

Essays

ON

PAKISTAN ECONOMY

BY

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DEDICATED

TO

The memory of

MARGHOOB AHMAD

WHOSE SAD DEMISE

ON

30th October, 1957

Deprived me OF

A DEAR FRIEND, BROTHER AND COLLEAGUE.

P R E F A C E.

ECONOMIC PROBLEMS OF PAKISTAN is an important and interesting topic for study. I have been thinking over all these problems for the last so many years and have also, now and then, written on some aspects of them, On the suggestion of some friends and the insistence of my students, I wrote a series of articles dealing with all the major aspects of Pakistan Economy. These articles have now been compiled into the present book: **Essays on Pakistan Economy**. The book (deals) with all the important facts **OUR ECONOMY: Agriculture, Population, Economic Resources, Commerce Industry and Planning**. I have added three appendixes to give necessary data and statistics.

I have endeavoured to present the latest information available and have tried to interpret the facts and critically review the plans and policies. For I believe that the real value of a book like this one, lies in its criticisms and evaluations,

It is my pleasant duty to thank all those friends who have assisted me in the preparation of this book. Particularly I owe great debt to Messrs. Faridi, Shahzad Muhammad and Safer Hassan. My thanks are also due to those students of mine who helped me by their questions and criticisms.

1st February, 1958.

KHURSHID AHMAD.

OUR ECONOMIC PROBLEM.

The establishment of Pakistan is one of the most significant events of the contemporary history. Wildest odds were pitched in the way of a nation: it fought them with indomitable will and conquered them. Economic prophets declared that "Pakistan is an impossible proposition": Muslims made it a living proposition. And at the stroke of midnight, on 14th August 1947, despite all the manoeuvrings and mechinations of the foes from within and the enemies from without, the new country was born into existence—and eversince is trying to march ahead to meet its tryst with destiny.

The establishment of Pakistan was a great achievement—but it was a greater challenge. It was not sufficient to gloat over the victory—a great and historic victory beyond doubt. The call of the hour was to respond to the new challenge which the advent of this country unfolded. We had to start from the scratch. The new country was carved into existence to create an ideal society, wherein peace, prosperity and justice could reign. It was established to throw off, once for all, the yoke of political, cultural and economic slavery of the west and to extricate Muslims from out of the pool of misery and poverty in which they wallowed. It was the policy of the foreign rulers and non-Muslim money-magnates to keep this nation of one hundred million into a perenial state of the "hewers of wood and the drawers of water." With the establishment of Pakistan destiny offered a new opportunity to this nation—the opportunity of breaking the age-old shackles of poverty and to rise to the highest pinnacles of prosperity and glory.

This has been a multi-thronged challenge. In the political field we had to open a new chapter of our life. In the educational world we had to change the British-imposed academic order by a new educational system

which could cater to our new ideological, national and managerial needs. In the cultural sphere we had to discard the blind imitation of the west and had to bring about a social renaissance based on the values of Islam. In the economic field we had to abolish poverty, unemployment and severe disparity and had to establish a new order guaranteeing prosperity, equity and ever-increasing well being. Thus, the challenge presented before us a multi-faced task—and despite the passage of ten eventful years, the challenge still stares us in the face. In this essay we shall try to see what is the real nature of the challenge in the economic field.

II.

It is a mistake to think that our real problem is that of mere industrialisation or expansion of production. Pakistan has inherited an economic order which is semi-feudalistic, semi-capitalistic. This economic system dominates over every walk of our activity and vitiates all efforts at reform. The different problems that confront us and the unending row of maladies and conflicts which are clogging the wheels of progress are just a product of this anachronistic economic system. Our real problem is : *How to change the present economic system and replace it by a better one ?*

Britishers based their economic programme on exploitation. They came to this country as traders and the flag followed the trade. The economic policy which they instituted was that of *laissez faire*. It was out and out to the benefit of the British Capital and Industry. Local industry was strangled to death. Only those trades were developed which contributed to the prosperity of the English industry. The distribution of land was so affected that the stooges of imperialism got themselves firmly implanted on the soil of the country. The movement for ruralisation was reversed and the pressure on land

increased heavily. More woes were added to the misery-ridden life of the poor and a lopsided economy grew into the country.

By the close of the nineteenth century nationalist movements began to assert themselves and as such some new trends in the economy set in. Twentieth century witnessed revival of agriculture and the gradual industrialisation of the country. But these new economic movements were husbanded by the non-Muslim capitalists, who had no higher ideals before them and who followed in the footsteps of the brow-beaten, blood-stained track of the western capitalists. As such, a hotch-potch became of our economic system: it was semi-feudalistic, semi-capitalistic having no clear future before it. Wadia and Merchant have rightly said that: "For the last 100 years this country has been ruled as a dependency by a sovereign with the seat of authority thousands of miles away. *The belief that institutions and methods suited to the ruling country must be good also for the dependency has brought about an economic maladjustment, if not chaos, in India*"¹ This maladjustment has been very severe and very wide-spread. It pervades every aspect of the economy. And this is the system which we have inherited. It has no moral goal before it. It is not based on any rational and well thought-out principles. It is a product of certain misdirected and uncontrolled economic movements which were floated in the blind imitation of the capitalistic system. In agriculture it sanctifies *Jagirdari* and *Zamindari*. In trade it knows no rules of the game. In industry it is unreformed capitalism. In banking it is based upon interest and usury. Thus we find that the entire economic order which rides over our necks is corrupt, anachronistic and unsuited to our conditions and needs. It is no rational system at all.

1 Our Economic Problem by P. A. Wadia and K. T. Merchant. (1948) p. 8.

And our real problem is that of the change of the entire system. If any attempt is made to grapple with this question or that, without overhauling and recasting the real economic basis of the life, then such an attempt is foredoomed to failure.

Moreover economic well-being does not mean mere increase in the flow of production. It consists in the creation of a better and prosperous human society. "Industrial development enriches a community which is sound in its agriculture, its domestic and craft life, and in its spiritual robustness. But beyond a certain point it ceases to be an enrichment and begins to weaken natural association between men, and even begins to endanger instead of raising the standard of living."¹ It is the task of a healthy system to direct economic activity into proper channels and to check it from becoming injurious to the ideals and values of life.

It must be fully realised that "true economic growth is a many-sided individual and social process (which) consists in the refashioning of aptitudes and beliefs of individuals to give them new freedom in their multitudinous daily tasks—many of them not assessable in accounting or financial terms,"² or just reducible to the mathematics of production. Thus the real task before us is not merely a change here or a change there, but a change of the entire system. Our approach must be dynamic and creative. Then alone we can succeed. "Economic growth", in the words of E. D. Domer, "is determined by the very essence of a society and a comprehensive theory of growth should include physical environment, political structure, incentives

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- 1 Prof. V. A. Demant in "Religion and the Decline of Capitalism" Charles Scriber's Sons, New York. (1952) p. 147.
 - 2 S. H. Frankel : The Economic Impact on Underdeveloped countries, Oxford (1953) p. 78.

educational methods, legal framework, attitude to science, to change, to accumulation---just to name a few."4 It would be a folly to think that our real problem is mere industrialisation or the like : *it is true economic growth* and this is impossible without a radical change in the entire system, without putting up new social and moral ideals before the country, without reconstructing our economic policies on human values, without affecting a new relationship between the employer and the employee, capital and labour, land and the tiller in the light of the values on which the system is based

The above analysis brings us to the conclusion that :---

- (a) Economic growth can be affected only in the framework of a proper economic system ;
- (b) Our present economic system is a hotch-potch and instead of being an aid to progress is the real impediment to it and unless it is changed no real economic development can be reasonably expected.
- (c) Thus, our real problem is the change of this system by a new system which can fulfill all our needs.

Now the question arises : *What should that system be ?*
This we shall try to answer in the following pages.

III.

Capitalism, Soviet Communism and Democratic Socialism are the three important economic systems of

4 American economic Review Vol. XVII No. 2. May, 1952, p. 481. Article on Economic Growth by E. D. Domer.

our age, which are competing with each other to win the race of supremacy.

With the advent of the Industrial Revolution the world was introduced to a new economic system in which the dominant role was played by capital. "Capital" according to *Encyclopaedia Britannica*, "may be most briefly described as wealth used in producing more wealth and *capitalism is the system directing that process.*" Warner Sombart says, "Capitalism designates an economic system significantly characterised by the predominance of capital."¹ Thus capital being the real driving force, its essential features are private property, individual enterprise, profit motive, lack of an over-all plan and its spirit is that of acquisitiveness and competition. Prof. William N. Loucks has rightly defined this system as follows :

*"Capitalism is a system of economic organisation featured by the private ownership and the use for private profit of man-made and nature-made capital."*²

Capitalism achieved marvellous in different fields, but in others it miserably failed. To remedy the evils of unemployment, economic waste, industrial and trade crises, severe inequality and social injustice, which it generated, the case for Communism was presented. In 1917 the Russian Revolution occurred and Communism was given a trial in that great sixth of the world. This system envisages "the collective organisation of the community in the interests of the mass of the people by means of the common ownership and collective control of the means

1 *Encyclopaedia of Social Sciences*; article on Capitalism, Vol. p. 196.

2 *Comparative Economic Systems* by W. N. Loucks and J. W. Hoot, (1952) p. 37.

of production and exchange.”¹ Soviet Russia is experimenting this system for the last forty years but this too has failed to ameliorate the grievances of the economy. Moreover it has robbed man of his essential freedoms which in the “communist paradise” become a capitalistic luxury. Even a leading socialist R. L. Hall has said that the collectivist economy “involves the abandonment of free choice to the individual.”²

To remedy the evils of both these systems democratic socialism stepped into the economic arona. But its experiment in the post-war England has proved a fiasco, so much so that at the recent Labour Conference (Oct. 1957) they have retraced their steps and have even toned down their programme of nationalisation.

A critical study of all these systems reveals that none of them has been able to abolish poverty and privation, waste and unemployment, injustice and exploitation.³ They have tried to exclusively devote towards the achievement of material welfare—but real welfare continues to elude their grip. Confused in thought, bewildered at the spectacle of insoluble problems, the world stands aghast. J. M. Keynes said about the economists of the older schools that they were like “Euclidian geometers in a non-Euclidian world who, discovering that in experience straight lines apparently parallel often meet, rebuke the lines for not keeping straight as the only remedy for the unfortunate collisions which are occurring Yet in truth there is no

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- 1 Encyclopaedia Britannica. G. D. H. Cole's article on Socialism.
 - 2 R. L. Hall : “The Economic System in a Socialist State”, p. 41.
 - 3 Here it is not possible to dwell upon the topic in detail. The inquisitive reader is suggested to read :

remedy except to throw over the axiom of parallels and to work out a non-Euclidian geometry. *Something similar is required to-day in Economics.*"¹ In the words of Veblen : "The wild duck has dived down to the bottom—as deep as she can get—and bitten fast hold of the weed and tangle and all the rubbish that is down there, and it would need an extraordinarily clever dog to dive after and fish her up again"

This is the situation to-day. Now are we to follow blindly into the footprints of the western systems or are we to independently explore new avenues of progress.

It must be realised that every nation has its own peculiar problems and appetites. It is wrong to say that the modern technique is essentially universal in character. It cannot be implanted in every soil without regard for the climate, the standards, the values and the genius of the people. Simon Kuzners rightly says that scientific discoveries and their use by other countries "is not a matter of technical improvements (which) are often the solution of specific problems in a specific country adapted to the resources it possess." He concludes that "

(Continued from p. 7).

Comparative Economic Systems by Loucks and Hoot.
Geography of Hunger by Jossue De Castro.

Towards an Understanding of U. S. S. R. By
Florinsky.

Economics of Islam by Prof. Mahmud Ahmad.

A Treatise on Interest (Urdu), Vol. II, by Syed Abul
Ala Maudoodi.

- 1 The General Theory of Employment. In *Interest and Money* by Prof. J. M. Keynes, p. 16.

by direct imitation but of modification and adaptation."¹

It is now an accepted fact that :—

"Economic growth, in order that it remains consistent with the growth of free life and institutions, must not get significantly out of step with the general scheme of values of the people in which they try through a complex process to balance material advance with other objectives."²

We would go even further and say that not only it "must not get significantly out of step with the general scheme of values of the people" but must be positively in tune with them and should aim at the full realisation of those values. The attitude of indifference towards values, propagated by a legion of economists of the past is now an out-moded concept. As such, the problem with which we in Pakistan are faced is that how are we to adopt the modern methods to our own needs and how are we to use them as instruments for the fructification of our own ideals and values. This problem becomes still more grave and more important when we see that all the modern economic systems have failed to take note of the moral factors and are faced with the ship-wreck. *"There is something in our industrial civilization that has tended to destroy the associative propensities of men; then it looks as if the social problem is one between the egoistic and altruistic motives.* It is in our day that the problems of incentives has come to the fore. This arises when economic bonds have replaced most of the other kinds of bonds and then when the spur of economic advance-

1 Simon Kuznets : Economic Change. London 1954, pp. 244-245.

2 G. K. Parikh, in a paper read at the Congress of Cultural Freedom, published in "The Future of Freedom," p. 306.

ment seems like a wild-goose chase. *It is in such conditions that people tend to act purely from self-interest and at worst become social delinquents.*"¹ And it is most unfortunate that man has, in the contemporary world, chosen to behave "at the worst."

In this context the need for an independent appraisal of the entire situation and a rational selection for our future becomes indispensable.

This discussion shows that :—

- (i) Capitalism, Communism and Democratic Socialism, despite so many achievements to their credit, have failed to establish a healthy, prosperous and just economy and it is futile to adopt those systems without a rational scrutiny.
- (ii) Techniques and Socio-economic creeds do not have universal applicability. Every country is faced with the problems of selection and adaptation.
- (iii) The economic ideology of a nation must be in tune with the standards and the values of the people. If there is any disharmony between the two, conflict and social schism would be the only products.
- (iv) The system should be such that it takes full recognition of the moral and social factors. Too much pre-occupation with the material standards is bound to breed disruption and delinquency.

In the light of these needs we have to adopt a new system suited to our conditions and that alone can guarantee real economic progress.

1 Religion and the Decline of Capitalism, by Prof. V. A. Demant, p. 154.

What is real economic progress? What is the criterion to judge it?

Briefly we can say that real economic progress means the provision of the following :

Firstly economic activity should be performed in a healthy moral atmosphere of co-operation and cohesion instead of cut-throat rivalry. There should be equal opportunities to all and a wide-spread scheme of incentives and stimulents to help the people play their rightful role in the development of the society.

Secondly, there should be continuous expansion of the economy resulting in unhampered and unbroken *increase in the real income of the people*. The standards of consumption and production, the character of the goods that are produced and consumed should be continually improved. The processes of production should be so developed that there results a continuous decrease in the relative amount of effort, the use of material resources, and the sacrifice of human health, energy and happiness involved in the production of the material income. The rate of increase should be such that the miseries and woes of the people are gradually redressed and they attain an ever-increasing standard of comfort.

Thirdly total elimination of poverty, reduction in unemployement to a minimum and guarantee of the basic needs of life to every citizen should be the minimum objective.

Lastly, the greatest possible diffusion of the social income among the members of the society. Prosperity should be widely diffused. There should not reign unnatural and extreme disparities of income. The life of the common man must be enriched with the real amenities of life.

This is the true concept of economic progress and the system of economy which we have to adopt in this country must be able to fulfill these standards.

V

Before driving any conclusion, we would like to make a digression on the nature and the extent of the problem of the rate of economic growth for Pakistan.

The conditions at present are extremely despicable. Poverty, unemployment, low per capita income, heavy pressure on land : this is the order of the day. An idea of it can be had from the fact that the annual income of an agriculturist family of East Pakistan is Rs. 125-0-0¹. The per capita income of Pakistan during the last years has been as follows² :—

Year :	1949-50	1950-51	1951-52	1952-53	1953-54
Per Capita Income.	230	242	236	234	243
Year :	1954—55	1955-56			
Per Capita Ineome.	245	237			

A comparison of it with the per capita income of other Western and Asian countries reveals the sorry state of affairs in which we are engulfed.

1 Pakistan Agricultural Enquiry Committee Report (1951).

2 Economic Statistics for 1956. (Ministry of Finance) p. 162.

Per Capita Income of Selected Countries.

Name of the Country.	Year.	Per capita Income (in Rupees).
India ...	1954-55	269
Ceylon ...	1954	569
Phillipines ...	1954	825
Japan ...	1954	922
U. K. ...	1954	4,100
Australia ...	1954	4,694
Canada ...	1954	6,046
U. S. A. ...	1954	8,766

This is our position to-day. The present population is estimated to be 84.66 million.¹ The Planning Board estimates the annual rate of growth of population at 1.4 per cent. Dr. S. M. Akhtar however argues that it is 1.5 per cent.² Statistics show that during 1933-1938 the world population increased at the rate of 1.2 per cent, during 1938-1951 it increased at the rate of 1.5 per cent. The rate of increase for Asian countries taken as a whole increased from 1.6 per cent to 2.2 per cent during this period.³ As the death rate is falling because of improved medical treatment, the possibilities of net

1 Vide Draft Plan Vol. I p. 211. The 1951 Census figures were 75.84 million (Feb. 28, 1951).

2 Pakistan Economic Journal March 1956.

3 P. E. P. Broadsheet on World Population, 26th April 1954, p. 69.

increase in the rate of growth seem reasonable. That is why the experts of the Princeton University (U. S. A.) are of the opinion that the rate of population growth will increase from 1.46 per cent per annum during the period 1951-56 to 2 per cent during 1956-61 and then progressively go up till it will be as high as 2.62 per annum for the period 1976-81. ¹

Supposing the rate of growth at 1.5 per cent, if we want to *maintain* the present standard of living, we need capital accumulation to the tune of 4.5 per cent of the national income. A two per cent increase in the per capita can be achieved if we make annual investment of 10.5 per cent of our national income. This 2 per cent increase would go to double our per capita in 35 years. But 10.5 per cent investment is a difficult standard to be achieved. It calls for sustained effort and extremely efficient economy. At present our rate of capital accumulation is a little less than 5%. Thus one of our most impending needs is the acceleration of the rate of economic growth.

VI.

Now we come to the concluding portions our discussion.

We have seen that our real economic problem relates to the *economic system* and not to any part of it. We have to change the entire system and without doing that we cannot remedy the malady. If we do not change the system, we shall continue to move about in a vicious circle. If one problem is settled, hundred new problems will raise their heads. There is no use in fighting with the symptoms of the disease. We should go direct to the root of it. And the root cause is the semi-feudalistic, semi-capitalistic system of economy whose burden is break

¹ Coale and Licover in "Population Change and Economy Development in Low Income Areas."

ing our necks and which has become a mainspring of ills and maladies.

We cannot change this system by *any* other system. The leading economic creeds of our age have failed to deliver the goods. We need something more realistic, more dynamic, more efficient and truly life-giving.

The system which we need must be based upon values of life which we cherish and must be progressive and efficient enough to bring prosperity to this country whose present standards are at a low ebb and whose population is increasing at a heavy pace. It must be capable of achieving continuous expansion, increasing prosperity, diffusion of wealth and social well-being. And above all its outlook must be moral and human and should not make wealth the Almighty God ?

Such is the system we need : such is the order which can solve our basic problems. And the Islamic system of economy, which is based upon moral values and which ensures expansion, efficiency and social prosperity has a strong case and bears ample prospects for the future.

PAKISTAN ECONOMY IN RETROSPECT

Pakistan joined the community of nations on 14th August 1947. India was populated by two major nations : Hindus and Muslims. Muslims demanded a separate homeland for themselves and wanted to establish their independent state in those regions which had Muslim majority. After years of struggle and sacrifice the demand was accepted and the provinces of N. W. F. P., Baluchistan, West Punjab, Sind and East Bengal (alongwith the Division of Sylhet) were consolidated into one sovereign state of Pakistan. The announcement was made on 3rd June 1947 and on 14th August the new state came into existence.

Pakistan consists of two land-masses separated by over one thousand miles of Bharati territory. It has a total area of 3,64,737 sq. miles and a population of 75.6 millions (1951 census). There is wide disparity in the geographical and other conditions of the two wings. East Pakistan has a tropical monsoon climate and is rich with fertile soil and abundance of water. The climate of West Pakistan is characterised by wide variations of temperature. It is an arid to semi-arid region with mountains running from its north-western frontier. There are big desert planes and the area suffers from the scarcity of water. West Pakistan has 84 per cent of the total area of the country but only 44 per cent of the population, while East Pakistan has only 16 per cent of the area but 56 per cent of the total population.

Agriculture is the mainstay of the economy. It supports 75 per cent of the population and accounts for nearly 60 per cent of the National Income. The predominantly rural character of the economy is reflected from the fact that nearly 10 per cent of the population resides in cities while 90 per cent is rural. In East

Pakistan only 4 per cent of the population is urban.

Although the industrial transformation of India began in the last decades of the nineteenth century, it got fillip only during and after the 1st World War. On the eve of partition the position had so improved that India could rightly be called to be in the midst of the industrial revolution. But a strange feature of it was that nearly all the industrial development had occurred in those areas which fell into Bharat. The regions which came to Pakistan were totally undeveloped and as it was pointed out by the first commerce minister of Pakistan,¹ the non-Muslim capitalists never tried to develop these areas which, as a result of that, remained totally neglected. Thus Pakistan had to start all a new

Problems After Partition.

Not only Pakistan had to start from the scratch, but from the very outset it is riding on the neck of problems. Second World War had subjected the country's economy to heavy strains. There was severe disharmony in different sectors of the economy and the inflationary tendencies generated by the war were pretty disturbing. The demobilisation of a greater part of the personnel, of the armed forces (25,03,000 during the war) further added to the stresses and strains on the economy. In this context partition occurred and let loose some other very forceful trends of dislocation and disturbance. According to an official survey,² "The country was confronted, immediately after partition with an unprecedented refugee problem following massive transfers of popula-

1 Mr. I. I. Chundrigar, the then Commerce Minister in an address to the Industrial Conference in December 1947.

2 Economic Survey for 1954 (Government of Pakistan), p. 102.

tion ; during which approximately seventy lakh refugees came into the country within the period of a few months in utter destitution. Moreover the occupational pattern of the refugees who arrived in Pakistan was different from those of the evacuees, many of whom lived in towns and were engaged in trade, business, money-lending and urban professions. The Muslim refugees were mainly agriculturists or craftsmen who had supplied local markets but found little scope for their skills in their new surroundings. At the same time, the marketing and financing systems were dislocated. The food situation was precarious as crops over large areas had been destroyed while a part of the wheat crop had already moved to India. In the following year, devastating floods occurred in the Indus valley converting the expected food surplus into a deficit and necessitating imports of considerable quantities of food grains from abroad. The shortage of food generated inflationary pressure which were intensified by the shortage of imported goods as a result of the dislocation of the trade mechanism. The export trade balance constituted a further inflationary factor. All these problems had to be tackled by an administration starting almost from scratch."

These were the difficulties which confronted the country from the very outset. An Industrial Conference was organised in December 1947 which considered the problems of industrial transformation of the country. State Bank of Pakistan was inaugurated on 1st July 1948. Refugee Rehabilitation Finance Corporation, National Bank of Pakistan, Central Engineering Authority, Pakistan Industrial Finance Corporation and such other institutions were floated to meet the situation and attempts were made towards the recovery and rehabilitation of the economy.

The Financial Crisis

Pakistan was in the midst of these problems when the economy was put to a test in 1949. In September 1949 U. K. devalued £ sterling and this was followed by the devaluation of the currencies of a large number of countries. Pakistan, keeping in view the agricultural complexion of the economy and the demands of the programme for the industrialisation that was at hand, decided not to devalue. India refused to accept the new rate of exchange and a deadlock occurred in Indo-Pakistan trade. This administered a severe blow to the country's trade, particularly the Jute trade. Thus the *National Bank of Pakistan* was immediately established to finance the trade and the *Jute Board* was formed to purchase Jute on Government account,

Korean War broke out in the middle of 1950 and a scramble for raw materials ensued. This created boon conditions for Pakistan and as a result of that the exchange earnings soared high (from Rs. 1,363·0 million in 1950 to Rs. 2,878·5 million in 1951). Liberalisation of the import policy followed in the wake of heavy earnings. But it was lost sight of that in the modern economy slump follows boom exactly in the same way as night follows day. No preparations were made to check the ill-effects of the on coming slump, which flooded the eastern countries in 1951-52. We were caught unaware and 1952 witnessed another severe crisis and dislocation. In 1953 the post-Korean war recession assumed disturbing proportions. Government revenues fell heavily. Exchange reserves declined swiftly and reached the lowest ebb. Food shortage also appeared and the agriculturist was severely affected by the sudden decline in the demand and the prices of raw materials.

The trade crisis, and other factors compelled the Government to devalue the Pakistan Rupee and restore

with the sterling the pre-devaluation rate (1949). This was done on 31st July 1955 and had a soothing effect on the trade of the country.

Planning and Industrialisation

In 1950 the Consultative Committee of the Colombo Plan met in London and adopted the six-year development programme for the participating countries. Pakistan also formulated its six-year Plan which envisaged development in all the sectors of the economy. Its objective was to improve agriculture, to secure speedy industrialisation and to undertake the basic development in the field of power, communications and the like. It covered the period from July 1951 to June 1957 and was estimated to cost Rs. 2,600 million, to be spent as follows :

	(Million Rupees)
Agriculture ...	820
Fuel and Power ...	470
Industry and Mining ...	490
Transport ...	530
Social Uplift Schemes...	290
Total : ...	Rs. 2.600

It was estimated that out of this 2600 million, Rs. 1,200 million could be secured from foreign assistance. As the programme envisaged in the six year Plan was being sabotaged by the unforeseen international developments because of Korean war, its cessation and the ensuing recession, a two year priority plan was formulated to step up industrialisation. In 1952 the process of industrialisation began to unfold itself and under

the sheltering care of the P. I. D. C. different industries began to grow. Eversince the index of industrial development has increased higher and higher. Taking the year 1950 as the base it stood at 235 in 1953, 285 in 1954, 366 in 1955 and 421 in 1956. This is a marked improvement, but the disturbing feature is that the development has not been as balanced, swift and widespread as it should have been.

In 1953 the Planning Board was appointed to prepare a National Plan of Development and the board presented its first five year plan in May 1956. The adoption of the five year plan by the National Economic Council has opened up the era of planning in Pakistan.

The Food Crises

Although marked development has occurred in the field of industry, agriculture has suffered heavily during the last years. Since 1952 the country is facing recurring food crises, so much so, that during 1956-57 the Government had to spend Rs. 490 million in local currency and Rs. 235 million in foreign exchange, in addition to 1.11 million tons of food grains received as friendly aid from different countries. In 1957 too we could not free ourselves from the clutches of the food crises, and although high hopes are being entertained in several quarters about the future prospects of higher production, it is difficult to say anything with precision and certainty.

This is an overall review of the economic situation of the country. It presents the spectacle of strain and strife, crises and struggle, dislocation and recovery, courage and resolution. Pakistan has bravely grappled with the problems that presented themselves and despite innumerable difficulties—some of them being scarcity of capital and technical know-how and an inefficient administration—has achieved remarkable progress in certain fields. It reflects the inner vitality of the economy which, inspite of many mistakes of policy and calculation, has generally recorded a march ahead.

A SURVEY OF ECONOMIC RESOURCES

"Know-Thyself" is not a mere medical recipe; it has a message for the student of economics as well. The economic problems of a country cannot be fully understood and appreciated, if we do not have a thorough idea of the country's resources and potentialities. Planning for future can be done only on the basis of the correct data about the past and the present. Economist's task is not akin to that of the proverbial juggler who drives the rabbit out of the empty cap. Economists plan in accordance with the conditions and the resources of a country and an appraisal of the resources is extremely essential.

The economic resources of a country are of two kinds : *Human* and *Material*. Man-power and material resources constitute the bedrock of an economy. Both of these are equally important and despite the miraculous achievements of machine, the creative role of the man behind-the machine cannot be minimised. Therefore a study of human and material resources of Pakistan must precede a discussion of its agricultural, industrial, commercial and monetary problems.

I

Population and the Man-power.

The ultimate objective of all economic development is the provision of a better and healthier living for the human beings. And this economic development can be brought about only through the proper use of the human talent and energy. This clearly brings home the real importance of man-power.

