Silica Sand	256	500
17. Soapstone	35	65
18. Baryte	40	80
19. Sulphur	1.35	2.72
20. Magnesite	3.50	7.26
21. Graphite	--	15.00

Source::

a) Federal Bureau of Statistics
b) Ministry of Petroleum & Natural Resources

Table 24.3

PROVISIONAL SOURCES OF FINANCING OF PUBLIC CORPORATIONS (1988-93)

(Rs. Million)

Agency	Total	Bank Credit	Self Financing	Foreign Loan/ Equity
1. RDC-Saindak copper Project	2,805	1,685	--	1,120
2. Gemstone Corporation	75	38	--	37
3. Ministry of Production (development of Nokkundi Iron mines)	245	100	--	145
4. AKMIDC (Graphite Deposits)	84	65	--	19
5. FATADC (Marble Deposits)	72	48	--	24
6. Baluchistan	171	101	--	70
7. Punjab	75	52	23	--
8. Sind	103	66	--	37
9. NWFP	260	194	--	66
TOTAL	3,890	2,349	23	1,518

Table-25.1

PRIMARY COMMERCIAL AND NON-COMMERCIAL ENERGY SUPPLY

	1982-83		1987-88			1992-93		
	MTOE	% Share	MTOE	% Share	% ACGR	MTOE	% Share	% ACGR
Commercial								
Import Crude	4.3	15.2	3.6	10.0	-3.5	4.4	8.6	4.1
Import POL	1.9	6.7	4.1	11.4	16.6	6.7	13.1	10.3
Indigenous Crude	0.6	2.1	2.2	6.1	29.7	3.8	7.4	11.6
Total Oil	6.8	24.0	9.9	27.4	7.8	14.9	29.1	8.5
Natural Gas Production	7.5	26.5	9.1	25.2	3.9	15.2	29.7	10.8
Coal	1.7	6.0	2.3	6.4	6.2	3.6	7.0	9.4
Hydro	2.6	9.2	3.2	8.9	4.2	3.7	7.2	2.9
Nuclear	0.1	0.4	0.1	0.4	0.0	0.1	0.2	0.0
Gross Commercial	18.7	66.2	24.6	68.2	5.6	37.5	73.3	8.8
Non-Commercial								
Fuel wood	5.2	18.4	6.2	17.1	3.5	7.3	14.3	3.3
Bio mass	4.35	15.4	5.3	14.7	4.1	6.4	12.5	3.9
Gross Non-Commercial	9.6	33.8	11.5	31.8	3.8	13.7	26.8	3.7
Gross Supply *	28.3	100.0	36.1	100.0	5.0	51.2	100.0	7.2
* Includes feedstock, non-energy uses,bunkers								
Less								
Feedstock (natural gas)	1.1		1.0		-1.9	1.4		7.0
Bunker,Export,Non-Energy	1.0		0.8		-5.5	0.9		2.4
Net Supply	26.2		34.4		5.6	48.9		7.3

Notes:

1 TOE = 41.895 MBTU (Corresponds to Indigenous Crude)

1 Ton of Coal	=.4474 TOE
1 Gwh of Hydro	=226.3 TOE
1 Gwh of Nuclear	=226.3 TOE
1 Ton of Fuelwood	=.4055 TOE
1 Ton of Biomass	=.5021 TOE

Table-25.2

ENERGY DELIVERED *

	1982-83	1987-88	1992-93					
	MTOE	Share	% MTOE	Share	% ACGR	% MTOE	% Share	% ACGR
Commercial								
Coal	1.0	5.1	1.8	6.5	11.8	2.4	6.4	5.8
Natural Gas	3.8	18.5	5.2	18.4	6.5	8.5	22.7	10.3
POL Products	4.9	23.8	7.3	26.0	8.5	9.4	25.1	5.2
Electricity	1.2	5.6	2.2	7.7	13.6	3.5	9.3	9.8
Others	0.3	1.5	0.5	1.7	10.1	0.5	1.3	2.3
	11.1	54.6	16.9	60.3	8.8	24.3	64.8	7.5
Non-Commercial								
Fuel Wood	5.2	25.4	6.1	21.7	3.3	7.1	18.9	3.3
Biomass	4.1	20.0	5.1	18.1	4.4	6.1	16.3	3.8
	9.3	45.4	11.2	39.7	3.8	13.2	35.2	3.5
Total Delivered **	20.4	100.0	28.1	100.0	6.6	37.5	100.0	5.9

* Means energy delivered at consumer premises and excludes efficiences/losses after this point.

** Excludes feedstock, non-energy uses, bunkers.

Table 25.3

SECTORAL ENERGY DELIVERED PATTERN

	1982-83		1987-88			1992-93		
	MTOE	% Share	MTOE	% Share	% ACGR	MTOE	% Share	% ACGR
A.Commercial Energy								
Industrial	5.01	45.1	8.1	47.9	10.2	11.2	46.1	6.7
Domestic	1.6	14.6	2.7	16.0	10.7	4.9	20.2	12.7
Comm/Institutions	0.8	7.3	1.0	5.9	4.4	1.3	5.3	5.4
Agriculture	0.7	6.4	1.8	10.4	19.9	2.3	9.5	5.5
Transportation	3.0	26.7	3.4	19.8	2.4	4.6	18.9	6.2
Consumption	11.12	100.0	16.9	100.0	8.8	24.3	100.0	7.5
B.Non-Commercial *								
Industrial	0.8	8.5	1.0	8.7	4.3	1.1	8.3	2.5
Domestic	8.3	89.5	10.0	89.5	3.8	11.9	90.2	3.5
Comm/Institutions	0.2	1.9	0.2	1.8	2.0	0.2	1.5	0.1
Agriculture	0.0	0.0	0.0	0.0	-	0.0	0.0	-
Transportation	0.0	0.0	0.0	0.0	-	0.0	0.0	-
Consumption	9.3	100.0	11.2	100.0	3.8	13.2	100.0	3.4
C.Commercial and non-Commercial								
Industrial	5.8	28.4	9.1	32.3	9.4	12.3	32.8	6.3
Domestic	9.9	48.7	12.7	45.3	5.1	16.8	44.8	5.7
Comm/Institutions	1.0	4.9	1.2	4.3	3.9	1.5	4.0	4.6
Agriculture	0.7	3.5	1.8	6.3	19.9	2.3	6.1	5.5
Transportation	3.0	14.6	3.4	11.9	2.4	4.6	12.3	6.2
Consumption	20.4	100.0	28.1	100.0	6.6	37.5	100.0	5.9

* Source : Estimate

Table-25.4

ACHIEVEMENTS OF SIXTH PLAN& PHYSICAL TARGETS FOR SEVENTH PLAN

(Power)

	Unit	Sixth Plan	Seventh Plan	% Change	% ACGR
NATIONAL GRID					
1. INSTALLED CAPACITY *	MW	6,716	13,112	95.24	14.32
– Hydel *	MW	2,900	5,068	74.76	11.81
– Thermal *	MW	3,816	8,044	110.80	16.08
2. ENERGY GENERATION NATIONAL GRID* (WITH ENERGY CONSERVATION OR LOAD MANAGEMENT)	Gwh	31,786	47,686	50.02	8.45
– Hydel *	Gwh	15,614	16,647	6.62	1.29
– Thermal *	Gwh	16,172	31,039	91.93	13.93
– Losses *	Gwh	7,591	9,060	19.35	3.60
– Losses *	%	23.88	19.00	-20.44	-4.47
3.VILLAGES ELECTRIFIED.*	No.	16,525	26,861	62.55	10.20
– VILLAGE ELECTRIFIED AS % OF TOTAL (48,974)		33.74%	54.85%		
4. CONSUMERS (ADDITION)	No.	2,207,150	3,655,613	65.63	
5. NATIONAL GRID PEAK DEMAND (WITH ENERGY CONSERVATION OR LOAD MANAGEMENT)	MW	5,674	8,900	56.86	9.42

* Relate to last year of the Plan

Table-25.5

ACHIEVEMENTS OF SIXTH PLAN & PHYSICAL TARGETS FOR SEVENTH PLAN

(Fuels)

	Unit	6th Plan Actual	7th Plan Target	% Change	% ACGR
OIL & GAS					
1. CRUDE OIL PRODUCTION *	BPD	43000	76000	76.7	12.1
– Existing Fields *	"	6600	37300		
– New Fields **	"	36400	38700		
2. INDIEGENOUS PRODUCTION AS %AGE OF TOTAL POL DEMAND	%	23	26	13.0	
3. NATURAL GAS PRODUCTION *	MMCFD	1200	2100	75.0	11.8
– Existing Fields *	"	1060	2072		
– New Fields *	"	140	28		
4. LPG PRODUCTION *	Tons/Day	323	518	60.4	9.9
5. DRILLING	Nos	277	375	35.4	
a) Exploratory Wells	"	93	125	34.4	
i)OGDC	"	29	65	124.1	
ii)Private	"	64	60	-6.3	
b) Appraisal & Development Wells	"	184	250	35.9	
i)OGDC.	"	41	100	143.9	
ii)Private	"	143	150	4.9	
6. ADDITION IN RESERVES					
– Oil	mln.BBLS	117.3	232	97.8	
– Gas	TCF	1.7	2.8	62.8	
7. POL CONSUMPTION (WITH ENERGY CONSERVATION) *	mln.Tons	8.9	13.7	54.6	9.1
8. POL IMPORTS *	mln.Tons	7.4	10.6	44.2	7.6
– Crude *	mln.Tons	3.5	4.3	23.6	4.3
– Production (with Energy Consersation) *	mln.Tons	3.9	6.3	62.8	10.2
9. GAS TRANSMITION CAPACITY (NET WORK ONLY) *	MMCFD	752	1166	55.1	
10. GAS DELIVERED (INCLUDING FEED STOCK)*	MMCFD SUI.EQV.	1007	1664	65.2	10.6
COAL					
11. ADDITION IN PROVEN RESERVES *	mln.Tons.	112	500	347.6	
12. INDIGENOUS COAL PRODUCTION .(INCLUDES UNREPORTED)*	mln.Tons	4.2	6.9	64.3	10.4
13. PUBLIC SECTOR DRILLING *					
– Holes *	Nos	235	1044.0	344.3	
– Drill Depth *	MTRS	41000	277905.0	577.8	
COMMERCIAL AND NON-COMMERCIAL ENERGY					
14. GROSS COMMERCIAL ENERGY SUPPLY *	MTOE	24.6	37.5	52.4	8.8
15. GROSS TOTAL ENERGY SUPPLY *	MTOE	36.1	51.2	41.8	7.2
16. TOTAL ENERGY DELIVERED *	MTOE	28.1	37.5	33.5	5.9
17. TOTAL COMMERCIAL ENERGY DELIVERED *	MTOE	16.9	24.3	43.8	7.5
18. COMMERCIAL DELIVERED ENERGY TO GDP RATIO *		1.37	1.26	-8.4	