We are extremely deficient in correct data about the man-power resources. According to the 1951 census the population of the country on 28th February 1951 was

75.84 million. Careful calculations show that the urban population was under-calculated to the tune of, perhaps, 5 per cent. If necessary adjustments are made, the population on 28th February 1951 comes to 76.23 million, of which 42.15 million were in East Pakistan and 34.08 million in West Pakistan¹. The Planning Board calculates the rate of annual increase in population at 1.4 per cent and as such its estimate of population at the middle of 1957 comes to 84.66 million (East Pakistan : 46.99 million, West Pakistan : 37.67 million)². This is corroborated by other studies on world population.³

The distribution of population within the country is such that East Pakistan has a density of 777 persons per sq. mile while West Pakistan has only a density of 109. All Pakistan density per sq. mile is 208.

This shows that Pakistan is a well-populated country of the world and has ample man-power, which, if properly used, can work miracles for the country. All other countries of the world are not so fortunate in this respect. A comparative study of the population statistics of the world shows that Pakistan is the fifth largest country of the world and its human potential is sufficiently great. U. K., France, West Germany, Italy, all have relatively smaller population. In 1953 (mid-year) the population of these countries was as follows :—

United Kingdom	...	50.6 million
West Germany	...	48.9 „

1 Five Year Plan (Draft), Vol. I, p. 299.

2 Five Year Plan (Draft), Vol. I, p. 211.

3 See Measures for the Economic Development of Under-developed Countries. (United Nations, Dept. of Economic Affairs) p. 45, and Pakistan Economic Journal March 1956. Conference Address of Dr. S. M. Akhtar.

Italy	...	47.5 million
France	...	42.8 „
Canada	...	14.7 „

(Vide : U. N. Statistical Papers series E. No. 4). Thus, on the face of it, it seems that Pakistan is better placed in respect of population. But it would be a superficial view to conclude from it. Population, to be a real source of strength and energy, must fulfill certain conditions. If those conditions are not fulfilled, heavy population becomes an index of economic poverty and social misery. These conditions are as follows :—

- (a) It must be active, healthy and hard-working. An inactive, idle and disease-ridden population becomes a burden and a liability which may sap the economic potential of the country and produce no good.
- (b) It must be trained and educated, capable of fulfilling the needs of different arts and crafts,
- (c) There should be no wastage of human-power because of unemployment, under-employment etc. Lack of proper utilisation of human resources results in a heavy burden upon the earning population of the country and lowers the general standards of living.
- (d) And there must be an equilibrium between the population of the country and its other economic resources. A disequilibrium occurs because of over-population or under-population and in any way, is injurious to the proper growth of the economy.

If the population of a country comes upto these standards that country is bound to gain from its man-

power, which becomes a true source of vitality and strength. Otherwise, inspite of having a high population, the country would not be in a position to march ahead, from glory to glory and from success to success. Let us see where Pakistan stands to-day.

1. As far as the health and other qualities of the man-power are concerned, the situation is not easy to grasp. People are sturdy and well-built in West Pakistan and endowed with good mental and physical qualities in the Eastern wing. But the conditions of life in which they are engulfed are far from satisfactory. And this has a bad affect upon their health and the quality of their work. Death-rate in Pakistan is very high and when compared with the death-rates prevalent in other countries, it is a staggering spectacle. In Pakistan the death rate is 24·9 per thousand. The 1950-51 average death-rate per thousand was 12·1 for Ceylon, 12·0 for Burma, 10·4 for Japan, 9·0 for Denmark ; 10·0 for Sweden, 9·6 for U. S. A., 8·7 for Norway and 7·6 for Holland.¹ The extent of infant mortality is bewildering. It is supposed that 25 per cent of the children born die before they complete their first year and another 25 per cent die while they are still below 10 years of age.

Comparative figures are as follows :—

<i>Country</i>		Rate of infant <i>mortality (per thousand).</i>
Pakistan	...	500
Ceylon	...	81·4
Japan	...	58·6
U. K.	...	31·2

1 Vide Preliminary Report on World Social Situation. (1952). U. N. Dept. of Social Affairs, p. 12.

<i>Country</i>		<i>Rate of infant mortality (per thousand).</i>
Switzerland	...	30·7
Denmark	...	29·8
U. S. A.	...	28·9
Sweden	...	21·0

This shows how many flowers in one country wither even before coming to the age of bloom !

Similarly the life-expectency in the country is very low. According to a U. N. Survey¹ the life-expectency in different countries during 1940-50 was :—

Netherland	...	70·5 years
Denmark	...	69·0 „
U. S. A. (White)	...	68·7 „
(non-white)	...	60·8 „
France	...	64·7 „
Germany	...	60·6 „
Japan	...	57·9 „
India-Pakistan	...	26·7 „

Lack of proper health services is a cause of this miserable situation. It is estimated that Pakistan has only one doctor for every 6000 persons and one nurse for every 43,000 persons, while in U. K. there is one doctor for every 1000 persons and one nurse for every 300 persons and in U. S. there is one doctor for every 750 persons. The standard of nutrition is also very low. According to the Pakistan Agricultural Enquiry Committee report it is as low as 1750 calories per head.

In Egypt it is 2475 and in western countries more than 3000 calories. The U. N. Survey of the Social Situation puts the deficiency in Indo-Pakistan sub-continent at 24.4 per cent. The Economic Appraisal Committee Report also points to this deficiency. On the whole we find that despite natural talents and appetitudes, our population's health and other physical qualities are far from satisfactory.

2. The state of education is also deplorable. This is where we stand, in comparison with the world :—

<i>Country</i>		<i>Literacy</i>
Sweden	...	99.9 per cent.
Switzerland	...	95.0 „
U. S. A.	...	95.7 „
U. K.	...	95.0 „
Italy	...	78.4 „
Syria	...	40 - 59 „
Turkey	...	30 „
Pakistan	...	13.8 „

Arrangements for education in science and other technical subjects are extremely defective and the country is deficient in technical know-how.

So in the case of education and training too we come to the conclusion that the present situation is totally unsatisfactory.

3. Now let us see how far the available human resources are being fully utilised? Here the data is most lacking and it is very difficult to say anything with precision but the trends which come before us by a thorough study of different spheres of the economy are no less

disturbing. In agricultural labour there is wide-spread under-employment. The agriculturist remains without work for more than five months (according to another estimate for full 200 days) and not only remains idle but also wastes money in litigation. Among the educated people the extent of unemployment is supposed to be very high. If the figures released by the Employment Exchanges are an index of the general trends, then the situation is pretty bad. In 1954-55 only 13.9 per cent of those who got themselves registered with the Employment Exchanges got employment. In 1949 this rate was as high as 31 per cent. This decline reflects the rising tide of unemployment.

4. Now let us look to the fourth condition. The above discussion automatically brings us to the conclusion that there is a disequilibrium between our population and our economic development. But a clearer understanding of the problem calls for a more detailed discussion.

The British economist Malthus propounded an important theory of population in the last decade of the eighteenth century. Keeping in view the natural rate of reproduction in the human species he came to the conclusion that the increase in population will always outstrip the increase in the production of food-stuffs, in a given period of time. This will naturally result in a disharmony between the food-resources and food-needs of the country and if the growth of population is not checked, nothing but death and starvation await mankind. The future is dismal and over-population must be checked.

The subsequent history has vindicated Malthus on certain points and has exposed the fallacy of his argument on others. The modern analysis is that what is needed is not essentially an equilibrium between population and food-production but only between population

and economic activity taken as a whole. Discrepancies in any given field can be easily met through international trade. Moreover, population and economic opportunities both are variables more or less of equal potency. Economic opportunities too can be multiplied and the industrial revolution has shown that despite unprecedented rise in the population of the industrial countries during the 19th century, the standard of living has recorded very significant rise. In the last two centuries the U. S. population increased by about 3000 per cent but the economic opportunities increased even at a faster rate. So the fact is that population and economic opportunities both are variable and what is needed is an equilibrium between the two. Neither the population should be so small as to be unable to exploit all the resources of the country, nor so out of harmony with the economic potential that the standard of living records a downward fall. *And the remedy lies in increasing the economic opportunities to highest possible extents.*

Economists are of the opinion that a properly developed agricultural country can support 250 persons per square mile at a reasonably high standard of living. An industrial economy can support even three times more people. A Pakistani scientist calculated the impact of industrialisation on our national income. In a paper read before the Pakistan Science Conference he said that cotton which contributes, suppose, Rs. 60 crores to our national income, if transformed into cloth in the country, would go to contribute about Rs. 134 crores. The value of Jute will also rise by more than 250 per cent by establishment of jute industry. Similar is the case of other commodities. Most of the western countries are supporting heavy population at a high standard of living.

In our view the correct approach in this respect is not that of using the guillotin over the rate of popula-

tion but of developing and multiplying the economic opportunities. And this is the view which has been upheld by the world renowned economist and statistician Prof. Colin Clark, who visited Pakistan in 1952 and prepared a report on "Some Economic Problems of Pakistan." He has very shrewdly observed that :—

"Some people say that economic considerations require that this rate of increase (of population) be reduced ; or even that a stationary or declining population is required. I am not interested in any such proposal. To my mind, it is the business of the economist to recommend how the economy can be adopted to the needs of population, not how the population can be adopted to the needs of the economy. Parents bring children into the world in accordance with their own wishes and conscience, and must continue to do so. No economist, however learned, no Prime Minister, however powerful, has the slightest right to instruct them otherwise. No—the rights are all on the other side. Every parent, every child born, has the right to demand of economists and Prime Ministers that they shall so organise the economy that it shall provide them all with the least necessities of life."¹

This, in our opinion, is the right approach and we feel that the current disquilibrium can be eliminated by careful planning and sustained effort. Our economic potentialities are great. Mighty lands are lying virgin. Great energies and rich resources are buried into the bowels of earth and are awaiting exploitation. Industries are still undeveloped. On the whole the *potentialities are there and need be developed and exploited.* The potentialities

1 A General Review of Some Economic Problems of Pakistan, by Mr. Colin Clark p. 2.

are so great that they can easily support our increasing population. What we need is *right planning* and *proper direction*. In this respect the following steps need be taken :—

- (a) Immediate steps to eliminate the wastes and exploitation ;
- (b) Stepping up of agriculture and gradual introduction of mechanisation ;
- (c) Industrial development : development of both large-scale and small scale enterprise ;
- (d) Better distribution of wealth ; and
- (e) Redistribution of population inside the country.

If a new, vigorous policy of economic development is adopted, the population, instead of being a burden, will become a boon to the country and will act as the most important vehicle of economic renaissance.

II

Mineral Resources.

Mineals are extremely important in the economic life of a country. Bismarck used to say that the economic prosperity of Germany rests upon two pedestals : iron and coal. Lord Boyd-Orr has rightly remarked : “The advance of civilization depended on the discovery and use of metals..... Technical developments making possible modern methods of extraction of iron with coal made possible the Industrial Revolution.”¹

1 The New Outline of Modern Knowledge. Article on “World Resources” by Lord Loly-Orr, F. R. S., L.L.D., Former Director General United Nations F. A. C. P.

In the undivided India 34 important minerals were extracted. Because of partition, most of the mines went to the share of Bharat, and Pakistan had only 10 minerals of which it exclusively had only two. On the other hand Bharat got 24 minerals exclusively.

From the very outset it has been before the Government to develop the mining industries. In December 1948 "Regulation of Mines, Oilfields and Mineral Development (Federal Control) Act" was passed and was enforced from 1st June 1949. Rules and regulations for granting concessions were also formulated. Pakistan Petroleum Production Rules of 1949 and Pakistan Mining Concession's Rules of 1949 are instances in view. Agreements were concluded with the Standard Vacuum Oil Company, M/s. N. B. Hunt, W. H. Hunt, C. L. Hunt and Lemar Hunt, and the Pakistan Shell Oil Company Ltd. to develop the oil resources of the country. Partial geological surveys were arranged and the help of Canadian experts was sought to survey the Baluchistan area. As a result of these and other activities mineral production has generally improved in the country. A brief survey of important minerals is given below.¹

Petroleum

Only two companies were working at the time of partition and the production of petroleum was 3,34,000 barrels. The indigenous production of petroleum products was 53,000 tons in 1948. In 1956 it had increased to 9,60,000 and the production of petrol stood at 1,9,00,000 barrels in 1956-57. The indigenous oil

¹ The material is being given from latest Government sources. Particularly "Ten Years of Pakistan" p. 129 to 133, Economic Statistics for 1956, Five Year Plan and Explanatory Memorandums on the Budgets.

production at present is approximately 15 per cent of the total consumption of the country but new companies are busy in prospecting more oil. Moreover natural gas is also replacing the use of fuel-oil.

Natural Gas

Natural Gas was discovered during the oil-prospecting attempts at Sui and Uch in the former Baluchistan area and now recently at a place near Sylhet in East Pakistan.

The deposits at Sui are very rich and it is estimated that some 22,200,000 million cubic feet gas is available there. Even if the gas is used lavishly, the deposits can suffice for more than sixty years. First gas pipeline (350 miles long) between Sui and Karachi was completed in August 1955 at a cost of Rs. 84 million. The construction of another pipeline between Sui and Multan is now in progress and it is hoped that this 217 miles gas-pipeline will be completed by March 58. This gas is very cheap and it is estimated that when it is used in full swing it will result in an annual foreign exchange saving of some £8.5 million.

Coal

Coal is an important mineral and our annual consumption is about 3.25 million tons. But the production in the country is far below our needs. In 1955-57 it was 600,000 tons. At present coal deposits are available at Salt Range of the Rawalpindi Division, Makerwal of the Mianwali District Sore Range and Mach area of Baluchistan and Jhimpir of Hyderabad Division. Considerable deposits of brown coal have been discovered in East Pakistan.

The quality of the coal produced in the country is not high. The condition of the industry is not satis-

factory. During 1952-55 the production fell because of internal crises and fall in the railway demands. The need of integration in the collieries is very great.

Iron-Ore

Iron is available only in a very negligible quantity. Although we need more than 4 lakh 10 thousand tons of iron every year, our current production is not more than 20,000 tons. And here too the quality is poor. New deposits of iron-ore have been discovered at Mianwali, Sargodha, Attock and Chitral and work is in progress.

Salt

Fakistan is rich in salt which is used in the manufacture of Caustic Soda, textiles, glass, paper, ceramics, soap raven and other products. Rock salt and water-salt both are available in handsome quantities. The quality of rock-salt is also very superb. Annual production is over 15.1 million tons, which is far in excess of our needs.

Chromite

Chromite is found in Hindubagh, Chaghai and Kalat areas of West Fakistan and constitute one of the biggest deposits in the world. The present production is over 25,000 tons. This mineral is exported to other countries.

IMPORTANT MINERALS OF PAKISTAN.

Production.

Name of Mineral.	Production.	
	1947	1956-57.
Petroleum ...	334,000 barrels	1,900,000 barrels.
Natural Gas ...	...	13,500,000,000 c. ft.
Iron-Ore ...	...	20,000 tons.

Coal	...	358,000 tons	600,000 tons
Chromite	...	20,000 ,,	25,000 ,,
Limestone	..	342,000 ,,	900,000 ,,
Gypsum	...	16,000 ,,	40,000 ,,
Fireclay	...	6,000 ,,	7,000 ,,
Silica Sand	...	7,000 ,,	12,000 ,,
Bauxite	...	...	3,000 ,,
Gelstite	...	...	500 ,,
Soapstone	...	...	1,000 ,,

A general review of the situation reveals the following points :—

1. Our mineral position is poor. We are deficient in most of the important minerals—particularly those which are needed in the industrialisation of the country viz, coal, iron and petrol. If a comparative study of different countries of the world is made, it shows that out of 26 important minerals we are self-sufficient only in 3 and dependent upon other countries for 23 minerals. Moreover in respect of 20 minerals we are *exclusively dependent* upon others. On the other hand Bharat is exclusively dependent upon others for 11 minerals only and U. S. A. only for 9. Bharat is self-sufficient in 9 minerals and U. S. A. in 11 minerals. Thus our position is very insecure and must be improved without halt or hesitation.

2. It is conspicuous that most of the minerals are located in West Pakistan and no significant minerals

exist in East Pakistan. Every attempt should be made to remove this disharmony by conducting thorough surveys of Sylhet, Chittagong and Chittagong Hill tracts.

3. Mining industries have grown in stature since partition and the development in certain fields has been very significant. Discovery of natural gas is a landmark in the history of the country and is bound to make pertinent contributions towards the industrialisation of the country.

4. A difficulty that besets our extractive industry is that transport costs are high and as the mines are located in uncomfortable places, the defective transport arrangements are hampering the growth of the industry.

5. Another important thing that strikes a critical observer is that no detailed survey of the resources has been made as yet. Perhaps the greatest need is a detailed and thorough scientific survey of the entire country, so that we may be able to assess our real position. At present we are in the dark and only a proper geological survey can dissipate this darkness. The Government should take the initiative and adopt a planned mineral policy envisaging (i) a complete survey of the resources, (ii) proper arrangements for the exploitation of the minerals, and (iii) reorganisation of the mines on efficient lines.

III

Power Resources

In the present age of machine the importance of the power that propels the machine is crystal clear. Main sources of power are coal, petroleum, natural gas and water. In the earlier section we have seen Pakistan's position viz a-viz coal, petroleum and natural gas. Now let us see what our other resources are.

Pakistan inherited two kinds of power-projects: Hydel and thermal. Pakistan's share was very poor and most of the power-projects went to the share of Bharat. Although Pakistan's share of population was a little over 19 per cent it got only 5.3 per cent of the Hydel and thermal power of united India. The share of Hydel power was still more poor. And within Pakistan most of the projects were located in West Pakistan. Of this 5.3 per cent some 4.8 per cent was the share of West Pakistan, while only 0.5 per cent was located in East Pakistan. This was the point from where we started on partition.

Realising the great importance of power, the Government of Pakistan tried to give top priority to its development. The first industrial conference held in December 1947 formulated a plan to step up the development of power and to have 500,000 K. W. within 5 years. This, however, turned out to be an extremely ambitious target.

In 1948 "Central Engineering Authority" was established to initiate, plan and supervise the power-projects and achieve the targets as best as possible. Messrs. Merz Randel and Vatten (Pakistan) were appointed engineers for these projects. The following projects are being worked over in Pakistan.

<i>West Pakistan</i>		<i>K. W.</i>
Warsak Hydel Project	...	1,60,000
Shadiwal Hydel Station	...	12,000
Gujranwala Hydel Project	...	12,000
Malakand Project	...	20,000
Multan Steam Station	...	1,05,000

Lyallpur Diesel & Steam Station	20,000
Hyderabad Steam Station . . .	15,000
Karachi Steam Station . . .	30,000
Chichokomalian Hydel Station	12,000
	<hr/>
Total . . .	3,76,000
	<hr/>

East Pakistan.

Karnafuli Hydel Project . . .	1,60,000
Ganges-Kobadak Project . . .	10,000
Sidhirganj Steam Stations . . .	38,000
Khulna Steam and Diesel Station	26,000
Chittagong Diesel Station . . .	10,000
	<hr/>
Total . . .	2,44,000
	<hr/>

West Pakistan : . . .	3,76,000
East Pakistan : . . .	2,44,000
	<hr/>

Grand Total : . . . 6,20,000

These schemes are under hand. The development which has been achieved during the last decade is as follows :—

	1947	1955
Thermal Power	61,000 K. W.	1,97,000 K. W.
Hydel Power	11,000 ,,	63,000 ,,

The generation of electric energy has increased by nearly 600 per cent.

It is reflected in the following figures :—

1948 :	130·3 Million K. W. H.
1952 :	310·2 " "
1956 :	717·8 " "

Looking upon the situation from the viewpoint of the *potential* we find that East and West Pakistan both are rich with potentialities which await harnessing. It is estimated that West Pakistan has a potential of 9,300,000 K. W. and East Pakistan can harness some 1,100,000 K. W. Thus the total potential of Pakistan is over 10 million K. W. If this energy is properly developed it can illumine each and every nook and corner of Pakistan.

Although the potential is great, the present state is not satisfactory. The rate of development of power has not been encouraging. Our present per capita consumption is estimated to be 2·2 units while in the advanced countries of the world it ranges from 1500 to 2500 units. The current K. W. capacity per thousand is 1·02 while in Japan it is 1090, in Hongkong 41·14 in Malaya 20·68 and in Bharat 4·10. Thus the need of quick and proper development of this source of power is extremely great and the sooner the need is fulfilled the better.

IV

Agricultural Resources

Finally we come to the agricultural resources of Pakistan. There is a common misconception that with the industrialisation of the country the importance of agriculture will dwindle. This misconception must be shed off at the very outset.

Agriculture is the mainstay of our economy and will continue to remain so for a long time to come. It supports above 75 per cent of the population which drives its livelihood from the land. It is the main earner of our foreign exchange and we get some 89 per cent of our total foreign earnings from the export of raw agricultural commodities, and a further 9 per cent from the export of agricultural goods. Thus nearly 98 per cent of foreign exchange earnings depend upon agriculture. Our new appearing industries also depend for their raw materials upon agriculture. And the Government—Central as well as provincial—depends upon agriculture as one of her most important revenue-yielding heads. This is the paramount importance of agriculture in our economy and it will continue to occupy this place of dignity and authority for a long time to come. Rather, a careful study of the economic history reveals that it can never be deprived of this queenly place. In Japan's economy, despite all the industrialisation, nearly 50 per cent of the population depends upon agriculture. In the second quarter of the twentieth century United Kingdom had to embark upon the project of agricultural renaissance. As such the pivotal position of agriculture is fully established and we can ignore it only at our own peril.

Pakistan has over 54 million acre land under cultivation. The country has one of the best granaries of Asia. A large number of food and cash crops are had in Pakistan. Wheat is the staple food of West Pakistan and rice is the main food crop of East Pakistan. Major non-food crops are Jute, Cotton, Tea and Tobacco.

Food crops cover nearly 85 per cent of the total cultivated land. Rice and wheat are the chief food crops. Their areas and production are as follows :¹

1 Vide : Economic Statistics for 1956 and Ten Years of Pakistan.

Rice

Year.	Area (in acres)	Production (in tons).
1947-48	2,09,60,000	73,84,000
1951-52	2,24,82,000	77 55,000
1953-54	2,45,23,000	91,52,000
1954-55	2,37,04,000	84,09,000
1955-56	2,19,04,000	72,09,000
1956-57	2,24,45,000	90,52,000

Wheat

Year.	Area (in '000 acres).	Production (in '000 tons).
1947-48	98,56	33,21
1950-51	1,08,93	39,50
1952-53	95,29	23,90
1954-55	1,06,53	31,72
1955-56	1,12,89	23,15
1956-57	1,17,74	36,24

Other Crops

Crop.	Area ('000 acres)		Production ('000 tons).	
	1947-48	1956-57	1947-48	1956-57
Bagra . . .	19,98	22,97	2,93	3,66
Jawar . . .	10,56	13,53	2,02	2,46
Maize . . .	9,05	10,60	3,55	4,54
Barley . . .	4,87	5,80	1,26	1,52
Grain . . .	23,88	33,68	5,17	7,11
Sugarcane . . .	6,90	10,17	8,99	[12,25

The chief non-food crops are Jute, Cotton, Tea and Tobacco. Their position is as follows :—

Jute

Year.	Area ('000 acres)	Production ('000 bales)
1948-49 . . .	18,77	5,483
1949-50 . . .	15,61	4,157
1950-51 . . .	17,11	5,950
1951-52 . . .	17,79	6,859
1952-53 . . .	19,07	6,350
1953-54 . . .	9,65	4,127

Year.		Area ('000 acres)	Production ('000 bales)
1954-55	...	12,43	4,662
1955-56	...	16,34	5,592
1956-57	...	12,30	5,514

Cotton

1948-49	...	2,653	898
1949-50	...	2,799	1,267
1950-51	...	3,072	1,515
1951-52	...	3,375	1,850
1952-53	...	3,479	1,900
1953-54	...	2,928	1,444
1954-55	...	3,185	1,596
1955-56	...	3,536	1,696
1956-57	...	3,560	1,708

Tea

		Area	Production
1948-49	...	73000	15,000
1955-56	...	76500	23,000

Tobacco

1948-49	...	1,60,000	60,000
1955-56	...	1,95,000	90,000

These are the main crops of Pakistan. Ordinarily Pakistan is just self-sufficient in food-stuffs and is very well-placed in respect of jute and cotton. We have a virtual world monopoly of good quality jute and our cotton is also of fine quality and is in demand in the world markets.

A critical study of the figures given above shows that the production has not been stable. The country has been in the grip of instability and despite frantic 'grow more food' campaigns the over-all production has not happily increased. These aspects of agriculture will be discussed in details in a following chapter.

APPENDIX A

SOME FACTS ABOUT POWER PROJECTS.¹

Power holds the key to the economic development of the country. Apart from providing motive power to organised industry, it also contributes to the development of agriculture. A number of hydro-electric projects which are of the nature of multi-purpose schemes are at present under execution. The progress made on some of the important schemes is as follows :

Karnafuli Hydro electric Project.

The first stage of the project envisages the construction of a dam across the Karnafuli river and the installation of two 40,000 k.w. units with necessary transmission lines. The foundations of the power house and spillway are being excavated and concreting is expected to start soon. Two thirds of the excavation of the inlet channel has been completed but that of the intake tunnel has not yet started. The Government of Pakistan have signed an agreement with the International Co-operation Administration for the execution of the work by the Utah Company under the supervision of the International Engineering Company. The International Co-operation Administration have so far allocated \$12.3 million for financing the foreign exchange expenditure. The cost of the project is now estimated at Rs. 23 crores.

Ganges Kobadək Project.

The first phase of the project is estimated to cost Rs. 1.96 crore. The project is intended to improve irrigation facilities by pumping water from the Ganges. The pumping station with a capacity of 20,000 cusecs and the necessary irrigation distribution system has been

1 Being the summary of Government press note released on 1st Republic Anniversary of Pakistan (23rd March 1957).

planned. The first phase of the project includes the setting up of a 10,000 k.w. steam power station to operate the pumping set of capacity of 15,000 cusecs. Construction work is in progress' and the power station is likely to be commissioned by June, 1957. There has been some delay in the construction of the pump house but efforts are being made to complete it by 1958. The International Co-operation Administration and the Government of Canada have provided financial aid for this project. Two generating plants of 5,000 k.w. each have been received from Canada under the Colombo Plan. On completion of the project, it would be possible to undertake double and triple cropping in the area commanded by the project.

Teesta Barrage.

It is proposed to construct a barrage across the river Teesta with 30½-mile long canal on the right bank of the river with a net-work of branch canals and distributaries commanding an area of about 1.25 million acres of land. The project is expected to result in additional production of food-grains to the extent of 3.33 lakh tons annually. Preliminary work on the project has been commenced.

Ghulam Mohammad Barrage.

This project is of great importance to the economy of the southern region of West Pakistan. The project is designed to provide assured water supply to that part of the Indus delta which is situated to the south-west of the Lloyd Barrage area. The head-works, the main feeders, and some of the canals, have been completed, while the rest of the canals are under construction. The project will command 2.75 million acres of land. It will provide controlled supplies to the existing inundation canals as well as to the new canals in the lower Sind area. The right flank feeder canal will also provide additional water supply to Karachi.

Gudu Barrage

This project provides for the construction of a barrage on the river Indus at the northernmost point of the area included in the former Province of Sind along with two main canals, one on the right bank and the other on the left bank. The estimated cost is Rs. 28.3 crore. With the completion of the project, it would be possible to give assured water supply to the areas in the Upper Sind region which are presently served by inundation canals. Work on the construction of the feeder canals and the ring bund for the main barrage is in progress. The project, when completed, will bring an area of 2.3 million acres under irrigation.

Mangla Dam Project

This project consists of an earthen dam of the rolled filled embankment type on the Jhelum river. There will be four tunnels of 26-foot internal diameter which will serve the purpose of diversion of the river during the course of construction and later on serve as pen-stock for the power house, which will have an installed capacity of 0.3 million k.w. The stored water is proposed to be used for reclaiming salt-affected land and improving irrigation to lands at present supplied with inadequate quantities of water in West Pakistan. The general investigation of the project has been completed and preliminary civil works are in progress. Consulting engineers are expected to be appointed shortly to engineer the project.

Thal Irrigation Project

The work on the barrage, which is situated at Kalabagh on the Indus, the main canal and the major distributary system has been completed. Work on some of the minor canals is in progress. This project is linked with the Thal Colonisation Scheme for setting colonists on over 15 million acres of land. So far about 23,000 colonists have been settled.

Taunsa Barrage

This project comprises a barrage one-mile long across the river Indus at Taunsa. A road and railway project is combined with the Barrage. Three canals will take off on either side of the Barrage to link up the existing system of inundation canals. The project will not only cover new areas but will also provide improved and weir controlled water supplies to the existing inundation canals of Muzaffargarh and Dera Ghazi Khan Districts. The Barrage will command a cultivable area of over 1.2 million acres of which 0.71 million acres will be under controlled irrigation. The International Co-operation Administration has provided funds for the construction equipment and the barrage gates. The barrage is expected to be completed by the middle of 1957.

Warsak Multipurpose Project

The Warsak Multipurpose Project consists of a concrete dam and a power station with an installed capacity of 160,000 k. w. The revised cost of the project is estimated at Rs. 25 crore. It is being executed with the assistance of the Government of Canada Messrs. H. G. Acres and Co., Ltd., have been engaged by the Government of Canada as consulting engineers and Messrs. Angus Robertson are working as contractors. The diversion tunnel has been completed. The construction of the dam will be started in winter next year. The project is likely to be completed in 1959.

The Warsak High Level Canal is a sub-project of the Multipurpose Warsak Dam Project and aims at providing irrigation facilities for an area of 93,000 acres most of which lies in the Frontier Regions. The project, when completed, will carry irrigation facilities to the Frontier Regions for the first time.

Kurramgarhi Project

The cost of the Kurramgarhi Project, which was originally estimated at Rs. 1 crore, has been revised to Rs. 4.34 crore mainly as a result of enlarging the scope of the project. It will provide irrigation facilities to 262,000 acres of land of which 150,000 acres will be new and 112,000 acres old. The project will also generate hydro-electric power to the tune of 4,000 k.w. It will also help to augment the supply of drinking water to Bannu District. The project is in an advanced stage of construction and is expected to be completed in 1958.

Nari Bolan Project

In order to tap the monsoon flow of the River Bolan, an earthen dam is being constructed about 15 miles below the river's entry into the Sibi plain. The dam will irrigate 23,000 acres of land in addition to ensuring controlled supplies to the existing 10,000 acres, which receive only erratic supplies of water at present. Work on the project is making progress and is expected to be completed during the course of the next year.

Chichoki Mallian, Gujranwala & Shadiwal Hydrel Projects

These projects have been sanctioned in 1954, at a total cost of Rs. 5.17 crore. The main purpose of these projects which will generate 36,000 kw. is to supply power for operating tube-wells for reclamation of water-logged land in certain districts in West Pakistan and also to use the pumped out water for irrigation and reclamation in other areas. The plant for the Chichoki Mallian Scheme has already been imported and the scheme is expected to be completed in 1957. The foreign exchange requirements of the Shadiwal Scheme are partially being supplied by the Government of Canada under the Colombo Plan.

Other Irrigation Schemes

The Marala Ravi Link will transfer water from the Chenab to the Sutlej across the Ravi. It will meet some of the shortage of water in the Sutlej Valley Project Canals during the Kharif season. The construction work is nearing completion and one of the links has already run this year up to 6,000 cusecs. A sister link to the Marala Ravi Link, namely Balloki Sulemanki Link connecting the Ravi with the Sutlej River has already been constructed. Another link, namely Bombanwala Ravi Bedian link has also been constructed to provide supplies of water from the Chenab to the Central Bari Doab channels so as to save the maintenance and operation charges of their carrier channels.

More Power

Eight diesel sets of a total capacity of 9,100 k.w. have been installed at Lyallpur and two of 1,600 k.w. capacity at Burewala. The installation of 80,00 k.w. Portsmouth sets has also been completed at Lyallpur and another steam set of 6,000 kw. is under installation. At Sidhirganj in East Pakistan the erection of about 13,740 kw. diesel sets has been completed while the installation of three more sets is in progress. The installation of a 30,000 kw. steam station at the same place is in progress and is expected to be completed next year. Of the 10 generating sets being installed at Chittagong, 9 sets with an installed capacity of about 8,800 kw. have been commissioned and the erection of the remaining set is in progress. Seven diesel sets of about 6,000 kw. have been installed at Khulna and the installation of another 4,000 kw. set is in progress. The work on the 16,000 kw. steam station is also in progress at the same place. The equipment for this steam station has been provided by the Government of Canada under the Colombo Plan. With the installation of two 15,000 kw. steam sets, the installed generating capacity at Karachi will be increased to 58,500 kw. The firm capacity now available

is 43,500 kw. but the potential demand is 90,000 kw. Action has, therefore, been taken to increase the generating capacity by installing another three 15,000 kw. steam sets.

A natural gas power station is being established at Multan. Orders for the necessary plant and machinery have already been placed. Preliminary arrangements in regard to the survey and acquisition of land have been completed. A scheme for the construction of a high voltage grid interconnecting Multan and Warsak is also being investigated.

What should be the future structure of Pakistan's Economy? How can we set the country along the road to economic prosperity and social happiness? What lessons are we to learn from the experiments of others and what steps are we to take to enable our own genius to manifest itself? These questions are agitating the minds of all thinking persons, We shall try to discuss some facets of the problem that besets us.

2. Pakistan needs a balanced economy—an economy in which there are no mal-adjustments ; which is not faced with the paradox of “poverty amidst plenty” and of “unemployment alongwith huge industry” ; in which consumers' and producers' needs are properly catered to—in which nothing is superfluous, nothing is lacking. Mere industrialisation is not our aim; our aim is all round prosperity. And this can be achieved only if proper balance is struck between cottage industries and the large scale industries. Timely realisation of this fact would be of untold importance for the planners in this under-developed country.

3. The problems of unemployment and under-employment have compelled even the fully industrialised countries to pay due importance to decentralised economy. In the last two decades, cottage industries have received encouragement even in the modern industrialised world. This change of emphasis has taken place for the purpose of imparting equilibrium to the economy by mitigating the curse of unemployment. A cursory glance at the economic history of the modern world shows that even in a highly industrialised economy inspite of perfect control, there is bound to be considerable friction and unemployment due to inherent imperfections of the seasonal character of certain employments like building, trade, agriculture etc. and changes in interests, fashions and techniques of pro-

duction. And *Pari passu* development of cottage industries alongwith large scale industries is the only remedy for the malady. That is why, even to-day, cottage industries occupy a very significant position in the economy of these countries. And idea can be had from the following :¹

- * In Japan before the Second World War above 90% of the total output came from industries employing less than 20 persons.
- * In U. K. work-places employing between 5 and 30 workers accounted for 29% of the employment and 19% of the output.
- * In Japan in the textile industry total weaving sheds, employing 46% of the total numbers of workers engaged in the industry employed less than 10 hands each
- * In Switzerland watch industry is a cottage industry.
- * In the U. S. A. after the great depression, small scale industries are being encouraged.

It may also be added that the importance of cottage industries has increased after the discovery of nuclear weapons. The present situation calls for a decentralised economy.

4. Alongwith these factors, Pakistan's own conditions are such that cottage industries alone can deliver the goods.

The standard of living of our people is palpably low and they cannot embrace prosperity unless new vistas of employment are explored and the per capita income is increased. The average annual income of an agriculturist family of East Pakistan, comprising five persons, is Rs. 125. How can a family live on this meagre sum? Really, it does

¹ Vide: "Cottage Industries in Indian Economy" by Mitra and Lakshaman and "Small Industries" by N. A. Gosh.

not live, it can only linger on in the pain of existence. Their griefs will not be healed unless new employment is provided. Large scale enterprise is unable to provide the required employment. This is also borne out by the fact that the P. I. D. C. with an investment of Rs. 56 crores (in 3 years) has provided employment to one lakh persons only. Thus we cannot raise the standard of living without full resort to cottage industries.

5. Agriculture is the mainstay of Pakistan's economy. Eighty per cent of our population derives its livelihood from the soil. But the production per acre and per man is very low. This can be increased with the use of modern implements of cultivation. The use of these implements means unemployment of those who are now behind the plough. For instance, the Boyd-Orr Report says that the use of tractors will make two out of every three unemployed. Where to absorb these? Cottage industries alone can solve this problem.

6. Our agriculture suffers from under-employment. The agriculturist wastes nearly five months in sheer gossips or in litigation—another menace! Cottage industries can utilise his extra time and can, on the one hand save his mind from becoming the “devil's work-shop” and on the other increase his earnings and thus help him in raising his standard of living.

7. The pressure of population on land is very heavy. The rate of population increase is very telling upon our economy. Mr. M. C. Qureshi, in his Presidential Address at the Pakistan Economic Conference (1955) said that the national wealth has, in the last seven years, increased by 6% while the population has increased by 9%. The result is obvious. Large scale enterprise cannot absorb this increased population. According to the Pakistan Agricultural Inquiry Committee Report:

“When the Six Year Development Plan is completed,

the new industries will employ only 300,000 workers, supporting less than 2 million people. But by that time there will be an additional six million people to be supported". (Page 2. Para. 6).

This is a very grave situation and proper encouragement of cottage industries seems to be the proper solution. The example of Japan bears testimony to it.

8 Pakistan was established to preserve a particular culture and to save it from the inroads of alien ways of living. History shows that urbanization turns the society into a melting pot. This administers a sever blow to the pattern of society and leads to a multiple of social evils. Proper development of cottage industries can protect us from the attack of this evil as well. But to say so is not to argue for the maintainance of *status quo*: What I feel is that we should reorient the society in a planned, well-thought-out and reasonable way. It should not be destroyed under the import of industrialisation. The bitter consequences of such haphazard movements in the West are sufficient to open our eyes. (See Prof. Lewis Mumford's "Growth of Cities" and "The Condition of Man").

9. The devaluation of the Pakistan rupee has engendered some new problems for our planners. However essential the step might have become, there can hardly be two opinions about its inflationary effects. This trend can successfully met only by a speedy increase in the supply of essential goods. Proper development of cottage industries can be of immense help in meeting this agitating problem.

10. Scarcity of capital is a great handicap in the economic development of the Asian countries. The conditions in Pakistan are more stringent. Capital supply is too meagre to cater to the needs of the large-scale enterprise. In this context of affairs it seems that cottage industries offer rose-faced hopes for the future. They can

be developed with our local resources and can fulfil innumerable needs of the people.

Objections Analysed

11. The above discussion points to the conclusion that the role of cottage industries in our economy is very great and they should be given proper attention and care. Two objections are often hurled over the prospects of cottage industries and they are as follows:—

- (a) Cottage Industries will lack in efficiency and will lead to the wastage of resources or high prices. In any case they will become a burden upon the national economy.
- (b) Competition between cottage industries and the large-scale industries will be very acrimonious, and wasteful and a time will come when in this 'struggle for existence' the Cottage Industries will die an ignoble death—and the loves' labour will be lost!

A thorough scrutiny of the problem will show that these objections are not very well-founded. Efficiency depends upon the system of production, the quality of implements and the nature of the organisation. If best possible implements are used, electric power is fully harnessed, proper initiative is aroused and a comprehensive incentive-system is established, there is no reason why efficiency would not be achieved. History also endorses this view, Japanese industries are more efficient than most of the Western enterprise. In the international competition they drove the winds off the European sails—a bumper proof of the efficiency of the cottage industries. Denmark is another example. In other countries also they have survived in this struggle and do belong to the category of the 'fittest'. It would be idle to think that in our country they will be inefficient—particularly in the face of

the great vitality the handloom industry has showed in the last three years, this objection is a mere illusion.

The second objection has some grain of truth—but it is not unmanageable. There can be several schemes of proper coordination between both these two industries. Some kind of specialization can be resorted to, some specific products can become the prerogative of cottage industries and some others of the large-scale ones only. There can be hundred and one ways of resolving the conflicts. If in this very subcontinent the conflicts between the railway and the bus transport can easily be avoided why not these conflicts be eliminated?

What should be Done?

12. Now the question arises: What can be done in this respect. It is not possible, in the brief space of this essay to go into details. Nevertheless a few suggestions are given below :—

- (i) A survey of the cottage industries on an All-Pakistan basis should be held so that the true position of the country may be known and the avenues for development explored.
- (ii) The Corporation which has recently been established should become the nucleus of all planning and activity. It may be pointed out that the capital at its disposal is very little. Without unstricted Government cooperation, monetary and otherwise, it is not possible for the Corporation to do the needful.
- (iii) Establishment of multipurpose cooperative societies, as suggested by the Boyd Ore Report.
- (iv) Educational system of the country should be so modelled that the cottage industries get

an impetus. This can be done by giving it a vocational bias, on the Japanese lines.

- (v) Quality-control of raw materials and the arrangements for their supply to the cottage industries at reasonable prices.
- (vi) Establishment of institutions of design for the cottage industries products.
- (vii) Government should try to set up standard dimensions and specifications so that the quality may be improved and the improvements be maintained.
- (viii) Institutions for effecting technological improvements should be established. Ford Foundations has, in India, sponsored such institutions for investigating the possibilities of designing tools and equipments which would be within the reach of the handicraftsman and yet help him to turn out better work at lower cost. In our country too such steps should be taken without let or delay.
- (ix) On the organisational side, the establishment of "common facilities" on the Japanese model, for the joint purchase of raw materials, standardisation, centralization of marketing etc. can make the working efficient. These experiments have also proved a success in Indonesia. @
- (x) Minimization of competition between cottage and large scale industries is also very essential.
- (xi) Export of cottage Products should be encouraged and in this respect Government should

1 @ See Report of the ECAFE working Party Meeting at Bangkok Sept. 1953.

give ample facilities to the exporters. GATT should also be moved to compel the industrialised countries to remove restrictions on the import of cottage products. At present U. S. A, imposes a tariff of 90% on all cottage products except those coming from the Phillipines. Similarly Australia maintains quantitative restrictions on several such products.

If these suggestions are translated into practice, we hope that our economy will turn the corner and a new era of progress and prosperity will dawn.

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OUR AGRICULTURAL PROBLEMS.

Jonathan Swift once said in a prophetic vein:—

“Whoever makes two ears of corn, or two blades of grass to grow where only one grew before, deserves better of mankind, and does more essential service to his country than the whole race of politicians put together.”

This clearly brings home the universal and paramount importance of agriculture. But in the case of Pakistan this importance is even greatered. For our economy mainly rests on agriculture which is the very means of livelihood to a predominant majority of our population. Its contribution to our national income is over 60 per cent. Agricultural products provide raw materials for our new and emerging industries. Agricultural exports are the main constituent of our export trade and are the real foreign exchange earner. Taxes on land and agricultural produce provide the bulk of provincial finance. Ninety per cent of the population lives in rural areas and the country's demand-conditions predominantly depend upon the purchasing power of this sector. And if the standard of living of the people and the economic potential of the country is to be developed, every care must be taken to study the economic problems of the agriculturist and to formulate a policy which may lead to appreciable increase in agricultural production, the maintenance of remunerative prices for agricultural produce and the over-all solution of the problems that be set agriculture. That is why the Economic Appraisal Committee forcefully said that : “The peasant and his occupation should receive the fullest consideration in any scheme of planning for the welfare of the State and the stability of its economy.”¹

No realistic policy can be made in a vaccum. Formula-

1 Economic Appraisal Committe Report (1953), p. 55.

tion of the policy must be preceded by a penetrating study and analysis of the situation. Perhaps the first systematic effort towards the assessment of the situation in the Indo-Pakistan subcontinent was made by Dr. Voelcker who submitted a report on Indian agriculture in 1889. Before that several commissions had emphasised the importance of agriculture and special care was given to the problem by the Famine Commissions. In 1928 came the report of the Royal Commission on Agriculture (1926-27) which surveyed the entire field of agriculture and was indeed an exhaustive and valuable contribution to literature on this industry. This was followed by the inquiry conducted by Sir John Russel and Dr. Wright in years 1936-37 and the report of the Famine Commission of 1944-55. In Pakistan although valuable material has been furnished by the Economic Appraisal Committee Report, the I. L. O. Report on Agricultural Labour, the First Five Year Plan, and Prof. Colin Clark's Review of Some Economic Problems of Pakistan but most exhaustive and systematic is the report of the "Pakistan Agricultural Inquiry Committee" (1951-52) which was presided over by the world-renowned economist Lord Boyd-Orr. The report appeared in 1952 and is a first class study on Pakistan agriculture. The real defect of the report is that it has not touched upon the problem of land tenure, for which one has to seek guidance from other reports particularly the Hari Committee Report, the Report of the Tenancy Laws Enquiry Committee (Punjab), the Muslim League Agrarian Reform Committee Report, the report of the Flood Commission (1938) and the First Five Year Plan (1955).

With these introductory remarks about the importance of agriculture and the attempts to study this all important sector of economy, we embark upon a discussion of the basic problems of our agriculture.

The problem of Zamindari.

The basic problem which ails our agriculture is that the system of land tenure is totally out of tune with the needs and requirements of the country. It has become a form of exploitation and the absentee landlord is sapping the springs of our vitality. Therefore it is essential that the problem should be studied carefully and minutely.

Landlordism is a historical accident in this country. A thorough study of the situation reveals¹ that most of the large landed estates are those which were conferred upon the ancestors of their present owners for "services" rendered for strengthening the British Imperialism in this country. This is how Zamindaris developed in our country:—

- (a) Grants of lands to those who betrayed the Mughal emperors and joined hands with the imperialist forces. Most of the landed estates of the former Punjab grew out of these 'grants' and 'compensations'.
- (b) In a period of political crises adventurers always become bold and enterprising. Similar situation arose in this country and innumerable adventurers occupied vast areas of land, by overwhelming the cultivators and granting them protection of life and labour. In the boarder areas this method was most successfully resorted and Sind and Punjab both gave way to this kind of zamindaris.

1 For reference see Economic History of India by Prof. Dutt, Floud Commission Report on land Tenure and also the First Five Year Plan. Vol. II.

- (c) As there were no well-defined and properly-demarcated villages in the former Sind area, and as vast tracks of land were lying idle and waste, the regional chieftains and powerful elements occupied them, became their owners.
- (d) In Sind 30 per cent of the estate-holders were actually occupancy tenants of the state, but with the march of time, they, by some mysterious process, became their virtual owners and lords.
- (e) In East Bengal nearly all the Zamindaris are the product of a strange mistake. Originally they were the revenue-collectors and intermediaries but, keeping in view the land revenue system of England and disregarding the actual facts of the situation, the British conferred upon these intermediaries and revenue collectors the ownership rights of land. It was due to this misapplication of history that Zamindaris evolved in Bengal—now East Pakistan.

It is because of this queer accident of history that Zamindaris developed in our country and the Planning Board has rightly confessed that :

“In the majority of cases the rights of ownership in large landed estates would not bear any scrutiny. They would be found to have been acquired by dubious means or conferred by the British rulers for loyal assistance given in establishing and consolidating their hold on this country.”¹

¹ First Five Year Plan., Vol. II, p. 129.

This is the historical aspect of the situation. Now let us cast a glance over the entire land tenure system of Pakistan.

Land Tenure System in Pakistan

The system of land tenure has grown into its present form during the last one hundred and fifty years. Its main categories are as follows :—

- (a) *Large landed estates.* These being the estates owned by individual landlords who get the land cultivated by tenants who constitute the bulk of the village population. The position of these tenants is most insecure and worst kinds of corruption and exploitation are rampant in these large-estates. This system is prevalent in West Pakistan and over large areas in East Pakistan. In East Pakistan the landed-estates are in a slow process of liquidation because of the operation of the "State Acquisition and Tenancy Act of 1950".
- (b) *Raiy-tuari System.* This prevails in East Pakistan and former Sind areas and under it the state, which is the legal owner, directly gives the lands to the tenants. The holder of land is a mere occupant and enjoys the right to use, transfer, and relinquish the occupancy of the holding. He is entitled to hold the land as long as he pays the land revenues, the assessment of which is made periodically.
- (c) *Peasant Proprietorship.* Here the peasants own small tracts of land and cultivate them with the help of their own families or hired workers. This system is found in former N. W. F. P. and Punjab areas.

Gravity of the Problem

The idea of the gravity of the problem can be had from the following facts:—

1. Because of the institution of landlordship concentration of landownership is affecting into fewer hands. In the former Punjab more than one-fifth of the cultivable area is owned by about $\frac{1}{2}$ per cent of the owners, while almost 80 per cent of them the owners own less than one third of the area. This is the position:¹

TABLE SHOWING
Area owned by the size of holdings in the
former Punjab.

Size of Holding.	ACRES.		NO. OF OWNERS.	
	Thousands.	% of Total.	Thousands.	% of Total.
Less than 10 acres	7,092	31·8	1809	78·7
10 to 99 acres ...	10,428	46·7	476	20·7
100 to 499 acres ..	2,502	11·2	12	0·5
500 acres and above.	2,295	10·3	1	0·1
Total ...	22,317	100·0	2298	10·0

¹ Report of Tenancy Laws Enquiry Committee, Punjab, Appendix IV.

The position is worse in the former province of Sind. According to the Sind Administration Report (1936-37), about 3 per cent of the total owners, each with a holding averaging 1,000 acres, owned 48·6 per cent of the total cultivated area. Over 70 per cent of the total farm land was owned by only 7 per cent of the owners, who owned on an average 300 acres or more each. According to an article written by the then revenue minister of Sind in 1955 the total occupied land in Sind was 86 lakh acres, of which 124 jagirdars held 11 lakhs. About 3,000 landlords held 60 lakh acres, and of these 294 persons held 5,000 acres or more each. Some of the holdings exceeded 60,000 acres each. Small holders owning 100 acres or less shared only 15 lakh acres among themselves.

In the former N. W. F. P. large owners held 1·2 out of 2·5 million acres of cultivated land, which is 48 per cent of the total. According to the Punjab Tenancy Laws Commission 56 per cent of the total area in the former Punjab was cultivated by tenants-at-will. In former Sind 80 per cent of the total land was cultivated by tenants-at-will known as Haris. In the former Frontier Province the tenants cultivated about half of the total land.¹

This is the extent of the problem. Only a few landlords own and control the bulk of the land and enjoy feudal powers over a large peasantry. This also leads to the disparity of income and the utter misery of the cultivator. A study conducted by Dr. Ali Azhar of the Punjab Agriculture College, Lyallpur, throws some light upon disparity of income between different classes of cultivators.²

Table

Showing the economic disparity between different

1 These two paragraphs are from First Five Year Plan, p. 117-118

2 Pakistan Economic Journal. Vol. II. No. 2, p. 35.

classes of cultivators in some villages of Lyallpur District.

Class of Cultivators.	Size of holding per adult unit. (in acres).	INCOME FROM CULTIVATION (IN RS.)		Domestic Expenditure per adult unit. (in Rupees).	Farm Expenditure per acre (in Rupees).
		Per Acre.	Per adult Unit.		
1. Landlords	16.85	115-0-0	1938-0-0	668-8-0	31-0-0
2. Peasant Proprietors. (old)	2.63	217-8-0	586-0-0	234-2-0	133-12-0
3. Tenants (old)	2.96	118-0-0	319-8-0	222-8-0	80-13-0
4. Refugee Peasant Proprietors.	0.92	143-0-0	132-8-0	144-0-0	91-1-0
5. Refugee Tenants.	1.02	74-0-0	76-0-0	66-8-0	80-10-0

Thus the landlord receives most handsome emoluments while the tenant is the worst hit, who despite strenuous efforts, cannot even make his both ends meet.

2. An evil effect of landlordism is that the land and its yields are continuously suffering because of the neglect of landlord and the tenant both. Tenant has no incentive to work. He does not get the reward of his sweet, toil and labour. The landlord is a parasite who does not take any economic interest in the land and thus the economic quality of land is deteriorating. Dr. Ali Azhar commenting upon the above table says: "It is indicated from the above table that whereas the size of holdings, income from cultivation, and domestic expenditure per adult unit are maximum in case of landlord, the expenditure per acre on the farm is the minimum. *This shows that the landlord by tradition and habit is not disposed to make any contribution to agricultural development. He has not the qualities or the mental make up of the agricultural entrepreneur and is interested only in collecting his rents*"¹

Further studies show that yield per acre is lowest on large landed estates while it is highest on lands cultivated by the present proprietor. This also throws lurid light on the economic ill-effects of landlordism. It was because of these evils that Economic Appraisal Committee declared in 1952-53 that:

"An equitable agrarian system is an obvious necessity for a contented peasantry and full-scale productive efforts..... We recognise that *with ut creating in the peasant real interest in his cultivated land and providing him an adequate return, no appeals for increased production and no measures for improvement will be fully effective*"²

1 Pakistan Economic Journal. Ibid. p 35.

2 Economic Appraisal Committee Report. p. 65.

And the verdict of the Planning Board is equally unequivocal :

“A change in this institution is an urgent measure of reform. *It constitutes the most important problem of our country, transcending in its magnitude and implications every other problem, social or economic. Economic development would be neither uninterpreted nor meaningful until this problem is solved.*”¹

3. The problem is not merely economic. It has become a social and political one as well. The tenant has been reduced to the position of a semi-serf and his social and political rights are being trampled underfoot. Because of the influence of the *zamindars* and *jagirdars* his rights and liberties have become, what Shakespeare said:; “a tale told by an idiot, full of sound and fury, signifying nothing.”²

Towards Reform

Now the question is: *What should be done to reform this institution?*

In our country although endeavours have been made by different provincial governments to ameliorate the ills of landlordism but on the whole nothing significant has been done in West Pakistan. Laws which have been passed are of little practical value and the exploitation of the landlords is unchecked. Sir Malcolm Darling who conducted an enquiry on agricultural labour in Pakistan says that: “The *Hari* is in the main too helpless to take advantage of

1 First Five Year Plan. Vol. II, p. 119.

2 It is not possible to discuss this aspect here. The reader may refer to Jamaat-e-Islami's *Report of Zamindari and Jagirdari* which profusely illustrates it with actual examples.

the Act and in many cases still too ignorant even to have heard of it."

In East Pakistan an attempt has been made to abolish Zaminari. Under this act:

1. All rent-receiving interests between the cultivator and the state are to be abolished.
2. The tenants are assured of full occupancy rights with the right to transfer to bonafide cultivators.
3. A ceiling for *Khud-Kasht* land has been fixed at 100 standard *bighas* (about 33 acres) or 10 *bighas* per family member, whichever is greater, plus additional 10 *bighas* for the homestead.
4. The principle of restrictions on the sub-division of holdings is recognised and provision exists for their consolidation under certain conditions.
5. The out-going rent-receivers are entitled to compensation at prescribed rates.

Although this scheme is radical, but its execution has been extremely slow. Only a little over 3 per cent of the total area in East Pakistan has been settled so far¹. The Planning Board's comments on this snails pace are eloquent without a word of comment :

"We are inclined to think that there was a lack of will and, therefore, of planning and forethought for the execution of the project. With a will to get things done, the bottlenecks due to inadequate personnel and insufficient funds could be overcome by the planned employment and development of available resources"².

1 First Five year Plan Vol. II, p. 123.

2 Ibid p 124.

And now the recommendations of the Planning Board on land reforms have been shelved by the Economic Council.

We feel that the lines of reform can be developed in the light of the following points :

- (i) As the system of private property is a basic tenet of our economy, the respect for genuine property rights should be fully observed. But private property is a means to an end and if the social needs call for any reasonable adjustment, restriction, or control that must be exerted without hesitation.
- (ii) The policy should be based on justice. And considerations of justice beacon us to survey the present *zamindaris* and *jagirdaris* and abolish without compensation all those landed estates which were unjustifiably secured and which have no genuine title to ownership.
- (iii) If rightly-held lands are secured by the state a reasonable compensation should be paid.
- (iv) Peasant proprietorship and co-operative system of farming should be made the objectives of the agricultural policy.
- (v) All methods should be adopted to cultivate in the agriculturist a deep interest in land and agriculture.
- (vi) Legal and social reforms to obliterate all those evil practices which have robbed the cultivators of their social and political rights. And if despite these reforms any exploitation is resorted to, the instrument of exploitation must be torn to pieces. After all, social justice is most important of all.

On these lines a revolutionary programme of reform can be launched. That programme, we are sure, will solve this menacing problem, root and branch.

III

The Problem of Low Yields.

The other most basic problem that confronts our agriculture is that of low yield per acre. It is no exaggeration to say that our per acre production is one of the lowest in the world. This is the position, according to Government sources:

Yields per acre in different countries.

(in lbs. per acre).