* Relate to last year of the Plan

** Fields discovered during that plan period considered new for the respective plans.

Table-25.6

PAKISTAN NATIONAL ELECTRICAL GRID SYSTEM INSTALLED CAPACITY

(MW)

NAME OF POWER STATION	COMMISSIONING-DATE	INSTALLED CAPACITY IN MW OIL/GAS	G.T.	C.C.	COAL	HYDEL	NUC.	WAPDA	KESC	PVT	TOTAL	CUM WITH OUT RTD.	UNITS RTD/ REHB	CUM WITH RTD/ REHB
INSTALLED CAPACITY														
END SIXTH PLAN		1956	1508	200	15	2900	137	5552	1164	0	6716			
Share in (%)		29.1	22.5	3.0	0.2	43.2	2.0	82.7	17.3	0.0	100.0			
1988-89														
MULTAN 1-2 REHAB	JUL 1988											6716	-120	6596
KOT ADDU C.T. 5	NOV 1988		100					100			100	6816		6696
KOT ADDU C.T. 6	DEC 1988		100					100			100	6916		6796
KOT ADDU C.T. 7	JAN 1989		100					100			100	7016		6896
KOT ADDU C.T. 8	FEB 1989		100					100			100	7116		6996
BIN QASIM3	JUN 1989	210							210		210	7326		7206
		210	400	0	0	0	0	400	210	0	610		-120	
1989-90														
KOT ADDU C.C9	SEPT 1989			100				100			100	7426		7306
KOT ADDU C.C 10	SEPT 1989			100				100			100	7526		7406
JAMSHORO 2	OCT1989	210						210			210	7736		7616
JAMSHORO 1	NOV1989	250						250			250	7986		7866
JAMSHORO	3 DEC1989	210						210			210	8196		8076
REHAB.	DEC 1989	0						0			0	8196		8076
GUDDU G.T	7 DEC 1989		100					100			100	8296		8176
GUDDU G.T	8 FEB 1990		100					100			100	8396		8276
KOTRI C.C.	8 JUN 1990			20				20			20	8416		8296
KOTRI C.C.	9 JUN 1990			20				20			20	8436		8316
F.ABAD C.C.	9 JUN 1990			20				20			20	8456		8336
F.ABAD C.C.	10 JUN 1990			20				20			20	8476		8356
HYDERABAD 1-2														
RTDJUN	1990											8476	-13	8343
REPCO/MESCO RTD	JUN 1990											8476	-29	8314
		670	200	280	0	0	0	1150	0	0	1150		-42	

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1990-91														
MULTAN 1-2 REHAB	JUL 1990												120	8434
JAMSHORO	4SEPT 1990	210						210			210	8686		8644
BIN QASIM	4 OCT 1990	210							210		210	8896		8854
GUDDU C.C	9 OCT 1990			100				100			100	8996		8954
HML COAL	1 JUN 1991				30					30	30	9026		8984
HML COAL	2 JUN 1991				100					100	100	9126		9084
	–	420	0	100	130	0	0	310	210	130	650		120	
1991-92														
MULTAN	1 OCT 1991	210						210			210	9336		9294
PRIVATE	DEC 1991	1200								1200	1200	10536		10494
TARBELA	11 JAN 1992					432		432			432	10968		10926
TARBELA	12 APR. 1992					432		432			432	11400		11358
MULTAN	2 APR. 1992	210						210			210	11610		11568
BIN QASIM	5 JUN 1992	210							210		210	11820		11778
F.B. LAKHRA	1 JUN 1992				50			50			50	11870		11828
F.B. LAKHRA	2 JUN 1992				50			50			50	11920		11878
F.B. LAKHRA	3 JUN 1992				50			50			50	11970		11928
		1830	0	0	150	864	0	1434	210	1200	2844		0	

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1992-93														
TARBELA	13 JUL 1992					432		432			432	12402		12360
TARBELA	14 OCT 1992					432		432			432	12834		12792
MANGLA	9 DEC 1992					100		100			100	12934		12892
MANGLA	10 DEC 1992					100		100			100	13034		12992
CHASHMA	1 DEC 1992					240		240		240		13274		13232
MULTAN 3-4 RTD	JUN 1993											13274	-120	13112
		0	0	0	0	1304	0	1304	0	0	1304	13274	-120	13112
ADDITIONS DURING														
7TH PLAN		3130	600	380	280	2168	0	4598	630	1330	6558		-162	13112
% OF TOTAL ADDED		47.7	9.1	5.8	4.3	33.1	0.0	70.1	9.6	20.3	100.0			
TOTAL GEN. END OF 7TH PLAN		5086	2108	580	295	5068	137	10150	1794	1330	13274			
% OF TOTAL		38.3	15.9	4.4	2.2	38.2	1.0	76.5	13.5	10.0	100.0			
TOTAL GEN. END OF PLAN AFTER RETIREMENT		4924	2108	580	295	5068	137	9988	1794	1330			-162	13112
% OF TOTAL END OF 7TH PLAN		37.6	16.1	4.4	2.2	38.7	1.0	76.2	13.7	10.1				100.0
% OF TOTAL END OF 7TH PLAN		37.6	16.1	4.4	2.2	38.7	1.0	76.2	13.7	10.1				100.0

Table-25.7

PROJECTED CRUDE OIL PRODUCTION

Barrels Per Day

Field	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Toot	1,300	1,358	800	550	350	300
Fimkassar	20	15	0	0	0	0
Dakhni	0	0	2,400	2,400	2,400	2,400
Chak Norang	500	1,725	1,725	2,300	2,000	2,000
Meyal	3,420	3,400	3,200	2,900	2,700	2,600
Balkassar	400	391	350	300	300	300
Joya Mir	400	429	400	400	400	300
Dhurnal	15,820	16,709	15,800	15,800	15,800	15,800
Adhi	0	0	1,400	2,900	2,600	2,600
Dhodak	0	0	0	0	500	2,000
Badin Block Fields of UT	14,600	15,528	11,900	7,700	4,800	2,700
Southern Fields of OGDC	6,540	9,450	11,075	10,550	8,450	6,300
New discoveries (North)	0	0	0	3,300	9,900	16,600
New discoveries (South)	0	0	3,700	11,100	14,800	22,100
Total	43,000	49,005	52,750	60,200	65,000	76,000

Table 25.8

PROJECTED NATURAL GAS PRODUCTION

MMCFD (Sui equivalent MMCFD)

Field	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Pirkoh	100	121	150	200	250	250
Loti	0	30	50	60	70	70
Sui	711	770	770	885	885	935
Badin Block	0	79	79	100	100	60
Mari	300	280	280	300	300	300
Uch	0	0	0	0	50	200
Kandkot	30	60	75	75	75	75
Sari/Hundi/Kothar	0	0	0	12	12	12
Others	0	0	0	0	77	83
Associated Gas	59	60	96	103	82	82
New discoveries	0	0	0	0	0	28
Total	1,200	1,400	1,500	1,735	1,901	2,095
Sui Equivalent	(1,071)	(1,284)	(1,391)	(1,604)	(1,692)	(1,776)

Table 25.9

ENERGY SECTOR SEVENTH PLAN INVESTMENTS

(Power Sector)

Rs Billion (1987-88 prices)

	Government Departments	Public Corporations	Public Sector	Private	Total
1. WAPDA (W/O KALABAGH) *		70.47	70.47		70.47
		(29.14)	(29.14)		(29.14)
2. KALABAGH/CHASNUPP *		6.43	6.43		6.43
		(2.92)	(2.92)		(2.92)
SUB TOTAL WAPDA (WITH KALABAGH)		76.90	76.90		76.90
		(5.35)	(5.35)		(5.35)
3. PAEC	0.40		0.40		0.40
4. KESC		9.50	9.50		9.50
		(3.24)	(3.24)		(3.24)
5. OTHERS	2.60		2.60		2.60
	1.10		1.10		1.10
	0.50		0.50		0.50
	0.50		0.50		0.50
	0.50		0.50		0.50
6. PRIVATE				20.00	20.00
TOTAL POWER (A)	3.00	86.40	89.40	20.00	109.40

Federal budgetary allcation for WAPDA and Kalabagh/ CHASNUPP included in the Public Corporation investment.

Table-25.10

ENERGY SECTOR SEVENTH PLAN INVESTMENTS

(Fuels Sector)

Rs Billion (1987-88 prices)

	Government Departments	Public Corporations	Public Sector	Private	Total
1.EXPLORATION & DEV.	2.80 (2.22)	16.70 (7.59)	19.50 (9.81)	10.51 0.00	30.01 (9.81)
i) PET.CONCESSION	2.80 (2.22)		2.80 (2.22)		2.80 (2.22)
ii) OGDC *					
Exploration		5.16 (2.49)	5.16 (2.49)		5.16 (2.49)
Development		11.22 (4.91)	11.22 (4.91)		11.22 (4.91)
		0.32 (0.19)	0.32 (0.19)		0.32 (0.19)
SUB TOTAL OGDC		16.70 (7.59)	16.70 (7.59)		16.70 (7.59)
iii) PRIVATE				4.10	4.10
				6.41	6.41
SUB TOTAL PRIVATE				10.5	10.51
2. GAS TRANSMISSION +		8.67 (2.50)	8.67 (2.50)		8.67 (2.50)
i) SNGPL		5.35 (1.83)	5.35 (1.83)		5.35 (1.83)
ii) SOUTHEREN GAS COMPANIES		2.46 (0.67)	2.46 (0.67)		2.46 (0.67)
iii) OTHERS		0.86	0.86		0.86
3. OIL INFRASTRUCTURE		3.20 (1.51)	3.20 (1.51)	0.90	4.10
4. OIL REFINERY		1.31 (0.49)	1.31 (0.49)	0.30	1.61
5. RENEWABLES	0.31 (0.25)		0.31 (0.25)		0.31 (0.25)
6. ENERCON	0.18 (0.13)		0.18 (0.13)		0.18 (0.13)
7. ENERGY PLAN & DEVELOPMENT	0.32 (0.29)		0.32 (0.29)		0.32 (0.29)
8.HDIP & OTHERS	0.20		0.20		0.20
9. COAL/NUCLEAR MINERALS	1.20		1.20	0.8	2.00
TOTAL FUELS & OTHERS (B)	5.01	29.88	34.89	12.51	47.40
TOTAL ENERGY (A+B)	8.01	116.28	124.29	32.51	156.80

* Rs 3.5 Billion (Real 1987-88) included in OGDC exploration is a Federal Budget allocation but expended by PSC/E.