Country.	Wheat.	Maize.	Paddy.	Cotton.
Pakistan ...	768	946	1,249	210*
China ...	938	1,182	2,246	...
Egypt ...	1,620	1,859	3,519	500
France ...	1,392	946	2,293	...
Italy ...	1,218	1,719	4,552	...
Japan ...	1,332	1,036	3,361	...
United Kingdom ...	2,166	...	...	...
U. S. A. ...	1,026	2,055	2,144	330

*lbs. of lint.

This table clearly brings home the fact that our foremost problem is how to improve the yield per acre. It is high of *fully to minimise the gravity of this problem* and seek refuge in confusing academic excursions. More light is thrown upon the problem when one finds that during the l&s. years the yield per acre generally recorded a fall. This extremely disturbing fact is borne out of the following statistics.

Yield per acre of principal food crops in Pakistan 1948-55¹ (in maunds).

Crop.	1948-49.	1949-50.	1950-51.	1951-52.	1952-53.	1953-54.	1954-55.
Rice ...	10.6	10.2	10.0	9.4	9.6	10.2	9.7
Wheat ...	10.2	10.1	9.9	7.9	6.8	9.4	8.1
Barley ...	7.9	7.6	7.7	6.1	5.2	6.9	6.8
Maize ...	10.8	11.0	11.0	10.5	9.7	11.5	11.2
Bajra ...	4.6	4.3	4.4	3.6	3.3	4.8	4.3
Jowar ...	5.6	5.4	5.3	5.1	4.5	5.1	5.3
Average food grain weighted average.	9.9	9.6	9.4	8.5	8.3	9.4	8.8

¹ Vide First Five Year Plan. Vol. II, p. 24.

A careful study of the statistics reveals that although the area under food crops increased during this period by 5.2 per cent total production fell by 6 per cent.

According to another calculation¹ a comparison between the averages of 1948-49 to 1951-52 and 1952-53 to 1955-56 reveals the following position:

Food Crop	YIELD PER ACRE.		Increase or Decrease
	Average of 1948-49 to 1951-52.	Average of 1952-53 to 1955-56.	
Rice ...	826	799	— 27
Wheat ...	785	663	— 122
Other food crops ...	524	484	— 40
All Food Crops ...	757	704	— 53

Thus there is a continuous decline in the per acre production and this points to a very severe disease of our agriculture—a disease which is sapping our founts of vitality.

¹ A correspondent in Pakistan Times, Lahore, August 21, 1957.

This low and declining per acre production is generating very disturbing consequences.

1. The country is being drifted willy-nilly into the throes of food crises. Production is falling short of our needs and a staggering amount of foreign exchange is being spent upon the import of the foodgrains. Last year Rs. 80 crores were spent on the import of foodgrain. This is an unbearable drain over the country's economy.

2. It is breeding poverty and has become its main fountainhead. The production of one family in Pakistan can provide for the *bare food needs* of 1.2 families. This means that after fulfilling the food needs the family will be left with so meagre resources that it cannot even cater to other basic needs : shelter, clothing, medical treatment and education. That is why the people in our country are born in poverty, they live in misery and die as destitute. On the other hand in U. S. A. the production of one family can feed seven families. Thus the family, after satisfying its food needs, is left with sufficient produce to fulfill its other needs and enjoy a reasonably high standard of living.

3. The pressure of population on land is increasing because of this low yield. Fertility is falling and land is recording gradual exhaustion. This is creating many other complications for the economy.

4. With the industrialisation of the country a movement of ruralisation is bound to ensue. As such loss of effective labour to agriculture will also occur. In such circumstances the dangers of further fall in the productivity of land are imminent. This danger can be averted only if the per acre productivity is raised.

Thus we find that the problem of low per-acre yield is extremely important for our economy and we must locate its causes so that a proper remedy may be found.

Causes of Low per acre yield.

The first important cause of low yield is continuous soil deterioration and scanty use of manures and scientific fertilisers. During the last fifty years the soil has continuously deteriorated and a study on the soil conditions of Bengal reveals that in less than 20 years yield of rice and wheat fell by more than 212 and 20 lbs. respectively because of this factor. The use of scientific manures and fertilisers is very insignificant and a former Food Minister gave these figures about the extent of the use of fertilisers in Pakistan as compared to other countries of the world.

TABLE

Showing the application of fertilisers in lbs. per acre of arable land.

Country.	Total fertilisers used (in lbs.)
Japan	135.6
Netherlands	371.9
United Kingdom	99.0
Italy	25.7
Egypt	23.6
Pakistan	0.3
<hr/>	
World Total average	11.7

Other countries have increased their per acre production by using more and better fertilisers. Japan, China and Egypt have multiplied their production by resort to this means. Experiments in Bharat show that 30 to 40 per cent increase can be easily affected by systematic use of scientific manures.

Our total annual needs, to begin with, would be 5 lakh tons. First large scale effort to apply fertilisers was made in 1952-53 when 14,500 tons of Ammonium Sulphate was imported into the country and supplied to the cultivators at subsidised rates. This year a budget provision of Rs. 85.77 million has been made for the import and distribution of 180,000 tons of fertilisers. The fertiliser factory which has been established at Daudkhail and is expected to go into production soon has an annual production capacity of 50,000 tons. Two more fertiliser factories are proposed to be set up, one each in East Pakistan and West Pakistan. But that is about the future, at present we are extremely deficient in it.

Secondly, insects, pests, and locusts are a great menace to our crops and they destroy from 10 to 30 per cent of the crop. The Agricultural Inquiry Committee reports that in Bahawalpur even over 75 % of the cotton crop was destroyed in one year by these flying menaces. The need for proper pest-control is very imminent.

Thirdly, we have very limited variations of the crop. Scientific experiments in different parts of the world show that research and evolution of newer and better varieties has led to very significant increase in the per acre production. In Europe yield increased manifold by developing better variations. In India Sir T. Venkataramm's combination cane led to an increase of 60 per cent in the per acre yield of sugar-cane and India, which was formerly deficient in sugar became an exporter of it. Similarly production increased with the discovery of 'Pusa-8' variety in wheat. In our country, although, some successful experiments are being made by the research institutions, but on the whole the condition is very poor. And because of it, the yield is low.

Fourthly, the primitive mode of cultivation is responsible for low yields. The difference between the per acre

production at Government farms and the ordinary village farms is very instructive and vindicates this point.

Value of per acre production
(in Rupees)

Commodity.		Government farm.	Village.
Wheat	...	55	24
Jowar	...	55	25

This brings home the need of improving the methods of cultivation and introducing the modern implements.

Fifthly, deficient water supply is also a cause of low productivity in West Pakistan. This problem has aggravated after the curtailment of water supply from Bharat. No proper solution has been struck as yet and no satisfactory alternate arrangement has been made.

Sixthly, the non-availability of good seeds in sufficient quantities is responsible for the malady. The arrangements are very deficient and the Agricultural Inquiry Committee and Appraisal Committee both have emphasised the importance of this problem.

Lastly, the defective arrangements for crop-cutting destroy the crop and cause heavy losses. It is estimated that about 10 per cent of the crop is destroyed because of this deficiency.

These are the main causes of low productivity and if they are eliminated, it can be safely expected that the yield per acre can be doubled with in a reasonably short period of time.

Other Problems

We have discussed at length the two very basic problems of our agriculture : the system of land tenure and the low productivity of land. Now we would like to survey other important problems of agriculture.

1. *Small Holdings.*

The average holding in our country is very uneconomic. It is estimated that the average holding is 2.4 acres. In East Pakistan the average size is 1.98 acres. Statistics released by the West Pakistan Government show that 31.8 per cent of the total area is cultivated by 1,809,000 owners. (i.e. 78.9 per cent of the total owners). A break up of the peasant-proprietors' holdings show that in N. W. F. P. the average holding of the small cultivating owners was less than 5 acres, in Punjab it was about 2 acres and in Sind less than 2 acres. The average holding of each refugee owner in Punjab area is hardly more than half acre. In East Pakistan the average holding is less than two acres, while in the Chittagong division it comes to only 0.72 per cent acres.¹

This is the position in our country. According to careful estimates economic holding in our country is 12.5 acres of irrigated land and 25 acres of non-irrigated land. And because of this disparity between the standard and the reality, the poverty of the cultivator is increasing. Dr. Speekman calculated that on a plot of 2.5 acres the cultivator has an annual production of 3087 lbs. of rice. Of this his net share is not more than 1543 lbs., while his basic food needs are of 1825 lbs. What could be the result of this situation? Nothing but appalling poverty and

¹ Statistics are from First Five Year Plan. Vol. II, Pakistan Times. August 21, 1957 and Sept. 5, 1957.

unbearable misery. There are three main causes of this situation, viz :

- (i) Pressure on land. This immensely increased after the disintegration of the Mughal Empire and after that is continuously increased. Pakistan added to the burden on land and the 1·4 per cent, rate of annual increase in population is further adding to this pressure.
- (ii) Lack of alternate employment in the village and country area is another cause of fragmentation of land-holdings. Instead of exploring new economic opportunities the village population is falling upon land alone for its livelihood.
- (iii) Misapplication of the law of inheritance during the last century. Nothing is wrong with the law itself, the real mistake lies with its misapplication.

Calculated and planned effort must be made to make the holding's economic and stop the fragmentation of land.

2. *Wastes and Spoilage.*

It is a guisome feature of our economy that a very significant part of our live resources is being wasted because of faulty planning, lack of realisation, administration's slackness or some unchecked natural causes. These wastes, taken as a whole, are a heavy drain on the economy and their continuance is a criminal folly. Some of these wastes are referred below :—

- (a) From 5 to 10 per cent of the crop is being spoiled because of lack of storage facilities. The Chairman of the Tariff Commission once revealed

that in Karachi because of shortage of proper storage an annual loss of some 2 crores of rupces is being suffered while the storage facilities sufficient to fulfill the needs in the metropolis can be arranged at a cost of not more than one crore.

- (b) Because of no proper arrangements for marketing crops are spoiled, delay is caused in the provision of food-stuffs and raw materials and the growers are deprived of the hard-won fruit of their labour. This is an important source of leakage and wastage in our agriculture.
- (c) Water-logging and salinity are important menaces which are destroying our best granneries and are turning them into deserts. Appraisal Committee Report says :

“In Punjab alone, water-logging and as much has taken away 40,000 acres of land from cultivation, and the worse menace of salinity, which is sometimes linked with water-logging has made over 20 lakh acres of land barren. And it is stated that 20,000 to 30,000 acres of good land is going out of cultivation every year. No effective cure for water-logging and salinity has yet been found.”¹

In Punjab out of 17,012 villages, some 8937 have been affected by water-logging or salinity and the problem has now assumed menacing proportions. This is responsible for one of the most significant wastes.

- (d) Most criminal of the wastes is that the irrigation projects which have been completed have not

1 E. A. C. Report, p. 60.

been fully utilised and the hands are lying idle. Justice Yakub in his convocation address at the Islamia College Lahore said :

“Why are we running short of our requirements of food every year although a short while ago West Pakistan was a surplus area? Why is the water of Kotri Barrage Canals flowing into the sea instead of irrigating millions of acres of arid land and the Government during the last two years has not been able to decide the policy of allotment of land in that area in spite of alarming shortage of food?”

Mr. Said Hassan, Deputy Chairman of the Planning Board, says:

“Of the 1·2 million acres in Thal irrigated at a cost of Rs. 150 million only less than 500,000 acres are under some sort of cultivation. In the Kotri Barrage, where Rs. 150 million have been spent,² about 200,000 acres are now ready to be put under cultivation, but in spite of a multitude of meetings and discussions, the very elementary decisions about policies have not been taken and thus, while lands lie fallow and water flows to the sea, masses of peasants remain unemployed and the country suffers from food shortage.”¹

In the case of the Thal Project Area, cultivation has remained extremely enigmatic. In 1952 irrigated cultivation reached the respectable acreage of 341,986, remained stationary in 1953 and actually fell after 1954, when a

1 Said Hassan's address, Pakistan Times.

2 The actual expenditure on Kotri Barrage has been 190 million.

ceiling was reached at 417,275 which was over one lakh acres less than the target fixed for the year¹. And now, over 6 lakh acres are being waste.

These and other wastes are depriving the country of the flower of its earth. These have become a living scourge.

3. *Rural Credit.*

This is another major problem of our agriculture. It has two major aspects.

- (i) What is the extent of rural indebtedness and how can one agriculturist get himself freed from it?
- (ii) What arrangements are available for the fulfillment of the needs of rural credit?

No correct estimate is available about the extent of rural indebtedness. But it is beyond doubt that the burden is heavy. Agricultural Enquiry Committee Report estimated it as Rs. 414 per agriculturist family in the former Punjab. About East Pakistan the recent Dacca University Survey says:

“It has been established that 66 per cent to 87 per cent of the families in the four sub-divisions are in debt, about 56 per cent to 65 per cent being concerned with loans taken last year.”²

The only way to get rid of this is to cancell the accumulated amount of interest and make the principal amount payable in instalments.

The normal needs of short-term credit, as estimated

1 Pakistan Times, Food and Agricultural Supplement Nov. 1957.

2 Pakistan Times August 20, 1957.

by the State Bank of Pakistan are 300 crores. Medium and long-term needs are over and above this. These needs are, at present, being catered to by the landlord, Bank, the Cooperative Credit Societies, Agricultural Finance Corporation and the taccavi loans. But the fact is that they fell short of the requirements and the steps suggested by the Planning Board deserve to be implemented without delay.

4. *Commercialisation of Agriculture.*

Our agriculture, even to-day, is in the stage of subsistence agriculture. It has not grown into an industry, attracting capital and promising handsome dividends to the entrepreneur. This factor is also responsible for so many drawbacks of agriculture. This state of affairs should gradually change and competition should replace the present subsistence-farming.

5. *Competition and Substitution.*

It must also be kept in view that our cash crops are facing severe competition from other countries and the golden fibre is being haunted by the threats of substitutes. We must plan to develop agriculture in such a way that the dangers of competition and the threats of substitute may also be successfully met and we become so efficient that none may even be able to entertain the idea of out-stepping us.

6. *Agricultural Education.*

Allied with all these is the problem of agricultural education.

One aspect of it is that there are very few (four in all bearing 800 students) agricultural colleges in Pakistan. In a population of 84 million, what can the four colleges do?

Another aspect is that our general educational institutions, instead of helping in the solution of agricultural problems are doing some disservice to the cause of agriculture. There is no agricultural orientation in agriculture. The result is that not only this education is of no utility to the practical man of agriculture, but, the boy who seeks education in these institutions begins to disregard the profession of his ancestors and begins to aspire to become a *babu* and go to the cities.

Thus deficiency of agricultural education and absence of agricultural orientation are responsible for the delay in solving our agricultural problems

V

Extensive Cultivation

The above discussion clearly shows that our most urgent problem is the formulation of a bold and comprehensive policy aiming at:

- (i) change of the entire system, and
- (ii) solution of all those problems which beset agriculture, so that the production may be increased and brought to the level from which it will begin to pay to the country.

Another important method of stepping up production is resort to extensive farming. The present position is as follows :

TABLE
Showing Land Utilization in Pakistan.

		Million Acres.	Percentage.
Net area sown	...	49.2	21
Current fallows	...	11.5	5

Total area under cultivation ...	(60.7)	(26)
Forests ...	6.1	3
Cultural Waste ...	27	12
Not available ...	57.4	24

The Government is trying to bring more land under the plough and till 1955 some 700,000 more acres have been brought under cultivation and better irrigation facilities were provided to some 118,000 acres of previously cultivated land.

The 12 per cent culturable waste should be brought into cultivation without delay. "Area not classified" should be surveyed and experts are of the opinion that vast lands in it are cultivable. Similarly possibilities of double cropping are to be fully explored. At present this is the position:

Double Cropped Area in Pakistan

(In lakhs of acres).

	East Pakistan.	West Pakistan.	Total.
Total area cropped ...	2.62	2.84	5.46
Net area sown to crops	2.05	2.61	4.66
Double Cropped Area	57	24	81

The Economic Appraisal Committee regarded this source as an "important measure for increasing the overall crop area" and is of the opinion that in East Pakistan "it is possible to grow even three crops on the same land during the year." ¹

¹ Economic Appraisal Committee Report, p. 61.

We are of the opinion that double cropping and extensive cultivation bear very important prospects for Pakistan Agriculture and due importance must be given to them.

IV

The Problem of Mechanisation of Agriculture.

Should our agriculture be mechanised? Should tractors be used for cultivation? Should labour saving devices be applied to land? These questions are staring us in the face. Let us try to study them in a dispassionate manner,

Mechanisation means application of machinery and power to agriculture. This has been an important feature of the agricultural renaissance in modern world. In U. K. with only 31 million acres of land under cultivation (of which 17 million are under grass) there were 400,000 tractors in 1951. U. S. A. is the biggest user of tractors in the world and its agriculture is highly mechanised similar is the case of other advanced countries of the world.

Pakistan is using very few tractors. It is said that use of tractors on a large scale will raise the production manifold and the cost of production will also come down. To achieve these gains our agriculture should be mechanised.

But a thorough study of the situation reveals certain other facts. They are:

1. Our country has a heavy population and the pressure on land is pretty heavy. As such the use of drastic labour-saving implements is bound to disrupt the poise of the economy.

2. Use of tractors will, it is estimated, add to the problem of unemployment. According to the Agricultural Inquiry Committee Report:

“It is estimated that complete farm mechanisation would displace at least 2 out of every 3 labourers. Such a change in agricultural economy might create a serious problem of unemployment.”

The FAO experts are of the opinion that the extent of the problem would be still great. They hold that 950 out of every 1,000 will be displaced from agriculture.

3. As the country has no heavy industries and standard engineering industry, we shall have to depend upon imports for the supply of tractors and spare parts. And this would be continuous dependence. In the case of spare parts it often turns out to be extremely necessitating.

4. Lack of technicians and the illiteracy of the agriculturist is also an impediment in our way.

5. The agriculturist is not in a position to afford to purchase the tractors and financial difficulties are also an important hurdle.

6. Similarly the small holdings and the peasant system of land tenure are not in tune with the pre-requisites of mechanisation.

This, in a nut-shell, is the real nature of the problem. In view of these the experts opinion is that we should move ahead with caution¹. The Planning Board thus says:*

“The main goal of economic development is to increase incomes per family, which in agriculture, as elsewhere, can be achieved by increasing output per family. This increase in output can be brought about by introducing more and better tools for the use of the cultivators. One possible way to increase the production is through the use of tractors, but this can only be economic for a larger holding than is normally feasible in this country.

* Five year Plan Vol II, p. 39.

¹ See Appraisal Committee Report, p. 66-67.

The question of how far tractor cultivation should be adopted cannot be answered until systematic investigations have been made to determine the economics of tractor use. Some work was in progress two years ago at Resalewala (Lyallpur), but was discontinued as an economy measure. We recommend that this work should be resumed, and similar research started elsewhere. Pending such investigations, we recommend that tractor cultivation should be limited for the following reasons:

- (a) Pakistan has a large labour force, the greater part of which is under-employed. There is also unemployment. The rate of population growth is high and there is a pressing and continuing need to find employment for those not now fully employed, and for young people who will join the labour force each year.
- (b) Existing individual holdings are small and often fragmented and possibilities of farm enlargement are limited.
- (c) The foreign exchange available to the country is limited and must be allocated by comparing the additions to national income from its alternative uses. Only if the addition to national income from the use of tractors bought with foreign exchange is at least as great as what could be obtained with any alternative use of the same foreign exchange can the purchase of tractors be justified.
- (d) Maintenance is costly, specially when both direct expenses and the losses that result from delayed work when tractors and equipment are broken down are taken into account.

Under the following conditions there might be cases in which the use of tractors and power machinery would

be justified:

- (a) Reclamation of derelict areas and culturable waste lands;
- (b) Rapid development of land in the new irrigation project areas;
- (c) Anti-erosion and flood control work; and
- (d) Dry farming and moisture conservation work.

We fully subscribe to this view and feel that in the first stage tractors should be used in the above mentioned fields and systematic efforts should be made to GRADUALLY and SLOWLY introduce machine and power to agriculture. Every effort should be made to achieve and fulfil the pre-requisites of mechanisation.

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The State and Agriculture.

After surveying the problems of agriculture, let us also briefly see what the Government has done to improve the lot of agriculture and what are the plans at hand.

The objectives of the Government's agricultural policy are:

- (i) increasing the agricultural production by
 - (a) bringing more lands under cultivation ; and
 - (b) improving the present state by solving those problems that beset agriculture.
- (ii) Achievement of self-sufficiency in food-stuffs and encouragement of the production of primary raw materials to
 - (a) cater to the needs of the growing industry ; and
 - (b) earn foreign exchange for the industrialisation of the country.
- (iii) Reconstruction of the village communities and their organisation on more efficient lines.
- (iv) Improving the standard of living of the cultivator by increasing his income and providing other amenities of life.

To achieve these objectives and to put the agricultural policy and plans on more scientific lines the Government is trying to encourage education and research on agriculture. Let us see what has been done in respect of these objectives and to what success.

II

Education and Research.

A systematic effort to study agriculture was made by the

Pakistan Agricultural Inquiry Commission which presented its Report in 1952.

Four agricultural Colleges are being run by the Government and education is being imparted to some 800 students.

Experiment stations have been established at different places which are conducting research on different crops are trying to evolve new varieties. The Lyallpur experiment station has succeeded in evolving new varieties of cotton and wheat.

Extension services have also been organised at places and in the former Punjab area six farms of 50-150 acres were established for this purpose.

Different Commodity Committees has been established to undertake agricultural, technological and economic research on those commodities. *The Pakistan Jute Committee* was established in 1951. The Committee undertook research in all aspects of Jute and has established a *Jute Research Institute*.

The Committee has succeeded in evolving new varieties of jute and three varieties of capsularies and two of olitorious have successfully been completed. The performance of these varieties is 10 to 15 per cent higher in yield than of the standard varieties.

Pakistan Cotton Committee was established by the Government of Pakistan in November 1948, "to take over the functions of the *Indian Central Cotton Committee* to undertake research on improvement and development of growing, marketing and manufacturing of cotton."

The Committee has established 17 cotton research and sub-research stations at important cotton growing areas of the country. New varieties have also been evolved.

The Institute of Cotton Research and Technology has been established in 1956 and rendering valuable help to the breeders by evaluating the fibre and spinning properties of new strains.

Over and above these *Pakistan Forest College, East Pakistan Forest Research Laboratory, Pakistan Animal Husbandry Institute* and similar research centres have also been established

But a careful appraisal of these activities shows that they are far short of our needs. In a country where 65 million people live on agriculture how can four agricultural colleges meet its needs? 800 students, in a population of 80 million hold no proportion at all.

We are very far behind others in research and scientific experimentation. Our activities in this field must be multiplied.

General education with an agricultural orientation is also very much needed. The tone and temper of education in the rural areas must be changed to suit their requirements. Films and magiclanterns should also be used in this respect.

III

On Increasing Agricultural Production.

Now, let us cast a glance over the activities of the government towards the achievement of the objectives it has set before itself.

To achieve the *first objective* Government has formulated plan for the following :

- (a) *Increasing the acreage under cultivation.* Uptill 1955 some 700,000 more acres were brought

under cultivation. In 1956-57 area under food crops increased by 3.1 per cent.

- (b) *Use of fertilisers.* The use of fertilisers is being encouraged and the cultivation is being provided with fertilisers at subsidised rates. Budget provision of Rs. 85.77 million have been made this year to import 180,000 tons of fertilisers.
- (c) *Plant Protection.* Brisk efforts are being made to check the menace of locust. Large scale control of pest-infesting jute, paddy and vegetables was carried out in East Pakistan in an area of 66,000 acres. In West Pakistan extensive control operations were organised with success covering about 900,000 fruit trees and about 75,000 acres of cotton, sugar cane, rice and vegetables.

Under *Seed Treatment Scheme*, about 570,000 maunds of seeds of cotton, jowar, wheat, rice and other crops were disinfected prior to sowing.

(d) *Soil Conservation.* Efforts are being made for soil conservation and land reclamation. A Central Soil Conservation Organisation and two soil Conservation Experiment Areas were established in 1953-54.

(e) *Farm Mechanisation.* Slow progress is being achieved in the field of farm mechanisation and establishment of agricultural workshops. Seven such workshops have been established, six in West Pakistan and 1 in East Pakistan. 198 Tractors are available in the Agricultural Department of West Pakistan.

Law Reclamation. A detailed survey of the nature of the problem and the extent of the menace is being made. Some irrigation schemes of sinking tubewells for lowering the water table in the affected areas are under execution.

During the period July 1956 to 30 June 1957, 325 tube-wells have been installed and boring of 200 existing wells has been done. A scheme for the installation of another 130 tube wells has been sanctioned by the Government. Moreover 1,000 open wells are also proposed to be bored during the current year.

(g) *Colonisation.* Thal Development Area and Kotri Barrage Area are being colonised and allotment policy relating to 2.16 acres of the Ghulam Muhammad Barrage Area has been finalised.

(h) *Grow more food* campaign was launched and as a result of it more land was brought under *food crops*.

(i) Industrial Bank and other foreign Governments have been induced to finance Agricultural Development. Upto March 1956, 120.25 million dollars were received by Pakistan from foreign sources. Of them 3.25 million dollars were obligated from the World Bank for the purchase of Thal agricultural machinery, 15 million dollars from the Import-Export Bank, Washington, and 28 million dollars from U. K. for purchase of equipment for agricultural production schemes, power etc.

(j) *New Irrigation Projects.* With the object of bringing more area under cultivation, Government have put into operation a number of irrigation projects, both large and small. Some of the more important schemes are given below ¹ :—

Name of Scheme.	Total Cost.	AREA AFFECTED.		Total Area affected.
		New Area to be brought under cultivation.	Old Area to be improved.	
	(Rupees Million)	Thousand	Acres.	
WEST PAKISTAN				
1. Kurram Garhi Weir.	45.0	150	112	262
2. Thal irrigation and colonisation Project.	333.9	1,167	...	1,167
3. Taunsa Barrage Project.	101.4	43	667	710
4. Bambanwali-Ravi-Bedian-Link.	72.8	...	642	642
5. Balluk-Sulemanki Link.	78.5	...	...	...
6. Marala-Ravi Link.	85.2	100	164	264
7. Rasul Tubewell Project.	43.9	578	308	886
8. Central Tubewell Project.	62.3	870	900	1,770
9. Ghulam Muhammad Barrage.	240.0	1,360	525	1,874
10. Guddu Barrage Project.	267.5	907	1,253	2,160

((continued))

Name of Scheme.	Total Cost.	AREA AFFECTED.		Total Area affected.
		New Area to be brought under cultivation.	Old Area to be improved.	
	(Rupees Million)	Thousand	Acres.	
WEST PAKISTAN				
11. Nari-Bolan Irrigation Scheme.	2.0	24	10	34
12. Abbasia Canal Extention.	38.0	274	...	274
13. Warsak Project.	156.0	75	18	93
Total ...	1,526.8	5,557	4,599	10,156
EAST PAKISTAN				
1. Ganges-Kobadak Project.	19.6	95	221	316
2. Teesta Barrage Project.	99.5	510	1,200	1,710
3. Construction of Daulat Khan Bund.	0.7	16	10	26
4. Purchase of New Dredgers	17.0	...	10	10
Total ...	137.2	621	1,441	2,062
Grand Total ...	1,664.0	6,178	6,040	12,218

(k) The Government has tried to grant certain concessions to agriculturist so that incentive may be provided to them. The following concessions have been given by the West Pakistan Government in Kharif, 1957.

(i) 25% rebate in land revenue as well as abiana on area brought under food crops in excess of the area grown last year.

(ii) Land which remained fallow during the last three years and was sown with food crops this year, was exempted from land revenue for two years and was liable only to nominal abiana of Rs. 2 per acre for canal water supplies.

(iii) Ban on the cultivation of rice in certain areas of Hyderabad and Khairpur Divisions was removed.

(iv) Over 50,000 tons of fertiliser were issued at a subsidised rate of Rs. 7-14 per cwt. The cultivators were at liberty to purchase it on taccavi basis.

(v) A sum of Rs. 1,25,00,000 was provided for taccavi loans.

(vi) A number of irrigation facilities were sanctioned. Additional shoots and outlets for bringing new areas under food-grains were provided by the Irrigation Department. Lift supplies from escapes and nullahs, etc. were also allowed. Water supplies were automatically arranged for all commanded areas leased out by the Revenue Department. Additional water supplies up to a maximum of 25% of normal capacity of channel were run wherever feasible Kharif supplies on two and a half months' basis were allowed, wherever, possible, to fallow lands outside the irrigation boundary for foodgrains cultivation in the districts of the former Punjab, and some 4,000 cusecs of water were provided for reclamation purposes.

Similar concessions are being given for Rabi 1957-58.

(vii) As an incentive to the grower, about 30 prizes of the value of Rs. 1,000 each are proposed to be given to the biggest growers in the main wheat producing districts. A prize of Rs. 1,500 will be granted to the biggest grower of wheat in the province. 10 divisional trophies will be given to the districts which lead others in wheat production in their respective divisions.

These have been the efforts of the Government in this respect. But the results have not been in any way encouraging. Food production has dwindled and the production remains much short of the requirements. This we have discussed in the earlier section.

IV

Reconstruction of the Village.

To achieve this objective the village aid programme has been floated.

The Village Aid is primarily a campaign of enlightenment. Its main purpose is to bring modern knowledge to the service of the rural people. It seeks to educate them in all aspects of their life with a view to directing their energies into progressive channels and inculcating in them the spirit of constructive patriotism.

First Principle: Self-Help.

The V. A.'s 'foundational' dictum of 'self-help' means that real progress must come from within. The aim of the Village Aid programme is to unveil the tremendous possibilities of development which the rural masses must themselves exploit to their best advantage.

This approach of the Village Aid programme to the rural problems makes it clear that a highly skilled and efficiently trained personnel is the fundamental part of the programme itself. Training institutes and education centres are duly provided for this purpose. The over-all organisational set-up of the Village Aid is set out below to shed light on its scope and methods of working.

In West Pakistan, the provincial Village Aid Administration is responsible for the implementation of the policies and programmes decided upon by the Central Inter-Ministerial Committee in the light of the advice of the Central Village Aid Administration. This department is headed by the Administrator, Village Aid, who exercises supervisory control over all the provincial establishments. At the headquarters there is a Deputy Administrator to assist him and a Publicity Section to keep the public informed of the activities of this department and to conduct educative publicity in all the regions under its control.

Method of Work

The Provincial Administration works through the Regional Directorates which control the Development Areas within their jurisdiction. Every Development Area is put under the charge of a Development Officer who is assisted by two Supervisors and a Social Education-cum-Public Relations Officer. The Village Aid workers form the basic field staff who are controlled and guided by the Development Officer and his Assistant. It is they who contact the needy villagers and act as guides, educators, and organisers. It is by their efforts that the policies and programmes of the entire Administration blossom into practical results.

Every Village Aid worker has to keep in mind the following objectives which form the basis of the Village Aid

programme:

(a) To raise the productive output of the villager and thereby increase his net income by helping him in improved farming, cooperative enterprise and cottage industries, etc.

(b) To increase the community services available in the rural areas, such as schools, hospitals, dispensaries, health centres, sources of pure water, and thus increase the basic national assets.

(c) To improve the mental equipment of the rural people by developing in them the spirit of self-help and qualities of initiative, leadership and cooperation which may lead them to a healthier and more prosperous socio-political life.

(d) To create better cultural conditions for a richer and higher life through initiating social activities, including re-recreational facilities for both men and women.

(e) To co-ordinate the beneficial activities of different Government departments and widen their scope in the villages by providing an Extension Service.

(f) To utilise to the full the governmental machinery for welfare purposes in the villages and thus give a welfare bias to the entire administrative structure of the Government.

With these high aims in view, every Village Aid worker is performing his duties devotedly and thanks to his efforts the Village Aid project is fast gaining ground.

There are five regions of the Village Aid programme in West Pakistan.

1. Lahore Region; it includes Lahore, Multan and Rawalpindi Divisions.

2. Peshawar Region; it includes Peshawar and Dera Ismail Khan Division along with Tribal areas.
3. Quetta Region ; it includes Quetta and Kalat Divisions.
4. Hyderabad Region; it includes Hyderabad and Khairpur Divisions.
5. Bahawalpur Region; it covers the Bahawalpur Division.

In these five Regions 33 Development Areas have, so far, been brought under the operation of the Village Aid, Programme. These 33 Development Areas cover about 15,000 square miles and have a population of over 3,500,000. The total number of villages benefiting from the programme exceeds 5,500 at present.

Training Centres.

There are six Training Institutes providing trained personnel, which are situated at Lalamusa and Lyallpur in the Lahore Region, at Peshawar in the Peshawar Region, at Rahim Yar Khan in the Bahawalpur Region, at Tando Jam in Hyderabad Region and at Pishin in Quetta Region.

New Development Areas are being added in proportion to the number of trained Village Aid, workers made available by these Training Institutes at the end of every term. Women workers are also getting their due share in these Institutes.

The Village Aid programme is growing popular day by day, and with its ever increasing speed, technical resources and efficiency, there is no doubt that it will ultimately help to modernise our villages in all aspects of life.

According to the Five Year Plan 172 Development Areas of 150 villages are to be opened up. The year-wise programme is as follows :

Province.	AREA OPENED.						Total No. of 1960.
	1954-55	55-56	56-57	57-58	58-59	59-60	
West Pakistan ...	6	11	19	19	19	19	93
East Pakistan ...	3	4	14	18	20	20	79
Total ...	9	15	33	37	39	39	172

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The total allocation stands at Rs 212·9 million. The break-up is as follows:

Purpose	Total cost 1955-60 (Million Rupees).
Development Expenditure	... 132·2
Training Expenditure	... 29·3
Administrative Expenditure	... 51·4
Total	... 212·9

This is a very useful project. If the plan is fully translated into practice, it will change the face of our countryside. But the rate of progress is very slow. And above all, the workers who are taking part in this plan are not agriculture-minded. They are taken from rural population and are not suited to this job. Their training is very superficial and faulty. This is the real impediment in the way of this plan.

V

Standard of Living

In the achievement of this last objective the Government has failed to succeed. The net result of all these efforts has not been the betterment of the agriculturist. His position has remained unimproved and his grievances unameliorated. And this is the worst part of our failure.

APPENDIX 'B'

The following is a summary of the Government's Plan to step up food production.

Agricultural Development.

(a) *Short-Term Plan* :

The short-term plans of agricultural development comprise mainly :

- (1) Distribution of artificial manure (at heavily subsidised rates), and improved and treated seeds in progressively increasing quantities;
- (ii) intensive plant protection and pest control work, specially in badly-affected areas, e.g., Gujranwala District for rice borer control and Mardan and Peshawar Districts for control of pyrilla infestation, by mobilising not only the resources of various Government departments, but also the local population ;
- (iii) provision of extra supplies of water in the summer months for production of 'Kharif' grains, as well as for reclamation of saline lands;
- (iv) substantial concessions in land revenue and 'abiana' for new lands brought under the plough.

These plans are being formulated on a half-yearly basis.

(1) *Kharif 1957 Short-Term Plan* : The plan for kharif 1957, has already been prepared and is under implementation. Its salient features are :

- (i) Rather than dissipate our efforts, it has been de-

cided to concentrate on the principal rice and sugar-cane growing areas of the Province.

- (ii) About 50,000 tons of ammonium sulphate will be distributed for application to kharif crops, as against less than 20,000 tons used last year. To enable the smaller cultivator also to use the fertiliser, it has been decided to give it on a taccavi basis. Privately-managed seed and fertiliser depots are being set up throughout the Province and it is intended that, in due course, each depot should cater for villages within a radius of 10 miles.
- (iii) Pest control measures are being organised on an extensive scale, and with the assistance of Village Aid, Co-operative Agriculture and Revenue Departments, a concerted and vigorous drive is being launched in the principal rice and sugar-cane growing areas of the Province to eliminate the rice borer and pyrilla. Ten thousand acres of rice nurseries and about 85,000 maunds of rice seed will also be treated. All these services will be free.

Rebate in land Revenue.

- (iv) A rebate of 25 per cent of land revenue and abiana is being allowed on areas brought under foodgrain crops in excess of last year and 3-year-old fallow land, if sown with food-grains crops will be exempt from land revenue for 2 years and a nominal abiana of Rs. 2 per acre only will be charged.
- (v) Irrigation facilities provided include additional supplies up to 25 per cent of normal supplies in all channels (the condition of their banks permitting); kharif supplies on a 2½ months basis (and

longer depending on availability of water) for foodgrain cultivation in fallow lands outside irrigation boundaries in the former Punjab; additional supply of 4,000 cusecs for land reclamation and rice sowing (at the rate 1 cusec per 45 acres) in the former Punjab; general permission to lift supplies from escapes and nullahs, etc., except in specified areas; and provision of additional shoots and outlets for bringing new areas under kharif foodgrain crops.

- (vi) Ban on the cultivation of rice in certain areas of former Sind has been removed.
- (vii) Adequate provision of taccavi loans (Rs. 125 lakh for the year 1957-58) for repair-construction of wells and tube-wells, purchase of seeds and agricultural implements, etc.

(2) *Rabi 1957-58 Short-Term Plan* : The rabi plan is under preparation and will, apart from pest control measures, taccavi and distribution of artificial manure, include the purchase of 85,000 tons of good quality wheat seed for distribution for rabi sowings as against 23,000 tons distribution last year.

Proposals for ploughing by tractors of katcha/bet lands in the riverain tract along the Indus from Kala Bagh down to Sukkur/Hyderabad to increase the acreage under wheat are also being examined. Similarly, a team of experts is being sent out immediately to survey selected tracts of Government-owned land in the Ghulam Muhammad Barrage area with a view to exploring the feasibility of bringing a substantial area under food crops in the ensuing rabi

(b) *Long-Term Plans.*

The long-term plan for agricultural development and

food production is under preparation and is expected to be ready by the middle of August, 1957. It will cover a period of three years and will include the following :

- (i) A seed multiplication programme relating to the more important agricultural commodities.
- (ii) Setting up of an adequate marketing organisation for the distribution of seed, fertiliser, and agricultural implements.
- (iii) Intensification of research work with a view to,
 - (a) evolving better and more suitable varieties of seed, and
 - (b) finding more effective means for combating pests and plant diseases.
- (iv) Improvement in agricultural education. We have at present three American aided (ICA) programmes in West Pakistan. The one at Tando Jam is being run by the New Mexico State College and has been in progress for about two years. The second at Lyallpur is being run by the Washington State College and has also been in progress for over two years. The third at Peshawar is being run by the Colorado State College.

In order to improve the standard of our agricultural instruction, we are of the view that an entirely new agricultural institution should be set up, with ICA assistance in this Province, on the lines of the land Grant Colleges in the USA, initially employing American teachers to be replaced, in due course, by Pakistan's. The Government of West Pakistan would be prepared to provide land buildings and farms. The ICA should provide all the equipment and staff. The proposal has already been informally

discussed with the ICA authorities. An institution of the type will be extremely beneficial and the proposal is being pursued vigorously. The central Government have also promised to give the maximum possible help in this matter.

Plant Protection Service.

(v) The setting up of an effective plant protection service throughout the Province. It is estimated that at present about 10 to 15 per cent of the agricultural produce is lost through infestation by pests and plant diseases. The cost of such a service of adequate magnitude is bound to be prohibitive. A small cess may, therefore, have to be levied to meet at least a part of the expenditure. Legislation may also be necessary to confer authority on the plant protection staff to enter upon and carry out the necessary operations in the affected areas.

(vi) Expansion of the agricultural extension service to cover the entire Province. The vital role that an effective extension service can play in stepping up food production and agricultural development need hardly be emphasised. Benefits of new research agricultural practices and fertiliser, etc., cannot reach the cultivator in the village, except through a well-organised extension service.

(vii) Mechanised farming on individual or co-operative basis : and

(viii) The Provincial Government have also decided to lay greater emphasis on the encouragement of such industries as would assist agricultural production. In this category falls the setting up of the feed mills wherein large quantities of surplus molasses produced in this country could be mixed with bran, rice husk, etc., to produce nutritious food for livestock. Formulation of insecticides and pesticides is another useful venture for which many ingredients are available in the country and only a few will have to be imported from abroad. Manufacture of

simple agricultural implements and spare parts of agricultural machinery is yet another field needing urgent exploitation.

Development and Colonisation of New Lands.

Planned development and colonisation of available Government lands, specially in the Ghulam Muhammad Barrage and other areas, provide immense potentialities for food production. In this connection it would be advisable to take advantage of the experience gained in the Thal Development Project.

The Provincial Government has approved in principle the setting up of a West Pakistan Agricultural Development Corporation, which will be a semi-autonomous statutory body and will be charged with the duty of :

- (i) development and colonisation of new lands in the Ghulam Muhammad Barrage area and later in command area of other irrigation schemes ;
- (ii) reclamation of lands affected by salinity and water-logging e.g., in the Jaranwala, Pindi Bhatian, Chuharkana area and soil erosion in the uplands of Rawalpindi district, where a pilot scheme is already in operation :
- (iii) marketing of improved varieties of seed, artificial fertilisers and agricultural implements.

To ensure continuity of policy and maximum utilisation of the existing tractor resources and trained personnel, it is intended that the Thal Development Authority and the Punjab Soil Reclamation Board should be merged with this Corporation. There will be a Central Board of Directors for overall coordination and control with area boards for specific project areas. Each project area will be

under the charge of an Operative Director.

The scheme and necessary legislation are being drafted ;

(iv) *Land and water Utilisation Committee* : It has been decided to set up a high-powered Land and Water Utilisation Committee to recommend the manner in which the Government-owned lands in the Ghulam Muhammad Barrage area, whose development is being given the highest priority by the Provincial Government, should be allocated. It has been decided as a matter of policy that the highest priority will be given to the settlement of landless cultivators (Haris) of the region and that not less than 1/3rd of the total area will be reserved for that purpose. After meeting the claims of this category of cultivators and those of peasant proprietors who own uneconomic holdings, lands will also have to be earmarked for departmental work such as seed multiplication farms, agricultural research stations, livestock demonstration and development farms and afforestation, as well as to encourage mechanised farming in economic units. Some areas will also have to be earmarked for production of milk, meat and vegetable to feed the Karachi Federal area and other big towns.

Land Reclamation.

Salinity and water-logging are taking a heavy toll of the land in West Pakistan and it is estimated that about 70,000 acres are being affected every year. Salinity is, in fact, West Pakistan's problem number one.

Apart from supply of about 4,000 cusecs of additional water during the summer for temporary reclamation of saline areas projects of permanent reclamation covering about 8 lakh acres in the Rachna Doab (at Pindi Bhatian, Chuhar Kana, Shahkot, Jaranwala, etc.) have been prepared in consultation with foreign experts. These envisage the installation of 1,860 tube-wells for pumping water of which 600 will be installed in the first instance. The

projects are expected to be taken in hand shortly. The support of the Central Government has been assured for obtaining adequate ICA funds and equipment for this vital work. Survey and investigation of salinity and water-logging in other areas of West Pakistan are in progress and definite schemes will be formulated as soon as the requisite data has been collected.

Activities of other Departments.

(a) **ANIMAL HUSBANDRY** : For meeting the meat problem of the Province, the Animal Husbandry Department are taking action both on the side of conservation, as well as production, of more livestock. It is estimated that mortality of male buffalo, calves is as high as 90 per cent as they are generally destroyed to save the feeding of milk. A calf-rearing scheme for the Lahore area has already been sanctioned under the Emergency Agricultural Plan. More such schemes can be prepared by the utilisation of large areas of land, which are usually given on less productive short-term leases. The matter is being taken up with the Ministry of Defence in order to draw up a coordinated scheme of beef production.

A large number of good milch cattle are slaughtered in Karachi when they go dry, Steps are being taken to regulate the movement of livestock to the Federal Capital and also to take steps to prevent indiscriminate slaughter of useful animals. The Provincial Government is also considering schemes for starting dairy colonies at suitable places in the Ghulam Mohammad Barrage area to meet Karachi's requirements of milk.

Two schemes for livestock grants in the new colony areas have already been sanctioned under the Emergency Agricultural Plan. Preparation of more such schemes is in hand.

It is a matter for some gratification that we have become

self-sufficient in the biological products being manufactured in West Pakistan. It is proposed to follow up this programme by setting up a Disease Control Organisation for the Department of Animal Husbandry.

As a short-term measure schemes for the development of poultry as a village industry are being prepared and will be worked in collaboration with the Village Aid Department.

(b) The Forest Department plans include:

- (i) A soil and water conservation scheme providing for proper land usage and covering large areas of land in Rawalpindi Division. The pilot projects of the scheme are already under implementation :
- (ii) A scheme for the exploitation and development of the area of 1,190 square miles of tidal forest from the Korangee Creek to the delta of Indus. Nearly 40 per cent of this area is already under forest.

The Forest Department has also prepared a scheme for the production of fuel, timber, and food crops comprising an area of 1,00,900 acres in the 'rakhs, around Lahore, Multan, Lyallpur and some other towns by tube-well irrigation. This scheme is being examined particularly with reference to the economics of tube-well irrigation.

- (c) CO-OPERATIVE—RURAL CREDIT :** The Co-operative Department have prepared a number of schemes on rural credit and marketing, which have been approved by the All-Pakistan Conference. To finance the schemes, a revolving fund of Rs. 2 lakh for each development area has been provided in the approved plan.

The Central Government are being asked to make the funds available and the implementation of the schemes will be taken in hand no sooner this is done.

Food Procurement.

(a) *Procurement* : The Provincial Government have already launched their Monopoly Procurement Scheme of wheat. Unfortunately, a persistent spell of wet weather in the districts of the former Punjab has prevented timely threshing of wheat crop with the result that the flow of the marketable surplus to the 'mandis' has been delayed to some extent. So far 13,929 tons of wheat have been purchased and the procurement drive is expected to get into full swing shortly. It is hoped that this year it will be possible to purchase more wheat than last year.

The Monopoly Procurement Scheme will be backed by a levy on all cultivators owning 200 acres of land or above at the rate of 2 maunds per acre in unirrigated and 3 maunds per acre in irrigated tracts.

The Central Government are importing large quantities of wheat to provide reserve stocks for the current and next year.

(b) *STORAGE* : There is at present the following Government-owned accommodation suitable for storage of wheat available in West Pakistan.

<i>Type</i>		<i>Capacity in Tons.</i>
Bins	...	2,32,120
House-type godown	...	1,47,600

Total	...	3,79,720

The Provincial Government have already approved the construction of further storage accommodation to the extent of 1,35,500 tons. But it would be more advantageous from several points of view to construct large-sized mechanical terminal elevators instead of the bins or house-type godowns. In the first place operational costs will be reduced considerably: secondly large-sized units will enable railway siding facilities to be availed of; and, lastly, this will enable economic utilisation of the existing milling arrangements in the Province. It will suffice for the present to construct with U. S. aid 6 elevators of the total capacity of 4,00,000 tons four units of 75,000 tons capacity each at Lyallpur, Lahore, Hyderabad and Multan and two units of 50,000 tons capacity each at Peshawar and Rawalpindi. The matter is being formally taken up with the Ministry of Food, Government of Pakistan. It has already been discussed informally with the I. C. A. authorities. The support of the Central Government in securing foreign aid for this proposal has been assured by the Prime Minister.

Organisation and Publicity.

If a colossal programme of this nature is to be successful, it would be necessary not only effectively to mobilise all the resources of the various Government departments concerned, but also to secure enthusiastic public co-operation. Government have, therefore, decided to set up a Food Production and Agricultural Development Committee consisting of representatives of the various nation-building departments, to ensure effective co-ordination of the activities of these departments. Divisional Commissioners and Deputy Commissioners have also been directed to set up divisional and district committees consisting of officials, as well as non-officials, drawn mostly from amongst zamindars, as well as smaller growers. Similarly committees are also being set up at the tehsil level, where most of the work will have naturally to be done.

Arrangements are in hand to set up in collaboration with the Village Aid Department, a Publicity and Information Organisation to disseminate in the rural areas information on various aspects of agricultural problems through pamphlets in simple local languages and audio-visual aids.

Agricultural Commission

The Provincial Government have concurred in the proposal of the Central Government to appoint a high-powered Agricultural Commission to examine on a scientific basis the causes of the decline in agricultural production and to suggest suitable remedial measures. It should also study the existing taxation policies of the Government and their effect on agricultural production, as well as cost of production of principal crops in the two provinces. The Commission will also be required to suggest how far the activities of the Village Aid organisation could be integrated with the Agricultural Extension Service and how best the activities of the Irrigation, Revenue, Co-operative and other allied departments can be co-ordinated with a view to facilitating and expediting agricultural development and avoiding wasteful duplication of departmental activities.

The Central Government have, however, been requested to ensure that the appointment of the Commission will not, in any way, delay or stand in the way of implementing the Five-Year Development Plan.

OUR INDUSTRIAL FUTURE.

“At a time when the western Europe, the birth-place of the modern Industrial System, was inhabited by uncivilised tribes, this land was famous for the wealth of her rulers and for the high artistic skill of her craftsmen.”

—In these words the *Indian Industrial Commission* confesses the heights which industry had achieved in this country before the advent of the Britishers. But the tables were turned under the British rule. Industries began to disintegrate because of Government's hostility towards them. Home industries were strangled to death. India was reduced to an exporter of raw materials and an importer of English goods.

In the last decades of the nineteenth century there appeared new stirrings of life. Some new economic enterprises were floated and during the first world war the Indian industry got an impetus. But a very strange feature of the industrial development was that the industries were concentrated in the Hindu-majority provinces of India—Bombay, Western Bengal, Bihar and Madras being the main centres. It was because of this strange fact that on partition Pakistan found itself in a very precarious situation. Industrially its position was just insignificant. Out of one thousand two hundred and fourteen factories of the United India only forty nine came to Pakistan's share while all the rest remained in Bharat. Our position on the eve of partition was as follows:

- (i) Our share was quite insignificant. Out of 87 industries 27 remained exclusively in India. Thus at last in 27 industries we started from zero.
- (ii) Although Pakistan got 20 per cent population of the United India, its share in industrial

establishments was only 10 per cent and that in Industrial employment was only 6.5 per cent. In case of large scale industry it got only 3.6 per cent of the total industry.

- (iii) An interpretation of the facts related in (ii) above reveals that the size of our industry was small and employment which it provided was meagre. Moreover the share in industry bore no proportion to the share of population and as such the pattern of the economy was predominantly agricultural.
- (iv) Large scale industry was conspicuous by its absence. We produced 80 per cent of world Jute and had no jute mill. We had best of raw cotton and exported lakhs of bales of it, but did not produce even half of our minimum cotton-cloth needs. This was a baffling situation indeed.
- (v) We had some good cottage and small scale industries, particularly the sports industry deserves a mention. Besides it, there were small industries producing blankets, surgical instruments, pottery etc.

The effect of partition was on the whole adverse. It acted as a dislocating force and turned things topsy-turvy. But, as the need of industrialisation was too pressing, efforts began to be made to achieve it. And after a process of trial and error, the country was set along the road to industrial advancement.

Essentials of Industrialisation.

There are certain essentials of industrial development. They are as follows :

- (a) *Raw Materials* are the first basic essential of industrial advancement. They feed the machines

and are transformed into manufactured goods. Unless raw materials are available in handsome quantities, no industry can be found. Although there are instances when certain countries have established industries without producing those raw materials within the country and depend upon imports, but these are exceptions, not the general rule. And all students of economic history know that the dependence has become one of the greatest weaknesses for those countries.

- (b) *Power* is also a basic need of industry. It is through power, may it be hydel, or thermel or any other, that the meachines are propelled and brought into action. Efficiency, in fact, depends upon the nature and the availability of power.
- (c) *Capital* is the third essential. It is the very life-blood of modern industry. And it is the greatest headache of it, in the under-developed areas.
- (d) *Technical-know-how* is another important factor upon which the industrial growth is dependent. Industry is the child of the scientific revolution. It can be piloted only through specialised technological training. And in the modern industry the part played by the technological and scientific leadership is extremely great.
- (e) *State-policy* is the last important ingredient of this milieu of industrialisation. And in the under-developed areas it has become, perhaps, the most important factor.

Pakistan has raw material in abundance. It has plenty of labour and its power-potential is beyond doubt

great. Its real problems, like those of other Asian countries are chiefly, lack of capital, lack of technical know-how and lack of economic initiative and leadership. Because of this situation, the role that Government has to play in the making of its economy has increased manifold. Here the private initiative is not in a position to fulfill our needs and the Government must step in to, on the one hand, encourage the private investor to embark upon industrial projects, and on the other, to take the initiative itself and float new enterprises which may in future be transferred towards private hands. Thus we should first of all see what has been the Government's policy towards industrialisation, and what has it done so far.

Industrial Policy.

From the very outset the policy of the Government has been that of encouragement of industry. An Industrial Conference was held on 17th December 1947 to formulate the blue-print of the industrial programme of the future. It was decided to give priority to the development of power and of essential industries and different targets were fixed for the purpose. In 1949 the industrial policy was announced. Briefly the policy has been as follows :

- (i) Encouragement of individual initiative and private enterprise in industry and creation of conditions in which they may have the opportunity to fashion the economy.
- (ii) Nationalisation of key industries like armaments.
- (iii) Establishment and development of large-scale industries, which are essential to the security and prosperity of the country. In 1949 Government took the responsibility of planning twenty seven basic industries, important

among them being : Arms and ammunition ; cement, coal, electric power and equipment, Iron and steel, textile, paper, rubber sugar ; minerals etc. The objective being that the country should on the one hand become self-sufficient in basic needs, and on the other, to manufacture goods from its own raw materials.

(iv) Granting protection to essential industries.

(v) Tax concessions to industry and provision of incentives for foreign capital.

This policy gave a fillip to industrialisation and a stage was reached in 1956 when the need of changing the emphasis from establishment of new industries to the consolidation of those already working was deeply felt, the policy was remodelled and now these two primary considerations are working as the cornerstones of the industrial policy :

- (a) Whether the industry will earn more foreign exchange than it spends on the import of equipment ; raw materials and replacements ; and
- (b) Whether the new industry will reduce imports and thus save foreign exchange.

These two considerations are now being fully kept in view.

It will not be out of place to refer here to the criterion which the First Five Year Plan has suggested :

1. To produce, with the resources that can be devoted to it, the largest amount of those products which are wanted most in the country.
2. To earn or save foreign exchange.

3. To produce goods which would be needed in carrying out the plan.
4. To put people to work, to employ the labour force usefully and for the benefit of the community.
5. To achieve the development of less developed regions and bring them at par with other areas.

We feel that these objectives are very realistic and comprehensive. The only note of caution we would like to sound is that it is also the responsibility of the Government to see that wittingly or unwittingly it does not let the capitalistic system develop in our country and vitiate the society with its abuses.

The State and Industry.

Before taking a survey of our industrial development and analysing the situation, let us see what the Government, on her part, has done to develop industry in the country.

- (i) *Industrial Policy.* It formulated the industrial policy which is being followed for the last ten years.
- (ii) *Tax concessions to Industry* were granted by the Central Government and permission to write off depreciation was also granted. These concessions have been renewed every year and new encouragements are being provided.
- (iii) *Industrial Finance Corporation* was established in 1949 and ever since it is providing finance to industry. It was floated with a capital of 3 crores and has so far ¹ given loans to the tune

¹ Upto 31st March, 1957.

of Rs. 104·87 million. Now the first industrial bank has also been formed under the title of "*Industrial Credit and Investment Corporation*". Its authorised capital is Rs. 15 crores of which Rs. 2 crores is paid up. Over and above this, it has received an interest free loan of 3 crores, from the Central Government, low-rate loan of 2 crores from the State Bank of Pakistan and Rs. 20 million loan from the World Bank in the form of foreign exchange. With these resources it has entered into operation.

- (iv) *Protection.* Pakistan Tariff Commission was found in April 1950. It has granted protection to more than 30 industries which include paints, polish, colour, varnish, umbrella, canvas shoes, matches, starch and other industries. Preliminary inquiry is being conducted in case of 45 industries and full inquiry in case of 21 industries. The cases of 16 industries are under review inquiry. Protection has enabled the local industry to struggle and stand on its own feet.
- (v) *Pakistan Industrial Development Corporation.* Perhaps the most important event in the industrial history of Pakistan has been the establishment of the PIDC in January 1952. Primarily it was established to initiate and develop nine essential industries—later on the number was raised to 12. It has been charged to look to the growth of Jute, Paper, Textile, Sugar, Heavy Chemicals Fertilisers, Cement, Iron and Steel. Power and Natural Gas, Pharmaceuticals and Dyestuffs and Shipbuilding Industries.