\+ Rs 1.0 Billion (Real 1987-88) included in gas Transmission and Distribution is a federal Budget allocation but expended by PSC/E.

Table-27.1

TRAFFIC PROJECTIONS / ACTUALS

	1982-83	1987-88		Annual Growth rate	
		Targets	Expected	Targets	Expected
I. INLAND TRAFFIC					
Passenger (MPKM)					
Rail	16502	21000	17000	4.9	0.6
Road	79513	106885	110736	6.1	6.9
Sub-Total (Passenger)	96015	127885	127736	5.9	5.9
Freight (MTKM)					
Rail	7500	11100	7800	8.2	0.8
Road	21200	29294	31697	6.7	8.4
Sub-Total (Freight)	28700	40394	39497	7.1	6.6
Pipeline	1609	2566	1700	9.8	1.11
Total	30309	42960	41197	7.2	6.3
II. AIR TRAFFIC					
International Passenger MRPKs (Million Rev. Passenger KM)	5319	6397	6229	3.8	3.2
Freight MRFTKs (Million Rev. Freight Tonnes Km)	214.1	376	323	11.9	8.6
Domestic Passenger MRPKs (Million Rev. Passenger KM)	1340	2040	2088	8.8	9.3
Freight MRFTKs (Million Rev. Freight Tonnes Km)	18.5	28.8	26	9.3	7
III. PORTS					
Dry Cargo (Million Tonnes)	8.958	12.915	11.3	7.6	4.8
Liquid (Million Tonnes)	8.400	11.449	9.2	6.4	1.7
Sub-Total Ports	17.358	24.364	20.5		

Table-27.2

SIXTH PLAN EXPENDITURE

(Rs Million)

Sub sector	Allocation	Utilisation	Percent Utilisation
I. PUBLIC SECTOR			
1. Pakistan Railways	10,000	7,404	74
2. Civil Aviation i/c ASF	1,000	429	43
3. D.G. Ports & Shipping	1,884	867	46
4. National Highways & Bridges	5,959	4,045	68
5. National Logistic Cell	-	152	-
6. Frontier Works Organisation	170	249	146
7. Roads in Special Aareas			
a) Azad Kashmir	1,000		
b) Northern Areas	250	2,024	105
c) Federally Administered Tribal Areas	680		
8. Research	70	31	44
9. Communications			
a) Telephone & Telegraph	10,100	8,131	81
b) S C O	200	148	74
c) Post Offices	650	328	50
10. Provincial Roads			
a) Punjab	2,300	1,814	79
b) Sind	1,720	1,325	77
c) NWFP	1,065	1,041	98
d) Baluchistan	456	407	89
e) Road Transport	-	178	-
Sub-Total Public Sector	37,504	28,573	76
II. PUBLIC SECTOR ENTERPRISES			
1. Roads	5,000	-	-
2. Road Transport			
a) Urban Transport	1,000	550	26
b) Intercity	1,150		
3. Karachi Port Trust	1,553	442	28
4. Pakistan National Shipping Corporation	3,000	-	-
5. Civil Aviation Authority	3,000	2,645	88
6. Pakistan international Airlines Corporation	2,720	8,763	322
Sub-Total Public Sector Enterprises	17,423	12,400	71
Grand Total	54,927	40,973	75

Table 27.3

SEVENTH PLAN MAJOR PHYSICAL TARGETS

Sub sector	Unit	1987-88 Benchmark	1992-93 Target
A. TRAFFIC			
1. Railways			
a) Passenger	(M.P. Km)	17,000	19,335
b) Freight	(M.T. Km)	7,800	12,476
2. Roads			
a) Passenger	(M.P. Km)	110,736	142,869
b) Freight	(M.T. Km)	31,697	35,522
3. Air			
Domestic			
a) Passenger	(MRP. Km)	2,088	2,874
b) Freight	(MRFT.Km)	26	35
International			
a) passenger	(MRP. Km)	6,229	6,928
b) Freight	(MRFT.Km)	323	432
Total Air			
a) Passenger	(MRP. Km)	8,317	9,802
b) Freight	(MRFT.Km)	349	467
5. Port			
a) Dry Cargo	(Mln tonnes)	11.30	14.637
b) Liquid Cargo	(Mln tonnes)	9.20	10.885
6.Telegraph & Telephone			
a) Trunk Traffic	(Mln Calls)	188	350

Sub sector	Unit	1987-88 Benchmark	1992-93 Target
b) Telex Traffic	(Annual paid minutes in million)	18	47
c) Inland Telegram	(Messages in million)	3.05	3.50
d) Overseas Telegrams	(Messages in million)	3.50	4.20
B. PHYSICAL TARGETS			
I. RAILWAYS			
a) Rehabilitation of Locomotives	Nos.	-	101
b) Manufacture of Passenger Carriages	Nos.	-	300
c) Traction Motors	Nos.	-	375
d) Bogie Oil Tank Wagons (BTOS)	Nos.	-	200
e) Track Rehabilitation			
i) Rail Renewal	Kms	-	650
ii) Sleeper Renewal	Kms	-	1000
II. ROAD & BRIDGES			
a) Total kilometerage (Excluding Canal Roads)	Kms	115800	118888
b) Rehabilitation/Improvement	Kms	-	7799
c) New Construction	Kms	-	3088
d) Major Bridges	Nos.	-	6
III. ROAD TRANSPORT			
a) Buses	Nos.	29655	43620
b) Trucks	Nos.	61832	54521
IV. AVIATION			
a) Terminal		Construction of Karachi Terminal, functional airport at lahore, upgradation	

	of existing airport at Islamabad, feeder services airport at Mansehra, Ormara, Loralai and Kotli, upgradation of runways at Skardu, Turbat, Gilgit, Kohat, Bannu, D.I. Khan, Saidu Sharif and Dalbandin for Boeing 737 operations, upgradation of Peshawr airport for Boeing 747 operations with ILS and night landing facilities Nav. Aids and Cargo handling facilities at major airports.
b) Aircraft	Induction of equivalent capacity of the following aircrafts:-

Boeing 747	1
Airbus A300 B4	2
Boeing 737	2
Fokker F-27	2
Total	7

Table-27.4

SEVENTH PLAN ALLOCATIONS BY EXECUTING AGENCIES

(Rs Million)

Ministry /Sector	Public Sector	Private Sector	Total
A. FEDERAL	62,959	33,680	96,639
1. Ministry of Railways	8,485	-	8,485
2. Ministry of Communications	46933	1440	48,373
a) Highways & Bridges	(20,077)	-	(20,077)
b) D.G. P&S Ports	(2,559)	-	(2,559)
c) Shipping	(1,927)	(1,440)	(3,367)
d) Telegraph & Telephone	(21,638)	-	(21,638)
e) SCO including other	-		
Telecommunications	(260)	-	(260)
f) Post Offices	(472)	-	(472)
-			
3. Ministry of defence	-		
(Aviation Division)	5,364	-	5,364
a) Civil Aviation Authority	(4,243)	-	(4,243)
b) Airport Security Force	(94)	-	(94)
c) Air Lines	(952)	-	(952)
d) Pakistan Meteorological Deptt.	(75)	-	(75)
-			
4. Kashmir Affairs \division	1,254	-	1,254
a) Azad Kashmir	(698)	-	(698)
b) Northern Areas	(556)	-	(556)
-			
5. States & frontier region Division	698	-	698
6. Planning & Development Division	-		
(National Transport Research centre)	125	-	125
7. Highway Safety	100	-	100
B. PROVINCIAL	7,688	32,240	39,928
a) Punjab	2,029	-	2,029
b) Sind	1,691	-	1,691
c) NWFP	1,014	-	1,014
d) Baluchistan	677	-	677
e) Road Transport	2,277	32,240	34,517
GRAND TOTAL (Federal & Provincial)	70,647	33,680	104,327
Less probable shortfall	9,147	-	9,147
Total (net)	61,500	33,680	95,180

Table-27.5

SIXTH PLAN UTILISATION AND SEVENTH PLAN ALLOCATIONS

(Rs Million)

Sub sector	Sixth Plan Utilisation	Seventh Plan Allocation
I. PUBLIC SECTOR		
1. Pakistan Railways	7,404	8,485
2. Roads, Bridges & Highways	11,057	27,440
3. Port & Shipping	867	1,296
4. Airport Security Force	78	94
5. Pakistan Meteorological Department	-	75
6. Research	31	125
7. Highway Safety	-	100
8. SCO including other Telecom	148	260
9. Post Offices	328	472
10. Road Transport	728	2,277
11. Karachi Port Trust	442	1,263
12. PNSC/NTC	-	1,927
13. Civil Aviation	2,996	4,243
14. Air Line (PIA)	8,763	952
15. Telegraph & Telephone	8,131	21,638
Total (Public Sector)	40,973	70,647
II. PRIVATE SECTOR		
1. Shipping		1,440
2. Road Transport	19,706	32,240
Sub-Total	19,706	33,680
Grand Total	60,679	104,327
Less probable shortfall	-	9147
Total (net)	60679	95180

– The Sixth Plan utilization is at current prices as against the Seventh Plan allocations which are at 1987-88 Prices.