The policy of the P. I. D. C. is to supplement the private enterprise and promote those industries which other industrialists are either reluctant, or unable to undertake.

in advanced stages of construction and 5 in the initial stage. The estimated value of these projects is over 115 crore rupees.

The private capital which the Corporation has attracted is about Rs. 30·7 crores.

P. I. D. C. projects include 14 Jute Mills, 3 Paper and Board Mills, 3 Woollen Mills, one Cotton Mill, 5 Cotton ginning factories, one DDT Plant, a sulphuric acid plant, a santonion factory, Sui-Gas pipeline and a fertiliser factory. The projects underway include a Shipyard and Engineering work at Karachi, a Shipyard at Khulna, a Dockyard at Narayanganj, two gas distribution companies, a penicillin factory, a dyes and chemicals plant, and some projects of mineral industry. Initial work has started on Khulna Newspaper project, two sugar mills, Multan power station and Multan-Lyallpur transmission line.

This is a brief survey of the projects of the P. I. D. C. and this fact stands out that the contribution of this institution towards our industrial development is most significant and unparalleled.

(iv) *Planning and direction.* Another thing that the Government has done is that of planning and direction of industry in countless ways.

This is what the state has done in relation to industry.

Survey of Industrial Development.

Starting from the scratch, the fact is that now Pakistan is firmly set along the road to industrialisation. The general index of industrial production has risen four-fold. In the production of several commodities it is now claimed, that we have become quite self-sufficient; in others we

have achieved significant progress ; in some others, we still lag behind the need. As such it is essential to make a survey of the progress achieved and the targets that still remain to be attained.

(i) *Cotton Handloom Industry.*

Let us first of all look to the conditions of the cotton handloom industry. It is important in many respects. It is an important industry and was developed after the partition to save the home market from Indian goods. It provides employment and subsistence to over thirty lakh persons as such, supports a huge mass of population and affects the destiny of millions.

As a result of Partition, although Pakistan got best of the cotton granneries of the sub-continent, it had only 10 textile mills of meagre capacity. The influx of refugees created the problem of unemployment and when Pakistan refused to devalue its Rupee in 1949, Bharat stopped all trade. The result was that a severe cloth scarcity ensued and it was felt that immediate steps should be taken to step up cloth production in the country. Thus cotton Handloom Industry was encouraged on a wide scale and the country began to produce best of handloom. But the post Korean-war crises created a very awkward situation for this industry. During that period cotton textile mills began to be established at a swift pace and a severe competition between the Textile and handloom industry developed. The latter was not prepared for that and the Government failed to realise the gravity of the situation and the impact of it on the future of the handloom industry. Thus a severe blow was administered to this industry and the number of *khaddies* was reduced to one third. This created a very queer situation and the Government adopted a policy of connivance. The industry was left to face the vagaries of the situation single-handed

In 1954 a fact finding committee was appointed but its recommendations were never translated into practice.

In 1956 the Handloom and Small Scale industries Conference decided to help the industry. It resolved that the Provincial Government should deal with the problem and help the industry in getting out of the morass in which it has been entangled. Moreover, it suggested the formation of a corporation to handle the affairs of the industry and the establishment of an Advisory Board at the centre. It further suggested that certain varieties of cloth should be reserved for handlooms only so that at least in those varieties competition may be eliminated.

The history of the handloom industry very clearly proves at least one fact : *the strength and vitality of the industry*. Despite all the odds that were pitched against it, despite the absence of any support or guidance from Government and despite the very severe competition with the textile industry, it has survived and successfully overcome a host of difficulties. Above all, in certain fields it has successfully met the competition of the textile industry and has proved its superiority over it. It would be criminal, on the part of the Government, not to help this industry and deprive it of opportunities of life and progress.

(ii) *Textile Industry.*

As we have said earlier, after partition we started from a very insignificant position. The indigenous production of cloth, according to reliable estimates, was not more than $1\frac{1}{2}$ yards *per capita*. Thus we had to depend upon import for nearly all of our cloth needs and in 1951-52 had to import cloth worth Rs. 62·88 crores. To save the country from this unbearable burden, and to switch over the economy to an industrial footing, cotton textile industry was encouraged by the Government. The following is a statement of the progress it has achieved,

Spindles in Pakistan.

			<i>Spindles.</i>
1948	...	...	1,77,418
1949	...	...	2,35,618
1951	...	...	3,33,126
1953	...	...	7,24,334
1954	...	...	13,16,000
1955	...	...	15,00,000
1956	...	...	20,00,000

Production of Cotton fabrics. @

			(·000 yards)
1948	...	...	80,059
1949	...	...	92,445
1950	...	...	1,06,295
1951	...	...	1,27,666
1952	...	...	1,74,160
1953	...	...	2,51,576
1954	...	...	3,45,247
1955	...	...	4,53,237
1956	...	...	5,00,384
1957 (upto June)	...	...	2,58332

The development recorded by this industry is marked and significant. The spinning capacity has increased by 915 per cent and the weaving capacity by 467 per cent since independence. Country's entire needs of the course

@ (Vide C. S. O. Bulletin August 1957).

and medium quality cloth are now being fulfilled by the home industry and the country is gradually becoming an exporter of cloth. Upto 15th May 1957 we had exported 52·938 million lbs. of cotton yarn and 27·124 million yards of cotton piecegood, valued at approximately Rs. 108·301 million and it is hoped that in not very distant future the country will become a leading exporter of cotton textiles.

As we are deficient in fine cloth, the Government has earmarked 250,000 spindles for fine and superfine spinning and arrangements are being made to produce fine cloth within the country.

Attempts are also being made to develop the art silk industry. The sanctioned units of art silk industry, as on 31st March 1957, were 101 units with 4,295 power looms sanctioned, and 4,068 installed.

Although stupendous development has been achieved in this respect but the fact is that :

- (a) the prices of cloth have not come down, and despite manifold increase in production the consumer has not received any significant benefit ;
- (b) the margin of profit of the industrialist has remained very high and the industry is operating under conditions of protection. Lack of competition from foreign industries has deprived the market of the benefits of competition; and
- (c) the development has been lop-sided and the cotton industry has developed out of all proportions with other industries. A balanced economy has not been achieved.

We would like, in this respect, to refer to the very illu-

minating appraisal of the situation made by the leading economist Dr. Ahmed Mukhtar. He writes: @

“There are a large number of questions which arise in respect of this industry. What have been the profits of mill-owners? If these profits have been abnormal, as I know that they have been, what attempts did the Government make to bring them down to the normal level? How many of the textile mill-owners in Pakistan to-day enjoyed the present unenviable financial position before the advent of Pakistan? And, if most of them have risen from ordinary positions, was it or was it not incumbent upon the Government to inquire into the way or ways by which they made their fortune? While purchasing plant and machinery, did or did not the mill-owners receive any commission from the manufacturers? If this commission was never received in this country on investments of these mill-owners in foreign coun- how and where was it invested? What are the investments of these mill-owners in foreign countries? Such questions naturally arise in the mind of every economic thinker and he fails to understand why relevant facts about the cost of cotton textiles produce by our mills have not yet been published. This silence must end sooner or later and it is only then, and not till then, that the student of economics will be able to see things for himself.

“It may not be out of place to mention here that the prices of cotton textile goods have all along been out of proportion to the prices of similar goods produced in India, Japan, England and other countries. The Indian Planning Commission’s recent publication – Programmes of

@ The Economic Observer Annual Number 1955, p. 16.

Industrial Development, 1951-1956—states that there are as many as 150 ‘un-economic’ units in India, “which must be given financial and other assistance in order to make them viable. On a conservative estimate, cotton mills in Bombay City alone would need more than Rs. 100/- crores to carry out their rehabilitation programme. The Working Party for the cotton textile Industry recognises in its Report that there has been a backlog in the modernisation of the mills.” It is held in India and in other parts of the world that rehabilitation of the textile industry is a pressing necessity. In Japan, more than 85 per cent of the cotton mill equipment is new and most of the new looms are automatic. It can be said with confidence that this reform alone has enabled Japan to acquire a strong competitive ability in foreign markets. In America, more than Rs. 95 crores are spent annually for the sole purpose of rehabilitation. In Pakistan, the textile Industry is new and comprises mostly automatic plant and machinery. In a way, we have stolen a march over the rest of the world in this respect. Our production costs must necessarily remain below and so should the prices, in spite of certain handicaps. The average student of Economics finds no satisfactory explanation for the prevalent high prices and he cannot carry conviction with anybody unless relevant facts and figures are made available to them.”

These candid comments hardly need any word of explanation. What we feel is that conditions of our competitive economy should without delay be restored in this field, so that the consumer may also reap some benefits.

(iii) Woollen Textile Industry.

There are fifteen woollen mills in Pakistan with a capacity of 19,700 worsted spindles and 13,700 woollen spindles. On the eve of partition, there was not a single woollen mill and we were dependent upon others in respect of our all supplies of woollen textiles. The raw wool available in the country is about 28.5 million lbs. and this industry holds bright prospects for the future.

Seven mills are working in the former province of Punjab. The P. I. D. C. has established three woollen mills at Bannu, Harnai and Quaidabad, all the three are now in operation. The annual production of the first two is each 100,000 lbs. fabric and 80,000 lbs. worse goods. The Quaidabad Mills production is 600,000 lbs. of woollen yarn and woven goods.

The development which has been achieved has made us more or less self-sufficient in woollen and worsted manufacturers. But fine quality goods are not being produced into the country and the industry needs development in these spheres.

(iv) Jute Industry.

Development of jute industry is another mighty achievement of Pakistan. Jute is the bed-rock of East Pakistan's economy. The prosperity or adversity of the cultivator in the Eastern wing depends to a large extent upon the condition of jute. Pakistan produces 70 per cent of world jute and has a virtual monopoly in the fine quality fibre. Its contribution to the foreign exchange earnings is also very significant. As such the need of the development of jute industry was very great.

In the post-partition period another very important facet of our economic life was exposed. When India refused to trade with Pakistan in 1949, a severe blow was

struck to the jute economy. We used to produce bulk of the world jute, but there was not a single jute mill to consume the raw material and we were totally dependent upon others for the disposal of our stocks. This event unveiled a very basic weakness of ours and it became indispensable to develop the jute industry and bring an end to this dependence.

During the last ten years we have succeeded in establishing 14 jute mills with 7,750 looms of latest and most efficient brand. The total output of these mills in 1957-58 is expected to be 220,000 tons, of the value of about Rs. 20 crores. The industry is consuming 1.2 million bales of raw jute, of the value of about Rs. 12.5 crores and is providing employment to over 35,000 people. The pace of development is reflected in the following figures.

Production of Jute-goods.

	1951.....	1,441 tons
1952	...	17,573 tons
1953	...	44,119 tons
1954	...	53,250 tons
1955	...	103,224 tons
1956	...	142,364 tons.

The plan of the Government was to have 6,000 looms by the middle of 1957, but the target was achieved two years before the scheduled time and now the total capacity is 7,750 looms. Total investment in the industry is estimated to be Rs. 23.7 crores, of which the share of P. I. D. C. is 5.9 crores.

The development of this industry has been very marked and balanced—but the scope for development is still significant and if a well-thought out policy is adopted, it can be hoped that golden fibre will yield gold and make the economy prosperous.

At present the country is exporting jute goods to the extent of Rs. 10 crores and it is expected that the exports will increase with the growth of industry. The present policy of the Government seems to be :

- (a) Development of the home industry and arrangements for the expansion of the present mills and opening up of new ones;
- (b) Encouragement of and co-operation with other countries in opening jute mills in their countries—particularly the Muslim countries—with a view to stabilise the demand of jute in other countries.

For this purpose the Government has invested Rs. 114 million in Egypt, Iraq and Turkey through the P. I. D. C.

(vi) *Paper Industry.*

Here again we started from naught. Now we are self-sufficient in paper and board and will become self-sufficient in newsprint with the completion of the Khulna newsprint project.

At present there are three paper mills at Pakistan. Karnafuli paper mills was established at a cost of Rs. 6 crores and during 1957 its production is estimated to be 30,000 tons. The Newshera Paper Board Mill was completed in 1956 at a cost of Rs. 1.84 crores and has a rated capacity of 7,500 tons per year. The current production is 4,500 tons per annum. Rahwali Mill is producing 6000 tons per annum. This mill was completed in 1955 at a cost of Rs. 1.21 crores with a capacity of 7,5000 tons. The Khulna Newsprint Factory, which is now under completion, is expected to come into operation in 1959. Its production capacity is expected to be 23,000 tons of newsprint and 12,000 tons of straw board per year and will cost Rs. 11.5 crores.

(vii) Other Industries.

Alongwith these industries, other important industries have also been developed and they include, heavy engineering industries, rubber and tyre industry, match industry, cement industry, sugar industry, fertilizers, heavy chemicals and pharmaceuticals industries. Necessary statistics about some industries are as follows :—

Production of some Manufacturing
Industries in Pakistan.

<i>Commodity.</i>	<i>Unit.</i>	<i>1949</i>	<i>1956</i>
I. Food Manufactures.			
1. Tea ...	'000 lbs.	4,70,69	6,23,86
2. Sugar ...	'000 tons	39	103
3. Hydrogenated Vegetable Oils.	'000 tons	3	17
II Tobacco Manufactures.			
Cigarettes ... (Crore)	Number	24·1	522·1
III. Textile Manufactures.			
1. Cotton Cloth ...	'000 yards	9,24,45	48,11,39
2. Silk (Art) Fabric ...	'000 yards	...	73,15
3. Jute Goods ...	Tons	...	1,43,173
IV. Rubber Manufactures.			
Rubber tyres and tubes.	'000 Numbers	13	21,63
V. Manufacture of Chemicals and Chemical Products.			
Safety Matches ...	'000 Gross boxes	...	...
20 and 30 sticks	" " "	...	32,52
30 to 60	" " "	496	49,36
VI. Cement			
...	'000 tons.	422	726

This being a general survey of the development and the present position of our industry, now let us critically review the achievements and the failings.

Achievements and Failings : A Critical Review.

The need of a critical appraisal of industrial policy and development is most pressing. We have devoted our best of resources to the industrial sector. Even loss in agriculture has been sustained only to harness resources for this sector of the economy. As such it is essential that a critical review of the entire situation must be made and a balance sheet of achievements and failings be prepared.

The general development achieved in the last ten years is beyond doubt impressive. Starting from the scratch, we are now in a semi-industrialised stage. The index of industrial production has recorded a very significant rise. A look at the figures is sufficient to convince one of the progress made.

Index of Industrial Production.

<i>Year</i>			<i>Index.</i>
1950	...	...	100
1951	...	...	125
1952	...	...	160
1953	...	...	235
1954	...	...	285
1955	...	...	366
1956	...	...	421

The pattern of economy is undergoing a change. Industrial complexion is deepening everyday. Self-sufficiency is said to have been attained in several consumer goods and foreign exchange is being saved therein. Home pro-

duced raw materials are being consumed by the home industry and their demand has been stabilised. But to feel contented at the spectacle of these impressive figures and phrases would be perilous. For, no candid appraisal can be made unless we try to probe below the surface and try to see the weaknesses of the situation. Then only a careful plan for the future can be devised. Our criticism is as follows :—

Lack of Planning.

1. A thorough study of the situation reveals that there has been a severe lack of planning. Most of the things have been done in a haphazard way. Some instances are given to substantiate this point.

(i) No scientific planning can be done without a thorough *data-survey*. Unless you know what you have and what you need, how can you embark upon the project of reconstruction. But in our country neither *resource-survey*, nor, *man-power survey*, *capital-survey*, and *technical know-how survey*, have been held. The Planning Board is working upon 'estimates' and regards this work as an important thing that is to be done. The P. I. D. C. chief says about the man-power survey:

“Have we fully estimated the manpower potential of this country? Have we made any plans to exploit it? The proper *utilisation and development of our excellent manpower does not find the right place in our development plans.*”¹

Similar is the situation with other *data-surveys* and the result is that our planning has become very unrealistic.

1 The Pakistan Times. 14th August, 1957.

(ii) Proper attention has not been paid to the problem of price-structure and development costs. The price trends have adversely affected the development plans and estimates of project-costs have been frustrated in the sight of these developments. The planners have failed to take full notice of it, and the country has to suffer because of the short-sightedness of economic leadership. On the basis of the meager data that is available, it has been calculated that the costs have invariably soared high, in some cases even to the extent of 100 to 200 per cent. This is the position in the case of some important projects.

TABLE 1

Showing rise in development costs.

Project	Costs as planned. (in rupees)	Cost after current rise in price. (in rupees)	Percentage of Increase.
Sind Barrage ...	24.0 crores	32.6 crores	33 per cent.
Warsak Hydro-Electric Project.	15.7 ..	31.6 ..	100 ..
Karnafuli Project ...	18.0 ..	31.0 ..	72 ..
Mangla Multi-purpose Project.	7.3 ..	10.0 ..	43 ..
Karachi Power Station	3.28 ..	9.37 ..	200 ..
Sidhiganj Steam Station	1.45 ..	2.0 ..	35 ..
East Wharf ...	8.0 ..	11.5 ..	45 ..
Tanusa Project ...	10.0 ..	16.5 ..	65 ..

1 Based on a statement of a Spokesman of P. I. D. C. and Pakistan Times, 16th August, 1957.

The above table proves beyond any shadow of doubt that proper care has not been taken in ascertaining the real trends and then basing the calculations on the facts as they are. This has defeated our planning and nothing could be done within schedule.

(iii) Industrial development has been haphazard when the Korean war ended and profits in commerce dwindled, capital rushed towards industry, particularly in the textile industry an unbalanced growth resulted. Consumer goods industries have grown like anything. Nearly 70 per cent of the industries developed are consumer goods industries and no balance has been established between essential and basic industries and the consumers goods industries. High profits have been the only guiding principle. Resources have not been canalised into the directions that are essential for the strength and stability of the economy. Even in the selection of the consumer goods industry, it has not been seen whether the raw materials are available in the country and how far would that contribute towards saving the foreign exchange. Here is a confession from none other than the Director of Industries, West Pakistan Dr. I. H. Usmani. He writes in an article published in *Pakistan Times* that :

“Left to themselves, without guidance or control, the industrialists have concentrated on production of consumers goods to such an extent that to-day nearly 70 per cent of the industries are engaged in the production of consumer goods.

“In selecting the consumer goods, no attention has been paid to the source of raw materials used. A number of them depend upon as much as 100 per cent imported raw materials like raw rubber, chemicals dyes, pigments, art silk yarn, wool tops, etc, and most of such units have a capacity to produce goods up to a level which

we used to import under O. G. L. Although such industries, theoretically speaking, are foreign exchange savers, in actual fact they constitute a drain on our foreign resources ; because had these industries not existed in the country, we would never have imported the finished goods upto the O. G. L. level. Their demand for raw materials to enable them to produce finished goods upto or even beyond the O. G. L. level, exceeds the amount of foreign exchange which we would have allocated for the import of finished goods in a tight foreign exchange budget.”¹

(iv) While establishing industries, there are instances, where even the question of proper site has not been fully considered. To take only one instance, let us refer to Khairpur Tobacco Re-drying Factory. This factory was brought into operation in 1954 and the Government has spent 70 lakh rupees over it. But before establishing it, it was not seen whether the tobacco produced in that region would be suitable for the purpose. The factory was established and switched into operation. Then it was found that the tobacco was unsuitable for production and now raw tobacco was brought from Peshawar. This added to the costs and the factory is running into loss. During the first year the loss was to the tune of Rs. 5 lakhs. According to one estimate during the last three years the loss has been over 15 lakhs.²

Similarly several cotton mills are located in those areas where no cotton is grown nor is there any demand for yarn. This has very adverse affect upon the prices of the cloth. The story of the steel re-rolling mills is no different. Out

1 Dr. I. H. Usmani in Pakistan Times, 23rd March, 1957.

2 Vide Facts released by West Pakistan industries Minister in the Provincial Assembly. Enterprise Weekly, Sept. 28, 1957.

of nearly 28 recognised mills in West Pakistan, (outside Karachi) 21 are concentrated in Lahore alone. Such mills could have easily been located at every important centre in West Pakistan because of the general demand for baror house building and construction purposes and would have again relieved the commodities from the burden of transport costs.

(v) The size of the industrial unit has also not gained proper attention. Several industrial understandings according to Dr. I. H. Usmani, Director of Industries West Pakistan, are "uneconomic in size" and thus are not efficient. "There are", he writes, "textile mills with only 10,000 spindles while there are others with as many as 1,00,000 spindles. Although the need of small and cottage industries is great in our economy, but there can be no justification for *uneconomic units*.

(vi) There are complaints that industries established are working to their full capacity and thus as a result of it, the cost per unit is coming very high. This has been complained by the Federation of the Pakistan Chamber of Commerce.

(vii) Because of lack of fore ight in planning or surrender to the pressure of vested interests things are happening that are injurious to the industrial future of the country. Take for instance the sugar industry. The sugar needs of the country, according to the reduced quota, are about 135,000 tons for West Pakistan and 55,000 tons for East Pakistan. The present annual capacity is said to be 115,000 tons but the actual production in 1955 was 95,000 tons and in 1956 only 87,000 tons. On an average we are importing some 80,000 tons of sugar every year costing us some Rs. 4 crores.

The target placed in the Five Year Plan is an increase of 120,000 tons. Ten new mills are to be established, five in each wing. In West Pakistan they were to be located

in the Ghulam Muhammad Barrage Area and had the work been started according to the plan, now we would have stepped up our production by at least 50 per cent. But in Sind even the sites have not been selected as yet and the experimental farms which the P. I. D. C. established for two mills in the said area are now being closed because the authorities have ordered the surrender of these areas. This is the standard of efficiency:

The automobile industry presents one with another baffling situation. Here the offer of one German firm who wanted to establish the industry—first re-assembling industry, and then complete manufacturing of vehicles—was turned down and instead only reassembling factories have been started in the country. The result is that the assembled cars are most expensive and neither economy is being attained in foreign exchange nor manufacturing industry is being developed here. We have to depend upon others even for minor spare parts.¹

(viii) Moreover the country is without any firm industrial foundation. No attention has been paid to iron and steel industry and the machine making industries. As such our base is very weak. Similarly extractive industries have not received the importance they deserve. West Pakistan Director of Industries admits that :

“We have not been able to exploit the mineral wealth of West Pakistan to any appreciable degree.”²

The situation in East Pakistan is still worse. These instances clearly show that there has been lack of proper planning in our industrialisation. Industries have grown quite haphazard and all considerations of import have not been kept in view. Rather there has been very little conscious direction and control on industrialisation.

1 See Pakistan Times, March 27, 1957.

2 Ibid.

Industry for Home.

2. Another basic weakness is that our industry is being developed with perhaps only one objective i.e., catering to the home demand. It has developed under different kinds of protections and is not prepared to face the forces of free competition. Industrialisation cannot be fruitful if it is achieved merely for the fulfillment of the home needs. Industry must be developed keeping in view the world needs. Unless our industry is capable of meeting free-competition in home as well as in foreign markets, it is not going to be beneficial to the country at all. Production under the sheltering care of protection and within protecting walls of tariff or import control is not an achievement. Thus the approach of our industry will have to be totally changed and its horizon much widened. Then alone it will engender those advantages which must accrue from industrialisation.

3. The industrial production, in the last years, is not showing very healthy improvements. Rather the rate of progress, which was never high and satisfactory, is recording decline.

When calculations of percentage rise of production in different industries are made, they look quite impressive. But it would be a folly to take them on their face value, for the figures for base years are very meager and as such the subsequent percentages come abnormally high. Thus no correct idea of rate of progress can be made without looking to the contribution industries have made towards the increase of National Income. The National Income figures are as follows :—

(In crore Rupees)

	1949-50	1951-52	1953-54	1954-55	1955-56
Total National Income.	17,23·8	18,16·1	19,44·7	19,85·7	19,51·6
Contribution of Manufacturing industries.	1,19·1	1,37·4	1,75·0	1,92·3	2,18·9

Thus it can be seen that the contribution of manufacturing industries to the National Income has not been so remarkable as it seems from the index numbers of Industrial Production. The index rose more than four-fold but the share has not even doubled in the above table. Moreover in 1949-52 facts about 29 groups of industries were taken into consideration, while compiling the latter figure some 65 groups have been covered, this further reduces the margin of increase. And if the rate of rise in the population is also taken into consideration, the net effect of industrialists does not turn out to be of any great significance. Our rate of progress is no better than that of India in the third quarter of the nineteenth century.

Recent trends show that the rate has further fallen in the last years. In 1955 the index of production rose by 28 per cent but during 1956 it rose only by 15 per cent.¹ The cotton cloth production was 139·60 million

¹ Report on Currency and Finance 1956-57. State Bank of Pakistan. p. 19.

yards in the last quarter of 1956 but in the January-March quarter of 1957 it fell to 132.29 million yards. ¹

A study of the details of sanction of capital issue also reflects the same trend. The amount of capital issue sanctioned by the Controller of Capital Issue declined from Rs. 33.84 crores in 1955 to 29.79 crores in 1956. For 1957 (January-June) the figure is only 9.70 crores.

Many industries are not working to their capacity. The present capacity of sugar industry is 115,000 tons, but in 1955 the production was 95,000 tons only. In 1956 it further fell to 80,000 tons. The soap industry was working at 60 per cent of the capacity in 1955; steel melting and matches industries at less than 50 per cent and the sewing machines industries at a little over 50 per cent. The Five Year Plan points out that in 1955 the sulphur acid; bicycle, nonferrous products, vegetable oil, silk textiles and engineering industries were all working on levels "considerably beneath the capacity." The Currency and Finance Report of the State Bank reports that

"the producers of cycles operated at 30 per cent, bus bodies at 15 per cent, pressure stoves and lamps at 10 per cent and those of almirahs and metal drums only at 5 per cent of capacity." ²

Thus we find that—

- (i) the rate of industrialisation is not at all satisfactory or significant;
- (ii) whatever had been the tempo in the past, now it is declining and in comparison to 1955 the rate has been slowed in 1956 and 1957; and

1 Ibid. p. 23.

2 Ibid. p. 19.

- (iii) the industries which have been established are not working to their full capacity because of a lot of difficulties or follies, and as such the cost is also becoming heavy.

4. The other question that comes up for consideration is : How far the industrial development in our country has bequeathed the benefits which should flow from it? Before taking up discussion of this point, let us be clear about the benefits that can be justifiably expected. This will act as the criterion to judge the success or otherwise of our industrialisation.

Firstly, there is the strategic importance of industrialisation. If it reduces our dependence upon others and enables us to fulfill the essential needs of the country within the country, then the political, military and economic position is strengthened.

Secondly, it provides employment to the people, furnishes them goods at cheaper rates. provides them with amenities of life and raises their standard of living.

Thirdly, it reduces drain upon foreign exchange and provides with the opportunities to use the foreign exchange for more constructive errands.

Lastly it generates creative forces and the country is, on the whole, set along the road of greater production, greater consumption, and greater prosperity.

Judging our ten years industrial development on these standards, we find that we have achieved only partial success.

(i) As far as the question of strategic importance is concerned we have succeeded to a greater extent. But the fact is that we have not been able to attain self-sufficiency even in basic industries. Most of our industries depend

upon imported raw materials and as such our alleged self-sufficiency in consumers goods is no better than an illusion.

(ii) It is the second objective in respect of which we have failed badly. The industry we have established is not labour intensive. It is unable to provide employment to the increasing population of the country. The six year Plan, even if it had been executed in toto, would not have provided employment to the unemployed labour force of the country. The Five Year Plan estimates that it would be able to consume the rise in population. But this estimate is itself doubtful. And even if it is accepted, it means that those who are unemployed now, would remain unemployed even after the completion of the five year plan.

The number of those who are unemployed is not meager. Although there are no reliable statistics about the unemployed but the reports of the Employment Exchanges can be taken as indicators of the situation. According to the figures released by the Central Ministry of Labour a ten per cent increase in the number of jobless hands on record between April and May last, and a total of nearly 1·3 lakh unemployed people in the country at the end of the latter month; further that of the 22·7 lakh who had registered since independence, only about 4·3 lakh had been able to secure jobs while the rest (18·4 lakh) could not get jobs through the Employment Exchange.

This is the situation in big cities. About the rest of the country the report of a team of the Dacca University is very indicative. According to this report, in a family of 6 persons only 1·75 of the three male members of the family are economically active. The report says that the gross visible unemployment this year is higher in Feni and Narayanganj—72 per cent of potential labour time—than in Rangpur and Rajbari where it is 41 per cent.

Then, despite the rise in industrial production, prices of consumers goods have not come down. They have rather soared further high adding to the burden of the consumer. It is the poor citizen who is the worst hit, and all the industrial advancement has failed to relieve his burdens. Prices have generally risen from 25 to 575 per cent during the last year.¹ The general cost of living index, which reflects the actual situation only partially, has also recorded a general rise. Comparative figures for the last years are as follows :²

	June 1956.	June 1957.	% increase.
Narayanganj ...	112	115	2.7
Lahore ...	96	101	5.2
Sialkot ...	91	97	6.6
Karachi ...	108	118	9.3
Khewra ...	94	105	11.7

These indices are very defective and the wrong system of weightage has reduced the actual rise of them. Despite these defects, they indicate the trends that have set in.

Leaving the case of food-stuffs whose prices have risen heavily, increases have also been recorded in the case of a number of items of daily consumption which are produced in the country. For instance price of mustard oil rose by 42.6 per cent, coconut oil by 29.6 per cent, vegetable oil by 20 per cent, refined sugar by 32.3 per cent, chillies by 38.9 per cent, rock-salt by 18.8 per cent and

1 See Pakistan Times, 21 May, 1957.

2 Report on Currency & Finance. p. 30.

Kerosine oil by 5 per cent at Lahore and 100 per cent at Dacca. ¹

The prices of indigenous cloth rose ranging between 8.6 per cent for grey long cloth and 34.9 per cent for bleached long cloth. The prices of toilet goods including soap, hair oil and blades etc., have also significantly increased. The prices of white shirting 16,000 went up by 46.1 per cent, while that of R-52 white drill advanced by 20.8 per cent. ²

The prices of imported goods have also recorded remarkable increase. The prices of a few varieties of cloth are given below :

	1952			1956			1957		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
Latha Jap. 16000	55	0	0	80	0	0	105	0	0
Latha Holland 40,000	115	0	0	105	0	0	122	0	0
Mulls Jap. 8181	19	0	0	28	8	0	32	0	0
Mulls Eng. 376	35	0	0	39	8	0	54	0	0
Voil Tiger	1	14	0	2	10	0	3	10	0
R-52 Drill	3	14	0	4	12	0	6	12	0

These facts are sufficient to show that the industrialisation has failed to reduce the price and improve the standard of living of the people. The prices have actually gone up and the State Bank rightly admits that:

“The price-level in the country recorded a rise over a wide front during the year under review which

has also reflected in the cost of living indices and other price statistics." ¹

Thus we find that neither our industrialisation has succeeded in providing the requisite employment, nor giving full relief to the consumer. And it is here that we are faced with a really formidable problem.

(iii) As to the question of the saving of foreign exchange, it can be said that we have succeeded to some extent. But here again the problem is that there are several industries which import their raw materials and as such the drain on foreign exchange continues. Moreover the food shortage has not only usurped the portion which was saved through industrialisation but has actually added heavily to the pressure on it. In spite of these drains, the fact is that industrialisation has on the whole led to the saving of foreign exchange, although the saving in this respect has not been very significant.

(iv) Has the process of Industrialisation generated some new creative and constructive forces in the economy? It is not simple to find its answer. And it is also too early to judge it. But generally it can be said that here too our success is not more than partial. And the cause is the half-hearted and ill-planned industrial development.

Thus we come to the conclusion, that judged on the criterion of benefits of industrialisation, it has not been an unmixed blessing and a lot remains to be desired.

5. Another point that needs emphasis is that cottage and small scale industries have not been given the importance they deserved. Rather they have been generally neglected. And because of imbalance between large and small scale enterprise many of our economic ills have arisen. @

¹ Report on Currency and Finance, Ibid. p. 26.

@ As have discussed this topic separately in chapter Four, here we have thought it sufficient just to refer to the problem.

Suggestions for Future.

Now let us briefly give a few suggestions for the future.

(a) There should be better planning and all the requisites of planning should be fulfilled. Control over industries and strict adherence to the criteria for selection should be maintained.

(b) *An attempt should be made to consolidate and rationalise the industry and make it more efficient and more economic.*

(c) Industries should be provided with balancing and modernising equipment so that they may be able to compete with the foreign producers.

(d) Free competitive forces should gradually be allowed to play their rightful part and every endeavour should be made to transform the industry in such a way that *we become the most competitive exporter in the Asian and South-eastern markets.*

(e) Proper encouragement of small scale enterprise and labour-intensive industries should be resorted to and a balance between large and small scale industry should be struck.

(f) The rate of progress should be increased, and in this respect, due thought should be given to the complex problem of pacing up industrialisation in the face of the present foreign exchange crises. Exchange saving industries should be developed on the one hand, and on the other, basic foreign exchange budgets should be made for their equitable and efficient disposal.

(g) Bye-product industries should also be developed so that wastes may be eliminated and total costs be reduced.

(h) The need of checking the profits and keeping them within limits must be kept in view so that the benefits of industrialisation may also be communicated to the consumers.

If these points are kept in view it can be hoped that we shall soon build up a bright industrial future and shall meet our trust with destiny with glory and grace.

ECONOMIC PLANNING IN PAKISTAN.

A character in Molier's play asked, "what is prose?", and was amazed to find he had been speaking prose all his life without knowing it. The same is the case with Planning to-day. Planning of economic life is going on in every field of activity - although administrators, statesmen and businessmen are not always aware of it. It has become a part and parcel of the air we breath. It is to-day the order of the day. Lionel Robbins, an arch-individualist, was not indulging in wishful poetry when he said :

"We may not all be socialists now, but we are certainly nearly all planners."

Twentieth century sounded the death-nell of *Laissez faire*, the economic creed of the nineteenth century. Under *Laissez faire* state became a grand ascetic, absorbed in nose-gazing meditation, indifferent towards the realities of economic life. That Government was regarded as the best which "governed the least" This policy spelled great economic and social havoc. It gave the anti-national and anti-social elements a free licence to exploit and aggrandize. The bitter fruits it bore disillusioned even its greatest protagonists and the nineteenth century ended with a note of scepticism in this creed. The twentieth century witnessed its total rejection. Professors Gide and Rist beautifully sum up the position : @

"The nineteenth century opened with a feeling of contempt for Government interference of every kind, and with unbounded confidence on the part of at least every publicist in the virtue of economic liberty and individual initiative. It closed amid the clamour for state intervention in all matters affecting economic or social organisation."

@ A History of Economic Doctrines, p. 407.

The result of this trend is the gradual increase of Government intervention and planning. H. S. Jevons in 1935 said that "During the past ten years the tendency has been towards a national economy and increased participation of the State in economic affairs of the nation in nearly all countries." Dr. Chase in his "Government in Business" expresses astonishment at this revolutionary change and confesses: "Collectivism is upon us, horse, foot and guns." Whether it is collectivism or not, the fact is that con-scious utilization of economic rasources has become the order of our day.

Towards Social Welfare.

Another feature of this change is that state is no longer indifferent towards social service and social welfare. This is also a radical departure from the old cliches of Capitalism. In the words of Dr. Kinley:

"J. M. Keynes has called the nineteenth century an accountants' nightmare. No work is to be done unless it "paid"; every activity was subordinate to financial calculations. We built slums because they paid better than decent houses; we disfigured the countryside, wasted our great river basins, razed our forests, partly from ignorance but mostly because it 'paid' for the moment. We would not put the unemployed to work on public improvements because it did not pay. We have to live in hovels net because we cannot have big places but because we cannot 'afford' them. This rule of self-destructive financial calculations governed every walk of life." (Government control of Economic Life).

Now we have walked out of this nightmare. Modern state is a welfare state. It has come to be recognised that "the state has duties other than provisions of an army,

a navy and police, and that defence of quite a different kind was necessary. The community as a whole must unite to enforce right against the economically strong, to prevent the exploitation of the poor by the rich, and to fight the evils of poverty and disease and their destructive effects upon the social and political order.”¹

The result of this revolution is that—

1. The modern state plans to utilise fully the human and material resource of the country; and

2. It guides, directs and controls the economic life for the achievement of better social standards. The form that the demand for collective action takes now is that Economic Planning.

II

What is Planning ?

Economic Planning has been comprehensively defined by Prof. L. Lorwin in the Report of the Amsterdam Conference on World Social Planning, as “a system of economic organisation in which all individual and separate plants, enterprises and industries are treated as coordinated units of a single whole for the purpose of utilising all available resources to achieve the maximum satisfaction of the needs of a people within a given interval of time. The essential features are the dependence of each productive unit upon the entire system, the balancing of production and consumption, and the existence of some unifying centre which can consciously shape the purposes of the economic system and decide upon the proper use of its separate and distinct elements.”

¹ Elements of Economics by S. E. Thomas, (p. 599).

Prof. H. D. Dickenson says :

“Economic Planning is the making of major economic decisions on what and how much is to be produced, and to whom it is to be allocated, by conscious decision of a determinate authority, on the basis of a comprehensive survey of the economic system as a whole.”

Economic Planning, according to Prof, W. N. Loucks, means a shaping of all economic activities into “group-defined spheres of action which are rationally mapped out and fitted, as parts of a mosaic, into a coordinated whole, for the purpose of achieving certain rationally conceived and socially comprehensive goals. ¹

Without invoking a discussion over the controversial aspects of the problem, an analysis of the definitions brings home the point that planning has a three-fold objective which is achieved by the coordination of economic activities under one unifying centre which acts as a nucleus of all force and energy. The three fold objective is :

*Utilisation of all available material and human resources

*Proper adjustment of production and consumption and all possible elimination of wastes ; and

*Maximum satisfaction of the needs of the people gradual enhancement of their standard of living and the evolution of a just and equitable welfare society.

III

Planning in Pakistan.

The need for planning is immense in Pakistan. The standard of living of the people is palpably low : they grovel

¹ Loucks and Hoot in “Comparative Economic Systems” (p. 293).

in poverty and misery and their life has become a long tale of woes and frustration. The state of agriculture is unbelievably wretched and the poor agriculturist, who waters the soil with his blood, staggers under the heels of implacable landlords. The price-level is running in an upward spiral and scarcity abounds the vital spheres of economic activity. The pressure of population is heavy and unemployment is on an increase. This is a desparate situation and scientific planning and ceaseless efforts alone can lead us out of this morass.

Quaid-e-Azam was conscious of the need and importance of planning. He convened an economic conference in December 1947 to frame the outlines of economic reconstruction. Targets for the development of power and other important industries were fixed. Schemes for the rehabilitation of refugees, and attainment of industrial growth and self-sufficiency in basic requirements were formulated. But this was a very crude effort which was made in an abnormal hour of our history and as such cannot be called a piece of systematic planning.

In 1948 the Central Government established a Development Board which was charged with the functions of approving and coordinating development schemes and suggesting priorities on schemes involving a cost of Rs. 50,000 non-recurring or more (or Rs. 10,000 recurring). The Board had approved 112 schemes estimated to cost Rs. 112.5 crores by the end of 1950. On careful study one finds that this too was an agency for the clearance of schemes but no overall plan was framed for the integration of entire development and the coordination of all individual projects into an integrated whole.

Six Year Plan

The first attempt towards planning was made at the instance of the Commonwealth Foreign Ministers' Conference

(January 1950) which resolved to draw up "a practical and realistic plan of development for a six-year period beginning from mid. 1951". Every member country formulated its own plans and they all were integrated into one plan for the economic development of South and South-east Asia, commonly known as the Colombo Plan.

The six year plan was formulated by the central Government and consisted of schemes approved by the Development Board and other allied agencies. The objective of the plan was to step up the economic development so much so that the standard of living may be raised by 33% by the end of 1957. The plan focussed attention on the development of basic facilities in such sectors of the economy as Power, Communication, Irrigation etc where private enterprise was not expected to play any significant part but without which development in other sectors is not possible.

The six year plan was estimated to carry an outlay of Rs. 260 crores on a period of six years (July 1951 to June 1957). The main provisions and targets of the Plan may be summarised as below :³

3 Selected Papers on Pakistan Economy, p. 145-46.

S. No.	Sector.	Estimated expenditure in Million Rupees	Existing Position (Mid-1950)	Target (shows increase only).
(1)	(2)	(3) Rs.	(4)	(5)
1.	Agriculture ...	820	Crop Area : 54 million acres. Food Crops ¹ 20 million tons. Non-food cash crops ² 14 million tons Other Agricultural Commodities. [@]	6 Million acres. 6.9 million tons. 1.9 million tons. 55 million tons.
2.	Transport & Communications. (a) Railways ...	530 200	... Locomotives 1,244 Carriages ... 4,154 Wagons ... 38,153	... 170 new engines. 310 new carriages. 1,950 new wagons. 3 million sleepers to be replaced. Full repair facilities to be provided in E. B. R.

(b) Roads ...	100	63,259 miles ...	9,198 miles.
(c) Ports ...	140	Handling capacity 0.6 million tons of Chittagong.	3.4 million tons
(d) Tele-communi- cations.	99	Ship repairing faci- lities. Telephone Ex- changes 111 Telephones 17,626 Telegraph Offices 2,638 Tele-printers 60	Provision of Dry Dock at Karachi. 55 30,174 200 100
3. Fuel & Power ...	470	Hydro-electric 9,600 K. W. Thermal Power 67,030 K. W. Coal production 0.3 million tons	207,000 K. W. 40,300 K. W. 0.5 million tons

1 Including cereals, pulses and food cash crops, viz; oil seeds, vegetables, sugarcane, fruits and tea.

2 Including Jute, tobacco, cotton.

@ Including wool, hides and skins, forest products, milk products, and fodder.

Of the total estimated increase (viz., 55 million tons, 48 million tons represent fodder, 5 million tons forest products 1.3 million tons milk products.

Manual and automatic excluding private branch exchanges.

3 Selected Papers on Pakistan Economy, p. 145-46.

S. No.	Sector.	Estimated expenditure in Million Rupees.
(1)	(2)	(3) Rs.
4. Industry and Mining		490

Existing
Position
(Mid-1950).

(4)

Mechanisation of
Mines.

Cotton Textiles 100
Million yds.

Jute goods ... Nil

Paper manufacture
Nil.

Other industries.

Geological Survey.

Target
(shows increase
only).

(5)

About 30 mines to
be mechanised.

1,250 million yards.

1,30,000 tons per

year Woollen tex-

tilles, heavy che-

micals, fertilisers,

sulphuric acid

soda ash, soap

and glycerine lea-

ther, vegetable oil,

glass and ceramics,

sugar, etc.

A complete survey

of the whole coun-

try to be conduct-

ed.

5. Social Capital	290
(a) Housing	40
(b) Health and Medical.	40
(c) Education ...	100
(d) Technical Training & Poly- technics.	90
(e) Water Supply for Karachi.	20

Rural Dispensaries	600
1691	
Mobile Dispensaries	600
Hospitals	120
744	
Primary Schools	
39,612	4,460
Middle Schools	
4,133	4,956
High Schools	1,020
1,649	
Teachers' Training	
schools	31
108	
Teachers' Training	
Colleges	6
4	

...

Technical training institutions and research laboratories and Scholarships for training abroad.

25 million gallons a day.

...

The plan gave priority to industry and agriculture. The execution of the Plan was entrusted to an autonomous body, the Economic Council, presided over by the Prime Minister and with Central Ministers for Agriculture, Communications, Economic Affairs, Education, Finance and Industries as members. Under the Economic Council was a Planning Commission which replaced the Development Board in January 1951. It was the duty of this Commission to examine and coordinate different development schemes and advise the Economic Council on matters relating to planning and development.

Two-year Priority Plan.

The economic scene recorded a change even before the six year Plan was put into action. As a result of the Korean War commodity prices rose and Pakistan's financial resources increased handsomely. The impending dangers of war brought home the importance of early industrialisation. The severe disturbance that has occurred under the impact of the changed world conditions and as a result of certain short-sighted home policies made it necessary to revise the development schedules. Thus a two-year Priority Plan was formulated. It consisted of 29 schemes envisaging a total outlay of Rs. 50.74 crores. Forty seven per cent of this amount was earmarked for industrial development and 25 per cent for development of communications. The projects included in this plan were as follows :—¹

(in Million Rupees).

Name of Project.	Capital Outlay.	Targets.
A. TRANSPORT AND COMMUNICATION.		
1. Construction of Karachi Commercial dry dock.	12.1	...

1 Selected Papers on Pakistan Economy, p, 147-48.

Name of Project.	Capital Outlay .	Targets.
2. Expansion of ship-repairing facilities in East Pakistan.	30·0	...
3. Formation of National steamship Cor.	30·0	..
4. Purchase of ocean going steamers.	30·0	Fifteen Steamers.
5. Establishment of Mercantile Marine academy.	3·0	... Three aircraft.
6. Purchase of Convair aircraft.	6·5	Three aircraft.
7. Line Stores factory ...	1·0	...
8. Telephone factory ...	3·3	...
9. Installation of Wireless transmitters, wireless receivers and aerial equipment.	5·0	...
10 Installation of high frequency Radio equipment for telegraphs and telephones.	6·1	...
B. FUEL AND POWER.		
11. Thermal Stations Schemes	125 0	Additional Capacity of 125,000 kwt.

Name of Project.	Capital Outlay.	Targets.
C. INDUSTRY AND MINING.		
12. Wires and cables Plant ...	8·0	...
13. Cotton textiles ...	75·0	Additional 250,000 Sp- indles.
14. Steel melting, re-rolling and fabricating mills.	63·5	...
15. Leather and footwear ...	5·0	...
16. Cement factories ...	20·0	2 factories
17. Jute Mills ...	45·0	4 mills of 500 loom each.
18. Straw Boards, Box Boards, etc.	10·5	3 factories.
19. Caustic Soda ...	3·0	...
20. Power alcohol ...	2·0	...
21. Pharmaceuticals and Che- micals.	6·0	...
22. Rubber Tyres and Tubes...	N. A.	...
23. Cotton seed oil mills ...	4·5	2 plants of
24. Coal tar distillation plant	1·1	50,000 tons annual ca- pacity.

Name of Project.	Capital Outlay.	Targets.
25. Antimony refining plant...	0.5	
26. Establishment of a pool of drilling machines.	N. A.	

D. AGRICULTURE.

27. Provision of cold storage for Potato seeds.	2.0	2 plants.
28. Purchase of equipment for animal husbandary.	6.6	10.6 ...
29. Purchase of trawlers and launches for fisheries.	2.0	

Total ... 507.4

But this Plan too could not work satisfactorily. Post-Korean depression, food crises, and administrative difficulties made the realisation of this Plan a hard nut to crack. As the economic conditions were deteriorating very swiftly the Government appointed an Economic Appraisal Committee to report upon the conditions of the economy. The Committee after reviewing different schemes and project reallocated priorities to them. It gave highest priority to agriculture, industry, power and technical training. About other schemes it set the criteria that "priority should be given to schemes which would meet an urgent need or would be highly productive on a short term basis".

This Committee also emphasised the need of orderly, systematic and integrated planning in the country.

Planning Board.

It was in response to this suggestion that the Planning Board was set up in July 1953 and was entrusted with the task of formulating an integrated five year plan for the country. The resolution¹ announcing the formation of the Board said .

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

Terms of reference :

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

1 Resolution No. 2(24) PG/53, dated 18th July 1953.

- (v) To make any other recommendations which in the opinion of the Board will contribute towards the success of the plan."

The Board was asked to complete the plan by the end of 1954 ; but the members of the Board were appointed only in July and August 1954. The Board was able to present the report only in May 1955 and the report was approved by the Economic Council, as constituted under the Constitution of the country, only by the end of 1956.

III

Five Year Plan.

The Five Year Plan is the first systematic attempt at planning in Pakistan. The objectives which the Plan has adopted are as follows :—

- (a) To raise the national income and the standard of living of the people ;
- (b) To improve the balance of payments of the country by increasing exports and by production of substitutes for imports ;
- (c) To increase the opportunities for useful employment in the country ;
- (d) To make steady progress in providing social services ; housing, education, health, and social welfare; and
- (e) To increase rapidly the rate of development, especially in East Pakistan and other relatively less developed areas.

The Plan, as approved by the National Economic Council, proposes a development expenditure of Rs. 1,080 crores, of which Rs. 750 crores will be made by the Government and Rs. 330 crores by the private enterprise. The original size of the Plan was higher than this. The Board

proposed a total outlay of Rs. 11,600 million and was designed to increase the national income by 20 per cent and the *per capita* income of 12 per cent. But the size was reduced because of a host of reasons; chief of them being :

- *— lower resources due to the delay in the implementation of the Plan ;
- *— Increased non-development expenditure by Government and its heavy drain on a public finance ;
- *— Inadequate tapping of new sources of public revenue ;
- *— Low administrative capacity ; and
- *— Inflationary trends in the economy.

Now the total outlay is estimated to be Rs 10,800 million and the national income is expected to rise by 15 per cent while the *per capita* income by 7 per cent. The allocation to various sectors, as approved by the Economic Council, are as follows :

	(In Rupees)
Total Expenditure	1080 crores
Public	750 crores
Private	330 crores

Rs. 1080 crores.	

Public Development Expenditure.

	Draft Plan (Rs. crore)	Final Allocation by Economic Council. (Rs. crore)
1. Village Aid and Agriculture	115	151
2. Water and Power Development	260	269
3. Industry, Fuels and Minerals	108	160
4. Transport and Communication	164	166
5. Housing and settlements	79	86
6. Education and Training	58	58
7. Health	29	29
8. Social Welfare, Labour etc.	5	5
9. Reserve	110	8
	Total	928
	Less Shortfall	128
	Net Expenditure	750

In the Private Sector the Plan estimates an expenditure of Rs. 330 crores. Here the Government does not propose to exert a direct influence and the decisive contribution will be made by the private enterprise. But the Government will try to indirectly influence the development trends. The rough estimates about this sector are as follows. Here again

both figures are being given, viz: those of the Draft Plan, as well as of the Plan as approved by the National Economic Council so that comparative study may also be made of the two.

Private Investment.

	Draft Plan (Rs. crores)	Final Plan as approved by N.E.C. (Rs. crores)
1. Industry :		
Investment suggested	150	170
Less Shortfall	...	30
	150	140
2. Building Construction	85	80
3. Transport Equipment	50	45
4. Mineral Development	35	35
5. Others	40	30
	360	330
Total.	360	330

The Plan envisages that some improvement will be affected in the standard of living of the people. The foreign exchange earnings, it is estimated, will also increase. The Report says :

“We estimate that as a result of the development programmes in various fields, the foreign exchange earnings in the last year of the Plan will exceed the requirements of essential needs for non-development purposes by about 500 million rupees. which will be available for

development. In the succeeding years the surplus should be larger, and since foreign exchange requirements are only a fraction of total financial requirements, it would be possible at the beginning of the next Plan period to provide foreign exchange from the country's own earnings for a development programme of the order of about 1,500 million rupees per year. We expect that by the end of the Plan period the country's dependence on external aid for development purposes will be substantially reduced."1

It is further estimated that the Plan will step up the rate of development activity and by the end of 1960 it would be between two or three times what it was at the beginning of the Plan.

The Plan will provide employment to such an extent that the increase in the labour force during the period will be easily consumed in the new enterprises. This increase is expected to be 2 million.

Some of the targets set by the Plan are given as follows :-

¹ Draft Plan, Vol. I., P. 7.

Agricultural Output Targets, 1955-60

...	Unit	Output in base periods*	Output in 1959-60	Increase Per cent
Foodgrains—				
Rice	... Thousand tons	8,320	9,215	11
Wheat	... Thousand tons	3,435	4,020	17
Maize	... Thousand tons	395	495	25
Others	... Thousand tons	723	820	13
Fibre crops—				
Jute	... Thousand bales	5,565	6,400	15
Cotton	... Thousand bales	1,630	2,260	38
Miscellaneous—				
Fruits and vegetables.	Thousand tons	4,198	4,920	17
Sugarcane (gur equivalent)	Thousand tons	1,059	1,460	38
Tea	... Million pounds	53	61	13
Tobacco	... Million pounds	262	304	16
Fish	... Thousand tons	256	334	30
Forest Products—				
Timber (sawn and square).	Thousand tons	5	43	750
Timber (round)	Thousand tons...	550	585	6

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

Projected Large-Scale Industrial Development, 1955-60.
(Million rupees)

Industry	Unit	Installed capacity April 1955	Installed capacity April, 1960	Investment required for increased capacity
Agricultural processing—				
Cotton ginning	Million bales...	2.0	2.25	0.16
Tea manufacturing.	Million pounds	55	62	0.6
Food products—				
Sugar	... Tons	... 115,000	235,000	22.59
Cigarettes	... Millions	... 4,500	7,500	31
Textiles—				
Cotton textile mills.	Million spindles Looms.	1.68 20,000	2.05 33,000	21.26
Jute manufactures.	Looms	... 3,300	12,000	17.30
Paper—				
Newsprint	... Tons	... Nil	23,000	10.74
Card-Straw-board.	Tons	... Nil	35,000	4.98
Hard-board	... Tons	... Nil	12,000	1.92

Projected Large-Scale Industrial Development, 1955-60.—(contd.)
(Million rupees)

Industry	Unit	Installed capacity April, 1955	Installed capacity April, 1960	Investment required for increased capacity
Chemicals—				
Sulphuric acid...	Tons	12,330	18,330	0.25
Caustic soda ...	Tons	6,000	26,000	4.09
Rayon and cellophane.	Tons	Nil	5,400	7.02
Penicillin ...	Million -11 mega-units.	Nil	8	0.09
Fertiliser ...	Tons	Nil	162,000	7.72
Cement and Glass—				
Cement ...	Tons	670,000	1,280,000	7.94
Glass (hollow-ware & sheet).	Tons	20,000	44,800	1.50
Iron and Steel—				
Steel re-rolling	Tons	125,000	155,500	1.35

**Public Expenditure on Education and Training.
(1955-60)**

			(Million rupees)
Primary education	...	...	108
Secondary education	...	...	155
Teacher training	...	...	35
Colleges, including talent scheme		...	82
Universities, including overseas scholarships			93
Technical education	...	...	52
Council of Scientific and Industrial Research, Council of Social Science Research, Central Archives and Record Office and miscellaneous	...	...	56
Total			581

Public Expenditure on Health, 1955-60

			(Million rupees)
Tuberculosis control	...	...	30
Malaria control	...	...	53
Infectious diseases hospitals	...	...	4
Maternal and child health	...	...	12
Medical and technical education...		...	88
Hospitals and dispensaries	...	...	94
School health, education, nutrition, research, and statistics	...	...	06
Total			287

This is a brief description of the targets of the Draft Plan. Now let us see what priorities have been arranged by the Plan. Here we would like to quote the Deputy Chief, Economic Division of the Planning Board who has very ably presented the case of the Board. He says :

“Let me now turn to the question of how priorities were set in the Plan. The priorities in the Plan were governed by several factors. One consideration was the development that had already taken place. A higher priority had to be given to schemes which were already under way ; otherwise the money spent on half complete projects would have been wasted. Another consideration was the need for balanced development in both wings of Pakistan. In the past, progress in East Pakistan has been slow, We tried to provide for the greatest possible rate of increase in development in East Pakistan. In West Pakistan also there are less developed areas which must rapidly be raised to the level of the rest of the country. Yet another consideration was the necessity for creating certain basic facilities such as communications and power which provide the base for further development.

“Our major achievements in the past have been in the field of industrial development. Developments in the agricultural sector have not been as favourable. Since partition, our food supply has always been somewhat precariously balanced but lately our difficulties in this respect have increased as a result of a number of factors of which the most important are : growing population pressure, reduced water supplies to irrigated areas as a consequence of

the water dispute with India, and unprecedented floods and natural calamities in recent years.

“In view of these factors the Plan gives top priority to agriculture and irrigation and to all those schemes which are designed to improve and expand our agricultural production. About 38 percent of total Government development expenditures during the Plan are earmarked for these purposes.

“Industry has a high priority also. Emphasis is placed on those industries which will earn or save foreign exchange. This includes fertilizer plants, utilisation of Sui gas, cement factory etc.

“In the field of transport and communications, a higher priority has been accorded to the rehabilitation of assets and rolling stock which was beginning to cause recurring dislocations in the transportation system. In this field, a high priority has also been given to the development of Inland Water Transport in East Pakistan, which will make a major contribution to the province's development and also to the development of roads in Baluchistan and Frontier Regions which will help to open up these areas.