Table 27.6

INVESTMENT REQUIREMENT FOR ROAD TRANSPORT CORPORATIONS / BOARDS FOR URBAN TRANSPORTDURING THE SEVENTH PLAN

Cities	Total No of Buses required (1993)	Fleet for 30% Traffic (1993)	Estimated RTC fleet (1988)	Induction 1988-93	Investment Requirement (Million) Buses	Others	Total	Remarks
I. PUNJAB								
Lahore	2,344	1,154	694	807	419	84	503	PRTC
Rawalpindi/ Islamabad	605	298	219	189	98	20	118	PRTC
Sub-Total (I)	2,949	1,452	913	996	517	104	621	
II. SIND								
Karachi	5,866	2,889	893	2,442	1,266	254	1,520	KTC
III. NWFP								
Peshawar	544	268	96	220	114	22	136	TRB
Grand Total	9,359	4,609	1,902	3,658	1,897	380	2,277	

Table-27.7

SEVENTH PLAN REQUIREMENT OF VEHICLES FOR URBAN AND INTERCITY SERVICES

Vehicles	Urban		Intercity		Total	
	Number	(Rs mln)	Number	(Rs mln)	Number	(Rs mln)
PUBLIC SECTOR						
Buses	3658	2277	-	-	3658	2277
PRIVATE SECTOR						
Buses	2667	1163	22467	9600	25134	10763
Trucks	-	-	23605	8455	23605	8455
Truck Trailers	-	-	3047	2012	3047	2012
Mini Buses	1961	451	2577	951	4538	1402
Wagons	2439	413	17895	3014	20334	3427
Pickups	2942	255	21091	1776	24033	2031
Delivery Vans	-	-	9923	996	9923	996
PARA TRANSIT						
Taxis	20343	1675	-	-	20343	1675
Rickshaw	35117	1479			35117	1479
Sub-Total (Private Sector)						32240
Total (Private & Public Sector)						34517

Table-27.8

CONTAINERISED TRAFFIC HANDLED AT KARACHI PORT

Year	Import		Export		Total	
	Total TEU's	Tonnage	Total TEU's	Tonnage	Total TEU's	Tonnage
1977-78	4,460	NA	2,012	NA	6,472	NA
1978-79	12,013	NA	10,753	NA	22,766	NA
1979-80	20,881	NA	19,256	NA	40,137	NA
1980-81	31,517	219,259	28,653	200,476	60,170	419,735
1981-82	46,131	420,064	43,381	386,237	89,512	806,301
1982-83	67,566	544,353	56,663	488,839	124,229	1,033,192
1983-84	70,645	782,561	69,725	519,070	140,370	1,301,631
1984-85	84,370	785,627	85,045	721,002	169,415	1,506,629
1985-86	121,000	993,311	122,320	1,216,087	243,320	2,209,398

Table-27.9

TELECOMMUNICATION TARGETS

(Telegraph & Telepohone)

Sub sector	Unit	1987-88 Benchmark	1992-93 Target
1. Telephone	000 Nos.	629	1,342
2. Telephone Density	Per 000 Population	6.7	11.0
3. Telephone Exchange	Nos.	1,050	1,610
4. NWD Terminals	Nos.	148	273
5. P.C.Os	Nos.	2,000	4,625
6. Trunk Position	Nos.	900	1,400
7. Telex Line Units	Nos.	10,020	17,000
8. STD/NWD/Channel	Nos.	13,750	21,750
9. VFT Channel	Nos.	4,230	5,230
10. Facsimile machines	Nos.	100	1,100
11. Teleprinter machines	Nos.	6,649	15,449
12. Residential Quarters	Nos.	3,250	6,750
13. Computerized Directory	Nos.	2	10
14. Maintenance Control Centre (MCC)	Nos.	-	8
15. Net Work Management	Nos.	-	8

Table-27.10

SIXTH PLAN TARGETS AND ACHIEVEMENTS

(Post Offices)

Items	Plan Targe	Achievement	
		Total	Percent
1. Opening of new Post Offices	1500	900	60
2. Post Office Buildings	327	204	62
3. Railway Vans	12	6	50
4. Installation of Cancelling, Facing and Sorting Machines	5	-	-
5. Vehicles	40	3	8
6. Residential Quarters	1000	651	65
7. S.B. Investments (Million Rs.)	1200	2500	208
8. Postal Life Insurance Polices	200000	170000	85
9. Life fund (Million Rs.)	1000	1200	120
10. Postal Staff College, Islamabad	Complete	Complete	100
11. Computerization of PLI and Saving Bank	Complete	Complete	100
12. Introduction of Post Code	Complete	Complete	100

Table 28.1

MAJOR PHYSICAL TARGETS

Sub-Sector	Unit	Targets
1 Urban Housing Sites	Nos.	650.000
2 Urban Water Supply	Addl Pop. to be Served (Million)	13.6
3 Urban Sewerage/Drainage	"	12.4
4 Rural Water Supply	"	31.2
5 Rural Sanitation	"	17
6 Katchi Abadis Improvement (Million)	No of persons	5
7 Seven Marla Plots in Rural Areas	Nos. Million	2.2
8 Government Servants Housing	No of Units	20,000
9 Houses for Shelterless	Nos. Million	1.00

Table 28.2

FINANCIAL ALLOCATIONS FOR THE SEVENTH FIVE YEAR PLAN

(At 1987-88 prices)

(Rs.Billion)

Source	Federal	Provinces	Total
Normal ADP	2.64	15.411	18.051
Public Corporations (Development Authorities own resources)	-	1.900	1.900
Sub-Total	2.640	17.311	19.951
Special Deevelopment Programme	-	12.000	12.000
Total PP&H:	2.640	29.311	31.951

Table 28.3

FEDERAL ALLOCATION

(Million Rs)

Sub-Sector	Federal
I. INSTITUTIONAL	
Regional, Master & Outline Plans, Studies etc.	20
II. GOVERNMENT SERVANTS HOUSING	400
III. GOVERNMENT OFFICES/BUILDINGS	250
IV. CAPITAL AT ISLAMABAD.	500
V. ISLAMABAD ADMINISTRATION Housing/Building etc.	50
VI. CIVIL ARMED FORCES Corps Rangers, Coast Guards, FIA, Constabularies etc.	100
VII. SPECIAL AREAS (AZAD KASHMIR) Northern Areas & FATA	1220
VIII. MISCELLANEOUS PROJECTS of Cabinet, E&UA, Foreign Affairs, Commerce Division etc.	100
Total:	2640

TABLE 28.4

BREAK DOWN OF SDP ALLOCATION BY SUB-SECTORS / PROVINCES

(Rs Million)

SUB-SECTOR	PROVINCES				
	PUNJAB	SIND	NWFP	BALUCHISTAN	Total
Water Supply / Sewerage	-	2.74	-	0.71	3.45
Urban Development	1.71	-	0.43	0.43	2.57
Other including Katchi abadis	3.42	2.56	-	-	5.98
Total	5.13	5.30	0.43	1.14	12.00

Table-29.1

MAJOR PHYSICAL ACHIEVEMENTS DURING SIXTH PLAN AND TARGETS FOR SEVENTH PLAN

	1982-83			1987-88			1992-93		
	Total	Govt.	Private Estimated	Total	Govt.	Private Estimated	Total	Govt.	Private Estimated
1. Mosque Schools at the end of Plan period	8,200	8,200	-	25,393	25,393	-	45,393	45,393	-
2.. Primary Schools at the end of Plan period									
Total	67,342	64,642	2,700	82,592	74,132	8,460	112,606	93,146	19,460
Male	44,690	43,240	1,450	50,909	46,509	4,400	59,772	49,672	10,100
Female	22,652	21,402	1,250	31,683	27,623	4,060	52,834	43,474	9,360
		5TH PLAN			6TH PLAN			7TH PLAN	
3. During the Plan Period									
-Mosque School opened		8,200			17,193			20,000	
-Primary School opened		18,106			18,158			34,613	
-Reconstruction of buildings of existing primary schools		NA			3,758			20,075	
-Addition of class rooms in over-crowded primary schools		NA			4,643			8,749	
4. Total enrolment in classes (I-V) by the end of Plan period (000)									
Total	6,754	6,543	211	9,310	8,358	952	13,876	12,166	1,710
Male	4,608	4,488	120	6,123	5,598	525	7,951	7,011	940
Female	2,146	2,055	91	3,187	2,760	427	5,925	5,155	770
5. Participation Rate									
Total	52.8 *			63.5			80		
Male	79.5 *			79.5			89		
Female	35.3 *			45.7			70		
6. During the Plan period upgradation of:									
-Primary Schools	1,123	1,123		5,208	4,154	1,054	6,686	5,186	1,500
-Middle Schools	669	669		2,504	2,300	204	3,686	2,686	1,000
7. During the Plan period establishment of new High Schools	49	49	173	73	100	230	110	120	

	1982-83 Total	1982-83 Govt.	1982-83 Private Estimated	1987-88 Total	1987-88 Govt.	1987-88 Private Estimated	1992-93 Total	1992-93 Govt.	1992-93 Private Estimated
		5TH PLAN			6TH PLAN			7TH PLAN	
8. At the end of Plan period No. of:									
Middle Schools									
Total	6,742	6,352	390	9,446	8,206	1,240	12,446	10,706	1,740
Male	4,660	4,450	210	5,764	5,104	660	7,528	6,568	960
Female	2,082	1,902	180	3,682	3,102	580	4,918	4,138	780
High Schools									
Total	4,443	4,071	372	7,120	6,444	676	11,036	9,240	1,796
Male	3,133	2,941	192	4,829	4,483	346	6,985	6,079	906
Female	1,310	1,130	180	2,291	1,961	330	4,051	3,161	890
9. During the Plan period addition of class rooms in:									
Middle Schools		NA			1,512		2,000	2,000	
High Schools		NA			1,116		1,000	1,000	
10. Upgradation of High Schools to Model Schools at District Headquarters	—	—	—	—	—	—	40	40	—
11. Enrolment at the End of Plan Period.(000)									
Middle Stage									
Total	1,713	1,668	45	2,460	2,268	192	3,866	3,566	300
Male	1,254	1,230	24	1,728	1,618	110	2,572	2,412	160
Female	459	438	21	732	650	82	1,294	1,154	140
High Stage									
Total	683	663	20	785	738	47	1,261	1,158	103
Male	500	488	12	572	547	25	897	837	60
Female	183	175	8	213	191	22	364	321	43
12. Participation Rate									
Middle Stage									
Total	20*			30			42		
Male	35*			41			53		
Female	14*			19			29		
High Stage									
Total	16*			17			24		
Male	21*			24			33		
Female	9*			10			15		

	1982-83 Total	1982-83 Govt.	1982-83 Private Estimated	1987-88 Total	1987-88 Govt.	1987-88 Private Estimated	1992-93 Total	1992-93 Govt.	1992-93 Private Estimated
	5TH PLAN			6TH PLAN			7TH PLAN		
13. Addition of Classes XI-XII in Secondary Schools	NA				145		100	110	NA
14 No of Polytechnics/Monotechnics at the end of Plan									
Total	34	34	NA	36	36	NA	84	72	12
Male	29	29	NA	29	29	NA	60	52	8
Female	5	5	NA	7	7	NA	24	20	4
15.Intake Capacity of Polytechnics at the end of Plan		600			9,000	NA	16,000	14,900	1,100

* Worked out on the basis of latest population figures supplied by the Planning Division

Table-29.2

SUMMARY OF SEVENTH PLAN ALLOCATIONS FOR VARIOUS SUB-SECTORS OF EDUCATION

(Rupees Million)

	Sixth Plan		Seventh Plan
	Allocation	Expenditure	Allocation
1. Primary Education	7,000	3,533	10,128
2. Secondary Education	4,125	3,843	6,404
3. Teacher Education	305	182	287
4. Technical Education	1,315	900	2,000
5. College Education	1,300	1,233	615
6. Scholarship	660	739	760
7. Literacy & Mass Education	750	834	300
8. University Education	2,100	1,383	1,800
9. Library System	455	125	86
10. Misc: Programmes	570	395	150
11. Other Divisions	250	263	150
TOTAL	18,830	13,430	22,680

Note: The Sixth Plan allocation and expenditure are at current prices as against the Seventh Plan allocations which are at 1987-88 prices.