“The emphasis on social service sectors is, by and large, lower than on the economic sectors, although even here selected fields such as technical education, malaria control etc., have been assigned a high priority. Obviously we would have liked to have provided more for social services but the needs of productive sectors

such as agriculture and industry were much greater. Unless our productivity as nation increases, it is not possible to finance our expanding social service programme.”¹

This is the first five year Plan of Pakistan. In the following sections we propose first of all to discuss some weaknesses of planning in general, and than to present our evaluation of the First Five Year Plan.

IV.

Some general observations on Planning in Pakistan.

Even a brief survey of Planning in Pakistan shows that it is corroded with two very menacing discrepancies. They are :

- (i) Hap-hazardness and lack of scientific calculation.
- (ii) Inexperienced and unqualified staff.

The following facts can substantiate these points.

1. Planning in our country has not become an integrated and coordinated venture. Even the late Mr. Zahid Husain had said that “the six year plan was largely a collection of individual projects and little attempt was made to achieve any balanced coordination and integral consistency. In its approach it was pragmatic rather than scientific.

2. There has been a conspicuous dearth of proper data and statistics. No scientific data-survey of Pakistan has been held. The information on which the plans have been based is faulty and unreliable. The first step towards planning should have been resources survey, man-power survey, capital survey and technical know-how survey. These things still remain to be done. No proper price-structure study has been done and this falsified the six-year plan whose estimates turned wrong and thus sabotaged most of its plans.

¹ Economic Digest, Nov. 24, 1957, P. 7-8.

3. The best example of the hap-hazardness with which planning is being done was cited by Dr. Ahmad Mukhtar in his Presidential Address to the Fourth Pakistan Economic Conference. He says :

“The haste with which the Six Year Plan has been placed before the public is evident from the fact that, whereas the original total outlay had been estimated at Rs. 2,400 million, it was overnight changed as Rs. 2,600 million to provide for a sum of Rs. 200 million on account of expansion of social services”

4. Last but not the least is the problem of the staff which is entrusted with planning and executing the development programme. The Department of Supply and Development has been entrusted with this job for the last so many years. This department costs the exchequer about HALF-CRORE rupees every year and is manned mostly by non-technical hands. The following analysis gives the qualifications of officers in this department :

<u>Qualifications of Officers</u>	<u>Percentage</u>
Directors, Deputy Directors and Asstt. (approximate) Directors only)	
Non-technical hands	... 65%
Arts graduates ...	... 45 per cent
Arts undergraduates	... 2 ..
Matriculates ...	... 11 ..
Commerce Graduates	... 6 ..
No academic qualifications	... 1 ..
Officers with technical qualifications (B. Sc., M.Sc., B.E., A.M. I. Mecl. etc.)	... 35%

It will be seen that about 65 per cent of the Directorial staff is non-technical. Quite a few of these persons were III and II division clerks not very long ago and others were recruited during the War, as an emergency measure in sub-ordinate positions on a temporary basis.

About 50 percent of the Directors who get anywhere from Rs. 1,250 to Rs. 1,800 per month from the public exchequer are not technically qualified. Deputy Directors drawing on an average a salary of Rs. 1,000 have a similar percentage of Arts Graduates, undergraduates and even Matriculates, kicked up from routine clerical posts. About 70 percent of the Assistant Directors comprise Arts graduates, with quite a number of undergraduates including matriculates mostly going up the ladder of II Division clerk. Assistant. Assistant-in-Charge and Superintendent. The few highly qualified, technically trained persons with foreign degrees are found low on the seniority list and face the possibility of retrenchment apparently the staff that comprises the Department of Supply and Development cannot develop the industrial potential of Pakistan.¹

V

Five Year Plan : An Evaluation.

There can be no two opinions about the fact that the Five Year Plan is the first systematic attempt towards planning in Pakistan. Its adoption has inaugurated the era of planning in this country. But an objective evaluation of the Plan should be made to assess its merits and demerits.

Social and Economic Objectives

1. The first problem that must be discussed about the Plan is that of its social, and economic objectives.

¹ Presidential Address to the Fourth Economic Conference, 1954.

It has been said that the Plan has tried to achieve the Government's objectives which are as follows:

“to develop the resources of the country as rapidly as possible so as to promote the welfare of the people, provide adequate living standards and social services, secure social justice and equality of opportunity and aim at the widest and most equitable distribution of income and property.”

The Board further claims that :

“We believe that the principles which underly the social objectives of our policies are supported by the teachings of Islam, according to which man as the vice-gerant of God is granted a position of high dignity.”

And that :

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

These are laudable objectives, but a thorough study of the Report leaves one with the impression that despite the beautiful expression given to these objectives the general scheme and plans suggested show very little relevance to them and leave much to be desired. Our observations are as follows :

(a) Nothing in the Report suggests that the Board tried to have a detailed idea of the pattern of economy which Islam envisages. Nor there is any indication to believe that they planned to establish in Pakistan an economy based on the values of Islam.

There are different patterns of economy to-day. For a country which is starting from the scratch and which has a semi-feudalistic and semi-capitalistic past, the question of the future pattern is of paramount importance. A decision about it should be the very starting point in planning for future. In case of Pakistan ample indications are available in the constitution and it was the first duty of the Board to carry on researches on the nature and pattern of the Islamic economy that we want to establish in the country. The ideals and basic values of this system should have been clearly discussed. The institutions it maintains, and the institutions which it disapproves should have been clearly distinguished. And then plan for the establishment and encouragement of those values and institutions should have been made. Despite the very beautiful expressions used in the first chapter of the Plan, it seems that necessary importance has not been given to this in planning the development of different sectors of the economy.

(b) The Board notes with emphasis its belief that :

“The problem is to regulate and adopt the change according to our own values of life.”

“In this process of swift transition to a new social order our own basic values of life must be preserved, re-affirmed and promoted. We must effectively regulate and dominate the process of change instead of being its helpless victims carried by the current to unknown destinies.”

But it is unfortunate that even this knowledge and realisation could not help the Board in appreciating the consequences of encouragement of large-scale enterprise without necessary precautions. The precautions have neither been pointed out, nor any arrangement has been suggested to incorporate them in our system. On the other hand

we find is that what is happening is no better than what occurred in other industrial countries and what has been called by a wit as a process in which the motto is: "Everybody for himself and devil take the hindmost."

(c) The problem of interest and that of the collection and distribution of Zakat and Sadaqaat are two specific points on which one would have expected the Board to suggest any plans. But no importance has been given to the first one, and the latter is just skipped over by paying the tribute that: "The teachings of Islam, in particular, the institution of Zakat, are powerful stimulants to quiet and unnoticed charity, which benefits without offending the self-respect and dignity of the beneficiaries." The fact is that interest is a form of exploitation and Islam disapproves of it in all forms. Quran says that those who take interest, they declare war against Allah and His Prophet. Zakat is a state institution in Islam and its public collection and disbursement is essential. But the Report pays no heed to it and tell us the good news that its social policy will "enable Muslims to order their lives according to the teachings of Islam."

(d) Even from the viewpoint of social justice and equity the programmes suggested by the Report leaves much to be desired. The share of the social services is very little. No systematic effort has been made to reduce inequalities. Unemployment would remain a problem because those who are unemployed at present would remain unemployed even after the completion of the Plan. The Report did suggest some important measures to abolish land-lordism but the Government has shelved those suggestions and such a laudable effort has been sabotaged even before coming into operation. Now in the face of these facts, it is very difficult to say that the Plan has lived upto the objectives it proposed to uphold.

Size of the Plan.

2. There can be two approaches in judging the Plan. One is to see the needs of the country and then to judge how far it fulfills them. The other is to see the resources that are available and then to find out how they have been utilised. But on deeper reflection it becomes clear that none of them is correct in toto. If the first one is adopted we may become too ambitious and unrealistic ; if the latter, we may run too out of tune with the real needs and as such may defeat the very purpose for which planning is undertaken. The best course is to adopt a middle path and to strike a balance between the two. For resources are also arranged according to the needs. Here the question is not merely that of cutting the coat according to the cloth ; but also that of the securing of the cloth to suit the coat !

Looking from this viewpoint we feel that the targets fixed for foodstuffs are too inadequate (capital) 20 per cent rise in the food produce is totally inadequate. The Boyd Orre Report suggested that production can be easily increased at the rate of 5 per cent per year. As such 28 per cent rise could have been achieved in five years. But the Plan, instead of increasing the target, proposes to enhance the food production only by 20 per cent. This rise would be ineffective in the context of the present food scarcity of the country and the increasing temp. of population, It is futile that we spend huge sums of money on other economic ventures to earn a little foreign exchange which, in its turn, is being frittered away in the purchase of foodstuffs whose production can be radically increased within the country. This is but a policy of "pound foolish and penny wise".

The position in other sectors of the economy is no better.

3. One of the greatest weaknesses of the Plan is that

it has not laid proper emphasis on small-scale and cottage industries. For a country like Pakistan where capital is scarce, economic leadership is unavailable and the pressure of population is heavy, cottage and small scale industries are of prime significance. They are the need of the hour. But the Report does not give them first importance. And the result is that we find that the menace of unemployment will continue to stare us in the face. Even after the completion, and even if all the new jobs are provided, which itself is doubtful, those who are unemployed now will remain jobless. If there will be no increase in unemployment, there will be no reduction in unemployment either.

4. Another aspect is inadequate emphasis on social services. Expenditure on social services has been called an unproductive expenditure. This may be so from the viewpoint of traditional terminology, but in an under developed country where propensity to consume is at a low ebb, and where education is next to non-existing, and where dearth of technical training is an important bottleneck to development, it is inconceivable to think of economic growth without first bringing about necessary social development. In such a country expenditure on social services is not a non-productive expenditure but an essential prelude to development. And any negligence in this respect is bound to affect economic development. The Report, by not giving it the importance it deserved, has failed in a very important respect.

5. Another very serious aspect which needs careful attention is that of financial resources. The Boards estimate of financial resources available for development is as follows :

	Rs. in crores.
1. Public Savings.	150
2. Private Savings.	590

Total savings.	740
External Finance	420

Total resources.	1160

But the entire calculations of the Board depend upon certain assumptions and these assumptions, it seems, are not coming true. The assumptions are :—

- (i) The national Income will rise by 20 per cent during the Plan period, and the rise would be progressive.
- (ii) 10 per cent of the increase in the national income will be privately saved.
- (iii) There will be no sharp fluctuations in the terms of trade.
- (iv) Average weather conditions will prevail.
- (v) Strict economy will be exercised in non-development expenditure.

These assumptions are not being fulfilled. The National Income, instead of increasing declined in 1955-56. In 1954-55 the total National Income was calculated to be Rs. 1985.7

crore while in 1955-56 it fell to 1951·6 crore and the per capita income fell from 245 to 237. The terms of trade have become adverse while the administrative expenditure is soaring sky high. No extraordinary effort has been made to fill the targets and in the face of these, it is doubtful if even the targets set by the Plan will be fully achieved.

6. The public enthusiasm that is necessary for the fulfillment of the Plan is lacking and necessary importance has not been given to it in the Plan, although its need has been admitted. It is to be wondered how in the absence of this factor the Plan can achieve success.

These are some of the points on which the planners should rethink their position. But on the whole the Plan is a very significant improvement upon our past practices and is a very well-thought out document, outlining the nature and tempo of our future development. Our criticism does not detract the achievements of the Plan, it only aims at pointing out certain defects which are bad blots on its otherwise very fair record.

INTERNATIONAL TRADE

and

COMMERCIAL POLICY

Foreign trade is of basic importance in Pakistan Economy. Nearly ten percent of the National product is sold abroad. Trade trends influence all sectors of Pakistan economy and the crises of commerce which occurred in 1951-52 clearly vindicated the assertion. For a thorough study of foreign trade and commercial policy we propose to study:

- (i) the historical evolution of our commerce;
- (ii) the significant trends that stand distinguished ;
and
- (iii) the basic features of the commercial policy.

I

Ten Years in Retrospect.

Pakistan is an exporter of jute, cotton, tea, wool and hides and skins. Jute and cotton have accounted, on an average, for more than four-fifths of the total value of exports. The above mentioned five commodities have ordinarily accounted for ninety per cent of the total trade. Exports during the last few years have been as follows:—

Commodity Exports

Commodity	Unity of quantity	1948-49		1952-52		1955-56		1956-57	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Raw Jute	Lakh bales..	60.5	1196	52.7	566	56.8	828	40.6	705
Raw cotton	Do.	8.2	365	15.3	694	9.5	462	6.6	352
Raw wool	Million lbs.	22.4	31	29.3	58	28.6	68	34.6	98
Hides & Skins	Million pieces	9.8	37	10.2	37	10.2	38	11.3	43
Tea	Million lbs.	29.9	42	24.7	31	14.0	34	21.2	51
Others Jute- Manufactures	...	...	87	...	124	...	105	...	91
Cotton	...	...	...	..	...	...	35	...	92.6

Imports on the other hand have primarily been of manufactured goods, machinery and equipment, minerals etc. The table below gives an idea of nature and complexion of imports.

Principal Imports.

(In million rupees)

	1952-53	1955-56	1956-57.
Chemicals, Drugs and Medicines.	42.4	75.4	80.8
Machinery and Mill Work.	136.8	182.0	268.6
Metals and Ores...	82.8	131.8	197.0
Mineral Oils ...	89.1	114.2	102.4
Cotton Twist and Yarn.	56.7	15.1	8.9
Cotton Piece- goods.	8.9	63.4	11.2
Vehicles ...	41.9	58.4	91.2

A general survey of the trade reveals that the last ten years can be divided into five distinct periods.

First phase began with the establishment of Pakistan and ended in September 1949 when Pakistan refused to devalue the rupee. This has been a formative period in which we tried to recover the shock of partition. Gradually commerce was rehabilitated and we were approaching the normal.

Second phase began after this decision, which brought in its wake a legion of new difficulties. Trade with India

was blocked and this was the severest blow ever administered to our economy. A desperate attempt was made to diversify the trade and find out new buyers. A series of bilateral trade agreements were entered into to step up foreign trade. And as a result of all this some recovery began to manifest.

Third phase was inaugurated by the outburst of the Korean War. Commodity prices rose high in the world markets and boon conditions appeared in the economy. Trade got a significant fillip and large quantities of foreign exchange were earned. Imports were liberalised and home markets became flooded with manufactured goods. But with the end of the Korean war and the fall in the world demand, this phase came to an end.

The fourth phase is that of crises, decline and desperate attempts at recovery. In 1952 we reached a very critical situation. O. G. L. was cancelled and controls were made tight. During the following three years generally we were running in deficit and at last in July 1955 we had to devalue.

The current phase began after this devaluation decision. It has been a period of recovery. But during the last year deficit has again deepened and now we are again verging on crises. The payment position during this period has been as follows :

Balance of payments on current account, 1948-55.

(Million rupees)

	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56	1956-57
Receipt—									
Exports ...	805	870	2308	2187	1342	1303	1217	1898·7	1700·5
Other Receipts...	204	79	164	219	179	119	123	191·1	209·2
Total ...	1009	948	2471	2406	1521	1421	1340	2089·7	1909·7
Payments --									
Imports on private account.	756	749	1273	1927	1214	734	736	834·5	869·5
Imports & other payments on Government account.	564	340	433	598	481	489	355	535·9	915·7

(contd.)

Other payments...	144	209	189	354	233	226	211	360·9	391·1
<hr/>									
Total	1464	1298	1895	2879	1928	1449	1303	1731·2	2176·3
Errors and omissions.	— 47	+35	— 1	19	1	...	...
Balance on current account.	— 503	— 315	+576	— 464	— 408	— 28	+37	+362·6	266·6

Notes :—(1) Data are based on exchange records maintained by the State Bank of Pakistan. Transactions with India are included from 27th February 1951 and those with Nepal and Tibet from 16th March, 1951. Transactions with Afghanistan are excluded.

The deterioration which became manifest in 1956-57 still continues. The C. S. O. figures show that during July-September 1957 the deficit was to the tune of 24.7 crores. However the Ministry of Finance says that the deficit was of 14.09 crores. The gold reserves have also dwindled to a low ebb and by the end of the third quarter of 1957 stood at 102.93 crores.

II

Some reflections on Pakistan International Trade.

1. On the eve of partition the economics of the two countries (Pakistan and India) were complimentary. The areas which constituted Pakistan used to supply the raw materials, while areas that went to India were the suppliers of the manufactured goods. Despite the partition this dependence did not end and it was never realised by the Government that that was something to be cared for. On the occasion of Pakistan's refusal to devalue, this weakness became manifest. India declined to accept the exchange rate and a deadlock followed. This clearly showed that "dependence on a single country for selling such a large proportion of total exports (as was the case of Pakistan) was a source of great weakness."¹ Thus an improvement was made and a diversification of trade followed. The direction has been radically changed now. The main features of the change are :

- (i) Rapid and very marked decline in the exports to Bharat.
- (ii) Gradual expansion of exports to the United Kingdom, Belgium, France, Germany, and Italy.
- (iii) Heavy increase in the exports to Far Eastern countries particularly Japan, Hongkong and China.

1 The Five Year Plan, Vol. I.

This has imparted greater stability to our foreign trade.

2. On the whole the country's balance of payments have remained adverse. Our international liabilities have, leaving a few exceptional years, outstripped our earnings. In spite of so many restrictions and a continuous policy of control the payments position has hardly improved. The surplus in 1950-51 was due to high export prices because of the Korean boom and in 1955-56 as a result of devaluation. The general trend has been unfavourable. The Planning Board has rightly called it "the persistent and underlying weakness in the balance of payments" It is a result of this very weakness that our foreign financial resources are falling short of our needs. That is why the Report says that :

"Foreign exchange is the second great bottleneck in the path of the economic development of the country."

It is very baffling that our earnings are continuously falling. The Governor of the State Bank has released the following figures in this respect.

Year	Earnings
1950-51	247·13 crores
1951-52	240·60 ..
1952-53	152·10 ..
1953-54	142·14 ..
1954-55	133·98 ..

The reserve position is also becoming very precarious. In 1955 it fell to 69·64 crores and the country had to devalue. It is very perturbing that in the third quarter of 1957 they have again fallen to 102·93 crores which, on the basis of the old per value of the rupee, come to only Rs. 71·7 crores. This situation is as worse as we faced in 1955 or 1952.

3. There is a progressive deterioration in the terms of trade during the last six years. The figures for the post-partition period are as follows :

1948-49	100
1949-50	112·2
1950-51	117·4
1951-52	122·8
1952-53	93·7
1953-54	74·3
1954-55	84·2
1955-56	70·2
1956-57	65·0

From the above figures it can be seen that for the first four years the terms of trade were favourable to Pakistan. But from 1952 they have become unfavourable and in 1957 the figures are lowest.

This is a very disturbing sign and unless strenuous efforts are made to step up exports and attain efficiency in internal production, it would be difficult to avert this difficulty.

4. The role of 'invisibles' is also very disturbing. Our invisible earnings are very little, while invisible expenditure is very heavy. This is borne out from the following figures :

Invisible Receipts and Payments.

	(In Million Rupees)			
	<i>1951-52</i>	<i>1952-53</i>	<i>1953-54</i>	<i>1954-55</i>
Receipts	219	179	119	123
Payments	354	233	227	211
Balance	—135	—54	—108	—88

The invisible payments rose in the following years. They "jumped up by 20 per cent during 1955-56 rose further by 8.4 per cent during 1956-57 to Rs. 39.11 crores, the highest level in the last five years." ¹

The Appraisal Committee Report strongly said that expenditure on invisibles should be curbed but during 1956-57 Rs. 7.45 crores were spent only on foreign travels. In 1954-55 this figure was only 4.81 crores. The aspect needs careful scrutiny and control.

5. Analysis shows that our basic problems, in respect of exports, are two. They are :

- (a) Our exports are limited in quality and variety. jute, cotton, tea, wool and hides and skins go to constitute 90 per cent of exports. As such they are a limiting factor in our bargaining position.
- (b) The markets for our exports are unstable. Commodity markets are undergoing heavy fluctuations and we are dependent upon the vagaries of international trends. The fact is that our foreign earnings have fallen, not so because of fall in the volume of trade, but in the value of trade. And this has been so because of fall in the world prices of our export-commodities.

These are our basic problems and on their solution depends the stability of commerce. Industrialisation and achievement of a wide variety in the exports will strengthen our position. That is the direction in which we need move ahead.

¹ Report on Currency and Finance (1956-57). State Bank of Pakistan p. 83.

IV

Commercial Policy

A policy aiming at and designed to guide, control and regulate the exports and imports in pursuance of wider economic objectives is known as commercial policy. The ultimate aims of commercial policy are suggested to be as follows :

1. Maximisation of the National Income of the country. This objective can be achieved by adopting a policy which may result in proper allocation of resources, maximum employment and maximum income.
2. Economic Development of a backward country, laying special stress upon the increase in the level of income and the standard of living of the people.

These two objectives are complementary to each other and in the case of Pakistan special emphasis need be placed upon the second one so that we may be able to achieve economic progress in shortest possible time.

The fundamental features of Pakistan's commercial policy during the last ten years have been as follows :

- (a) Diversification of imports and exports and the readjustment of the direction of trade.
- (b) Development of industries, particularly of the consumer goods industries so that dependence on imported goods may be reduced.
- (c) Encouragement of exports and provision of incentives for the import of machinery and other materials needed for industrialisation. Duties have been so fixed or adjusted that they may achieve the objectives of the commercial policy.

Government also embarked upon a price-support scheme about jute and cotton but this did not score well.

The chief defects of the commercial policy have been lack of firmness, imagination, and adaptability. Liberalisation of the imports during the boom period, without any regard for the fact that in a modern economy boom is followed by slump in the same way as night follows the day, can be affected only by an economic leadership which lacks imagination. The wavering attitude has also adversely affected the trade. Attempts have been made to remove these defects and the sooner they are remedied the better.

APPENDIX 'C'

Some Basic Facts
ABOUT
PAKISTAN

AREA AND POPULATION
(FIGURES BASED ON THE CENSUS OF 1951)

Province and Division	Area in Sq. Miles	Population in '000'			Population per Sq. Mile
		Total	Male	Female	
PAKISTAN¹ ...	364,737	75,842	40,299²	35,633	208
West Pakistan : ...	310,236	33,779	18,170	15,609	109
Karachi, Federal Capital.	812	1,126	646	480	1,387
Peshawar Division...	27,536	5,088	2,669	2,419	184
Dera Ismail Khan Division	21,261	2,085	1,111	974	98
Rawalpindi Division	11,855	3,879	2,056	1,823	327
Lahore Division ...	9,119	5,340	2,887	2,453	586
Multan Division ...	16,761	6,953	3,712	3,241	415

Bahawalpur Division	32,443	3,205	1,736	1,469	98
Khairpur Division...	20,449	2,586	1,422	1,164	126
Hyderabad Division	35,998	2,342	1,287	1,055	65
Quetta Division ...	35,027	585	330	255	14
Kalat Division ...	98,975	589	314	275	6
East Pakistan: ...	54,501	42,063	22,039	20,024	777
Chittagong Division	16,588	11,746	6,160	5,586	708
Dacca Division ...	15,595	16,253	8,519	7,734	1,042
Rajshahi Division ..	21,958	14,064	7,359	6,705	641

1 Excluding Jammu, Kashmir, Gilgit and Baltistan, Junagadh and Manavadar.

2 Totals may slightly disagree with the sum of the components due to rounding off.

Estimates of National Income of Pakistan in constant prices b
Industrial Origin 1949-50 to 1955-56
 (Prices : Average of 1949-50 to 1952-53)

(In Million Rupees)

S. No.	Sectors	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
1.	<i>Agriculture :</i>							
	(a) Agricultural Crops.	7,480	7,738	7,282	7,653	8,376	8,207	7,802
	(b) Livestock, Forestry and Fishing.	2,982	3,086	3,213	3,292	3,287	3,423	3,423
2.	Mining and Manufacturing (1).	1,214	1,305	1,404	1,534	1,786	1,962	2,232
3.	Government ...	808	858	1,048	1,032	1,052	1,049	1,130
4.	Transport and Communication.	442	504	513	529	536	546	565
5.	Trade ...	1,607	1,669	1,637	1,717	1,851	1,871	1,851

6. Services, Rental Income, Banking and Insurance(2).	2,521	2,630	2,687	2,748	2,797	2,851	2,889
7. Adjustments for Terms of Trade and Export Taxes.	184	534	377	-23	-238	-52	-376
<hr/>							
GRAND TOTAL ...	17,238	18,324	18,161	18,482	19,447	19,857	19,516
<hr/>							
Estimated Population(3)	74,807	75,854	76,916	78,912	80,053	81,198	82,244
<i>Per Capita Income in Rs.</i>	230	242	236	234	243	245	237
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NOTE. Estimates for the year 1955-56 are very rough and subject to revision. Income from Minor Crops, Livestock, Fisheries and Forestry has been repeated in 1955-56 from previous years. Estimate relate to fiscal year April to March.

(1) Manufacturing includes contribution of both large scale industries and small and cottage industries. Income from large-scale industries has been revised on the basis of 1954 Census of Manufacturing Industries and the estimates of Planning Board. Income from small-scale and cottage industries remains unchanged.

(2) Includes construction.

(3) Population figures are those estimated by the Planning Board and accepted by the Ministry of Interior.

Selected Economic Indicators

(Rupees in Crores).

Year	Terms of Trade (April- March)	Cost of living index for Industrial workers in Karachi (July-June)	Export Receipts (July-June)	Private Import Payments	Central Govt's Direct Capital Outlay (April-March)
	1	2	3	4	5
1948-49	100	100	80.46	75.58	33.12(A)
1949-50	111.2	98	86.96	74.93	77.33(A)
1950-51	117.4	95	230.76	127.29	34.17(A)
1951-52	122.8	100	218.70	192.67	58.04(A)
1952-53	93.7	104	134.17	121.41	55.31(A)
1953-54	74.3	112	130.26	73.45	37.08(A)
1954-55	84.2	109	121.67	73.82	31.97(A)

1955-56	...	70.7	106	189.87	83.45	56.62(A)
1956-57	...	65.0	111	170.05	86.95	58.20(RE)

Table showing comparative indices of above

1948-49	...	100	100	100	100	100
1949-50	...	111.2	98	108	99	233
1950-51	...	117.4	95	287	168	103
1951-52	...	122.8	100	272	255	175
1952-53	...	93.7	104	167	161	167
1953-54	...	74.3	112	162	97	112
1954-55	...	84.2	109	151	98	97
1955-56	...	70.7	106	236	110	171
1956-57	...	65.0	111	211	115	175

A—Actuals

RE } Revised Estimates

*Base year: October 1948/September 1949

TABLE SHOWING
Currency Outstanding and in circulation

(Million rupees)

Last Friday in the month	Currency Outstanding	Held by Banking Depart- ment of State Bank.	In Tills of Sched- uled Banks	Currency in circulation
1948 December...	1,764	24	32	1,708
1949 ...	1,811	32	39	1,739
1950 ,, ...	2,100	57	51	1,992
1951 ,, ...	2,601	62	72	2,467
1952 ,, ...	2,260	48	61	2,151
1953 ,, ...	2,454	43	40	2,393
1954 ,, ...	2,718	89	55	2,575
1955 ,, ...	3,123	84	50	2,990
*1956 September	3,198	91	43	3,064

*Figures for September are provisional.

Government-Sponsored Corporations

Name	Authorized Capital	Paid up Capital	Governments's share percentage
	Rs.	Rs.	Percentage
1. Pakistan Refugees Rehabilitation Finance Corporation.	30,000,000	16,700,000	100%
2. Pakistan Industrial Finance Corporation (PIFC).	30,000,000	10,200,000	51%
3. Agricultural Development Finance Corporation.	50,000,000	10,000,000	100%
4. House Building Finance Corporation.	50,000,000	10,000,000	100%
5. Pakistan Insurance Corporation.	10,000,000	1,839,000	90%
6. Pakistan Industrial Development Corporation (PIDC).	10,000,000	5,000,000	100%

Government-Sponsored Corporations—(conid.)

Name	Authorized Capital	Paid up Capital	Government's share percentage.
	Rs.	Rs.	Percentage.
7. Pakistan International Airlines Corporation (PIA).	50,000,000	36,800,000	75%
8. Small Industries Corporation.	10,000,000	2,500,000	100%

Essays

ON

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