Table 30.1

FINANCIAL REVIEW OF THE SIXTH FIVE YEAR PLAN

(Summary by Sector)

(Rs. Million)

SECTOR	Allocation (Net)	Utilization 1983-88	% Utilization
1. Agriculture	1772	1912	108
2. Industry and Minerals	778	391	50
3. Health	280	62	21
4. Water	372	46	12
5. Power (including Fuels)	253	55	22
6. Transport & Communications	131	49	37
7. Physical Planning & Housing	92	51	55
8. Education	1396	1335	96
9. Population Welfare Programme	9	35	389
Total	5083	3936	77

Table 30.2

REVIEW OF 6TH FIVE YEAR PLAN
MINISTRY OF SCIENCE AND TECHNOLOGY

(Rs. Million)

Sub-Sector	Allocation (Net)	Estimated Expenditure	%age Utilization
1. Ministry of Science & Technology(Main)	109.3	316.1	289
2. National Institute of Electronics	87.5	71.8	82
3. National Institute of Power	35.0	14.4	41
4. Pakistan Medical Research Council	74.3	26.6	36
5. Pakistan Council of Scientific and Industrial Research	501.4	164.3	33
6. Pakistan Council for Appropriate Technology	52.5	19.8	38
7. National Centre for Transfer of Technology		10.5	
8. National Institute of Oceanography	65.6	30.7	47
9. National Institute of Silicon Technology	65.6	50.5	77
10.Pakistan Council of Research in Water Resources	87.5	46.0	53
11. Pakistan Science Foundation	210.0	32.1	15
12. Council for Works & Housing Research	43.8	17.6	40
13. Pakistan Council for Science & Technology	17.5	12.8	73
Total	1350.0	813.2	60

Table 30.3

SUMMARY BY SECTOR
SCIENCE & TECHNOLOGY

(Rs. Million)

Sector	7th Plan Allocation
1 Agriculture	1439
2 Industry	804
3 Minerals	260
4 Health & Nutrition	84
5 Water	124
6 Energy	757
7 Transport & Communications	294
8 Physical Planning & Housing	20
9 Education and Training	2760
10 National Research Fund	500
Total	7042

Table 31.1

BENCHMARK FOR THE SEVENTH PLAN (JUNE 1988)

(Nos)

FACILITY	PUNJAB	SIND	NWFP	BALUCH ISTAN	ICT	AJK	FATA	NA	TOTAL
1. Basic Health Units	1738	350	630	326	12	264	100	76	3496
2. Rural Health Centres	260	69	67	35	3	30	5	23	492
3. MCH Centres/Dispensaries/ Subcentres	2534	1734	973	376	--	47	183	203	6050
4. Hospital Beds	29244	17200	8838	3017	1320	2000	1200	800	63619
5. Doctors including dentists	14870	14200	3900	1200	750	500	500	80	36000
6. Nurses	4650	3500	1000	300	500	50	--	--	10000
7. Paramedics	29500	16400	8500	3000	2000	2000	2000	1600	65000
8. TBAs/Dais	25000	7500	7500	2500	--	1500	500	500	45000

Note:

1 The facilities of Federal Government (Health Division) included in various geographical areas

2. These figures include facilities of the private sector not include those of Defence.

Table 31.2

SIXTH PLAN ACHIEVEMENTS

A. PHYSICAL INFRASTRUCTURE

Facility	Target	Achievement	% Achievement
1. Doctors Residences at existing BHUs	1715	1715	100
2. BHUs	2600	1803	69
3. RHCs	355	194	55
4. Teaching Beds	3500	3500	100
5. Hospital beds in DHQ and THQ Hospitals	4700	5149	110

B. HUMAN TERMS

Indicator	Unit	Target	Achievement
1. Immunisation	Million	24	24.45
2. D.D.C/ORS	Million	25	49
3. Third Degree Malnutrition	Million	1.25	0.3
4. TBAs	Nos.	30000	30000

Table 31.3

TOTAL EXPENDITURE ON HEALTH

(At Current Prices)

(Rs. Million)

Year	Expenditure: Development	Expenditure: Non-Development	Expenditure: Total	GNP (MP)	Total Expenditure as % of GNP
1972-73	95.55	171.90	267.45	67,955	0.39
1973-74	175.67	210.10	385.77	88,719	0.43
1974-75	363.00	278.00	641.00	112,330	0.57
1975-76	629.10	360.64	989.74	133,356	0.74
1976-77	540.00	439.20	979.20	155,228	0.63
1977-78	512.00	558.60	1,070.60	188,473	0.57
1978-79	569.00	641.60	1,210.60	209,448	0.58
1979-80	717.00	661.89	1,378.89	252,463	0.55
1980-81	942.00	794.82	1,736.82	300,086	0.58
1981-82	1,037.00	993.10	2,030.10	347,143	0.58
1982-83	1,183.00	1,207.00	2,390.00	403,279	0.59
1983-84	1,526.00	1,564.90	3,090.90	460,840	0.67
1984-85	1,587.45	1,785.12	3,372.57	516,293	0.65
1985-86	1,881.51	2,393.81	4,275.32	588,485	0.73
1986-87	2,615.00	3,270.00	5,885.00	644,638	0.91
1987-88	3,114.41	4,064.00	7,178.41	716,963	1.00

Table 31.4

QUALITY OF LIFE INDICES

	1982-83	1987-88	1992-93
HEALTH SECTOR			
Infant Mortality (age 0-1) (per 1000)	98.5	80.0	60.0
Life Expectancy (years)	58.6	61.0	63.0
Nos. Of Doctors			
Urban	18,800	28,000	36,700
Rural	1,200	8,000	15,000
Nos. Of Rural Health Centres	298	492	625
Nos.of Basic Health Units	1,693	3,496	5,409
Nos. Of Dispensaries Mch Centres/sub Centres	6,490	6,050	6,000

Table 31.5

CHANGE IN HEALTH INDICATORS

HEALTH INDICATORS	BENCHMARK 1988 (%)	TARGET FOR 1993 (%)
1. Availability of Primary Health Care in each Union Council	85	100
2. Attendance during pregnancy and child birth	60	100
3. Caring for children upto the age of one year	30	70
4. Immunization of children below two years against diphtheria, tetanus, whooping cough, measles,poliomyelitis and tuberculosis	90	100
5. Immunization of expectant mothers against tetanus	50	100
6. Weight of new born infants as percentage of normal	75	85
7. Weight for age of pre-schoolers corresponds to reference values	60	75
8. Goitre (new cases)	3	Negligible
9. Anaemia in expectant and lactating mothers	80	40
10. Per capita intake of calories	2300	2450
11. Infant Mortality	80	60
12. Maternal Mortality		1
13. Crude Death Rate	11	9
14. Life Expectancy	61	63
15. Total Fertility Rate	5.1	4.7

Table 31.6

PHYSICAL TARGETS OF PRINCIPAL COMPONENTS OF THE PROGRAMME(1988-93)

	Units	BHUs	RHCs	Urban Health Centres	Hos-pital Beds	Doctors	Dentists	Pharma cists	Nurses	Parame dics.	TBAs
Benchmark 1988	Nos.	3,496	492	-	63,619	36,000	1,700	5,000	10,000	65,000	45,000
Targets:											
1988-89	Nos.	398	28	13	4,103	3,500	150	500	1,340	5,500	4,000
1989-90	Nos.	336	27	13	3,431	3,200	150	500	1,340	10,000	4,000
1990-91	Nos.	375	27	64	2,690	3,000	160	500	1,340	14,500	4,000
1991-92	Nos.	352	25	66	2,991	3,000	170	500	2,580	19,000	4,000
1992-93	Nos.	452	26	71	6,656	3,000	170	500	3,400	19,650	4,000
Position											
June 1993	Nos.	5,409	625	227	83,490	51,700	2,500	7,500	20,000	133,650	65,000

Table 31.7

SEVENTH PLAN PHYSICAL TARGETS BY EXECUTING AGENCIES

(Additional)

Agency	BHUs		RHCs							
	New	Upgradation of BHUs	New	Upgradation of RHCs	Urban Health Centres	Hospital Beds	Doctors	Nurses	Auxiliaries	TBAs
A. FEDERAL										
1. FATA	36	30	11	6	-	620	350	-	200	700
2. Azad Kashmir	55	90	24	-	-	770	350	100	750	500
3. Northern Area	52	-	-		-	288	150	-	200	300
4. ICT	5	12	2	3	-	76	150	500	500	200
5. Health Division	-	-	-		-	1,378	-	-	-	-
B. PROVINCES										
6. Punjab	1,128	800	3	120	123	8,540	5,650	5,000	30,000	6,000
7. Sind	370	133	42	47	34	3,919	6,950	2,600	18,000	6,300
8. NWFP	147	100	31	40	57	2,694	1,500	1,200	15,000	5,500
9. Baluchistan	120	100	20	20	13	1,586	600	600	4,000	500
Total	1,913	1,265	133	236	227	19,871	15,700	10,000	68,650	20,000

Table 31.8

PYHSICAL ACHIEVEMENTS BY PLAN PERIODS
(at current prices)

(Rs. Million)

Major Programmes	Unit	First Plan 1955-60	Second Plan 1960-65	Third Plan 1965-70	Non-Plan Period 1970-78	Fifth Plan 1978-83	Sixth Plan Achievement 1983-88	Seventh Plan Allocation 1988-93 *
PHYSICAL FACILITIES								
BHU	Nos	70	340	250	1,183	1,617	1,803	1,913
Urban Health Centre	Nos							227
Rural Health Centre	Nos		73	14	81	130	194	133
Hospital Beds	Nos	2,500	3,750	4,300	14,308	5,308	11,878	19,871
HEALTH MANPOWER								
Doctors	Nos	1,351	3,691	3,561	9,362	102,023	18,000	15,700
Dentists	Nos	--	--	--	--	--	700	800
Pharmacist	Nos	--	--	500	1,000	1,000	2,000	2,500
Nurses	Nos	275	800	1,681	4,311	4,246	4,980	10,000
Paramedics/								
Auxiliaries	Nos	3,800	4,520	4,653	9,756	13,576	22,770	68,650
TBAs	Nos	--	--	--	6,000	9,000	30,000	20,000

* at 1987-88 prices

Table 31.9

PHYSICAL ACHIEVEMENTS BY VARIOUS FISCAL YEARS

Major Programmes	Unit	1977-78	1982-83	1987-88 Achievements	1992-93 Target	% Annual Increase during 1978-83	1983-88	1988-93
BHUs/Sub-Centres	Nos	167	360	523	452	16.6	7.8	-2.9
RHCs	Nos	13	32	47	26	19.7	8.0	-11.2
Hospital Beds	Nos	1,968	2,154	4,000	6,656	1.8	13.2	10.7
Doctors	Nos	1,300	3,913	3,800	3,000	24.7	-0.6	-4.6
Nurses	Nos	537	1,165	1,100	3,400	16.8	-1.1	25.3
Paramedics	Nos	1,500	2,980	5,000	19,650	14.7	10.9	31.5
TBAs/Dais	Nos	1,000	6,000	6,000	4,000	43.1	0.0	-7.8

Table 31.10

THROWFORWARD/ON-GOING AND NEW PROJECTS

(Million Rs)

Administrative Agency	1988-89	1989-90	1990-91	1991-92	1992-93	Total Plan Period
THROWFORWARD/ON-GOING PROJECTS						
A. FEDERAL						
1. Health Division	319	290	226	153	161	1,149
2. Azad Kashmir	52	43	35	9	0	139
3. Northern Area	15	13	14	17	17	76
4. Planning Division	5	7	7	8	8	35
5. I.C.T.	9	12	3	0	0	24
6. FATA	10	10	4	0	0	24
TOTAL	410	375	289	187	186	1,447
B. PROVINCIAL						
1. Punjab	430	421	243	253	209	1,556
2. Sind	407	196	164	123	141	1,031
3. NWFP	150	95	44	17	6	312
4. Baluchistan	40	36	31	7	0	114
Total	1,027	748	482	400	356	3,013
Grand Total	1,437	1,123	771	587	542	4,460

Table 31.11

THROWFORWARD/ON-GOING AND NEW PROJECTS

(Million Rs)

Administrative Agency	1988-89	1989-90	1990-91	1991-92	1992-93	Total Plan Period
NEW PROJECTS						
A. FEDERAL	172	160	221	318	298	1,169
B. PROVINCIAL						
1. Punjab	698	709	853	868	925	4,053
2. Sind	47	246	283	328	315	1,219
3. NWFP	195	261	325	359	381	1,521
4. Baluchistan	138	172	173	216	229	928
TOTAL NEW PROJECTS	1,250	1,548	1,855	2,089	2,148	8,890

Table 31.12

TOTAL ON-GOING AND NEW PROJECTS

Administrative Agency	1988-89	1989-90	1990-91	1991-92	1992-93	Total Plan Period
A. FEDERAL	582	535	510	505	484	2,616
B. PROVINCIAL						
1. Punjab	1,128	1,130	1,096	1,121	1,134	5,609
2. Sind	454	442	447	451	456	2,250
3. NWFP	345	356	369	376	387	1,833
4. Baluchistan	178	208	204	223	229	1,042
GRAND TOTAL*	2,687	2,671	2,626	2,676	2,690	13,350

This does not include Rs.145 million reflected in Special Development Programme for Ayub Medical College Abbotabad and Bolan Medical College Quetta

Table 31.13

YEARWISE - AGENCY-WISE ALLOCATION FOR SEVENTH PLAN

(Rs. Million)

Administrative Agency	1988-89	1989-90	1990-91	1991-92	1992-93	Total Plan period
FEDERAL	582	535	510	505	484	2616
PROVINCIAL						
Punjab	1128	1130	1096	1121	1134	5609
Sind	454	442	447	451	456	2250
NWFP	345	356	369	376	387	1833
Baluchistan	178	208	204	223	229	1042
Total	2687	2671	2626	2676	2690	13350

Table 31-14

EXPENDITURE ON PRINCIPAL COMPONENTS OF THE PROGRAMME (1988-93)

(Rs. Million)

PROGRAMME	1988-89	1989-90	1990-91	1991-92	1992-93	Total
Preventive programmes	257	210	194	183	180	1024
Rural Health	1367	1330	1046	960	952	5655
Hospital Beds	502	574	626	697	718	3117 7
Urban Health Centres	42	45	189	201	215	692
Health Manpower Development	476	394	421	455	412	2158
Nutrition Programmes	10	35	49	58	60	212
Medical Rehabilitation	2	22	32	42	62	160
Traditional Medicine and Homoeopathy	8	37	47	45	51	188
Medical Research	Reflected under Science & Techmlogy Chapter					
Miscellaneous	23	24	22	35	40	144
Total	2687	2671	2626	2676	2690	13350

Table 31.1 5

AGENCY-WISE NON-DEVELOPMENT FINANCIAL ESTIMATES (1988-93)

(Million Rupees)

Agency	1988-89	1989-90	1990-91	1991-92	1992-93	Total
A. FEDERAL	800	886	964	1,120	1,392	5,162
B. PROVINCIAL						
Punjab	1,950	2,350	2,876	3,670	4,600	15,546
Sind	870	1,035	1,200	1,550	1,863	6,555
NWFP	700	825	1,050	1,350	1,640	5,575
Baluchistan	400	488	630	775	990	3,293
TOTAL	4,720	5,584	6,720	8,465	10,555	36,131

Table 31.16

TOTAL FINANCIAL ESTIMATES DEVELOPMENT, NON-DEVELOPMENT AGENCY-WISE (1988-93)

(Million Rupees)

Year	Federal	Punjab	Sind	NWFP	Baluch-istan	Total
1988-89						
1. Development	582	1,128	454	345	178	2,687
2. Non-Development	800	1,950	870	700	400	4,720
Total	1,382	3,078	1,324	1,045	578	7,407
1989-90						
1. Development	535	1,130	442	356	208	2,671
2. Non-Development	886	2,350	1,035	825	488	5,584
Total	1,421	3,480	1,477	1,181	696	8,255
1990-91						
1. Development	510	1,096	447	369	204	2,626
2. Non-Development	964	2,876	1,200	1,050	630	6,720
Total	1,474	3,972	1,647	1,419	834	9,346
1991-92						
1. Development	505	1,121	451	376	223	2,676
2. Non-Development	1,120	3,670	1,550	1,350	775	8,465
Total	1,625	4,791	2,001	1,726	998	11,141
1992-93						
1. Development	484	1,134	456	387	229	2,690
2. Non-Development	1,392	4,670	1,863	1,640	990	10,555
Total	1,876	5,804	2,319	2,027	1,219	13,245
GRAND TOTAL						
1. Development	2,616	5,609	2,250	1,833	1,042	13,350
2. Non-Development	5,162	15,516	6,518	5,565	3,283	36,044
Total	7,778	21,125	8,768	7,398	4,325	49,394

Table 31.17

FINANCIAL OUTLAYS BY PLAN PERIODS
(CURRENT PRICES)

(Rs. Million)

Major Programmes	First Plan 1955-60	Second Plan 1960-65	Third Plan 1965-70	Non-Plan Period 1970-78	Fifth Plan 1978-83	Sixth Plan Achievement 1983-88	Seventh Plan Allocation 1988-93*
Rural Health Programme	7	19	12	313	1,250	4,040	5,655
Preventive Programmes	13	62	159	952	704	1,600	1,024
Hospital Beds including Teaching Hospitals	28	55	58	552	1,256	4,000	3,117
Urban Health Centres	--	--	--	--	--	--	692
Health Manpower Development	22	28	40	418	1,167	1,250	2,158
Medical Research	4	10	12	18	79	Reflected in Science and Technology	
Miscellaneous Programme	2	--	--	128	128	270	144
Nutrition Programme	--	--	--	--	--	50	212
Traditional Medicine and Homoeopathy	--	--	--	--	--	45	188
Programme for disabled	--	--	--	--	--	--	160
	76	174	281	2,381	4,584	11,255	13,350

* At 1987-88 prices

Table 31.18

ACTUAL AND PROJECTED FINANCIAL ACCELERATION BY VARIOUS FISCAL YEARS (CURRENT PRICES)

(Rs. Million)

Major Programmes	1977-78	1982-83	1987-88 Achievements	1992-93 Target	% annual increase 1978-83	1983-88	1983-93
Rural Health Programme	191	253	1691	952	5.8	46.2	-10.7
Preventive Programme	244	246	340	180	0.16	6.6	-11.3
Hospital Beds including Teaching hospitals	115	339	565	743	24.2	10.6	5.6
Health Manpower Development	116	272	327	559	18.5	3.8	11.2
Medical Rehabilitation	--	--	--	62	--	--	--
Traditional Medicine	--	--	3	51	--	--	76.2
Nutrition	--	--	15	54	--	--	27.8
Miscellaneous	11	44	50	40	31	2.6	-1.8

At 1987-88 prices

Table 32.1

SELECTED PHYSICAL TARGETS OF SERVICE DELIVERY INFRASTRUCTURE

Description	Benchmark 1987-88			1992-93 Targets		
	Federal	Provincial	Total	Federal	Provincial	Total
Family Welfare Centres	391	1237	1628	792	1333	2125
Mobile Service Units	-	-	-	50	158	208
Reproductive Health Service Centre						
- Category A	17	32	49	32	77	109
- Category B	2	123	125	-	-	-
Extension Team	-	7	7	1	10	11
Service Outlets of other Deptts	-	904	904	-	593	593
Family Planning inputs into Health Outlets	-	-	-	15	5285	5300
Hakims	105 @	1051	1156	-	2500	2500
Homeopaths	-	-	-	-	1500	1500
Target Group Institutions Service Outlets	-	-	174	-	174	174
Traditional Birth Attendents	-	-	3000	-	9012	9012
Registered Medical Practioners	-	-	-	-	4875	4875
Special Marketing of Contraceptives	-	-	54000	-	-	72000
Service outlet of Northern Areas	-	-	75	-	-	150
Service outlet of AJK	-	-	44	-	-	96
FWCs of AJK	-	-	4	-	-	6
Total	515	3354	61166	890	25517	98659

ad Jammu and Kashmir

Table 32.2

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN (1988-93) (FEDERAL DISTRICT ISLAMABAD)

Methods	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condoms (Units)	355	360	365	373	382	392	1872
Oral Pills (Sycles)	70	71	72	72	73	73	361
IUD * (cases)	584	741	946	1259	1580	1970	6496
Injectables (vails)	74	132	268	383	669	834	2286
Contraceptive Surgery* (cases)	1656	1715	1883	2066	2456	3100	11220
Foam	15	22	25	30	40	48	165
Total	2754	3041	3559	4183	5200	6417	22400

* includes births to be averted through carry over effect

Table 32.3

TARGETS OF CONTRACEPTIVE DELIVERY SERVICES DURING THE SEVENTH PLAN - 1988-93

(FEDERAL DISTRICT ISLAMABAD)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom '000' Units	295	300	304	310	318	326	1,558
Oral Pill (cycles)	6,903	6,937	6,980	7,029	7,085	7,156	35,187
IUD * (Cases)	1,928	2,304	3,197	4,262	5,086	6,451	21,300
Injectible (Vials)	3,100	5,493	10,943	15,937	27,838	34,702	94,913
Contraceptive Surgery* (Cases)	1,253	1,496	2,057	2,244	2,992	3,949	12,738
Foam (Bottles)	490	733	832	999	1,332	1,598	5,494

* includes births to be averted through carryover effect

Table 32.4

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN (1988-93)

(NGOs)

Methods	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total (1988-93)
Condoms (Units)	3130	3178	3232	3296	3375	3470	16551
Oral Pills (Sycles)	1145	1150	1158	1166	1175	1187	5836
IUD * (cases)	11195	13733	18192	24745	32416	43207	132293
Injectables (vails)	1822	3295	3382	5530	7421	9139	28767
Contraceptive Surgery* (cases)	16372	18022	22010	29525	40038	53604	163199
Foam	642	650	700	750	825	900	3825
Total	34306	40028	48674	65012	85250	111507	350471

* includes births to be averted through carry over effect

Table 32.5

TARGETS OF CONTRACEPTIVE DELIVERY SERVICES DURING THE SEVENTH PLAN - 1988-93

(NGOs)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom '000' Units	2,606	2,645	2,690	2,743	2,809	2,889	13,776
Oral Pill (cycles)	111,492	112,049	112,721	113,510	114,418	115,562	568,260
IUD * (Cases)	36,966	40,954	64,126	83,775	107,505	146,880	443,240
Injectible (Vials)	75,826	137,105	140,725	230,103	308,788	380,274	1,196,995
Contraceptive Surgery* (Cases)	17,727	18,068	28,461	43,754	57,566	72,163	220,012
Foam (Bottles)	21,367	21,645	23,310	24,975	27,472	29,970	127,372

* includes births tobe averted through carryover effect

Table 32.6

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(TGIs)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condoms	1,412	1,520	1,642	1,783	1,947	2,141	9.033
Oral Pill	146	146	147	149	150	151	743
IUD *	436	628	844	1,066	1,352	1,530	5,420
Injectible	44	55	85	100	185	225	650
Contraceptive Surgery*	1,195	1,693	2,296	2,887	3,641	4,384	14,901
Foam	52	55	85	90	95	100	425
TOTAL	3,285	4,097	5,099	6,075	7,370	8,531	31,172

* Includes births to be averted through carry over effect.

Table 32.7

TARGETS OF CONTRACEPTIVE DELIVERY SERVICES DURING THE SEVENTH PLAN - 1988-93

(TGIs)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condoms '000' Units	1,177	1,265	1,366	1,484	1,620	1,782	7,517
Oral Pill(cycles)	14,198	14,269	14,355	14,455	14,571	14,717	72,367
IUD (Cases)	1,622	2,050	2,880	3,456	4,435	4,608	17,429
Injectible(Vials)	1,871	2,288	3,537	4,161	7,698	9,362	27,046
Contraceptive Surgery* (Cases)	2,508	2,618	3,254	3,459	4,301	4,582	18,214
Foam (Bottles)	1,488	1,832	2,830	2,997	3,164	3,330	14,153

* includes births to be averted through carry over effect

Table 32.8

PROVINCE-WISE TARGETS OF CONDOM TO BE DISPENSED UNDER SOCIAL MARKETING OF CONTRACEPTIVES PROJECT DURING THE SEVENTH PLAN PERIOD 1988-93

(Million)

Method	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Punjab	33.0	34.0	35.0	36.0	37.0	175.0
Sind	13.3	13.6	14.4	14.8	15.1	71.2
NWFP	3.2	3.4	3.7	3.9	4.0	18.2
Baluchistan	3.0	3.2	3.8	4.6	5.2	19.8
Islamabad	0.12	0.13	0.13	0.14	0.14	0.66
Total	52.62	54.33	57.03	59.44	61.44	284.86

Table 32.9

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(Punjab)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom	89,662	90,000	91,554	93,160	94,874	96,695	466,283
Oral Pill	8,724	8,742	8,768	8,803	8,830	8,865	44,008
IUD *	71,108	92,617	109,892	153,825	208,970	261,007	826,311
Injectible	5,250	6,379	6,506	13,605	15,000	17,000	58,490
Contraceptive Surgery*	29,825	32,872	40,802	50,670	64,959	80,893	270,196
Foam	2,205	2,252	2,300	2,350	2,402	2,457	11,761
TOTAL	206,774	232,862	259,822	322,413	395,035	466,917	1,677,049

* Includes births to be averted through carry over effect.

Table 32.10

TARGETS OF CONTRACEPTIVE DELIVERY SERVICE DURING THE SEVENTH PLAN - 1988-93 (Punjab)

'000' Units

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom	74,625	74,906	76,199	77,537	78,962	80,478	388,082
Through SMCs	N.A.	33,000	34,000	35,000	36,000	37,000	175,000
Oral Pill	850	851	854	857	960	863	4,285
IUD (cases)*	242	290	350	550	700	838	2,728
Injectible	218	265	271	566	624	707	2,433
Contraceptive Surgery (cases) *	33	36	55	65	85	95	336
Foam	73	75	77	78	80	82	392

Includes births to be averted through carry over effect.

Table 32.11

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(Sind)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom	23,487	25,249	27,269	29,614	32,338	35,572	150,042
Oral Pill	3,169	3,375	3,395	3,419	3,446	3,481	17,116
IUD *	14,469	24,300	33,617	46,497	59,763	71,880	236,057
Injectible	878	3,464	6,337	8,268	11,173	14,081	43,323
Contraceptive Surgery*	9,911	13,661	17,836	26,223	36,710	49,359	143,789
Foam	571	796	1,167	1,352	1,523	1,611	6,449
TOTAL	52,485	70,845	89,621	115,373	144,953	175,984	596,776

* Includes births to be averted through carry over effect.

Table 32.12

TARGETS OF CONTRACEPTIVE DELIVERY SERVICE DURING THE SEVENTH PLAN - 1988-93

(Sind)

'000' Units

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom	19,548	21,014	22,696	24,647	26,915	29,606	124,878
Through SMCs	N.A	13,283	13,611	14,403	14,794	15,148	71,239
Oral Pill	327	329	331	333	336	339	1,668
IUD (cases)	45	93	111	161	195	227	787
Injectible	37	144	265	344	465	586	1,804
Contraceptive Surgery (cases)	12	23	25	42	53	65	208
Foam	19	26	39	45	51	54	215

Table 32.13

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(N.W.F.P.)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom	9,564	10,281	10,500	10,726	10,960	11,300	53,767
Oral Pill	3,392	3,410	3,430	3,454	3,482	3,517	17,293
IUD *	21,103	32,561	38,727	46,357	57,932	70,720	246,297
Injectible	1,250	1,668	1,800	3,851	4,325	4,813	16,457
Contraceptive Surgery*	4,681	5,407	6,761	9,092	12,528	16,817	50,605
Foam	465	500	525	600	615	650	2,890
TOTAL	40,455	53,827	61,743	74,080	89,842	107,817	387,309

* Includes births to be averted through carry over effect.

Table 32.14

TARGETS OF CONTRACEPTIVE DELIVERY SERVICES DURING THE SEVENTH PLAN - 1988-93

(N.W.F.P.)

'000' Units

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (Units)	7,900	8,557	8,739	8,927	9,121	9,404	44,748
Through SMCs	N.A.	3,200	3,400	3,700	3,900	4,000	18,200
Oral Pill(cycles)	330	332	334	336	339	342	1,683
IUD (Cases)	88	105	120	150	190	224	789
Injectible(Vials)	52	69	75	160	180	200	684
Contraceptive Surgery (Cases)	6	7	9	13	18	23	70
Foam (Bottles)	16	17	17	20	20	22	96

Table 32.15

TARGETS OF BIRTH AVERSION BY CONTRACEPTIVE METHOD DURING THE SEVENTH PLAN - 1988-93

(Baluchistan)

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom	4,055	4,366	4,715	5,121	5,592	6,151	25,945
Oral Pill	630	634	638	643	648	654	3,217
IUD *	2,976	5,839	9,069	11,586	13,993	16,737	57,224
Injectible	291	873	1,326	1,749	2,150	2,779	8,877
Contraceptive Surgery*	680	1,290	2,242	3,345	4,668	6,248	17,793
Foam	113	178	228	234	270	309	1,219
TOTAL	8,745	13,180	18,218	22,678	27,321	32,878	114,275

* Includes births to be averted through carry over effect.

Table 32.16

TARGETS OF CONTRACEPTIVE DELIVERY SERVICES DURING THE SEVENTH PLAN - 1988-93

(Baluchistan)

'000' Units

Method	1987-88 Bench mark	1988-89	1989-90	1990-91	1991-92	1992-93	Total 1988-93
Condom (Units)	3,380	3,634	3,925	4,262	4,654	5,120	21,595
Through SMCs	N.A.	2,952	3,213	3,777	4,649	5,226	19,817
Oral Pill(cycles)	61	62	62	63	63	64	314
IUD (Cases)	9	24	32	37	45	53	191
Injectible(Vials)	12	36	55	73	89	116	369
Contraceptive Surgery (Cases)	1	3	4	5	7	8	27
Foam (Bottles)	4	6	8	8	9	10	41

Table 32.17

BUDGET ESTIMATES FOR THE FEDERAL POPULATION WELFARE PROGRAMME FOR THE SEVENTH FIVE YEAR PLAN (1988-93)

(Rs.Million)

Programme components	Estimates
FEDERAL	
1. Administrative Organization	196.630
2. Federal District	24.200
3. National Research Institute of Fertility Control	30.600
4. National Research Institute of Reproductive Physiology	15.100
5. National Institute of Population Studies	48.800
6. Population Study Centres at Karachi & Faisalabad	2.500
7. Communication Strategy	74.665
8. Population Education	20.000
9. Research and Monitoring Studies	10.000
10. Contraceptive Requirement & Distribution	383.608
11. Social Marketing of Contraceptives	311.320
12. Non-Governmental Organizations	188.090
13. Incentives to Clients	50.000
14. Contraceptive Surgery Fees for Federally Administered Programme.	64.330
15. Involvement of Hakeems and Homeopaths	10.000
16. Target Group Institutions	6.000
17. Azad Jammu and Kashmir & Norther Areas	6.000
18. Training	
(a) Clinical	80.000
(b) Non-Clinical	35.000
19. Construction	
(a) Federal Office, NRIFC, NIPS, RIRP and Ware-House	47.000
(b) Construction of Five Regional Training Institutes.	48.000
20. Consultancy	5.000
Total	1656.843

Table 32.18

BUDGET ESTIMATES FOR PROVINCIAL POPULATION WELFARE PROGRAMME SEVENTH FIVE YEAR PLAN PERIOD 1988-93

(Rs. Million)

Head Of Expenditure	Punjab	Sind	NWFP	Baluchistan	Total
1. Provincial Headquarters and District Offices	214.417	92.100	74.812	5.396	386.725
2. Mobile Service Units	107.782	51.494	23.637	5.386	188.299
3. Family Welfare Centres	466.129	147.951	123.278	35.968	773.326
4. Involvement of Traditional Birth Attendents	43.714	17.678	14.794	2.175	78.361
5. Reprodutive Health Services	70.687	37.158	20.113	10.697	138.655
6. Contraceptive Surgery Fee	60.440	37.461	12.527	4.831	115.259
7. a. Population Welfare Programme through other Provincial Departments	1.717	1.550	4.448	0.614	8.329
b. Family Planning inputs into the Health programme	9.850	3.393	3.836	2.449	19.528
8. Involvement of Registered Medical Practitioners	3.000	1.000	0.750	0.125	4.875
9. Communication Strategy	10.100	5.300	3.200	1.980	20.580
10. Innovatives	5.000	3.000	1.500	0.750	10.250
11. Transport	46.360	19.250	11.870	6.490	83.970
Total	1039.196	417.335	294.765	76.861	1828.157

Table 35.1

FINANCING OF DEVELOPMENT PROGRAMME

(Rs. Million)

	Budget Allocation	Self-financing	Total	FEC
1. General purpose television	379	891	1270	123
2. Second TV Channel	821	0	821	441
3. Radio	400	226	626	[illegible]
4. National Press Clubs	70	0	70	0
5. Modernisation of National Press Trust Papers	30	0	30	10
6. Other Schemes (PID, APP, PNC and National Debate on 7th Plan)	54	0	54	10
Total	1754	1117	2871	644

Table 35.2

PHYSICAL TARGETS (1988-93)

	Unit	Sixth Plan 1987-88	Seventh Plan 1992-93	Addition
PAKISTAN TELEVISION CORPORATION				
1. Population Coverage	Percent	87	95	8
2. Area Coverage	Percent	47	52	5
3. Main TV Centres	No	5	5	0
4. Production Studios	No	13	14	1
5. Rebroadcast Centres/Boosters	No	22	33	11
6. Super High Frequency Links	No	7	7	0
7. Satellite Transponders	No	-	2	2
8. Mobile Out Broadcast Units	No	6	11	5
9. 2nd TV Channel			1	1
PAKISTAN BROADCASTING CORPORATION				
1. Population Coverage	Percent	96	100	4
2. Area Coverage	Percent	88	95	7
3. MW Transmitters	No	37	40	3
4. SW Transmitters	No	18	40	22
5. Broadcasting Houses	No	24	24	0

Table 36.1

SIXTH PLAN ESTIMATED EXPENDITURE AND SEVENTH PLAN ALLOCATIONS

(Rs Million)

SUB-SECTORS/ ADMINISTRATIVE AGENCIES	Sixth Plan		Seventh Plan	
Sl. No.	Estimated Expenditure	Percent Share	Allocation	Percent share
A. FEDERAL				
I. Special Education & Social Welfare Division	207.470	74	300.000	77
1. Special Education & Rehibilitation Services (D.G. Special Education)	156.810	56	200.000	51
2. Social Welfare Services (Social Welfare Wing)	20.880	7	50.000	13
3. Promotion of voluntary social work/ Agency (N.C.S.W.)	29.780	11	50.000	13
II. Establishment Division				
1. Staff Welfare Services(SWO)	73.240	26	90.000	23
TOTAL FEDERAL	280.710	100	390.000	100
B. PROVINCIAL				
I. Punjab				
1. Special Education & Rehibilitation Services (Directorate of Special Education)	33.400	26	100.000	34
2. Social Welfare Services (Social Welfare Directorate)	80.960	63	166.000	58
3. Promotion of voluntary social work/ Agency (P.S.S.B)	13.300	11	20.000	8
Total Punjab	127.660	100	286.000	100
II. Sind				
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	13.760	40	21.000	18
2. Social Welfare Services (Social Welfare Directorate)	19.630	56	73.445	63
3. Promotion of voluntary social work/ Agency (S.S.W.C.)	1.340	4	21.555	19
Total Sind	34.730	100	116.000	100

SUB-SECTORS/ ADMINISTRATIVE AGENCIES	TOTAL ALLOCATION	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
IV. Baluchistan	54.000	10.800	11.300	11.800	12.300	7.800
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	27.000	5.400	5.400	5.400	5.400	5.400
2. Social Welfare Services (Social Welfare Directorate)	25.000	5.000	5.500	6.000	6.500	2.000
3. Promotion of voluntary social work/ Agency (BALUCHISTAN C.S.W.)	2.000	0.400	0.400	0.400	0.400	0.400
TOTAL PROVINCES	550.000	118.305	106.153	112.650	109.196	103.696
TOTAL FEDERAL	390.000	116.822	84.726	69.026	63.600	55.826
GRAND TOTAL	940.000	235.127	190.879	181.676	172.796	159.522

SUB-SECTORS/ ADMINISTRATIVE AGENCIES Sl. No.	Sixth Plan Estimated Expenditure	Sixth Plan Percent Share	Seventh Plan Allocation	Seventh Plan Percent Share
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	31.450	54	31.000	33
2. Social Welfare Services (Social Welfare Directorate)	17.890	31	60.000	64
3. Promotion of voluntary social work/ Agency (NWFP.C.S.W.)	8.710	15	3.000	3
Total NWFP	58.050	100	94.000	100
IV. Baluchistan				
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	9.080	54	27.000	50
2. Social Welfare Services (Social Welfare Directorate)	3.650	22	25.000	46
3. Promotion of voluntary social work/ Agency (BALUCHISTAN C.S.W.)	4.000	24	2.000	4
Total Baluchistan	16.730	100	54.000	100
TOTAL PROVINCES	237.170	46	550.000	59
TOTAL FEDERAL	280.710	54	390.000	41
GRAND TOTAL	517.880	100	940.000	100

Note: Sixth Plan expenditures is at current prices as against the Seventh Plan

Table-36.2

PHYSICAL ACHIEVEMENT AND TARGET

S.SUB-SECTOR	FEDERAL	PROVIN-CIAL	PUNJAB	SIND	NWFP	BALU-CHISTAN	TOTAL
SPECIAL EDUCATION AND REHABILITATION SERVICES							
1. Existing Institutions/ Service Centres (Benchmark 1988)	50	105	52	30	19	4	155
2. Target of New Institutions/ Service Centres (position 1993)	40	74	30	20	18	6	114
SOCIAL WELFARE SERVICES							
1. Existing Institutions/ Service Centres (Benchmark 1988)	28	2681	2000	500	108	73	2709
2. Target of New Institutions/ Service Centres (position 1993)	15	290	150	75	50	15	305
PROMOTION OF VOLUNTRY SOCIAL WORK							
1. Existing Aided Voluntary Ageneies (Benchmark 1988)	3000	1500	600	500	250	150	4500
2. Target of new Voluntary Agencies to be aided (position 1993)	1000	550	200	200	100	50	1550
STAFF WELFARE SERVICES							
1. Existing Institutions/ Service Centres (Benchmark 1988)	134	--	--	--	--	--	134
2. Target of New Institutions/ Service Centres (position 1993)	60	--	--	--	--	--	60

Table 36.3

ANNUAL PHASING OF SEVENTH PLAN ALLOCATION

SUB-SECTORS/ ADMINISTRATIVE AGENCIES	TOTAL ALLOCATION	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
A. FEDERAL						
I. Special Education & Social Welfare Division	300.000	90.654	68.520	52.400	48.100	40.326
1. Special Education & Rehibilitation Services (D.G. Special Education)	200.000	71.963	40.037	30.000	30.000	28.000
2. Social Welfare Services (Social Welfare Wing)	50.000	10.280	16.894	12.400	8.100	2.326
3. Promotion of voluntary social work/ Agency (N.C.S.W.)	50.000	8.411	11.589	10.000	10.000	10.000
II. Establishment Division						
1. Staff Welfare Services(SWO)	90.000	26.168	16.206	16.626	15.500	15.500
TOTAL FEDERAL	390.000	116.822	84.726	69.026	63.600	55.826
B. PROVINCIAL						
I. Punjab	286.000	64.994	54.576	57.130	54.650	54.650
1. Special Education & Rehibilitation Services (Directorate of Special Education)	100.000	24.000	20.000	20.000	18.000	18.000
2. Social Welfare Services (Social Welfare Directorate)	166.000	36.994	30.576	33.130	32.650	32.650
3. Promotion of voluntary social work/ Agency (P.S.S.B)	20.000	4.000	4.000	4.000	4.000	4.000
II. Sind	116.000	23.985	23.277	23.246	23.246	22.246
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	21.000	4.985	4.277	4.246	4.246	3.246
2. Social Welfare Services (Social Welfare Directorate)	73.445	14.689	14.689	14.689	14.689	14.689
3. Promotion of voluntary social work/ Agency (S.S.W.C.)	21.555	4.311	4.311	4.311	4.311	4.311
III. N.W.F.P.	94.000	18.526	17.000	20.474	19.000	19.000
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	31.000	6.200	6.200	6.200	6.200	6.200
2. Social Welfare Services (Social Welfare Directorate)	60.000	11.726	10.200	13.674	12.200	12.200
3. Promotion of voluntary social work/ Agency (NWFP.C.S.W.)	3.000	0.600	0.600	0.600	0.600	0.600

SUB-SECTORS/ ADMINISTRATIVE AGENCIES	TOTAL ALLOCATION	ANNUAL PHASING 1988-89	1989-90	1990-91	1991-92	1992-93
IV. Baluchistan	54.000	10.800	11.300	11.800	12.300	7.800
1. Special Education & Rehibilitation Services. (Directorate of Spl. Edu)	27.000	5.400	5.400	5.400	5.400	5.400
2. Social Welfare Services (Social Welfare Directorate)	25.000	5.000	5.500	6.000	6.500	2.000
3. Promotion of voluntary social work/ Agency (BALUCHISTAN C.S.W.)	2.000	0.400	0.400	0.400	0.400	0.400
TOTAL PROVINCES	550.000	118.305	106.153	112.650	109.196	103.696
TOTAL FEDERAL	390.000	116.822	84.726	69.026	63.600	55.826
GRAND TOTAL	940.000	235.127	190.879	181.676	172.796	159.522

PCPPI—4597(90)Pl.Div—9-4-91—1000.